NO GIFT COUPONS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING

NOTICE

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

Day : Saturday

Date : 10th August, 2013

Time : 10:00 A.M.

Venue : Air Force Auditorium
Subroto Park
New Delhi 110 010

to transact the following business:

ORDINARY BUSINESS

1) To receive, consider and adopt the audited Statement of Profit & Loss for the year ended 31st March, 2013, 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, 2013.

3) To appoint a Director in place of Mr. Kazuhiko Ayabe, who retires by rotation and being eligible, offers himself for re-appointment.

4) To appoint a Director in place of Mr. B. L. Passi, who retires by rotation and being eligible, offers himself for re-appointment.

5) To appoint a Director in place of Mr. J. M. Kapur, who retires by rotation and being eligible, offers himself for re-appointment.

6) To appoint M/s. S.P. Puri & Co., Chartered Accountants, as the Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Kiyozumi Kamiki be appointed as Director of the Company whose period of office would not be liable to determination by retirement of Directors by rotation.

RESOLVED FURTHER THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government and such sanctions as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Mr. Kiyozumi Kamiki as Dy. Managing Director of the Company for a period of three years with effect from 15th May, 2013 on the terms and conditions including as to remuneration set out in the draft Agreement submitted to this meeting and initialed by the Chairman of the Meeting for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions including as to remuneration for the said appointment and/or Agreement in such manner as may be agreed between the Board of Directors and Mr. Kiyozumi Kamiki, Dy. Managing Director of the Company.

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

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

"RESOLVED THAT pursuant to the provisions of Section 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, a sum not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956 be paid and distributed amongst the Non-Executive Directors (other than the Nominee Directors) of the Company or any of them or some of them, as and by way of commission in such amounts or proportions and in such manner and in all respects as may be determined by the Board of Directors (such payments shall be made in addition to the sitting fees) in respect of the profits of the Company for each year for a period of five years commencing from 1st April, 2013.

RESOLVED FURTHER THAT the quantum of commission payable to each of the Non-Executive Director(s) may be decided by the Board as it may deem fit."

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

"RESOLVED THAT consent of the Company be and is hereby accorded under Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 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 Standard Chartered Bank to secure:

AS AND BY WAY OF FIRST PARI-PASSU CHARGE

1) State Bank of India for its Corporate Loan of ₹ 300 million.

2) IndusInd Bank for its Term Loan of ₹ 300 million.

3) Standard Chartered Bank for its External Commercial Borrowing of USD 6 million.

AS AND BY WAY OF SECOND PARI-PASSU CHARGE

1) State Bank of India for its enhanced working capital facilities of ₹ 60 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, costs, charges, expenses and other monies payable by the Company to State Bank of India, IndusInd Bank Limited and Standard Chartered Bank 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 : 15th May, 2013 President & Company Secretary

NOTES:

1) **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll, to vote in his stead and such a proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.**

2) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 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 1st August, 2013 to Saturday, the 10th August, 2013 (both days inclusive).

5) Dividend to Shareholders, as recommended by the Directors for the year ended 31st March, 2013, 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 31st July, 2013; 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 31st July, 2013.

   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 14th August, 2013 to 20th August, 2013.

6) **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.**

7) i) The unclaimed dividend 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 2004-05 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 2005-06 to 2011-12 may return the time barred dividend warrants or write to the Company to issue demand draft.

   iv) Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the financial year 2005-06 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 2005-06 will fall due for transfer to the Fund on 18th August, 2013.

   It may be noted that once the unclaimed dividend is transferred to the Fund, no claim shall lie in respect thereof.

8) 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, 305, New Delhi House, 27, Barakhamba Road, Connaught Place, New Delhi 110001, the Registrar and Transfer Agent.

   Members holding Equity Shares in electronic form are requested to promptly notify change in their address / bank details, if any, to their depository participants.

9) 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.

10) All the queries related to Accounts must be sent to the Company before 3rd August, 2013.

11) 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.

12) In terms of the "Green Initiative in Corporate Governance" undertaken by the Ministry of Corporate Affairs, the Company has decided to send notice/ documents including Annual Reports etc. to the shareholders in electronic form. Members who have still not registered their e-mail addresses 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.

13) Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID Nos. for easy identification of attendance at the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Resolution No. 7

JTEKT Corporation, Japan has deputed Mr. Kiyozumi Kamiki to oversee the manufacturing operations of all the Plants of the Company and accordingly he was inducted as "President" of the Company effective from 7th March, 2013. As part of its drive to inculcate professionalism in management of business, the Company felt it prudent to induct Mr. Kiyozumi Kamiki, President of the Company to participate in the decisions at the Board level. Accordingly, the Board of Directors of the Company in its meeting held on 15th May, 2013 decided to appoint Mr. Kiyozumi Kamiki as an Additional Director and Dy. Managing Director of the Company. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Kiyozumi Kamiki holds office as Additional Director only up to the date of the ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, notice has been received from a member signifying his intention to propose the candidature of Mr. Kiyozumi Kamiki for appointment as Director of the Company. Having regard to his knowledge and experience in the automotive sector, the Board considers that the appointment of Mr. Kiyozumi Kamiki as a Director of the Company will prove beneficial to the Company.

Mr. Kiyozumi Kamiki did his graduation in engineering from Ehime University and also attained a Master's Degree. Mr. Kamiki joined Koyo Seiko Co., Ltd. (currently known as 'JTEKT Corporation') in the year 1982 and was assigned to investigating quality issues at Kokubu Plant. After being promoted to Assistant Manager in 1989, he was transferred to Koyo Corporation, USA. During 1997-2003 Mr. Kamiki worked in Quality Assurance Department in Japan. In 2004, he was made In charge of quality and transferred to Koyo Steering USA. He was made Managing Director in 2006 and transferred to JTEKT Automotive South Carolina Inc. In 2010, Mr. Kamiki was promoted to Head of Tadomisaki Plant of JTEKT. Thus, it is quite evident that Mr. Kamiki has got vast experience of handling manufacturing operations and quality issues. The Board of Directors of the Company in its meeting held on 15th May, 2013, considering the recommendations of the Remuneration Committee, have approved the appointment of Mr. Kiyozumi Kamiki as Dy. Managing Director of the Company for a period of three (3) years, with remuneration, with effect from 15th May, 2013, subject to the approval of shareholders and Central Government and such sanction(s)/permission(s), as may be necessary.

Pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the approval of the members is now being sought for the appointment of Mr. Kiyozumi Kamiki as Dy. Managing Director, with remuneration, for a period of three (3) years with effect from 15th May, 2013 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. Kiyozumi Kamiki are as under:

(I) Remuneration

a) **Salary**

₹ 3,00,000/- (Rupees three lacs only) per month.

b) **Perquisites**

i) In addition to the above salary, Mr. Kiyozumi Kamiki, Dy. Managing Director of the Company shall be entitled to H.R.A. / Rent Free Accommodation subject to a maximum of ₹ 1,80,000/- per month.

ii) Mr. Kiyozumi Kamiki, Dy. Managing Director shall also be entitled to perquisites like Medical Reimbursement, Leave Travel Concession (including temporary return home by economy class twice in a year) for self and family.

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

iii) Mr. Kiyozumi Kamiki, Dy. Managing Director shall also be entitled to reimbursement of salary of a servant. The value of this perquisite shall be restricted to an amount equivalent to ₹ 7,500/- (Rupees Seven Thousand Five Hundred only) per month.

iv) Mr. Kiyozumi Kamiki shall also be entitled for use of chauffeur driven Company Car, as per Company's policy for official duties and telephone(s) at residence (including payment for local calls and long distance official calls, internet).

v) Provision for payment of Club Membership Fee equivalent to ₹ 5,200/- per annum.

vi) Reimbursement of highway toll equivalent to ₹ 1,000/- per month.

vii) Company's contribution to Provident Fund and Superannuation Fund, as per Company's policy.

viii) Gratuity, if any, payable will not exceed half a month's salary for each completed year of service.

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

x) Group Personal Accident Insurance as per Company's Policy.

In the absence or inadequacy of profits in any financial year during the currency of the tenure of Mr. Kiyozumi Kamiki as the Dy. Managing Director of the Company, the above remuneration shall be the minimum remuneration payable to Mr. Kiyozumi Kamiki.

(II) The Appointment is for a period of three (3) years with effect from 15th May, 2013 which may be terminated by either party giving the other party six (6) months' notice.

(III) That Mr. Kiyozumi Kamiki is being appointed as the Dy. Managing Director by virtue of him being nominated by JTEKT Corporation and if at any time JTEKT Corporation withdraws the said nomination, for any cause whatsoever, he shall cease to be the Dy. Managing Director of the Company.

(IV) The appointment of the Dy. Managing Director is subject to the provisions of Section 283(1) of the Companies Act, 1956, while at the same time the Dy. Managing Director shall not be liable to retire by rotation.

(V) The Dy. Managing Director shall not be entitled to supplement his earnings under the Agreement with any buying or selling commission. He shall also not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company, without the prior approval of the Central Government.

(VI) The Dy. Managing Director shall be in the whole-time employment of the Company and thus devote the whole of his attention to the business of the Company. During the terms of the service with the Company, the Dy. Managing Director hereby undertakes not to take up any other employment / assignment and further shall not draw any remuneration, commission, fees etc. from any other source in India.

(VII) The terms and conditions of the said appointment and/ or remuneration may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Dy. Managing Director in accordance with Schedule XIII to the Companies Act, 1956, or any amendments/re-constitution hereafter in this regard.

The information required in terms of Clause (B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 is as under:

I. GENERAL INFORMATION

(1) Nature of the Industry: The Company is a part of Indian Auto Ancillary Components Manufacturing Industry and is engaged in the business of manufacturing Steering Systems, Propeller Shafts, Axle Assemblies and other automobile components for its various customers viz. Maruti Suzuki India Limited, Hyundai Motors (India) Limited, Toyota Kirloskar, TATA Motors Ltd., Mahindra & Mahindra, Hindustan Motors Limited and JTEKT Corporation 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.

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

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

(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 31.3.2008 : ₹ 6303.68 lacs
ii) For the year ended 31.3.2009 : ₹ 6892.76 lacs
iii) For the year ended 31.3.2010 : ₹ 3174.80 lacs
iv) For the year ended 31.3.2011 : ₹ 4630.22 lacs
v) For the year ended 31.3.2012 : ₹ 4424.43 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% stake in the Equity Share Capital of the Company.

In 1996, the Company had also acquired technology for manufacture of Power Steering Systems from JETKT. 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.

In 1998, in order to keep pace with the competition and entering into new markets, the Company has set up a Plant at Chennai, wherein, the necessary technology was extended by Mando Corporation, Korea. The Chennai Plant has commenced commercial production in December, 1998 and is meeting the OE requirement of Hyundai Motors (India) Ltd. for Steering Gear, Steering Column and Universal Joints.

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.

(₹ in Lacs)

Financial Parameters	Year ended 31st March, 2008	Year ended 31st March, 2009	Year ended 31st March, 2010	Year ended 31st March, 2011	Year ended 31st March, 2012
Turnover	83337.74	81382.38	96937.32	116200.83	127550.62
Net Profit (As computed under Sec.198)	4190.91	(4480.74)	1470.05	5411.45	6172.46
Net Profit as per Profit & Loss Account	2519.48	(3103.11)	2164.53	3741.13	3883.70
Amount of Dividend Paid	695.60	Nil	596.23	1291.82	1291.82
Rate of Dividend Declared	35% [F.V. ₹ 2/- per share]	Nil	30% [F.V. ₹ 1/- per share]	65% [F.V. ₹ 1/- per share]	65% [F.V. ₹ 1/- per share]

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

II. INFORMATION ABOUT THE APPOINTEE

(1) **Background Details:** The appointee is a graduate engineer from Ehime University and also attained a Master's Degree and has a working experience of over 30 Years.

(2) **Past Remuneration:** Mr. Kiyozumi Kamiki as President of the Company has drawn the following remuneration:

(a) Basic Salary - ₹ 3,00,000/- (Rupees three lacs only) per month.

(b) HRA/Rent Free Accommodation - ₹ 1,80,000/- per month

(c) Perquisites:

i) ₹ 7,500/- per month towards payment of Domestic Servant, ₹ 1,000/- per month towards Highway Toll and ₹ 5,200/- per annum towards Club Membership.

ii) Trip to Japan twice a year by economy class for self and family.

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

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

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

vi) Encashment of leave and medical benefits, as per Company's policy.

(3) **Recognition and awards:** nil

(4) **Job profile and his suitability:** The appointee is the Dy. Managing Director of the Company and is responsible for entire manufacturing operations of Company's all Plants, with quality assurance, productivity, delivery and cost being the main deliverables. Keeping in view of his experience and knowledge, he is best suited for the position.

(5) **Remuneration Proposed:** The details of the remuneration proposed is as mentioned hereinabove.

(6) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:** The appointee is a graduate engineer from Ehime University and also attained a Master's Degree and has a working experience of over 30 Years. The present job responsibilities of the appointee are - entire manufacturing operations of Company's all Plants, with quality assurance, productivity, delivery and cost being the main deliverables. Accordingly, keeping in view the present scenario of high pay package being offered by MNC / Class 'A' Indian Corporate(s), the proposed remuneration package of the appointee matches to the prevailing remuneration package in the concerned industry, size of the Company, profile of the position etc.

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

III. OTHER INFORMATION

(1) **Reasons of loss or inadequate profits:** Not applicable, since the Company has earned adequate profits for the year ended 31st March, 2013.

(2) **Steps taken or proposed to be taken for improvement:** Not Applicable.

(3) **Expected increase in productivity and profits in measurable terms:** Not Applicable.

A brief resume and disclosure of shareholding of Mr. Kiyozumi Kamiki have been given in the section of the Corporate Governance of the Annual Report.

Except Mr. Kiyozumi Kamiki and Mr. Hiroyuki Miyazaki, to the extent that he is the nominee of JTEKT Corporation, Japan, none of the Directors of the Company is concerned or interested in this resolution.

The above may also be treated as an abstract of the terms and conditions of the draft agreement to be executed between the Company and Mr. Kiyozumi Kamiki pursuant to Section 302 of the Companies Act, 1956.

The resolution is accordingly recommended for members' approval.

Resolution No. 8

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive directors. The Non-Executive Directors on the Board, besides attending the meetings of the Board and/or Committee(s) thereof, are also devoting their valuable time in rendering various services including counseling, guidance and advise on CPC, technical, financial, HRD and other related matters of the Company. In order to adequately compensate the said Directors, it was deemed expedient to pay them additional remuneration by way of commission on profits of the Company as permissible under the Act computed in the manner laid down in Section 349 & 350 of the Companies Act, 1956. Accordingly, the Board of Directors in their meeting held on 18th April, 2008, subject to the approval of the Central Government had approved the payment of commission upto a sum not exceeding 1% of the net profits of the Company to the Non-Executive Directors (other than Nominee Directors) of the Company, in such a manner as may be determined by the Board of Directors, commencing from 1st April, 2008, which was later on approved by the Shareholders at the Annual General Meeting held on 18th July, 2008. The necessary consent of the Central Government to the above proposal was obtained vide letter dated 4th June, 2009.

As the aforesaid approval granted by the Central Government was valid till 31st March, 2013, the Board of Directors in its meeting held on 15th May, 2013, subject to the approval of the Shareholders and Central Government, have approved the payment of commission upto a sum not exceeding 1% of the net profits of the Company to the Non-Executive Directors (other than Nominee Directors) of

the Company for a further period of five years commencing from 1st April, 2013.

All Non-Executive directors, other than nominee(s) and Managing Director / Whole-time Directors are concerned and interested in this resolution to the extent of their share, if any, in the profits of the Company.

The resolution is accordingly recommended for members' approval.

Resolution No. 9

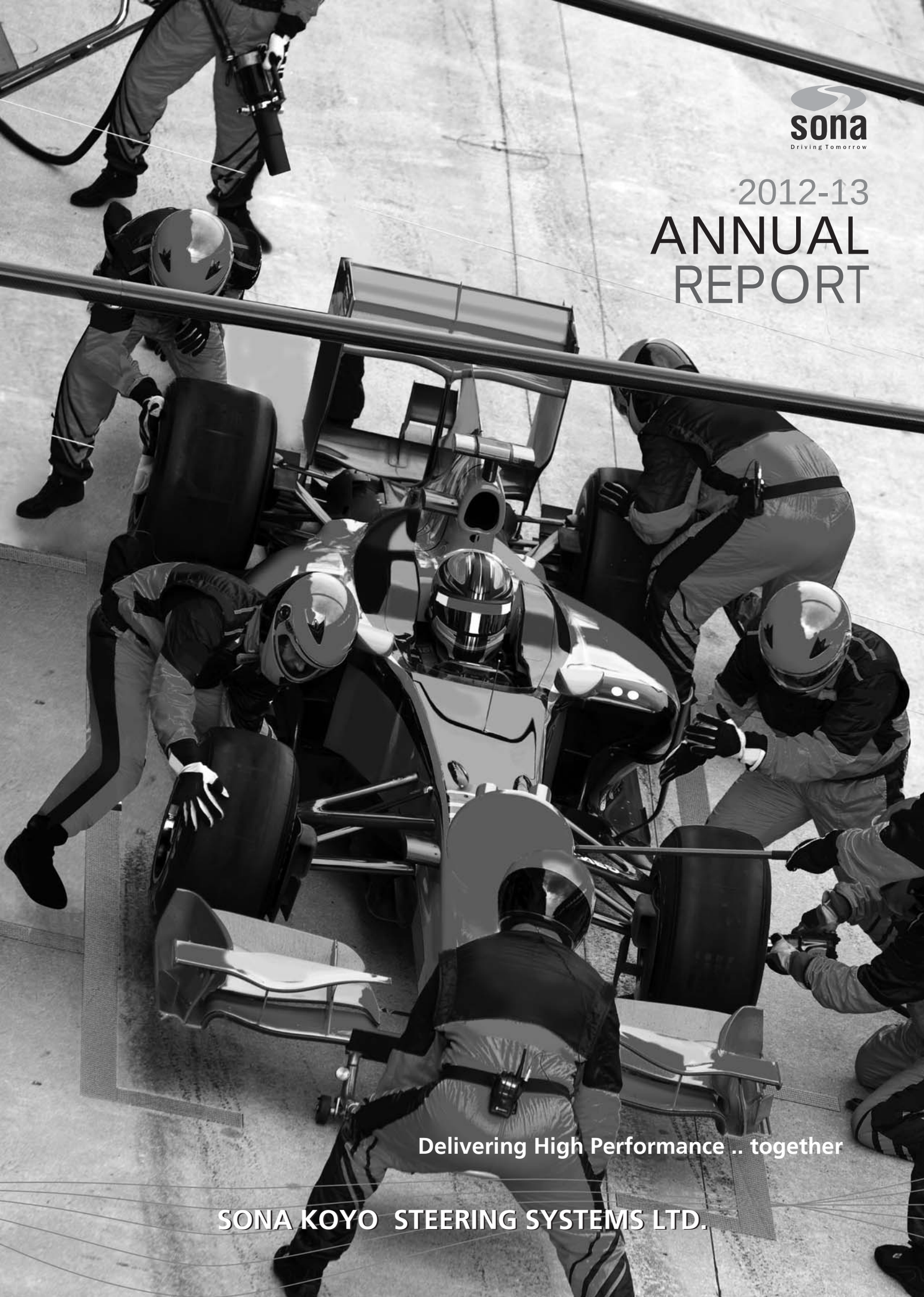
The Institutions / Banks referred to in the resolution have granted the Term Loans / Working Capital Facilities as contained in the resolution. As per the Loan Agreements entered into with them, the Company has to agree to create mortgage and / or charge in favour of the concerned Lenders on the properties of the Company. This attracts the provisions of Section 293 (1)(a) of the Companies Act, 1956.

None of the Directors is concerned with or interested in the proposed resolution. 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 : By Order of the Board
UGF-6, Indraprakash
21, Barakhamba Road
New Delhi - 110 001 Sudhir Chopra
Dated : 15th May, 2013 President & Company Secretary

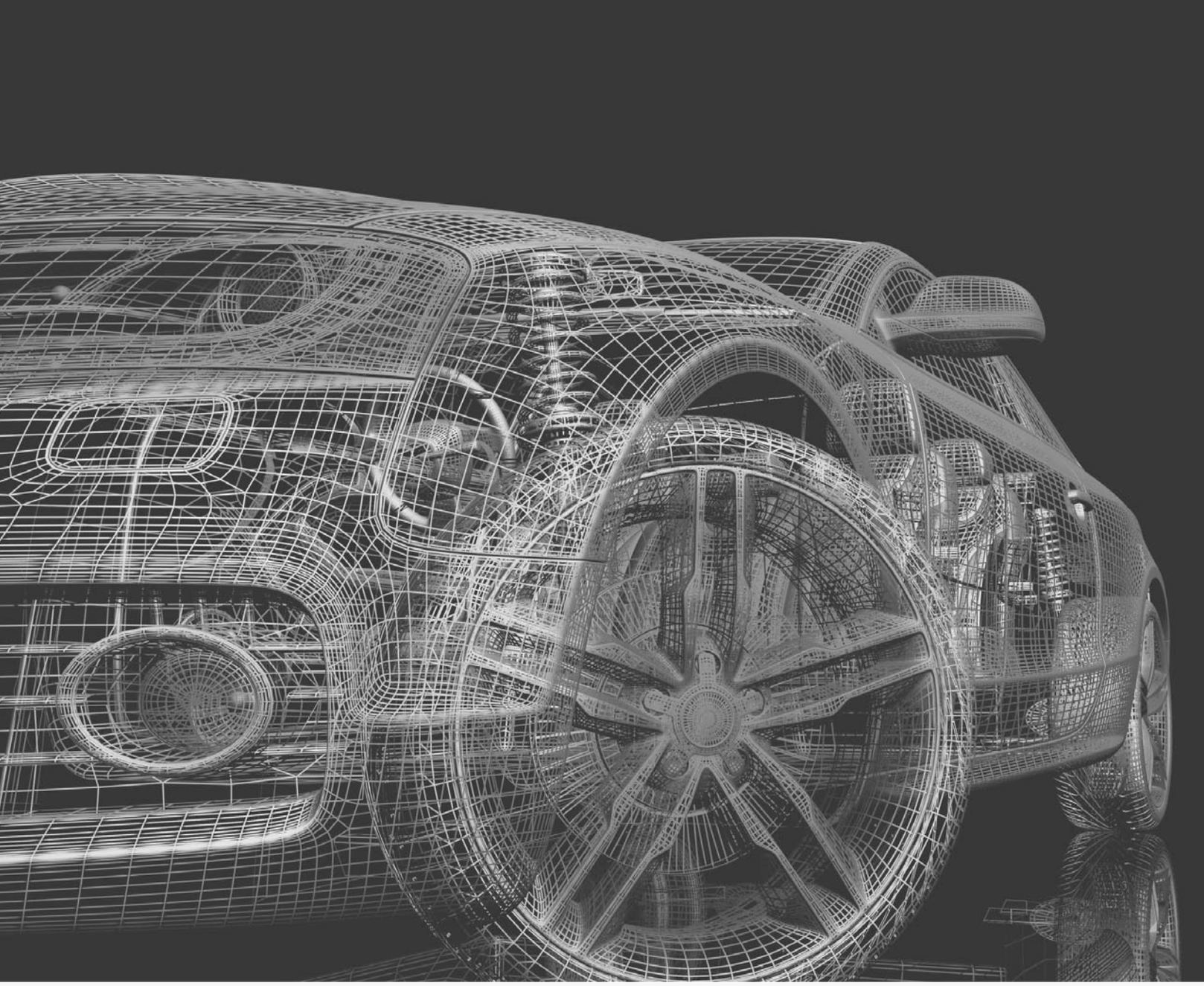


sona
Driving Tomorrow

2012-13
ANNUAL REPORT

Delivering High Performance .. together

SONA KOYO STEERING SYSTEMS LTD.



Driving Innovation

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Dear Shareholders,

The year 2012-13 saw Sona Koyo Steering Systems Ltd. deliver a resilient performance in tough market conditions. Your Company registered a consolidated revenue growth of 2.7% despite it being one of the most challenging years in the last decade, not only for the automotive industry, but the economy as a whole.

The Company achieved sales turnover of ₹ 11.2 billion on a standalone basis, with consolidated sales turnover at ₹ 14.6 billion. While recovery of increased fixed costs – depreciation and interest towards new capital investments – resulted in reduced net profit levels, however, at the operating level, the Company improved its EBIDTA margins backed by increased backward integration, localization, value engineering and optimal utilization of resources. The board has maintained a dividend payout of 65%.

The Indian automotive industry growth momentum slowed down considerably in the year FY'13. Industry volumes witnessed the longest stretch of fall in the decade, an outcome of high fuel prices, excise duty hikes, persistent high inflation and interest rates. The domestic market grew by 2.6% YoY in FY'13 against 12.2% in FY'12, taking volumes to 17,831,193 units. While commercial vehicle segment de-grew by 2%, passenger vehicle segment (including utility vehicles and vans) held its ground and grew by 2.2% YoY. Although the economy looks poised for growth, overall slowdown in economic activity and consumer sentiment continues to constrain manufacturing growth, with concerns of de-growth in consumer durables and mining. Economic growth in FY'13 slipped to 5% - a decadal low, which can be largely attributed to poor growth of private consumption.

The global automotive industry is poised for a turnaround in CY'13 on the back of reduced crude oil prices and revival of the world economy as a whole. Further, a major portion of this growth is expected to come from developing countries like India and China. The advanced economies of the world grew by only 1.2% in CY'12 whereas developing countries across East Asia and Pacific registered a growth of 7.5%, contributing 40% of the world's growth.

Easy credit availability and product innovation with market segmentation will propel growth for the Indian automotive industry in the next few years. According to the Automotive Mission Plan 2016, ACMA expects the total turnover of the automotive industry to be US$ 145 billion by 2016, accounting for more than 10% of the GDP and employing 25 million people.

In order to improve productivity and efficiency, the Company has decided to relocate certain manufacturing lines from its Gurgaon facility to three plants in Dharuhera, also in Haryana, and one each in Sanand, Gujarat, and Chennai. This move shall help in adoption of latest technology and setting up Plant layouts of global standards aimed at reducing production cycle time. The entire project shall take around two years time to implement.

The Company, in collaboration with Confederation of Indian Industry (CII) and JICA, Japan, has continued with the VSME (Visionary Small & Medium Enterprises) initiative which has helped in achieving breakthrough results in terms of quality, productivity and delivery. In FY'13, the Company implemented VSME with 12 suppliers helping them to improve technical and operational efficiency.

The Company follows TPM (Total Productive Maintenance) methodology; a Japanese technique considered an integral part of manufacturing excellence. Its distinguishing feature is involvement of machine operators in equipment maintenance and continuous elimination of losses by involvement of all employees. The technique has helped the Company to achieve reduction in breakdown time, improvement in quality and optimization of manufacturing cost.

To fulfill its Corporate Social Responsibility, Sona Koyo has taken steps to set up a Technical Skill Development Centre which shall run technical training programs to make young people job ready. These programs shall be of different durations depending upon the skills required for different jobs from the level of a plant worker to the level of line supervisor. The training shall consist of simulated production line training as well as training in behavioural & leadership subjects.

I take this opportunity to thank our partners: JTEKT, Maruti Suzuki and Fuji Kiko; our customers: Maruti Suzuki, Mahindra & Mahindra, Tata Motors, Honda, Hyundai, Mando India, Fiat India, Toyota Kirloskar, General Motors, John Deere, Club Car, Ezgo and Renault-Nissan India; our bankers: State Bank of India, Corporation Bank, Standard Chartered Bank, Exim Bank, Yes Bank, Kotak Mahindra Bank, Allahabad Bank, Indian Bank, IndusInd Bank and State Bank of Hyderabad; and our employees for their continued support and confidence in our management.

Finally, we would like to thank you, our shareholders, for your continued faith and interest which will help your Company achieve its objectives.

Dr. Surinder Kapur
Chairman

Dear Shareholders,

The year 2012-13 saw many positives for Sona Koyo Steering Systems Ltd. not only did we increase our presence with leading original equipment manufacturers, but, we also strengthened our position in the international market, with exports growing by 46% because of innovative products of superior quality.

The Company has a strong focus on quality and a passion to build quality products for the automotive industry. Our status of a 'Deming Quality Prize' winner company inspires us to keep working towards strengthening the quality culture and maintaining quality as a priority. During the year, the senior management team met all employees of the Company in small batches to reaffirm our quality focus and our commitment towards achieving highest quality standards in all areas of our work.

We strongly believe that the success of the Company can be attributed to its partners and the combination of their unique capabilities. Sona Koyo has collaborated with multiple companies such as JTEKT, Maruti Suzuki and Fuji Kiko for various initiatives, products, technologies and customer requirements.

Sona Koyo continues to invest in various HR programs & trainings aimed at adding value, enhancing employee morale & engagement and improving manpower efficiency. The Company has completely automated the human resource management processes and has successfully deployed the Human Resource Management System named as SMART. Sona Koyo also launched a special Leadership Development Program called "Drivers of Tomorrow (DOT)", a fast track programme for potential leaders. The program was conducted by a professional faculty with the objective to build and cultivate leadership traits in the inductees.

Sona Koyo has been able to maintain its leadership position in the steering and column segment with its innovative offerings, synergy with members across the value chain, efficiency improvements, information technology and human resource initiatives.

Research and development, with emphasis on electronics in line with global trends, is one of the main thrust areas of the Company. Its patented home-grown technology, Electronic Power Assisted Module (EPAM) for off-highway applications has emerged as one of the most sought after applications in the segment. The recognition is more pronounced due to the fact that a Fortune 500 company like John Deere has booked almost the entire production capacity for EPAM that was installed in phase 1. The Company has also received product approval to deploy EPAM technology on an upcoming tractor model from a major Indian manufacturer. Several other major off-highway (OHV) companies in North America, besides tractor manufacturers in India, are currently evaluating this product application which promises to be one of the major contributors to revenue and profitability for the company in years ahead. No other steering systems manufacturer in India, and perhaps in the world, currently offers this technology.

In its first full year of production, EPAM clocked sales of ₹ 178 million and is expected to double each year till FY'15. The Company has taken aggressive targets to ramp up the production in this segment besides investments in marketing resources in North America for faster customer acquisition. The profit margins associated with the product are also better due to high level of localization. The Company's R&D team continues to work on several variants of EPAM for better customer/market differentiation that would restrict competition at India and abroad.

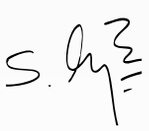
In the current market scenario, a crucial source of strategic advantage is cost competitiveness; Sona Koyo has hence continued its focus on improving efficiency and productivity of operations. The initiatives taken by the Company in the fields of backward integration, cost optimization, localization of imported parts, weight reduction measures, active negotiations and competitive dual sourcing of components have been fruitful as Sona Koyo was able to reduce its raw material cost from 72.5% in FY'12 to 70.2% in FY'13 as a percentage of sales.

The in-sourcing facility at the new Dharuhera plant will not only further reduce raw material costs but also result in improved quality, backward integration and value addition, all of which would increase profitability. In addition, the aluminium die casting facility in the same premises would increase competitiveness and enhance operational efficiency.

The Sona Koyo team re-emphasized its focus towards the use of information technology as a tool to enhance productivity and establish robust control systems. Among the various IT initiatives, the Company setup MS Exchange (Mailing platform) and MS Lync (Unified Communication) which are enterprise resolutions with higher scalability and for effective communications. The Company has taken new initiatives towards Green IT such as private cloud computing, virtual data center and virtual desktop infrastructure to save energy and reduce green house gas generation to contribute towards its environmental policy.

The coming pages will give you an in-depth view of the market, market challenges and various factors that impact our business. I would like to thank the Management Board of the Company for their continued support and guidance in steering the Company forward.

We look forward to yet another successful year ahead at Sona Koyo. I take this opportunity to convey my sincere thanks for your continued support.



Sunjay Kapur
Vice-Chairman & Managing Director

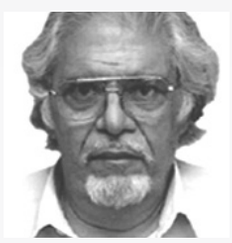
Dr. Surinder Kapur

Mr. Sunjay Kapur

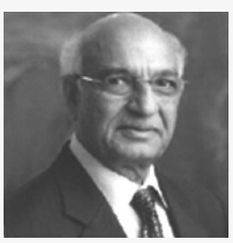
Mr. Kiyozumi Kamiki

Mr. Hiroyuki Miyazaki

Mr. Kazuhiko Ayabe


Mr. J. M. Kapur

Mr. B. L. Passi


Mr. Ramesh Suri

Mr.Ravi Bhoothalingam

Mr. P. K. Chadha

Lt.Gen.(Retd) SS Mehta

Mrs. Ramni Nirula

Mr. Keiichi Sakamoto

BOARD OF DIRECTORS

Dr. Surinder Kapur
Chairman

Mr. Sunjay Kapur
Vice Chairman & Managing Director

Mr. Kiyozumi Kamiki
Dy. Managing Director
(Nominee of JTEKT Corporation, Japan)

Mr. Hiroyuki Miyazaki
(Nominee of JTEKT Corporation, Japan)

Mr. Kazuhiko Ayabe
(Nominee of Maruti Suzuki India Limited)

Mr. Jug Mohan Kapur
Mr. B. L. Passi
Mr. Ramesh Suri
Mr. Ravi Bhoothalingam
Mr. P. K. Chadha
Lt. Gen. (Retd) Shamsher Singh Mehta
Mrs. Ramni Nirula
Mr. Keiichi Sakamoto
Alternate to Mr. Hiroyuki Miyazaki

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. R. B. Singh
Mr. A. D. Rao
Mr. Rajiv Chanana
Mr. P. P. Gajpal
Mr. Vikas Marwah
Mr. S. Natarajan
Mr. H. Deiva Subramanian
Mr. Deepak Arora
Mr. Shyamal Saha

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 Ltd.
Kotak Mahindra Bank Ltd.
IndusInd Bank Ltd.

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)

Financial Year (FY) 2013 saw continuation of a difficult period for the economy and the automotive sector. In India, car sales fell an annual 6.7% in FY'13, according to data from the Society of Indian Automobile Manufacturers (SIAM). The drop is the worst seen in the last decade and, although the deceleration seems to be over, it will take time to regain growth momentum.

Despite the headwinds, Sona Koyo has focussed on taking bold and effective measures to push its growth agenda forward and increase efficiencies. We have successfully taken our first steps in aftermarket which presents high opportunity for the Company as a distribution channel for products in future. Our patented home-grown technology, Electronic Power Assisted Module (EPAM) for off-highway applications has received an excellent response and has paved the way for our entry into the off-highway market segment. Localisation and backward integration initiatives are moving ahead. Relocation /realignment of certain manufacturing facilities with an aim to adopt latest technology and set up Plant layout of global standards to enhance production efficiency and achieve reduced cycle time, is progressing on track.

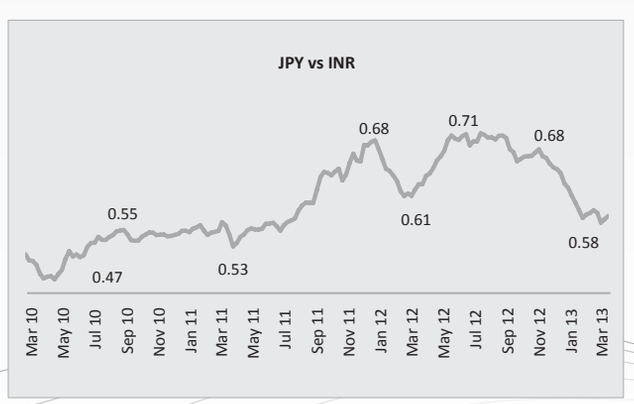
With our strong customer relationships, diverse product profile, technology partnership, and manufacturing capability we are well set to move forward as soon as the industry regains its growth momentum.

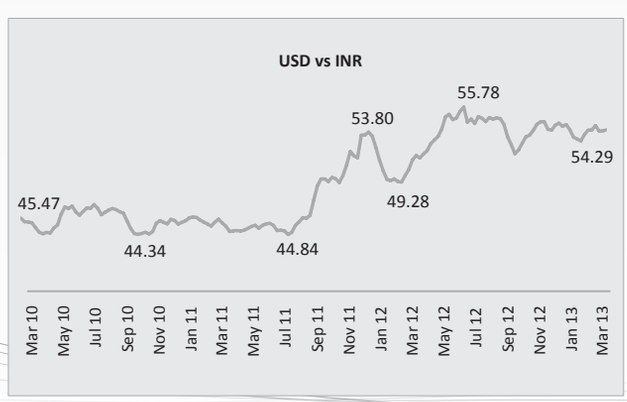
ECONOMIC SCENARIO

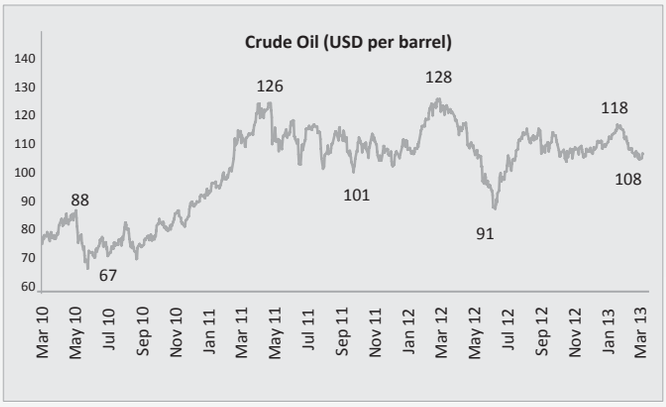
FY'2013 saw continued slow global growth as macroeconomic concerns persisted. GDP in South Asia also lost pace during 2012, translating into a slowing trend post the rapid recovery from the financial crisis in 2008. According to World Bank data, regional growth slowed from 10% in Calendar Year (CY) 2010 to 7.3% in CY2011, and further to 4.8% in CY2012. India, which represents about four-fifths of the region's GDP, played a major role in the deceleration. The country's GDP growth fell to 5% in FY2013 from 6.2% in FY2012 and 9.3% in FY'11. Although the global economy is transitioning into what is likely to be a smoother and less volatile period, growth is expected to remain slow. According to the World Bank, whole-year growth for CY2013 is projected at 2.2%, a touch slower than in CY2012.

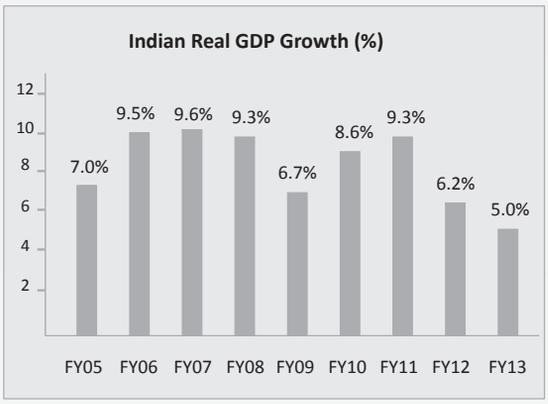
Going forward, the economy in India is expected to show a slow revival in FY2014. Index of Industrial Production (IIP) has bottomed out, and is showing signs of uptick. Brent crude oil has lost more than 6% since the beginning of April'12, which will ease India's high current account deficit and inflation, due to its dependency on oil imports. Inflation eased to 4.89% in April'13 owing to moderation in inflation of sub-indices, particularly primary food products and manufactured products.

Most analysts expect FY2014 GDP growth to pan out between 5.5-6%, certainly an improvement over the previous year. A possible upside can come from the upcoming elections, which could lead to increased government spending in the latter half of the year.







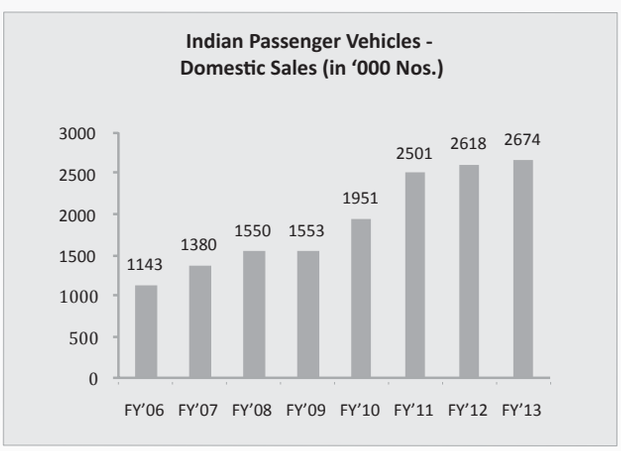


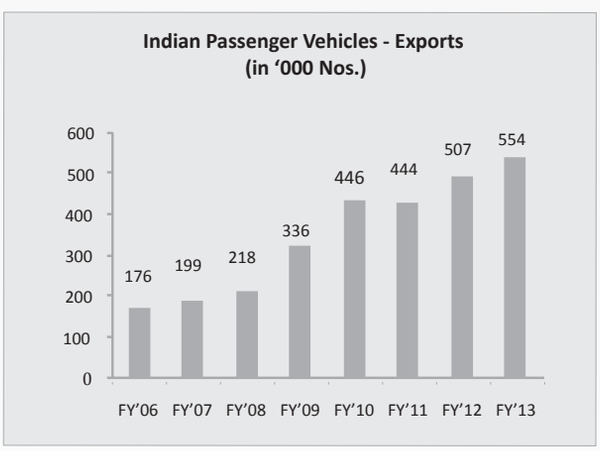
MARKET SEGMENT

India's annual car sales fell for the first time in a decade during FY'13. According to SIAM, the total domestic automotive market grew by 2.6% YoY in FY'13 against 12.2% in FY'12, taking volumes to 17,831,193 units. There was slump in production by original equipment manufacturers (OEMs) despite new launches, discounts and freebies in a depressed economy with increasing fuel prices. Muted growth in exports owing to continued sluggishness in the EU market and a slowdown in the US in the second half of the fiscal also added to the worries. While commercial vehicle segment de-grew by 2%, passenger vehicle segment (including utility vehicles and vans) held its ground and grew by 2.2% YoY, buoyed by the demand for diesel-driven utility vehicles.

Margins of the automotive industry were stretched in FY'13 due to increase in cost of imported raw materials owing to a weaker rupee and persistent inflation. Also, sluggish growth in demand from domestic OEMs, along with increasing overhead costs and lower capacity utilization, led to decreasing profitability margins.

The performance of the automotive industry deeply affects several key sectors of the economy, and has a strong multiplier effect which is capable of driving economic growth. It is one of the largest recipients of FDI and currently contributes roughly 6% of the country's GDP. The Automobile Mission Plan envisions the output of the Indian automobile industry to reach a level of US$ 145 billion, accounting for more than 10% of the GDP and employing 25 million people by 2016.





OUTLOOK

The automotive industry is one of the largest contributors to India's GDP, besides providing employment to millions of people, directly and indirectly. Over the last two decades, the industry has witnessed an impressive growth in terms of volumes, technological advancement and capital employment. The cumulative foreign direct investment (FDI) inflow into the automobile industry

from April 2000 to January 2013 was worth US$ 8,061 million, amounting to 4% of the total FDI inflows (in terms of US$) of the country.

India is emerging as one of the most attractive destinations as a global outsourcing hub and manufacturing base for original equipment manufacturers. There is a gradual shift of production facilities from high-cost regions in North America and European Union to lower-cost regions such as China, India and South America. According to Automotive Component Manufactures Association (ACMA) estimates, the Indian auto component industry is expected to reach a turnover worth US$ 113 billion by 2020-21.

Rising disposable income and sizeable working young population are the key drivers for the Indian automotive industry. The long term outlook remains positive with major global players developing bases in India for manufacturing, global sourcing as well as engineering. Further, the infrastructure improvement in India will also play a role in the growth of the automobile market.

As per SIAM, growth rate in the auto sector is expected to be around 6-8% in FY2014 mostly due to new product launches and expected reversal in interest rate cycle. However, growth is likely to be slow in the first half of the year due to slow economic activity and negative consumer sentiments, but is expected to pick up in the later part due to expected easing of interest rates, festive demand and favourable base effect. Leading OEMs are expected to introduce a slew of models at competitive prices to spur consumer demand.

SIAM has mentioned that the probability of holding the current automobile forecast for the year FY2014 is two in three (2/3rd) as this is based on certain economic parameters to be executed on time. Any policy inaction or political uncertainty may lead to significant deterioration to economic recovery and consumer sentiment.

OPERATIONS

With a view to build a strong foundation for future profitability, Sona Koyo incurred a total CAPEX of ₹ 815 million during the year mainly towards backward integration, relocation, efficiency improvement and new product development.

The growth momentum in our in-house developed EPAM (Electronic Power Assist Module) continued during FY'13. The EPAM plant witnessed full commercial production in the year, garnering an overwhelming response from the market. During the year, capacity for EPAM increased to around 21,000 units per annum. This current capacity is entirely booked for the requirements of John Deere, a Fortune 500 company and the leading manufacturer of agricultural machinery in the world for the off-highway vehicle market.

The Company has also received product approval to deploy EPAM technology on an upcoming tractor model from a major Indian manufacturer. Several other major OHV companies in North America, besides Tractor manufacturers in India are currently evaluating this product application. Sona Koyo plans to double EPAM turnover each year till FY'15. The patented home grown technology continues to create a strong competitive advantage for the Company, along with healthy margins.

During the year, Company's two new projects towards backward integration into aluminium die-casting and in-sourcing went into commercial production. Aluminium die casting facility would provide a strong avenue for adding new customer segments by offering light weight products. The in-sourcing program is a strategic move to bring back processes that had been outsourced earlier and thus helps to improve quality, reduce cost and increase in house value addition.

Work on Phase-4 of Column type Electric Power Steering (CEPS) localization involving localization of input shaft, torsion bar, retainer part, etc., at the Dharuhera facility is progressing and is expected to be completed by the first half of FY2014. Strong emphasis on localization has helped the Company to restrict import content as a percentage of total raw material costs to 19% in FY2013, which shall further reduce after completion of Phase-4 of CEPS localization.

Company has taken a new initiative to achieve manufacturing excellence through realignment and efficiency improvement. This shall involve relocation of certain manufacturing operations from Gurgaon to three Plants in Dharuhera, also in Haryana, one each in Sanand, Gujarat, and Chennai. This strategy shall help to adopt new technology and set up Plant layout of global standards aimed at reducing production cycle time. The entire project shall take around two years time to implement. In this direction, the Company successfully shifted and commissioned two lines from Gurgaon Plant to Dharuhera. Sona Koyo started production at Bay-3, Dharuhera Plant-1 and Bay-1, Dharuhera Plant 2. Construction of Bay-2, Dharuhera Plant 2 is now in progress.

In order to exercise control on price changes and their impact on value addition, the Company has set up PPMS (Product Profitability Management System) with the help of C3IT Software Solutions. The system helps in tracking cost at each and every stage starting from raw material of a child part to the final output of a product and aligning the same to the settled price with the customers and to show the product profitability. The system also helps to simulate and understand the financial impact of price changes on product profitability before actual price amendment.

PROFITABILITY & COMPETITIVENESS IMPROVEMENT

This year was one of the slowest in a decade in terms of growth for the Indian automotive industry, but management's focus toward improving competitiveness and profitability abated its effects to a large extent. Sona Koyo faced a marginal 1.9% decline in sales turnover. While recovery of increased Fixed Costs being depreciation and interest towards new capital investments resulted into reduced net profit levels; however at the operating front, the Company improved its EBIDTA margins.

Improvement in operating profit was mainly driven by reduction in material cost due to localisation, alternate sourcing, VA/VE (value analysis and value engineering) activities and active negotiation with suppliers. These efforts resulted in improvement in raw material cost as a percentage of sales from 72.8% in FY'12 to 70.5% in FY'13.

Company has a strong focus on quality and a passion to build quality products for the automotive industry. Our status of a Deming Quality Prize winner company inspires us to keep working towards strengthening the quality culture and maintaining quality a priority. During the year, the Senior Management Team met all employees of the Company in small batches to reaffirm our quality focus and our commitment towards achieving highest quality standards in all areas of our work.

Sona Koyo continues to invest in various HR programs & trainings aimed at adding values, enhancing employee morale & engagement and improving manpower efficiency. The Company has completely automated the human resource management processes and has successfully deployed the Human Resource Management System named as SMART. This software takes care of all the key activities of the HR department such as Time Office & Payroll, Performance Management, Recruitment & Training and Employee Record Management. HRMS has brought alignment and smoothness in various processes and thereby contributed significantly towards achieving the objectives of the HR department. The HR department also undertook the 'Employee Satisfaction Survey' and based on the results, started various initiatives to increase the engagement of human resources towards Sona Koyo.

The Company also launched a special Leadership Development Program called "Drivers of Tomorrow (DOT)", a fast track programme for potential leaders, conducted through both in-house and external faculty. The objective was to build and speak on the traits of leadership and cultivate leadership traits in the inductees. Each Manager nominated for this program was assigned a personal Coach trained in "Power Coaching with Mind Kinetics" from Coaching and Leadership International Inc. In addition, experts were invited to interact with the Group on topics like leadership, strategy and emotional intelligence. Each manager was also assigned a Project aimed at leadership enhancement through application of teachings from the program.

Among the various IT initiatives, the company setup MS Exchange (Mailing platform) and MS Lync (Unified Communication) which are enterprise solutions with higher scalability and for effective

communications. Company also invested in Green IT initiatives like private cloud computing, virtual data centre and Virtual desktop infrastructure to save energy and reduce green house gas generation to contribute towards environmental policy. To improve the effectiveness of budgetary control, IT team also developed an indent based approval process in the standard workflow functionality to keep control on expenses.

SUBSIDIARIES AND JOINT VENTURES

During the year under review, Sona Koyo's key subsidiary JTEKT Sona Automotive India Limited (JSAI) started mass production of Column Type Electric Power Steering System (C-EPS) for Brio (Petrol & Diesel) model of Honda Cars Ltd. and for Evalia model of Ashok Nissan.

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

1. Successfully started production on Column Assembly Line #2 at reduced cycle time of 27 seconds, an improvement of 10%.
2. Successfully started in-house machining of Sensor Housing for Brio and Evalia C-EPS.
3. Received certification of OHSAS 18001-2007 Certification its plant at Haryana, Chennai and Bangaluru.
4. Implemented Lotus mail, automation of RDC and Document Management System.

For FY2013, JSAI achieved a Sales Turnover of ₹ 4,660.67 million and PAT of ₹ 176.61 million

Sona Koyo's other subsidiary; Sona Fuji Kiko Automotive Ltd. (SFAL) continued to manufacture Column Jacket Assembly and Intermediate Shaft for Nissan Micra & Sunny, Toyota Etios & Liva and Jacket Assembly for Maruti Wagon-R for Tilt and non-Tilt models. During the year, SFAL also commenced the production of Column Jacket assembly for Nissan Evalia in July, 2012 and Honda Brio & Amaze in September, 2012. SFAL also received certification for ISO/TS 16949:2009 during the year. For FY2013 SFAL achieved a Sales Turnover of ₹ 363.35 million and PAT of ₹ 17.84 million

Sona Stampings Ltd. (SSL) continued to consolidate its operations. SSL has strengthened its product quality standards and has been able to drastically reduce quality rejections. For FY2013, SSL achieved a Sales Turnover of ₹ 111.9 million and incurred a loss of ₹ 25.2 million.

AWARDS AND RECOGNITION

Recognition from customers is the strongest testimony to a company's excellence, and Sona Koyo once again achieved recognition of its excellence. General Motors awarded the Company with the 'Best Practices Recognition Award' during the year.

Sona Koyo was awarded Tier-2 Upgradation Award from Maruti Suzuki. The Company is participating in MACE (Maruti Centre for Excellence) program for Tier-2 (supplier) upgradation.

The Institute of Economic Studies (IES), one of India's premiere research institutes, conferred 'Excellence Award' to Sona Koyo for its prominent position in Auto Component Industry. Mr. Sunder Rajan, CEO, Sona Koyo, also received the Udyog Ratna Award for his outstanding contributions to industry from IES.

Our Dharuhera Plant-2 is the NCR's first certified green building as acknowledged by Indian Green Building Council.

SUPPLY CHAIN MANAGEMENT

Sona Koyo believes in applying modern, innovative and effective initiatives to keep decreasing costs and to keep increasing productivity and quality. During the year, the company successfully adopted and implemented 'Milk-run' technique for improving logistics. A milk run, in logistics, is a round trip that facilitates both distribution and collection. It has helped Sona Koyo in consolidation of suppliers thereby directly reducing inventory time & freight costs and enabling more efficient monitoring.

During the year, the company also started using boxes made of propylene and stopped using boxes made of wood & corrugation for packaging its finished goods. This initiative not only helped Sona Koyo save 55-60% of costs in packaging material but also was a step towards a more green supply chain.

The Company in collaboration with Confederation of Indian Industry (CII) and JICA, Japan has continued with the VSME (Visionary Small & Medium Enterprises) initiative which has helped in achieving breakthrough results in terms of quality, productivity and delivery on selected model lines. In FY'13 the Company implemented VSME on 7 lines at Sona Koyo and also covered 12 suppliers, helping them to improve technical and operational efficiency.

This program has developed a Win-Win relationship between the Company and its suppliers. Through the program, productivity improved upto 3.4 times at Sona Koyo's lines and upto 2 times at suppliers' lines, In-house rejection reduced upto 87% at Sona Koyo's lines and upto 88% at suppliers' lines, Customer return reduced upto 100% both at Sona Koyo's lines and suppliers' lines and Delivery became 100% both at Sona Koyo's lines and suppliers' lines. In F14 we will be implementing VSME on 15 lines at Sona Koyo and also cover 12 suppliers.

We are following TPM (Total Productive Maintenance) methodology at the five out of total six plants . This is a unique Japanese technique which is an integral part of manufacturing excellence. Distinguishing feature is the involvement of machine operators in equipment maintenance and continuous elimination of losses by involvement of all employees. Last year we started TPM practices at three new plants: Dharuhera Plant-1; Dharuhera Plant-2 and Sanand. We achieved break down occurrence reduction up to 60%; quality rate improvement by 60%; and manufacturing cost optimization up to 5%. We expect to achieve breakthrough results in terms of Productivity, Quality, Cost, safety, Delivery and Morale by using TPM methodology.

RESEARCH AND DEVELOPMENT

Sona Koyo believes in keeping itself abreast with fast changing technology. For the same, the company has taken various initiatives and strengthened its in-house R&D department. The Company was awarded a patent (US 7,789,191) for its home grown technology, Electronic Power Assisted Module (EPAM) for off-highway application.

After developing and making commercially successful EPAM, Sona Koyo's R&D department has developed an innovative environment friendly and safe electric power steering for farm tractor use. We are proud to say that we are the first company in the world to apply for a patent in this field. Our unique design is comparatively safer than the currently used hydrostatic power steering in tractors.

Our future areas of research include development of power transmission-electronic control unit (ECU) for electric/hybrid vehicle, refinement of Steer by Wire technology and development of autonomous steering for unmanned/defence vehicle application.

FINANCIAL REVIEW

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

Particulars	2012-13	2011-12
Domestic Sales	10,472	10,911
Exports Sales	647	442
Total Sales	11,118	11,353
Other Income	123	92
Total Revenue	11,241	11,445
Raw Material	7,835	8,265
Staff Cost	1,067	959
Other Expenditure	1,103	988
EBITDA	1,236	1,233
Depreciation & Amortisation	432	333
EBIT	804	900
Finance Charges	335	337
PBT	469	563
Tax	163	175
PAT	306	388
Capital Expenditure	815	1,146
EPS (₹)	1.54	1.95
D/E Ratio	1.32	1.10

- Income from exports increased by 46.3%, backed by success of In-house developed Electronic Power Assist Module (EPAM).
- Total income from operations decreased marginally by 1.9% due to sluggish growth of ~2% in the domestic passenger vehicles market.
- Material cost as a percentage of sales declined from 72.8% in FY2012 to 70.5% in FY2013 supported by Localization and other material cost reduction efforts.
- Increase in other operating expenses mainly manufacturing expenses was due to increased in-house activity towards backward integration into aluminium die-casting and in-sourcing.
- Operating income (EBIDTA) as a percentage of total income increased from 10.8% in FY'12 to 11.1% in FY'13 mainly driven by reduction in material cost. PAT margins declined due to recovery of fixed costs towards employee, interest and depreciation over a lower sales volumes.
- The Company has maintained the dividend at 65% of the par value of shares.
- ICRA has maintained a 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 of the Company 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 geographic reach.

The Company is exposed to strong competitive pressures both domestic and overseas. Sona Koyo's close customer relationships, ability to provide higher level of engineering, design support and relentless drive for improvement gives it a competitive edge. The Company is also exposed to financial risk from changes in interest rates, foreign exchange rates and commodity prices. The Company also 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 for any new risks that may arise due to changes in the external or business environments. While the possibility of negative impact due to one or more of such risks cannot be totally ruled out, the Company proactively takes conscious and reasonable steps, making efforts to mitigate the significant risks that may affect it.

INTERNAL CONTROLS AND THEIR ADEQUACY

Sona Koyo has in place systems of internal control which 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 authorisation and ensuring compliance of corporate policies. Further, internal audit and management reviews are conducted regularly 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 Company's statutory auditors to ascertain their views on the adequacy of internal control systems; and keeps the Company's Board of Directors informed of major observations from time to time.

SUSTAINABILITY

The Sona Group continues to map its carbon and water foot prints. Sona Koyo has set targets for reduction in its energy consumption, cut in carbon emissions and water consumption using in-house innovative ways for reduction and reuse of its resources. The Company has also initiated a huge tree-plantation drive, to off-set its carbon footprint.

To fulfil its Corporate Social Responsibility, Sona Koyo has taken steps to set up a Technical Skill Development Centre which will run technical training programs to make young people job ready. These programs shall be of different durations depending upon the skills required for different jobs from the level of a plant worker to the level of line supervisor. The training shall consists of simulated production line training as well as training into behavioural & leadership subjects.

Also, in the social space, the adoption of ITI Nagina continues to throw up 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 over 150 students.

With a placement record of 75% over 6 years, the students are finding their way to many industry players which include OEMs, Tier I and Tier II Companies. The Company organized industrial training for the students of ITI Nagina. Three batches of around 20 to 25 students were trained at Sona Group Companies for duration of one month. A new building is under construction at ITI Nagina to provide better infrastructure to the students. The Company also organized tree plantation at ITI Nagina.

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 automobile 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, 2013, the Board of Sona consisted of thirteen Directors. The Chairman, the Vice Chairman & Managing Director and the Deputy Managing Director are the Executive Directors of the Company. The remaining ten Directors are non-executive Directors, of which six are independent Directors.

JTEKT Corporation, Japan (JTEKT), the financial and technical collaborator of Sona, has nominated two Non-Executive Directors 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.

Consequent upon withdrawal of one of their nominee directors by JTEKT Corporation effective from 15th May, 2013, the Board of Sona now consists of twelve Directors, of which six are independent.

b) Number of Board Meetings

In the year ended 31st March, 2013, Sona held four Board Meetings on 1st May, 2012, 1st August, 2012, 1st November, 2012 and 29th January, 2013. The 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, 2013

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. K. M. Deshmukh②	Dy. Managing Director	4	4	Yes	2(-)
Mr. Kazuhiko Ayabe	Non-executive Director (Nominee of MSIL)	4	3	Yes	2(1)
Mr. Hiroyuki Miyazaki	Non-executive Director (Nominee of JTEKT)	4	3	Yes	Nil
Mr. Yoshio Tsuji ③	Non – Executive Director (Nominee of JTEKT)	3	3	N.A.	2(-)
Mr. J. M. Kapur	Non-executive Director (Brother of Dr. S. Kapur)	4	2	Yes	Nil
Mr. P. K. Chadha	Independent Director ⑤	4	4	Yes	2(1)
Mr. Ravi Bhoothalingam	Independent Director ⑤	4	4	Yes	1(1)
Mr. Ramesh Suri	Independent Director ⑤	4	2	Yes	13(1)
Mr. B.L. Passi	Independent Director ⑤	4	1	Yes	2(1)
Lt.Gen.(Retd.) S.S.Mehta	Independent Director ⑤	4	4	Yes	1(-)
Dr. Rakesh Mohan ④	Independent Director ⑤	2	2	Yes	N.A.
Ms. Ramni Nirula	Independent Director ⑤	4	4	Yes	6(5)

Notes :

① Figures in ( ) denotes listed Companies.

② Ceased to be Director effective from 30th April, 2013 on completion of tenure as Dy. Managing Director. The Board of Directors of the Company approved the appointment of Mr. Kiyozumi Kamiki as Dy. Managing Director effective from 15th May, 2013.

③ Appointed by the Board as Non-Executive Director with effect from 1st August, 2012. Subsequently, ceased to be a director of the Company w.e.f. 15th May, 2013 due to withdrawal of nomination by JTEKT.

④ Resigned from the directorship of the Company with effect from 1st November, 2012.

⑤ 'Independent Director' is a non-executive director of the Company who:

a) apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the director;

b) is not related to promoters or persons occupying management positions at the Board level or at one level below the Board;

c) has not been an executive of the Company in the immediately preceding three financial years;

d) is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following:
   i) the statutory audit firm or the internal audit firm that is associated with the Company, and
   ii) the legal firm(s) and consulting firm(s) that have a material association with the Company.

e) is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect independence of the director;

f) is not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares; and

g) is not less than 21 years of age.

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. 44 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, 2013

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.	14,45,000	75,28,846	25,00,323	18,03,462	1,32,77,631
Mr. Sunjay Kapur	Son of Dr. S. Kapur	N.A.	93,00,000	59,34,615	96,89,753	14,22,346	2,63,46,714
Mr. K. M. Deshmukh	None	N.A.	52,69,000	40,25,000	27,30,875	10,41,750	1,30,66,625
Mr. Kazuhiko Ayabe	None	30,000	Nil	N.A.	N.A.	N.A.	30,000②
Mr. Hiroyuki Miyazaki	None	30,000	Nil	N.A.	N.A.	N.A.	30,000
Mr. Yoshio Tsuji ③	None	60,000	Nil	N.A.	N.A.	N.A.	60,000
Mr. J. M. Kapur	Brother of Dr. S. Kapur	60,000	6,00,000	N.A.	N.A.	N.A.	6,60,000
Mr. P.K. Chadha	None	1,40,000	8,00,000	N.A.	N.A.	N.A.	9,40,000
Mr.Ravi Bhoothalingam	None	1,00,000	11,60,000	N.A.	N.A.	N.A.	12,60,000
Mr. Ramesh Suri	None	20,000	6,00,000	N.A.	N.A.	N.A.	6,20,000
Mr. B. L. Passi	None	10,000	5,00,000	N.A.	N.A.	N.A.	5,10,000
Lt.Gen.(Retd.) S.S.Mehta	None	1,40,000	8,00,000	N.A.	N.A.	N.A.	9,40,000
Ms. Ramni Nirula	None	70,000	8,00,000	N.A.	N.A.	N.A.	8,70,000
Dr. Rakesh Mohan④	None	20,000	N.A.	N.A.	N.A.	N.A.	20,000

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 Appointed by the Board as Non-Executive Director with effect from 1st August, 2012.

④ Resigned from the directorship of the Company with effect from 1st November, 2012.

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, 1956.

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, 1956.

The Shareholders of the Company in the Twenty Seventh Annual General Meeting held on 2nd August, 2011, had approved the revised remuneration of Mr. K.M. Deshmukh, Dy. Managing Director of the Company with effect from 1st November, 2010 for the remaining period of his appointment i.e., up to 30th April, 2013. In this regard, an Agreement dated 2nd August, 2011 was executed between the Company

and Mr. K.M. Deshmukh. The severance fee shall be as per the provisions of the Companies Act, 1956. The tenure of Mr. K.M. Deshmukh as Dy. Managing Director has been completed on 30th April, 2013.

The Board of Directors of the Company have, subject to consent of Shareholders and Central Government, approved the appointment of Mr. Kiyozumi Kamiki as Dy. Managing Director of the Company for a period of three years effective from 15th May, 2013. Requisite agreement with Mr. Kamiki shall be executed after approval of the Shareholders at the ensuing Annual General Meeting and the Central Government.

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

The Shareholders of the Company in its Annual General Meeting held on 18th July, 2008, subject to the approval of the Central Government, pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, have approved payment and distribution of commission not exceeding 1 per cent of the net profits of the Company calculated in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956, amongst the Directors or any of them or some of them other than the Managing Director / Whole-time Director(s) of the Company, as may be determined by the Board of Directors. The Government of India, Ministry of Finance, Department of Company Affairs vide its letter no. SRN/A 45890209/3/2009-CL.VII dated 4th June, 2009 had granted its approval to the above.

Accordingly, the Board of Directors of the Company in its meeting held on 15th May, 2013 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, 2013 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, 2013

Name of Directors	Number of Equity Shares held	Number of convertible instruments① / Stock Option Shares② held
Mr. Kazuhiko Ayabe	Nil	N.A.
Mr. Hiroyuki Miyazaki	Nil	N.A.
Mr. Yoshio Tsuji 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	Nil	N.A.
Lt. Gen. (Retd.) S.S.Mehta	Nil	N.A.
Ms. 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 Appointed by the Board as Non-Executive Director with effect from 1st August, 2012.

h) Committees of the Board

i) **Audit Committee**

As on 31st March, 2013, Audit Committee comprises of Mr. Ravi Bhoothalingam, Mr. P. K. Chadha, Mr. Sunjay Kapur, Lt. Gen. (Retd.) S. S. Mehta , Ms. Ramni Nirula and Mr. Yoshio Tsuji. Consequent

upon withdrawal of nomination by JTEKT Corporation, Mr. Yoshio Tsuji effective from 15th May, 2013, has ceased to be the member of the Audit Committee. 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 five times on 30th April, 2012, 31st July, 2012, 31st October, 2012 (adjourned for 1st November, 2012), 12th December, 2012 and 28th January, 2013. 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, 2013

Name of Members	Position	Audit Committee Meetings held during the period of Membership	Audit Committee Meetings attended
Mr. Ravi Bhoothalingam (Independent Director)	Chairman	5	5
Mr. P.K. Chadha (Independent Director)	Member	5	5
Mr. Sunjay Kapur (Vice Chairman & Managing Director)	Member	5	4
Lt. Gen. (Retd.) S.S.Mehta (Independent Director)	Member	5	5
Ms. Ramni Nirula (Independent Director)	Member	4	3
Mr. Yoshio Tsuji① (Non Executive Director)	Member	3	3

① Appointed by the Board as Non-Executive Director with effect from 1st August, 2012. Subsequently, ceased to be a director of the Company w.e.f. 15th May, 2013 due to withdrawal of nomination by JTEKT.

The Audit Committee of Sona performs the following functions:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements 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 (2AA) of Section 217 of the Companies Act, 1956;
   b) Changes, if any, in accounting policies and practices and reasons for the same;
   c) Major accounting entries involving estimates based on the exercise of judgment 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; and
   g) Qualifications in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

5A. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
7. 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.
8. Discussion with Internal Auditors any significant findings and follow up thereon.
9. 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.
10. 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.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism, in case same is existing.
12A. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after accessing the qualifications, experience and background, etc of the candidate.
13. 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:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee) submitted by management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

The Audit Committee is also empowered with the following powers:

1. To investigate any activity within its terms of reference;
2. To seek any information it requires from any employee;
3. To obtain outside legal or other independent professional advice; and
4. To secure attendance of outsiders with relevant expertise, if considered 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, 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) Shareholders / Investors Grievance Committee

The 'Shareholders / Investors Grievance Committee' comprises of Mr. J. M. Kapur and Dr. Surinder Kapur. The Committee looks into the redressal of shareholders' and investors' complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of dividend and ensures expeditious share transfer process. Minutes of the Shareholders/Investors Grievance Committee meetings were placed before and discussed by the Board. The Committee met four times during the year on 10th April, 2012, 12th July, 2012, 8th October, 2012 and 11th January, 2013. The attendance record of the 'Shareholders / Investors Grievance Committee' is presented in Table 5:

Table 5 : Attendance Record of Shareholders / Investors Grievance Committee for the year ended 31st March, 2013

Name of Members	Position	Shareholders / Investors Grievance Committee Meetings held during the period of Membership	Shareholders / Investors Grievance Committee Meetings Attended
Mr. J. M. Kapur (Non-Executive Director)	Chairman	4	4
Dr. Surinder Kapur (Chairman)	Member	4	4

iii) Remuneration Committee

Pursuant to the provisions of Schedule XIII to the Companies Act, 1956 and Clause 49 of the Listing Agreement, Remuneration Committee was set up by the Board of Directors in its meeting held on 27th March 2002. As on 31st March, 2013, Remuneration Committee comprises of Mr. P.K. Chadha, Mr. Ravi Bhoothalingam, Mr. B.L. Passi and Mr. J.M. Kapur. The Company's Remuneration Committee is vested with all necessary powers and authorities to ensure appropriate disclosure on the remuneration of the Directors and to deal with all elements of remuneration package of all whole time Directors.

During the year, the Committee met once on 1st May, 2012. Minutes of the Remuneration Committee were placed before and discussed by the Board. The attendance record of the Remuneration Committee is presented in Table 6:

Table 6 : Attendance Record of Remuneration Committee for the year ended 31st March, 2013

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

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, 2013, Risk 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 five times on 6th June, 2012, 13th June, 2012, 21st August, 2012, 3rd October, 2012 and 12th December, 2012. Minutes of the Risk Committee were placed before and discussed by the Board. The attendance record of the Risk Committee is presented in Table 7:

Table 7 : Attendance Record of Risk Committee for the year ended 31st March, 2013

Name of Members	Position	Risk Committee Meetings held during the period of Membership	Risk Committee Meetings Attended
Lt.Gen.(Retd.) S.S. Mehta (Independent Director)	Chairman	5	5
Mr. Sunjay Kapur (Vice Chairman & Managing Director)	Member	5	5
Mr. P.K. Chadha (Independent Director)	Member	5	4
Dr. Rakesh Mohan① (Independent Director)	Member	4	0

① Resigned from the directorship of the Company with effect from 1st November, 2012.

v) 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, 2013, 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 is 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 had no meetings during the year.

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 had 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 meeting held on 15th May, 2013. The code of conduct is available on the website of the Company www.sonakoyosteering.com. All Board members and designated senior 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) 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.

e) Subsidiary Companies

As per provisions of Clause 49 (III) of the Listing Agreement with the Stock Exchanges, the minutes of the Board Meetings of the existing subsidiary companies (JTEKT SONA Automotive India Limited, Sona Fuji Kiko Automotive Limited and Sona Stampings 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.

f) Disclosure of accounting treatment in preparation of financial statements

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

g) CEO/ CFO Certification

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

SHAREHOLDERS

a) Disclosures regarding appointment or re-appointment of Directors

Pursuant to the Articles of Association of Sona, at every Annual General Meeting of the Company, one-third of the rotational Directors retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third retires from office.

Accordingly, Mr. Kazuhiko Ayabe, Mr. B.L. Passi and Mr. J.M. Kapur shall retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

During the year, the Board of Directors of Sona in their meeting held on 1st August, 2012 appointed Mr. Yoshio Tsuji as Additional Director of the Company. Dr. Rakesh Mohan, due to resignation has ceased to be a director of the Company effective from 1st November, 2012. Consequent upon the withdrawal of nomination by JTEKT, Mr. Yoshio Tsuji has ceased to be the director of the Company effective from 15th May, 2013.

During the year, the Board of Directors of Sona in their meeting held on 15th May, 2013 appointed Mr. Kiyozumi Kamiki as Dy. Managing Director of the company effective from 15th May, 2013.

The brief resumes of the Directors seeking appointment / re-appointment and details of their shareholding in the Company are as follows:

- **Mr. Kazuhiko Ayabe** (55 years) is a Japanese National and is a graduate from Department of Mechanical Engineering, College of Sophia University. He joined Suzuki Motor Corporation in April 1980 and rendered his services at various positions. Presently he is holding the position of Director and MEO (Supply Chain) in Maruti Suzuki India Limited. Mr. Kazuhiko Ayabe serves on the Board of Maruti Suzuki India Limited and Mark Exhaust Systems Limited. He does not hold any Equity Shares of the Company.

- **Mr. B.L. Passi** (78 years) has over four decades of experience in the field of finance, automobile trade, transportation and agriculture. Mr. Passi is one of the largest automobile distributors in the country. He had served on the Boards and sub-committees of nationalized banks like the Bank of India and Central Bank of India. He was also a member of the Board of Directors of Rajasthan State Industrial & Mineral Development Corporation Limited and served as a member of the New Delhi Municipal Committee (NDMC) and Chairman of Projects Negotiations and Tender Sub Committee of NDMC. Mr. B. L. Passi serves as a member of the Board of Pasco Private Limited, Pascos Resorts Hotels & Spas Limited, Reclamation Real Estate Company (India) Pvt. Ltd., Benares Hotels Limited and Pascos Hospitalities Private Limited. Mr. B. L. Passi does not hold any Equity Shares of the Company.

- **Mr. J.M. Kapur** (71 years) has been on the Board of the Company since 1994. He possesses vast knowledge and experience in the field of trade and business. He has led the Kapur family business, Kapur-Di-Hatti, in the area of jewellery retail, estate development and management since, 1961 and possesses vast expertise in these areas. Mr. J. M. Kapur serves as a member of the Board of Sumish Finance and investment Co. Pvt. Ltd, Maa Estates Pvt. Ltd. and Jyoti Arn Associates Pvt. Ltd. He holds 34,000 nos. of Equity Shares of ₹ 1/- each of the Company.

- **Mr. Kiyozumi Kamiki** (57 years) did his graduation in engineering from Ehime University and also attained a Master's Degree. Mr. Kamiki joined Koyo Seiko Co., Ltd. (currently known as 'JTEKT Corporation') in the year 1982 and was assigned to investigating quality issues at Kokubu Plant. After being promoted to Assistant Manager in 1989, he was transferred to Koyo Corporation, USA. During 1997-2003 Mr. Kamiki worked in Quality Assurance Department in Japan. In 2004, he was made In charge of quality and transferred to Koyo Steering USA. He was made Managing Director in 2006 and transferred to JTEKT Automotive South Carolina Inc. In 2010, Mr. Kamiki was promoted to Head of Tadomisaki Plant of JTEKT. Mr. Kamiki has got vast experience of handling manufacturing operations and quality issues. Mr. Kamiki is not a member of the Board of any of the Indian Companies. He does not hold any Equity Shares of the Company.

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' (Hindi).

c) **Investor Grievances**

As mentioned earlier in this section, the Company has constituted a Shareholders / Investors Grievances 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 8.

Table 8 : Date, time and venue of the last three Annual General Meetings

Financial Year (Ended)	Date	Time	Venue
31st March, 2010	27th July, 2010	10.00 A.M.	Air Force Auditorium Subroto Park New Delhi-110 010.
31st March, 2011	2nd August, 2011	10:00 A.M.	Air Force Auditorium Subroto Park New Delhi-110 010.
31st March, 2012	1st August, 2012	02.30 P.M	Air Force Auditorium Subroto Park New Delhi-110 010.

g) **Special Resolutions**

In the ensuing 29th Annual General Meeting of the Company to be held on 10th August, 2013, the shareholders' consent is being sought by way of Special Resolution for:

- Appointment of Mr. Kiyozumi Kamiki as Dy. Managing Director of the Company.

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

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.

26th Annual General Meeting held on 27th July, 2010

- Revision in the remuneration payable to Mr. Sunjay Kapur, Managing Director of the Company.

h) **Postal Ballots**

Section 192A of the Companies Act, 1956, read with Para 4 of the Companies (Passing of Resolution by Postal Ballot) Rules, 2011 provides certain matters to be passed by the Company through Postal Ballot only.

At the ensuing Annual General Meeting to be held on 10th August, 2013 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 28th 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.

Adoption of non-mandatory requirements

Although it is not mandatory as per Clause 49 of the Listing Agreement, a Remuneration Committee of the Board is in place. Details of the Remuneration Committee have been provided under the Section 'Remuneration Committee'.

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, 2013 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 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 November, 2012 to 31st March, 2013 and clause 49 III (i) of the said Listing Agreement for the period from 1st April, 2012 to 29th July, 2012.

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 : Gurgaon
Dated: 15th May, 2013

(VIDUR PURI)
PARTNER
Membership No. 090163

ADDITIONAL SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

Date	:	10th August, 2013
Venue	:	The Air Force Auditorium Subroto Park New Delhi 110 010.
Time	:	10.00 A.M

FINANCIAL CALENDAR

Financial year : 1st April to 31st March

For the year ended 31st March, 2013, results were announced on:

- 1st August, 2012 : First Quarter
- 1st November,2012 : Second Quarter
- 29th January, 2013 : Third Quarter
- 15th May, 2013 : Annual

BOOK CLOSURE

The dates of book closure are from 1st August, 2013 to 10th August, 2013 inclusive of both days.

DIVIDEND RATE

The Board of Directors of SONA, in their meeting held on 15th May, 2013, has recommended payment of 65% per cent dividend on Equity Share Capital. The same shall be paid between 14th August, 2013 and 20th August, 2013, if approved at the ensuing Annual General Meeting by the shareholders.

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, 2013.

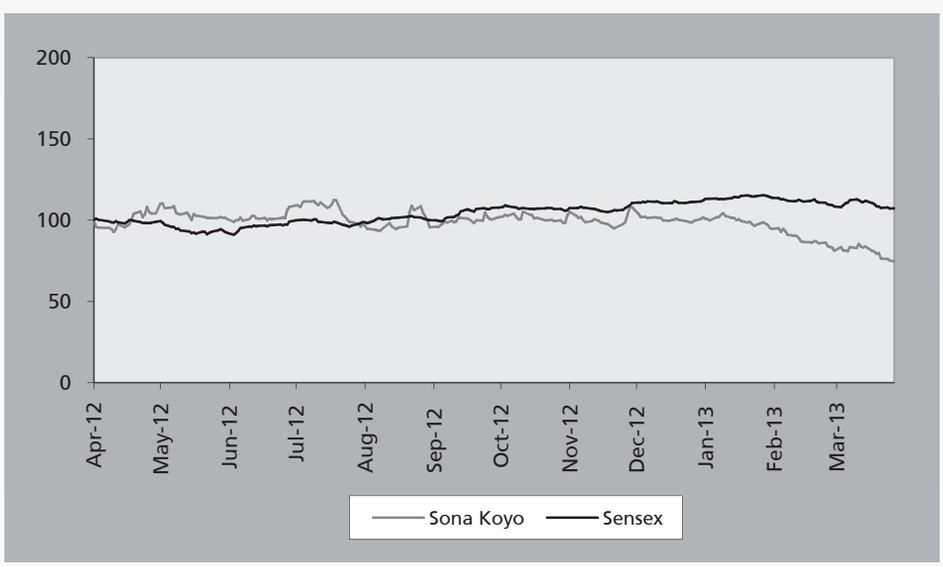
Table 2: Monthly share price* (In ₹) data and volumes on BSE and NSE

Month and year	BSE			NSE		
	High	Low	Volumes	High	Low	Volumes
April, 2012	14.60	11.75	1775373	14.70	11.75	2222689
May, 2012	14.60	12.60	1241957	14.60	12.75	1554270
June, 2012	14.45	12.65	880635	14.55	12.50	1652367
July, 2012	15.00	12.21	1020378	15.00	12.20	1782256
August, 2012	14.33	11.80	1783483	14.30	11.80	3362507
September, 2012	13.90	12.15	724055	13.95	12.00	1401651
October, 2012	14.15	12.5	908380	14.10	12.5	1723477
November, 2012	14.30	12.00	2035301	14.50	12.15	3116697
December, 2012	13.71	12.45	830214	13.75	12.65	1355838
January, 2013	13.70	12.11	966489	13.65	12.05	1400788
February, 2013	12.55	10.46	1806262	12.70	10.50	1241398
March, 2013	11.74	9.36	9853545	11.75	9.35	1178682

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.

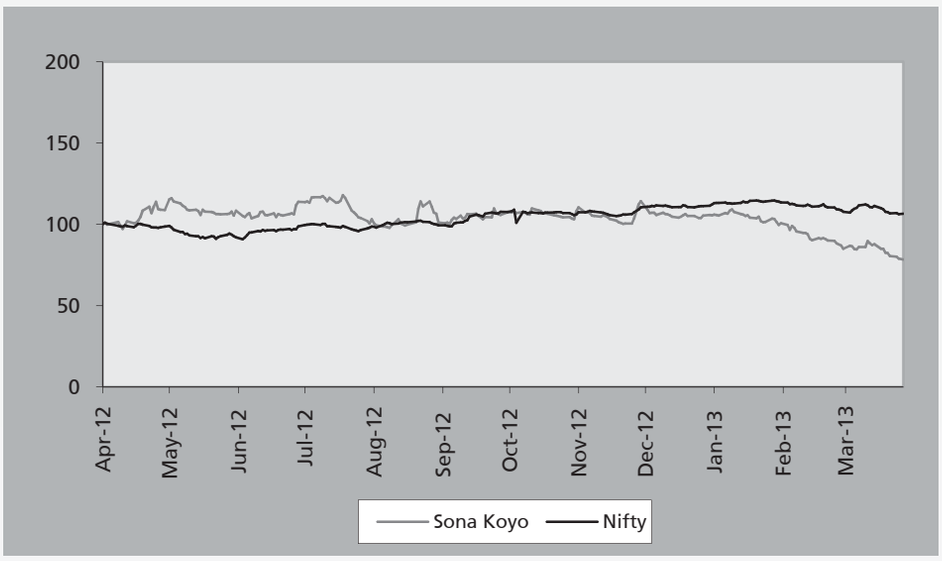
* Face Value of Sona's Share is ₹ 1/- each.

Chart A: Sona's adjusted closing share price with BSE Sensex for 2012-2013.



Note: Sona Koyo share price at the BSE and the BSE Sensex have been indexed to 100 as on the first working day of 2012-2013.

Chart B: Sona's adjusted closing share price with Nifty for 2012-2013.



Note: Sona Koyo share price at the NSE and the NSE Nifty have been indexed to 100 as on the first working day of 2012-13.

DISTRIBUTION OF SHAREHOLDING

Table 3 and 4 give the distribution pattern of shareholding of Sona as on 31st March, 2013.

Table 3 : Distribution of shareholding by size class as on 31st March, 2013.

Amount	Number of shareholders	Number of shares held	Shareholding %
Upto 5000	47066	28694214	14.44%
5001-10000	1161	8688185	4.37%
10001-20000	462	6785907	3.42%
20001-30000	147	3707488	1.87%
30001-40000	69	2454406	1.23%
40001-50000	25	1177202	0.59%
50001-100000	68	4836582	2.43%
100001 & above	66	142397848	71.65%
Total	49064	198741832	100.00%

Table 4: Distribution of shareholding by ownership as on 31st March, 2013

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)	19	104644172	104644172	52.65	52.65	0.00	0.00
B)	Public Shareholding							
1.	Institutions						NA	NA
a)	Mutual Funds/UTI	5	1010387	1004387	0.51	0.51		
b)	Financial Institutions / Banks	2	33490	33490	0.02	0.02		
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	1	193000	193000	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)	10	3560375	3554375	1.79	1.79		
2.	Non-Institutions						NA	NA
a)	Bodies Corporate	628	11191645	11175395	5.63	5.63		
b)	Individuals							
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	47358	48993545	47117258	24.65	24.65		
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	40	23213793	23213793	11.68	11.68		

c)	Any Other							
	Trust	3	2500	2500	0.00	0.00		
	HUF	980	2743795	2743795	1.38	1.38		
	Clearing Members	29	41992	41992	0.02	002		
	Sona Koyo Steering Systems Ltd.- Unclaimed Suspense Account *	1	5473513	5473513	2.75	2.75		
	Sub-Total (B)(2)	49039	91660783	89768246	46.12	46.12		
	Total Public Shareholding (B) = (B1+B2)	49048	94097660	92199123	47.34	47.34	NA	NA
	Total (A)+(B)	49064	198741832	196843295	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)	49064	198741832	196843295	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, 2013, 99.04 per cent of Sona's shares were held in dematerialized form and the rest in physical form. The promoter, co-promoter and their associates own 52.65 per cent of Sona's shares, which are held in dematerialized form.

EQUITY SHARES IN THE SUSPENSE ACCOUNT

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

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

Table 5 : The details of Equity Shares held in the Unclaimed Suspense Account as on 31st March, 2013

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.	45	1,09,090
3.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account after dematerialization of unclaimed shares.	45	1,09,090
4.	Aggregate number of shareholders and the outstanding shares in the Suspense Account as on 31st March, 2013	3422	54,73,513

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 Shareholders / Investors Grievances Committee for redressing shareholders' and investors' complaints.

Investor correspondence should be addressed to:

1) Karvy Computershare Pvt. Ltd.
(Unit : Sona Koyo Steering Systems Limited)
105-108, Arunachal Building
19, Barakhamba Road
New Delhi – 110 001.

2) The Company Secretary
Sona Koyo Steering Systems Ltd.
UGF-6, Indra Prakash
21, Barakhamba Road
New Delhi – 110 001.

Also, to expedite the process of share transfer, the Board of Sona has delegated the power of share transfer to Mr. Sudhir Chopra, its Compliance Officer and other authorized person(s) and accordingly the share transfer formalities are being adhered to at least once in a week.

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 2005 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government. Table 7 gives the unclaimed dividend amount since 2005.

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

Year	Type	Date of declaration	Date due for transfer to Central Government
2006	Final	19th July, 2006	18th August, 2013
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

Table 7: Unclaimed dividend as on 31st March, 2013

Year	Type	No. of warrants issued	No. of warrants unclaimed	% unclaimed	Amount of dividend (₹ Lacs)	Dividend unclaimed (₹ Lacs)	% unclaimed
2006	Final	32137	1384	4.31	439.67	5.06	1.15
2007	Final	31875	2028	6.36	678.64	6.68	0.98
2008	Final	28886	2217	7.67	695.61	6.44	0.92
2010	Final	39648	3130	7.89	596.23	8.26	1.38
2011	Final	49286	4556	9.24	1291.85	18.07	1.39
2012	Final	48779	8502	17.43	1291.87	43.60	3.37

NUMBER AND NATURE OF COMPLAINTS REGARDING SHARES

Table 8 gives the data on Investors' complaints during the year ended 31st March, 2013.

Table 8: Details of Investor complaints regarding shares for the year 2012-2013.

Nature of complaint	Number of complaints	Number redressed
Non-receipt of dividend / Interest / Redemption	2	1
Non-receipt of Annual Report	9	9
Total	11	10*

*The balance one complaint also stand resolved as on date.

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, Amhedabad, Gujrat.
- Plot No. 19, Industrial Area, Dharuhera, Dist. Rewari (Haryana).
- Village Malpura, Tehsil Dharuhera, Dist. Rewari (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, Sunder Rajan, Chief Executive Officer, Rajiv Chanana, Chief Financial Officer and Sunjay Kapur, Vice Chairman & Managing Director, of Sona Koyo Steering Systems Limited, hereby certify to the Board that:

a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

   i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by Sona Koyo Steering Systems Limited during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We are responsible for establishing and maintaining internal controls for financial reporting in Sona Koyo Steering Systems Limited and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee:

   i) Significant changes in internal control over financial reporting during the year;
   ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
   iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

e) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).

f) We further declare that all Board members and senior management have affirmed compliance with the code of conduct for the current year.

For Sona Koyo Steering Systems Limited

Place : Gurgaon	Sunder Rajan	Rajiv Chanana	Sunjay Kapur
Dated : 15.05.2013	Chief Executive Officer	Chief Financial Officer	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, 2013.

For Sona Koyo Steering Systems Limited

Place : Gurgaon
Date : 15.05.2013

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, 2013.

Consolidated Performance	**2012-13**		2011-12	
	₹/Lacs		₹/Lacs	
Sales and other income	**146937**		142434	
Profit before interest & depreciation	**17390**		17776	
- Interest	**4109**		4593	
- Depreciation & write offs	**5850**		4575	
Profit before tax		**7431**		8608
Less : Provision for tax		**1638**		2438
Provision for deferred tax liability/(assets)		**1202**		438
Earlier years excess provision of tax written back		**(151)**		-
Minimum alternate tax (MAT) credit entitlement		**(55)**		(290)
Profit after tax		**4797**		6022
Less:Share of profit transferred to minority		**988**		1151
Consolidated profit for the year		**3809**		4871
Add : Profit brought forward		**5552**		2644
Less: Prior period adjustment		**-**		11
Profit available for appropriations		**9361**		7504
Appropriations				
Proposed dividend		**1292**		1292
Tax on dividend		**220**		210
Transfer to General Reserve		**325**		450
Balance carried forward		**7524**		5552
		9361		7504

Dividend

Your Directors have recommended a dividend of 65% on Equity Share Capital of the Company for the Financial Year 2012-2013. The rate of dividend recommended this year is the same as declared of the previous financial year.

Subsidiary Companies

The Company has the following Subsidiaries:

a) JTEKT SONA Automotive India Limited (JSAI)

In JSAI, the Company is holding 49% of the Equity Capital but it has the right to nominate majority of Directors on the Board of JSAI. 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 JSAI are located in Bawal, Chennai and Bangalore. During the year ended 31st March, 2013, JSAI has achieved total income of ₹ 466.29 crores and earned net profit of ₹ 15.26 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 JSAI. The Plant of SFAL is located in Bawal, Haryana. During the year ended 31st March, 2013, SFAL has achieved total income of ₹ 36.71 crores and earned net profit of ₹ 1.78 crores.

c) Sona Stampings Limited (SSL)

SSL was established as a Joint Venture Company with Arjan Auto Private Limited, India, with a business objective of Sheet Metal Processing, comprising of press work and welding within Automotive Component sector. During the year, the Company has acquired 30.08% of the Equity Capital from Arjan Auto Private Limited held by it in SSL and now SSL has become a wholly owned subsidiary of the Company. The Plant of SSL is located in Gurgaon. During the year ended 31st March, 2013, the Company has achieved total income of ₹ 11.20 crores and incurred loss of ₹ 2.52 crores.

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, in their meeting held on 15th May, 2013, approved the merger of SSL with the Company. The said scheme shall become effective when the Orders of Hon'ble High Courts of Delhi and Punjab & Haryana are filed with the Registrar of Companies.

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.

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 Agreements with the Stock Exchanges are complied in its letter and spirit.

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

As regards the Auditors' observation in their report on Corporate Governance, it is to state that with the restructuring of the Board in the Board Meeting held on 15th May, 2013, the Company is in total compliance with the requirement of Corporate Governance under Clause 49 of the Listing Agreement.

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, on time.

Fixed Deposits

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

Directors

Our colleague Dr. Rakesh Mohan, due to resignation, has ceased to be a Director of the Company, effective from 1st November, 2012.

Mr. Yoshio Tsuji, nominee of JTEKT, who was appointed as an additional director by the Board of Directors of the Company in their meeting held on 1st August, 2012, due to withdrawal of nomination by JTEKT, has ceased to be a director effective from 15th May, 2013.

Mr. K.M. Deshmukh has ceased to be Director of the Company effective from 30th April, 2013 on completion of his tenure as Dy. Managing Director.

Your Directors take this opportunity to place on record the appreciation of services rendered by Dr. Rakesh Mohan, Mr. Yoshio Tsuji and Mr. K.M. Deshmukh, during their association with the Company.

The Board of Directors of the Company in their meeting held on 15th May, 2013 approved the appointment of Mr. Kiyozumi Kamiki, nominee of JTEKT, as Dy. Managing Director of the Company effective from 15th May, 2013.

The requisite resolution pertaining to the appointment of Mr. Kiyozumi Kamiki as detailed at Item No. 7 of the Notice and relevant Explanatory Statement is commended for the Members' approval.

Pursuant to Article 122 of the Articles of Association of the Company Mr. Kazuhiko Ayabe, Mr. B.L. Passi and Mr. J.M. Kapur will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Audit Committee

Pursuant to the provisions of Section 292A of the Companies Act, 1956 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) Ms. Ramni Nirula, Member

The Board of Directors of the Company in their meeting held on 1st August, 2012 reconstituted the Audit Committee of Directors by including Mr. Yoshio Tsuji as one of the members but due to withdrawal of his nomination from the directorship of the Company, Mr. Tsuji ceased to be a member of the Audit Committee effective from 15th May, 2013.

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.

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, 2013 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 India Limited, Hyundai Motors (India) Ltd., Toyota Kirloskar, Tata Motors Ltd., Mahindra & Mahindra, Hindustan Motors Ltd., JTEKT Corporation, Japan, Mando Corporation, Korea and Fuji Autotech Europe S.A.S, 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: 15th May, 2013

Dr. Surinder Kapur
Chairman

ANNEXURE - 'A' TO THE DIRECTORS' REPORT

Form - A : Particulars with respect to Conservation of Energy

Power and Fuel Consumption		2012-2013						2011-2012				
		Gurgaon[1]	Dharuhera[2]	Chennai[3]	Sanand[4]	Dharuhera(2)[5]	Dharuhera(3)[6]	Gurgaon	Dharuhera-1	Chennai	Sanand	Dharuhera-2
1. HSEB / TNEB Power/ UGVCL Power Units purchased (KWH)	(Units)	5952320	1154796	1111330	389912	11786	--	5213606	1241472	1783460	370528	30360
Total Amount	₹	36954291	8416612	8263723	2748550	188845	--	27134336	7095921	10068210	2563379	297085
Rate per unit	₹	6.21	7.29	7.44	7.05	16.02	--	5.20	5.72	5.65	6.92	9.97
2. Captive Generation DG Set (KWH)	(Units)	3403451	2572984	2136970	--	1529157	557448	4617448	2152382	2593175	--	249040
Total Amount	₹	47023147	35543105	31922898	--	21705188	8559505	44408828	25491361	32096094	--	2927288
Rate per unit	₹	13.82	13.81	14.94	--	14.19	15.40	9.62	11.84	12.38	--	11.75
3. Diesel Consumption (Litres)		1011606	742488	627377	--	447014	161243	423531	601295	742720	--	80420
Total Amount	₹	38597709	29687317	29128183	--	17254337	7098727	15147390	21196308	31375823	--	2927288
Rate per litre	₹	38.15	39.98	46.43	--	38.60	44.58	35.76	35.25	42.24	--	36.40
Litre per unit		0.30	0.29	0.29	--	0.29	0.29	0.29	0.28	0.29	--	0.32
4. Furnace Oil Consumption (Litres)		--	--	--	--	--	--	849270	--	--	--	--
Total Amount	₹	--	--	--	--	--	--	29261438	--	--	--	--
Rate per litre	₹	--	--	--	--	--	--	34.45	--	--	--	--
Litre per unit		--	--	--	--	--	--	0.27	--	--	--	--

1. Total saving achieved at Gurgaon Plant during Financial Year 2012-13 - ₹ 11.77 million.
   Above saving achieved by taking the following initiatives :
   1) Power purchased from Open Access saving of ₹ 10.87 million.
   2) Installation of 20 HP motor instead of 40 HP motor (2 nos.) in Plant -1 FDV, saving of ₹ 0.70 million.
   3) Installation of digital timer on A/c. Main panel of 1,2&4 Plant, saving of ₹ 0.2 million.

2. Total saving achieved at Dharuhera Plant (1) during Financial Year 2012-13 - ₹ 1.50 million.
   Above saving achieved by taking the following initiatives :
   1) Shifting of Non critical machine from DG to HSEB power in New Bay.
   2) Replace 4.5 KW pump with 0.5 KW pump at two places.
   3) Eliminate 2 nos. of Exhaust blowers of 7.5HP each by providing localised fume killers in New Bay.
   4) Installed timer to swich off lights/hanging switch of HPS assembly during day time.

3. Total saving achieved at Chennai Plant during Financial Year 2012-13 - ₹ 0.51 million.
   Above saving achieved by taking the following initiatives :
   1) Major contribution is by utilization of Solar thermal system which is a non conventional energy resource, for paint shop boiler. The system was brought into operation from Aug 2012. This system has reduced diesel cost by ₹ 0.51 mn.

4. Total saving achieved at Sanand Plant during Financial Year 2012-13 - ₹ 0.27 million.
   Above saving achieved by taking the following initiatives :
   1) The 4 FDV's (11kw each) were manually switched off during Tea/Lunch/ Dinner time in production area leading to a saving of ₹ 0.05 million.
   2) The Power Factor was maintained at 0.99 which ensured a rebate in the monthly electricity bills totalling to ₹ 0.03 million.
   3) Air Saving Nozzeles and automation were provided in the production area which saved excess usage of air leading to saving of ₹ 0.19 million towards electricity cost.

5. Total saving achieved at Dharuhera Plant (2) during Financial Year 2012-13 - ₹ 0.51 million.
   Above saving achieved by taking the following initiatives :
   1) Reduce the power consumption by addition of VFD on blower at STP/ETP, saving of ₹ 0.17 million.
   2) Real time clock installation for AC's, saving of ₹ 0.07 million.
   3) Cooling arrangement of compressor to be provided, saving of ₹ 0.09 million.
   4) Arrest the compressed air leakages in the Plant, saving of ₹ 0.18 million.
   5) By installation of motion sensors on YC-5 and YP-8 line reduce the power consumption, saving of ₹ 0.01 million.

6. Total saving achieved at Dharuhera Plant (3) during Financial Year 2012-13 - ₹ 2.27 million.
   Above saving achieved by taking the following initiatives :
   1) Cost saving through air leakage from air guages, saving of ₹ 0.03 million.
   2) Power saving through FDV stoppage @ 2 hrs. per day, saving of ₹ 0.30 million.
   3) Energy saving by hydraulic power pack stoppage after 03 minutes idle running, saving of ₹ 0.03 million.
   4) Energy Saving through 1.5 Ton 18 nos office AC stoppage for 02 hours per day during lunch and tea break, saving of ₹ 0.13 million.
   5) Air saving by machine air line shut off when machine is switched off, saving of ₹ 0.01 million.
   6) Energy saving by making cooling tower fan On/off automatically as per circulating water set temp., saving of ₹ 0.02 million.
   7) Cooling tower Fan automation with temperature & pipe lines modification for feeding water to cooling tower & plant by one pump, saving of ₹ 0.58 million.
   8) Cost saving through air leakage from machine points, saving of ₹ 0.03 million.
   9) Reduce compressed air generation & maintenance cost by inter connecting Insourcing & PDC compressor & using one as a standby, saving of ₹ 1.04 million.
   10) Inter connecting Insourcing & PDC RO water lines & using one Pump as a standby, saving of ₹ 0.10 million.

Form - B : Particulars with respect to Technology Absorption

A. Technology Absorption

1. Efforts in brief towards Technology Absorption and Innovation

   a) Design and development of high performance tilt & collapsible steering column for SUV meeting global standards.

   b) Design and development of high performance compact hydraulic power steering for SUV segment of new global project.

   c) Design and development of high performance R&P steering gear of CEPS system for a global project.

   d) Localization of specific critical components of power steering system.

2. Benefits derived as a result of above efforts e.g. Product Improvement, Cost Reduction, Product Development, Import Substitution etc.

   a) With the development of high performance tilt & collapsible steering column, the Company is able to offer superior product at competitive price to customers meeting global standards. This has helped the Company to win 100% share of an important project.

   b) With the development of compact hydraulic power steering system, the Company has developed a cost effective solution for SUV segment and it has helped the Company to win important businesses.

   c) Development of high performance steering gear for CEPS system has helped the Company in achieving self-reliance in developing high performance products for global OEMs.

   d) With the localization of components of power steering system, the Company aims to reduce the material cost, lower the risk of being exposed to foreign exchange fluctuation and become more cost competitive to win new businesses. The Company has been able to achieve good results meeting the planned targets.

B. Research and Development

1. Specific areas in which R&D carried out by the Company.

   a) Research and development activities for manual and power steering for farm tractors have been undertaken. Functional prototypes of electric power assist module for farm tractors developed and fitted in selected model of tractors. Feedback from OEMs/ Users obtained and improved/cost effective design for tractor EPS is under development.

   b) Research and development work to provide speed sensitive based assist using CAN Interface for off highway vehicles is under development.

   c) Simulation and modeling using MATLAB for development of electric power steering based on brushless motor for off-road vehicles is in progress.

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

a) The above R&D initiatives would enable the Company to explore new business opportunities in the field of farm equipments and commercial vehicles for future growth through technological innovations by developing new concepts and futuristic electro-mechanical products with indigenous technology, designs and patents.

b) Business confirmation received from a tractor OEM.

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 ₹ 2.45 lacs

b) Revenue expenditure of ₹ 277.62 lacs

Form - C : Foreign Exchange Earning and Outgo

During the year the Company's export sales amounted to ₹ 6244.31 lacs. Foreign exchange outflow on account of import of raw material, spares and tools during the year was ₹ 4424.43 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, 2013.

Sl. No.	Name	Age (Years)	Designation/ Nature of Duties	Remuneration (₹)	Qualification(s)	Experience (Years)	Date of Employment	Last Employment (Designation)
1.	Mr. Chopra Sudhir	55	President & Company Secretary	1,11,99,994/-	B.Com, FCS, LL.B.	35	15.05.1993	Samtel India Limited (Company Secretary)
2.	Mr. Deshmukh K.M.	59	Dy. Managing Director	1,30,66,625/-	B.Tech. (Metallurgy)	36	01.08.1986	Bharat Gears Limited (Dy.Manager-Development)
3.	Mr. Kapur Sunjay	39	Vice Chairman & Managing Director	2,63,46,714/-	Graduate in Business Admn. from Buckingham University, U.K.	17	22.10.2008	Sona Management Services Ltd. (Managing Director)
4.	Dr. Kapur Surinder	69	Chairman	1,32,77,631/-	Ph.D.(Mech.Engg) Michigan State University, U.S.A.	39	01.10.1990	Bharat Gears Limited (Vice Chairman & Managing Director)
5.	Mr. Rajan Govindrajan Sunder	50	Chief Executive Officer	1,08,95,251/-	B.Sc., MBA & Master of Information Management	28	01.12.2008	Sona Autocomp Holding Private Limited (V.P. - Strategy & Innovations)
6.	Mr. Singh Bahadur Ramesh	57	Chief (VSME Programme)	68,29,632/-	B.E. (Production)	34	01.09.2011	Somic ZF Components Limited (Managing Director)

NOTES :

1. 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, 2013, 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 ("the Act"). 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' judgement, 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. 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:-

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

b) in the case of the Statement of Profit & Loss, of the Profit for the year ended on that date; and

c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 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.

2. As required by section 227(3) of the Act, we report that:

   i) 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;

   ii) 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;

   iii) 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;

   iv) 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;

   v) On the basis of written confirmations received from other public Companies in which directors of the Company are directors and/or written representations received from the directors of the Company as on 31st March, 2013 and taken on record by the Board of Directors, none of the directors of the Company is disqualified as on 31st March, 2013 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 : Gurgaon
Dated : 15th May, 2013

(Vidur Puri - Partner)
Membership No. 090163

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

Re. SONA KOYO STEERING SYSTEMS LIMITED (the Company)

On the basis of such checks as we considered appropriate, we further report that :

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 stock-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, 2013 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 income-tax, 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 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)
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	Commissioner of Appeals (Central Excise & Service Tax)
The Finance Act, 1994 (Service Tax)	Wrong availment of Cenvat Credit & Penalty	48.73	2005-2006 to 2009-2010	Commissioner of Appeals (Central Excise & Service Tax)
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)

* 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, 2013, 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 : Gurgaon
Dated : 15th May, 2013

(Vidur Puri - Partner)
Membership No. 090163

BALANCE SHEET
AS AT 31ST MARCH, 2013

Particulars	Note No.	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1987.42	1987.42
Reserves and surplus	3	22321.48	20771.77
	Sub-total	24308.90	22759.19
Non-current liabilities			
Long-term borrowings	4	19733.17	18008.23
Deferred tax liabilities (net)	5	3912.81	3220.33
Other long-term liabilities	6	44.46	16.50
Long-term provisions	7	435.52	362.31
	Sub-total	24125.96	21607.37
Current liabilities			
Short-term borrowings	8	4989.76	1502.27
Trade payables	9	14670.57	16721.82
Other current liabilities	10	8867.72	7036.04
Short-term provisions	7	1767.34	1755.17
	Sub-total	30295.39	27015.30
	Total	78730.25	71381.86
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	40140.74	35221.90
Intangible assets	11	1957.60	2108.48
Capital work-in-progress		2499.01	3703.77
Intangible assets under development		647.94	383.58
Non-current investments	12	6877.07	6788.20
Long-term loans and advances	13	836.72	2089.77
Other non-current assets	14	19.22	17.86
	Sub-total	52978.30	50313.56
Current assets			
Inventories	15	5445.95	3876.17
Trade receivables	16	15580.06	12564.94
Cash and bank balances	17	147.25	124.73
Short-term loans and advances	13	2358.47	2335.54
Other current assets	14	2220.22	2166.92
	Sub-total	25751.95	21068.30
	Total	78730.25	71381.86

Significant accounting policies & Notes on financial statements — **1 to 45**

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

(Vidur Puri)
Partner
Membership no : 90163
Place : Gurgaon
Dated : 15th May, 2013

Sudhir Chopra
President & Company Secretary

Rajiv Chanana
Chief Financial Officer

Sunjay Kapur
Vice Chairman & Managing Director

Ravi Bhoothalingam
Director

Statement of Profit & Loss
For the year ended 31st March, 2013

Particulars	Note No.	Year ended 31st March, 2013 (₹ / Lacs)	Year ended 31st March, 2012 (₹ / Lacs)
Income			
Revenue from operations (gross)	18	**127228.72**	127154.33
Less : Excise duty		**15372.46**	13101.31
Revenue from operations (net)		**111856.26**	114053.02
Other income	19	**556.61**	396.29
Total Revenue (I)		**112412.87**	114449.31
Expenses			
Cost of materials consumed [Refer note 39a]		**76993.70**	81407.91
Purchases of stock-in-trade [Refer note 39d]		**1784.31**	1094.66
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	**(428.49)**	144.89
Employee benefits expense	21	**10673.77**	9538.44
Finance costs	22	**3352.27**	3369.47
Depreciation and amortization expense	23	**4317.81**	3334.06
Research & development expenses	24	**277.62**	263.46
Other expenses	25	**10752.31**	9668.96
Total Expenses (II)		**107723.30**	108821.85
Profit before tax (I - II)		**4689.57**	5627.46
Tax expense			
- Current year		**1087.00**	1515.00
- Earlier year		**(150.99)**	-
- Minimum alternate tax (MAT) credit entitlement		**-**	(2.32)
- Deferred tax		**692.48**	231.08
Total tax expenses		**1628.49**	1743.76
Profit for the year		**3061.08**	3883.70
Earnings per equity share (face value of ₹ 1/- each) :			
Basic / Diluted (in ₹)	26	**1.54**	1.95

Significant accounting policies & Notes on financial statements **1 to 45**

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

(Vidur Puri)
Partner
Membership no : 90163
Place : Gurgaon
Dated : 15th May, 2013

Sudhir Chopra
President & Company Secretary

Rajiv Chanana
Chief Financial Officer

Sunjay Kapur
Vice Chairman & Managing Director

Ravi Bhoothalingam
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

		Year ended 31st March, 2013 (₹ /Lacs)		Year ended 31st March, 2012 (₹ / Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit before tax		**4689.57**		5627.46
Adjustment for :				
Depreciation & amortization	**4317.81**		3334.06	
(Profit)/loss on sale of fixed assets	**(0.21)**		23.74	
Dividend from long term investment-trade	**(11.67)**		(14.00)	
Unrealized foreign exchange (gain)/loss	**(351.78)**		14.55	
Provision for MTM losses	**-**		1.06	
Provision for doubtful advances	**10.00**		-	
Premium on forward contract amortized	**242.83**		150.51	
Interest expense	**3204.49**		2837.44	
Interest income	**(43.76)**	**7367.71**	(20.67)	6326.69
Operating profit before working capital changes		**12057.28**		11954.15
(Increase)/decrease in trade receivables	**(3024.62)**		(1331.01)	
(Increase)/decrease in inventories	**(1569.78)**		848.75	
(Increase)/decrease in long term loans & advances	**1253.05**		(69.35)	
(Increase)/decrease in other current assets	**(53.30)**		(562.09)	
(Increase)/decrease in short term loans & advances	**53.51**		731.49	
Increase/(decrease) in trade payables	**(1932.80)**		1958.71	
Increase/(decrease) in other current liabilities	**(218.49)**		863.93	
Increase/(decrease) in other long term liabilities	**27.96**		(24.87)	
Increase/(decrease) in long term provisions	**73.21**		11.03	
Increase/(decrease) in short term provisions	**1.36**	**(5389.90)**	120.86	2547.45
Cash generated from operations		**6667.38**		14501.60
Income tax paid (net of income tax refund)		**(980.73)**		(1130.24)
Net cash from operating activities		**5686.65**		13371.36
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of fixed assets (including CWIP)	**(7635.85)**		(11389.11)	
Proceeds from sale of fixed assets	**44.35**		170.21	
Proceeds for purchase of non current investment	**(88.87)**		-	
Bank deposit having original maturity of more than 3 months	**(1.36)**		(17.86)	
Dividend received	**11.67**		14.00	
Interest received	**2.87**		20.67	
Net cash (used)/raised from investing activities		**(7667.19)**		(11202.09)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from long term borrowings	**9372.94**		6549.28	
Proceeds from short term borrowings	**3487.49**		1071.95	
Repayment of long term borrowings	**(5804.92)**		(5515.77)	
Interest paid	**(3585.63)**		(2808.45)	
Dividend paid	**(1291.82)**		(1291.82)	
Tax on dividend paid	**(209.57)**		(209.57)	
Net cash (used)/raised from financing activities		**1968.49**		(2204.38)
Increase/(decrease) in cash & cash equivalents (A+B+C)		**(12.05)**		(35.11)
Cash & cash equivalents as at 31.03.2012		**71.18**		106.29
Cash & cash equivalents as at 31.03.2013		**59.13**		71.18

NOTES TO THE CASH FLOW STATEMENT :

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

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

For and on behalf of the Board

(Vidur Puri)
Partner
Membership no : 90163
Place : Gurgaon
Dated : 15th May, 2013

Sudhir Chopra
President & Company Secretary

Rajiv Chanana
Chief Financial Officer

Sunjay Kapur
Vice Chairman & Managing Director

Ravi Bhoothalingam
Director

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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 cutomers.The Company is a Public Company listed in 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. 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**

- Operating lease :

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

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 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.

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 and 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, which generally coincides with dispatch of goods from factory / port respectively.

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) DEPB license & 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 ₹ 5000/- 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, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)
NOTE 2 - SHARE CAPITAL		
Authorised shares (in nos.)		
25,00,00,000 (previous year 25,00,00,000) equity shares of ₹ 1/- each	**2500.00**	2500.00
Issued, subscribed and paid up shares (in nos)	**1987.42**	1987.42
19,87,41,832 (previous year 19,87,41,832) equity shares of ₹ 1/- each fully paid up		
	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, 2013		As at 31st March, 2012	
	(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 share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in porportion to their shareholding.

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

Name of shareholder	As at 31st March, 2013		As at 31st March, 2012	
	No. of shares	% of holding	No. of shares	% of holding
Equity share of ₹ 1/- each fully paid				
• 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, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)
NOTE 3 - RESERVES & SURPLUS		
Capital reserve	**0.44**	0.44
(On account of reissue of forfeited equity shares)		
Capital redemption reserve	**120.66**	120.66
Securities premium account	**8921.17**	8921.17
General reserve		
Balance as per the last financial statements	**7340.71**	6890.71
Add: amount transferred from surplus balance in the statement of profit & loss	**325.00**	450.00
Closing balance	**7665.71**	7340.71
Surplus in the statement of profit & loss		
Balance as per last financial statements	**4388.79**	2456.48
Profit for the year	**3061.08**	3883.70
Less: Appropriations		
Proposed dividend (refer note below)	**1291.82**	1291.82
Tax on proposed dividend	**219.55**	209.57
Transfer to general reserve	**325.00**	450.00
Net surplus in the statement of profit & loss	**5613.50**	4388.79
Total reserve and surplus	**22321.48**	20771.77

For the year ended 31st March, 2013, the amount of dividend proposed to be distributed to equity shareholders is ₹ 0.65 per share (previous year ₹ 0.65 per share).

	Non-current portion		Current maturities	
	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)	**As at 31st March, 2013 (₹ / Lacs)**	As at 31st March, 2012 (₹ / Lacs)
NOTE 4 - LONG TERM BORROWINGS				
Term loans				
From banks				
Indian rupee loans from banks (secured)	**16199.13**	13219.39	**4653.20**	3584.01
Foreign currency loans from banks (secured)	**3242.39**	4302.75	**1188.13**	255.75
From others				
Indian rupee loan from NBFC (secured)	**291.65**	486.09	**194.43**	194.43
	19733.17	18008.23	**6035.76**	4034.19
Amount disclosed under the head "other current liabilities" (refer note 10)	**-**	-	**(6035.76)**	(4034.19)
	19733.17	18008.23	**-**	-

1. Indian rupee loans from banks include:

(a) Rupee term loans of ₹ 19963.34 lacs (previous year ₹ 14938.47 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 ₹ 1550.00 lacs (previous year ₹ 2325.00 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 Prime lending rate (PLR).

(b) Rupees term loan of ₹ 750.00 lacs (previous year ₹ 1750.00 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 Prime lending rate (PLR).

(c) Rupee term loan of ₹ 138.99 lacs (previous year ₹ 114.93 lacs) from Allahabad Bank, secured by way of exclusive charge on the vechicles financed out of the said term loan. The rate of interest on aforesaid loan is linked to bank's prime lending rate (PLR).

2. Indian rupee loan from NBFC include :

Term loan of ₹ 486.08 lacs (previous year ₹ 680.52 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).

3. Foreign currency loans from banks include :

Foreign currency loan of USD 3.5 million equivalent to ₹ 1918.02 lacs (previous year USD 4 million equivalent to ₹ 2046.00 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. Foreign currency loan of USD 5 million equivalent to ₹ 2512.50 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.

4. 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	2013-14	2014-15	2015-16	2016-17	2017-18
1.	5251.35	14	375.00	Quarterly	1125.00	1500.00	1500.00	1126.35	-
2.	3062.20	14	229.20	Quarterly	687.60	916.80	916.80	541.00	-
3.	750.00	3	250.00	Quarterly	750.00	-	-	-	-
4.	1550.00	10	155.00	Quarterly	465.00	620.00	465.00	-	-
5 .	2424.79	16	150.00	Quarterly	450.00	600.00	600.00	600.00	174.79
6.	2375.00	19	125.00	Quarterly	375.00	500.00	500.00	500.00	500.00
7.	486.08	10	48.61	Quarterly	194.43	194.43	97.22	-	-
8.	1918.00	14	140.00	Half yearly	560.00	560.00	560.00	238.00	-
9.	2512.52	16	157.03	Quarterly	628.13	628.13	628.13	628.13	-
10.	2800.00	16	187.50	Quarterly	187.50	750.00	750.00	750.00	362.50
11.	2500.00	16	187.50	Quarterly	562.50	750.00	750.00	437.50	-
12.	138.99	48	4.22	Monthly	50.60	46.50	30.00	11.89	-
	25768.93				6035.76	7065.86	6797.15	4832.87	1037.29

Particulars	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)
NOTE 5 - DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability		
Depreciation	**4051.32**	3532.89
Amount of payments made during the year and allowed for tax purposes on payment basis but to be charged to the statement of profit and loss in the subsequent year.	**32.48**	-
Gross deferred tax liability	**4083.80**	3532.89
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.	**167.59**	280.11
Impact of payment made during the year and allowable for tax in subsequent year on the basis of payment of TDS thereon	**-**	32.45
Provision for doubtful advances	**3.40**	-
Gross deferred tax assets	**170.99**	312.56
Net deferred tax liability	**3912.81**	3220.33
NOTE 6 - OTHER LONG TERM LIABILITIES		
Security deposit	**16.50**	16.50
Other payables *	**27.96**	-
	44.46	16.50

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

	Long-term		Short-term	
	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)	**As at 31st March, 2013 (₹ / Lacs)**	As at 31st March, 2012 (₹ / Lacs)
NOTE 7 - PROVISIONS				
Provision for employee benefits				
Leave encashment (refer note 27)	**400.52**	327.31	**41.54**	39.12
	400.52	327.31	**41.54**	39.12
Other provisions				
Provision for income tax [net of advance tax and TDS of ₹ 4704.82 lacs (previous year ₹ 3787.61 lacs)]	**-**	-	**109.43**	108.60
Proposed dividend	**-**	-	**1291.82**	1291.82
Corporate dividend tax	**-**	-	**219.55**	209.57
Product warranty (refer note 43)	**35.00**	35.00	**105.00**	105.00
Provision for MTM losses	**-**	-	**-**	1.06
	35.00	35.00	**1725.80**	1716.05
	435.52	362.31	**1767.34**	1755.17

	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)
NOTE 8 - SHORT TERM BORROWINGS		
Cash credit / other loans repayable on demand from banks (secured)	**4989.76**	1502.27
	4989.76	1502.27

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, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)
NOTE 9 - TRADE PAYABLES		
Trade payables (including acceptances) (refer note 41 for details of dues to micro and small enterprises)	**14670.57**	16721.82
	14670.57	16721.82
NOTE 10 - OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (refer note 4)	**6035.76**	4034.19
Interest accrued but not due on borrowings	**64.81**	50.78
Unclaimed dividends *	**88.12**	53.55
Security deposits	**13.19**	21.19
Advance from customer	**310.52**	259.30
Taxes payable **	**632.43**	769.60
Other payables***	**1722.89**	1847.43
	8867.72	7036.04

* 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.	Assets	Gross block (at cost)					Depreciation/Amortization				Net block	
		As at 01.04.12	Additions	Sales/ disposal	Other adjustments#	**As at 31.03.13**	As at 01.04.12	For the year	Written back	**Up to 31.03.13**	**As at 31.03.13**	As at 31.03.12
	Tangible assets											
1.	Freehold land	1949.04	-	-	-	**1949.04**	-	-	-	**-**	**1949.04**	1949.04
2.	Leasehold land	221.50	-	-	-	**221.50***	5.31	2.55	-	**7.86**	**213.64**	216.19
3.	Buildings	8353.59	2462.10	-	304.85	**11120.54** **	1324.50	329.91	-	**1654.41**	**9466.13**	7029.09
4.	Lease hold improvements	19.51	-	-	-	**19.51**	8.14	3.90	-	**12.04**	**7.47**	11.37
5.	Plant & equipments	38456.05	4981.54	44.56	248.79	**43641.82**	16107.08	2877.37	13.28	**18971.17**	**24670.65**	22348.97
6.	Jigs & fixtures	501.89	58.55	-	-	**560.44**	185.22	47.65	-	**232.87**	**327.57**	316.67
7.	Electric installations	2313.77	178.28	1.35	-	**2490.70**	733.97	174.93	1.28	**907.62**	**1583.08**	1579.80
8.	Furniture & fixtures	771.55	46.57	3.78	-	**814.34**	378.21	51.30	3.48	**426.03**	**388.31**	393.34
9.	Office equipments	1808.82	334.78	-	-	**2143.60**	1061.84	197.39	-	**1259.23**	**884.37**	746.98
10.	Vehicles	430.95	145.67	25.29	-	**551.33**	145.22	85.50	12.78	**217.94**	**333.39**	285.73
11.	R&D-plant & equipments	458.09	-	-	-	**458.09**	128.07	24.90	-	**152.97**	**305.12**	330.02
12.	R&D-office equipments	100.88	2.45	-	-	**103.33**	86.18	5.18	-	**91.36**	**11.97**	14.70
	Sub Total	55385.64	8209.94	74.98	553.64	**64074.24**	20163.74	3800.58	30.82	**23933.50**	**40140.74**	35221.90
	Previous Year	47545.23	8009.64	609.67	440.44	55385.64	17754.96	2983.32	574.54	20163.74	35221.90	
	Intangible Assets											
1.	R&D-computer softwares	62.33	-	-	-	**62.33**	44.53	7.95	-	**52.48**	**9.85**	17.80
2.	Computer softwares	433.41	185.49	-	-	**618.90**	55.47	84.83	-	**140.30**	**478.60**	377.94
3.	Product development cost	2577.63	180.86	-	-	**2758.49*****	864.89	424.45	-	**1289.34**	**1469.15**	1712.74
	Sub total	3073.37	366.35	-	-	**3439.72**	964.89	517.23	-	**1482.12**	**1957.60**	2108.48
	Previous year	1708.85	1364.52	-	-	3073.37	614.15	350.74	-	964.89	2108.48	
	Total	58459.01	8576.29	74.98	553.64	**67513.96**	21128.63	4317.81	30.82	**25415.62**	**42098.34**	37330.38
	Previous year	49254.08	9374.16	609.67	440.44	58459.01	18369.11	3334.06	574.54	21128.63	37330.38	

Capital work in progress - tangible assets	**2499.01**	3703.77
Capital work in progress - intangible assets under development ***	**647.94**	383.58
	3146.95	4087.35

* 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 ₹ 1004.16 lacs), net block ₹ 949.86 lacs (previous year ₹ 973.69 lacs) is constructed on leasehold land.
***Internally generated intangible assets.
Other adjustments comprises of borrowing cost and foreign currency exchange differences.

Particulars	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / 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 :		
49,29,636 (previous year 49,29,636) equity shares of Euro 1 each, in Fuji Autotech, Europe S.A.S., (incorporated in France)	**2932.10**	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
2,02,772 (previous year 1,41,772) equity shares of ₹ 100/- each, in Sona Stampings Ltd.	**637.16**	548.29
	6877.07	6788.20

	Non-current		Current	
	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)	**As at 31st March, 2013 (₹ / Lacs)**	As at 31st March, 2012 (₹ / Lacs)
NOTE 13 - LOANS AND ADVANCES				
(Unsecured, considered good)				
Capital advances	**536.56**	1805.61	**-**	-
	536.56	1805.61	**-**	-
Security deposits	**275.35**	266.01	**73.77**	70.15
	275.35	266.01	**73.77**	70.15
Loans and advances to related parties (subsidiary)	**-**	-	**450.00**	195.00
	-	-	**450.00**	195.00
Other loans and advances				
Advance recoverable in cash or kind				
Considered good	**-**	-	**446.67**	286.60
Considered doubtful	**-**	-	**10.00**	-
Less : Provision for doubtful advance	**-**	-	**(10.00)**	-
Loans and advances to employees	**11.10**	13.21	**46.58**	31.53
Prepaid expenses	**10.64**	2.25	**109.62**	81.17
Balance with custom, excise and sales tax authorities etc.	**3.07**	2.69	**749.27**	1234.08
Minimum alternate tax (MAT) credit entitlement	**-**	-	**482.56**	437.01
	24.81	18.15	**1834.70**	2070.39
	836.72	2089.77	**2358.47**	2335.54

Particulars	Non-current		Current	
	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)	**As at 31st March, 2013 (₹ / Lacs)**	As at 31st March, 2012 (₹ / Lacs)
NOTE 14 - OTHER ASSETS				
(Unsecured, considered good)				
Non-current bank balances (refer note 17)*	**19.22**	17.86	**-**	-
Unamortized premium on forward contracts	**-**	-	**22.95**	11.10
Interest accrued but not due on fixed deposits with banks	**-**	-	**0.09**	0.08
Claims receivable	**-**	-	**497.36**	376.47
Unbilled revenue	**-**	-	**929.66**	1157.75
Other receivable	**-**	-	**770.16**	621.52
	19.22	17.86	**2220.22**	2166.92

* Held as margin money deposits against bank guarantees

	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)
NOTE 15 - INVENTORIES		
(At cost or net realisable value, whichever is lower)		
Raw materials and components *	**2943.54**	1975.96
Work-in-progress **	**759.20**	663.94
Finished goods ***	**658.93**	295.28
Stock-in-trade	**5.08**	4.51
Stores and spares	**433.11**	400.88
Loose tools	**646.09**	535.60
	5445.95	3876.17

* Includes material in transit ₹ 139.35 lacs (previous year ₹ 80.55 lacs).
** Includes material with the vendors sent for job work ₹ 172.97 lacs (previous year ₹ 94.91 lacs).
*** Includes goods in transit ₹ 25.12 lacs (previous year ₹ 62.71 lacs).

NOTE 16 - TRADE RECEIVABLES		
(Unsecured, considered good)		
Receivables outstanding for a period exceeding six months from the date they are due for payment	**2473.47**	45.51
Other receivables	**13106.59**	12519.43
	15580.06	12564.94

	Non-current		Current	
	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)	**As at 31st March, 2013 (₹ / Lacs)**	As at 31st March, 2012 (₹ / Lacs)
NOTE 17 - CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with banks:				
Current accounts	**-**	-	**54.05**	63.79
Cash on hand	**-**	-	**5.08**	7.39
Sub Total	**-**	-	**59.13**	71.18
Other bank balances				
Fixed deposits with original maturity for more than 12 months *	**19.22**	17.86	**-**	-
Unpaid dividend accounts	**-**	-	**88.12**	53.55
Sub Total	**19.22**	17.86	**88.12**	53.55
Amount disclosed under non-current assets (refer note 14)	**(19.22)**	(17.86)	**-**	-
Total	**-**	-	**147.25**	124.73

* Held as margin money deposits against bank guarantees

Particulars	Year ended 31st March, 2013 (₹ / Lacs)	Year ended 31st March, 2012 (₹ / Lacs)
NOTE 18 - REVENUE FROM OPERATIONS		
Sale of products [refer note 39(c)]	**126486.29**	126344.85
Sale of services	**70.13**	286.69
Other operating revenues :		
Scrap sales	**537.00**	472.41
Others	**135.30**	50.38
Revenue from operations (gross)	**127228.72**	127154.33
Less: Excise duty (refer note 40)	**15372.46**	13101.31
Revenue from operations (net)	**111856.26**	114053.02
NOTE 19 - OTHER INCOME		
Interest income	**43.76**	20.67
Foreign exchange gain (net)	**132.28**	-
Dividend from long term trade investments	**11.67**	14.00
Lease rental income [refer note 28(b)]	**36.99**	35.23
Gain on sale of fixed assets (net)	**0.21**	-
Other non-operating income	**331.70**	326.39
	556.61	396.29
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	**663.94**	798.79
Finished goods	**295.28**	295.79
Stock-in-trade	**4.51**	9.55
	963.73	1104.13
Inventories at the end of the year		
Work-in-progress	**759.20**	663.94
Finished goods	**658.93**	295.28
Stock-in-trade	**5.08**	4.51
	1423.21	963.73
Changes in inventories	**(459.48)**	140.40
Excise duty on increase / (decrease) in finished goods (refer note 40)	**30.99**	4.49
	(428.49)	144.89
NOTE 21 - EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and allowances	**8448.32**	7680.17
Contribution to provident and other funds	**821.08**	712.15
Employees welfare expenses	**1404.37**	1146.12
	10673.77	9538.44
NOTE 22 - FINANCE COSTS		
Interest on loans	**3177.37**	2819.92
Other borrowing costs	**-**	44.92
Other interest	**27.12**	17.52
Bank and other finance charges	**47.52**	64.49
Cash discount	**100.26**	422.62
	3352.27	3369.47

Particulars	Year ended 31st March, 2013 (₹ / Lacs)	Year ended 31st March, 2012 (₹ / Lacs)
NOTE 23 - DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation/amortization of tangible assets	**3800.58**	2983.32
Amortization of intangible assets	**517.23**	350.74
	4317.81	3334.06
NOTE 24 - RESEARCH & DEVELOPMENT EXPENSES		
Travelling expenses	**4.02**	6.11
Salary & allowances	**249.11**	213.93
Components, tools & spares	**18.40**	39.21
Professional charges	**5.68**	3.34
Others	**0.41**	0.87
	277.62	263.46
NOTE 25 - OTHER EXPENSES		
Stores and spare parts consumed	**1309.71**	1308.26
Loose tools consumed	**1172.25**	903.62
Power and fuel	**2115.50**	1708.83
Repairs and maintenance - plant & machinery	**542.96**	398.28
Royalty	**370.14**	581.55
Rent	**157.51**	128.86
Rates and taxes	**67.12**	49.03
Insurance	**57.33**	47.74
Repair and maintenance - buildings	**71.71**	37.82
Repair and maintenance - others	**341.69**	307.53
Travelling, conveyance and vehicle expenses	**730.06**	682.59
Communication & stationery expenses	**215.60**	211.38
Legal & professional charges	**1052.19**	933.05
Security charges	**164.29**	128.58
Business promotion	**120.17**	97.18
Premium on forward exchange contract amortized	**242.83**	150.51
Provision for mark-to-market losses on derivative contracts	**-**	1.06
Foreign exchange loss (net)	**-**	217.41
Forwarding expenses	**1084.79**	929.24
Packing material	**587.43**	510.53
Commission to non whole time directors	**52.69**	63.20
Directors' sitting fees	**6.86**	5.80
Provision for doubtful advance	**10.00**	-
Loss on sale of fixed assets (net)	**-**	23.74
Payments to auditors		
As Auditor		
Audit fee	**12.25**	10.50
Tax audit fee	**2.80**	2.50
Limited review & consolidation	**8.80**	8.00
In other capacity		
Taxation matters	**-**	-
Other services (certifications fee)	**0.75**	0.70
Miscellaneous expenses	**254.88**	221.47
	10752.31	9668.96

Particulars		Year ended 31st March, 2013 (₹ / Lacs)	Year ended 31st March, 2012 (₹ / Lacs)
NOTE 26 - EARNINGS PER SHARE			
Net profit after tax		**3061.08**	3883.70
Profit/(loss) attributable to the equity shareholders	(A)	**3061.08**	3883.70
Basic/Weighted average number of equity shares outstanding during the year (nos.)	(B)	**19,87,41,832**	19,87,41,832
Nominal value of equity shares (in ₹)		**1.00**	1.00
Earnings per equity share (in ₹)			
Basic	(A/B)	**1.54**	1.95
Diluted	(A/B)	**1.54**	1.95

	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, 2013 an amount of ₹ 589.46 lacs (previous year ₹ 496.54 lacs) as expenses under defined contribution plans. Expenses under defined contribution plans include:		
a) Employer's contribution to Provident fund	**396.04**	357.98
b) Employer's contribution to Superannuation fund	**166.94**	120.54
c) Employer's contribution to Employee State Insurance Corporation	**26.48**	18.02
	589.46	496.54

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 Sony Koyo Steering Systems Ltd. - Employees Provident Fund Trust ('The Trust') which is a defined benefit plan.The Company contributed ₹ 38.71 lacs (previous year ₹ 37.54 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 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, 2013.

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	**742.47**	636.83	**1131.02**	904.10	**366.43**	363.15
b) Current service cost	**36.35**	43.19	**115.99**	93.16	**71.30**	55.42
c) Interest cost	**59.95**	55.32	**98.40**	73.23	**31.88**	29.41
d) Actuarial (gain) / loss	**(19.24)**	(19.53)	**100.84**	112.32	**39.54**	(17.66)
e) Benefits paid	**(96.58)**	(37.98)	**(66.18)**	(51.79)	**(67.08)**	(63.89)
f) Employee contribution	**53.55**	64.42	**-**	-	**-**	-
g) Change in reserves	**1.91**	0.22	**-**	-	**-**	-
h) Closing defined benefit obligation	**778.41**	742.47	**1380.07**	1131.02	**442.07**	366.43
2. Change in plan assets (reconciliation of opening and closing balances) :						
a) Opening fair value of plan assets	**742.98**	636.83	**1150.71**	933.82	**-**	-
b) Prior period adjustment	**-**	-	**-**	-	**-**	-
c) Expected return on plan asset	**63.21**	57.64	**108.17**	96.92	**-**	-
d) Employer Contributions	**36.35**	43.19	**188.94**	171.75	**-**	-
e) Benefits paid	**(96.58)**	(37.98)	**(66.18)**	(51.79)	**-**	-
f) Employee contribution	**53.55**	64.42	**-**	-	**-**	-
g) Actuarial gain / (loos) on plan assets	**(12.66)**	(21.12)	**5.87**	-	**-**	-
h) Closing fair value of plan assets	**786.85**	742.98	**1387.51**	1150.70	**-**	-
3. Reconciliation of fair value of assets and obligations :						
a) Present value of obligation	**778.41**	742.47	**1380.07**	1131.02	**442.07**	366.43
b) Fair value of plan (assets)	**(786.85)**	(742.98)	**(1387.51)**	(1150.70)	-	-
c) Unfunded (asset) / liability recognised in the balance sheet	**-***	-*	**-***	-*	**442.07**	366.43
d) Experience adjustments on plan liabilities-(loss) / gain	**-**	-	**(28.44)**	(69.75)	**(20.11)**	28.76
e) Experience adjustments on plan assets-(loss)/gain	**-**	-	**5.87**	-	**-**	-
4. Expense recognised during the year :						
a) Current service cost	**36.35**	43.19	**115.99**	93.16	**71.30**	55.42
b) Interest cost	**59.95**	55.32	**98.40**	73.23	**31.88**	29.41
c) Expected return on plan assets	**(63.21)**	(57.64)	**(108.17)**	(96.92)	**-**	-
d) Actuarial (gain) / loss	**(6.58)**	1.59	**94.97**	112.32	**39.54**	(17.66)
e) Expenses recognised during the year	**26.51**	42.46	**201.19**	181.79	**142.72**	67.17
5. Assumptions :						
a) Discount rate (per annum)	**8.10%**	8.70%	**8.10%**	8.70%	**8.10%**	8.70%
b) Expected rate of return on plan assets (per annum)	**-**	-	**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 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

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	**19.03%**	23.06%
- State government securities	**21.09%**	19.05%
- Securities of Public financial institutions	**49.04%**	47.77%
- Private sector bonds / securities	**10.84%**	10.12%

The gratuity trust has taken up a group policy with Life Insurance Corporation on 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 2011		31st March 2010		31st March 2009	
	Gratuity	Leaves	Gratuity	Leaves	Gratuity	Leaves
iv) Reconciliation of fair value of assets and obligations for the past years						
a) Present value of obligation	904.09	363.15	700.56	242.39	687.86	65.79
b) Fair value of plan (assets)	(933.81)	-	(860.02)	-	(682.69)	-
c) Unfunded (asset) /liability recognised in the balance sheet	-*	363.15	-*	242.39	5.17	65.79
d) Experience adjustments on plan liabilities- (loss) / gain	(96.22)	(58.48)	29.13	(65.04)	41.02	-
e) Experience adjustments on plan assets-(loss) / gain	-	-	6.24	-	8.43	-

* The excess of assets over liabilities in respect of gratulty 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 disclosures 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.

The Company has taken vechicles for its employees under operating lease agreement. An amount of ₹ 15.88 lacs (previous year ₹ 22.43 lacs) is recognised in the statement of profit & loss for the year ended March 31, 2013. The future minimum lease payments are as follows:

	Current year (₹/ Lacs)	Previous year (₹/ Lacs)
Within one year	**9.11**	12.40
After one year but not more than five years	**5.32**	15.27
	14.43	27.67

(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 ₹ 36.99 lacs (previous year ₹ 35.23 lacs) are recognised in the statement of profit & loss as per terms of agreement. The future lease receipts are as follows:

Within one year	**25.47**	36.99
After one year but not more than five years	**-**	25.47
	25.47	62.46

* 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**	164.80
b)	Professional charges	**44.92**	39.48
c)	Technical support charges	**95.68**	21.05
d)	Components, tools & spares	**912.41**	675.36
e)	Traveling expenses	**55.09**	70.30
f)	Interest to bank	**458.05**	170.23
g)	Loss on foreign exchange fluctuations on ECB loan	**158.48**	192.74
h)	Others	**363.84**	516.94
i)	Salary	**462.55**	329.77
		2579.15	2180.67

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.

	Period covered	Current year (₹/ Lacs)	Previous year (₹/ Lacs)
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 2012-13	**1529.44**	1281.96
ii) Cases pending before Appellate authorities in respect of which the company has filed appeals	2009-10	**3.71**	699.82
	Total	**1533.15**	1981.78
b) Service Tax			
i) Show cause notice received and pending with Adjudication Authority	2008-09 to 2012-13	**30.65**	36.78
ii) Cases pending before Appellate authorities in respect of which the company has filed appeals/ show cause notices	2009-10 to 2012-13	**261.73**	230.28
	Total	**292.38**	267.06
c) VAT Haryana			
i) Local area development tax (LADT) levied by Assessing Authority Gurgaon, writ petition civil pending with Supreme Court.	2007-08 to 2012-13	**636.15**	435.72
d) Customs Duty (DGFT)			
i) Show cause notice received from adjudication authority (DGFT) for advance license	2006-07	**5.76**	-
e) Income Tax			
i) Cases pending before Courts / Appeallate Authorities in respect of which the Company has filed appeal.		**30.53**	30.53
f) Customer's claims against Company		**696.41**	-
II) Customer bills discounted		**1879.00**	1406.00
III) Letter of credit opened by banks for purchase of inventory / capital goods		**395.47**	1243.31

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.

V) Notice for revising income tax returns for the last six years had been received and the compliance returns have been filed for all six years in pursuance to search and seizure operations which were carried out by Revenue Authorities in previous year. During the search and seizure operation, neither any unexplained money, bullion or valuables were found nor there was any seizure. The assessment for all such six assessment years are in process. Additional tax liability, if any, shall be accounted for on creation of demand against the company.

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

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

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

		Current year		Previous year	
Nature of contracts	Buy / Sell	Contracts (nos.)	Amount (in Lacs)	Contracts (nos.)	Amount (in Lacs)
Forward contracts (JPY)	Buy	137	4959.33	54	1625.32
Rupee equivalent Value	Buy	137	3017.45	54	1017.29
Forward contracts (USD)	Buy	3	2.25	-	-
Rupee equivalent value	Buy	3	123.74	-	-
Currency cum interest rates swaps (ECB) (USD)	Buy	2	85.00	1	50.00
Rupee equivalent value(ECB)	Buy	2	4430.50	1	2512.50
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	THB	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	-	-	-

(In Lacs)

	Previous year						
	CHF	EURO	USD	YEN	THB	GBP	SGD
Trade payables	0.62	1.75	35.26	549.56	0.99	-	-
Rupee equivalent value	35.52	119.93	1803.47	343.97	1.61	-	-
ECB loan	-	-	40.00	-	-	-	-
Rupee equivalent value	-	-	2046.00	-	-	-	-
Trade receivables and loans & advances	-	10.58	22.35	0.51	-	0.02	-
Rupee equivalent value	-	712.89	1130.55	0.32	-	1.94	-

NOTE 33 - DEFERRAL / CAPITALIZATION OF EXCHANGE DIFFERENCES

The Ministry of Corporate Affairs (MCA) had issued an amendment dated 29th December, 2011 to AS 11, The effects of changes in foreign exchange rates, to allow companies deferral / capitalization of exchange differences arising on long-term foreign currency monetary items. The MCA has further issued an amendment dated 9th August, 2012 on the treatment of borrowing cost, clarifying that the exchange difference arising on long term foreign currency monetary items, to the extent of borrowing cost, earlier charged off can be capitalised.

The Company, during the year has capitalized an exchange loss arising on long term foreign currency loans to depreciable fixed assets amounting to ₹ 158.47 lacs (previous year ₹ 192.74 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	**3672.17**	2027.29
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**	175.00
b) Sona Fuji Kiko Automotive Ltd.	**2144.00**	2464.00
NOTE 35 - VALUE OF IMPORTS CALCULATED ON CIF BASIS		
Capital goods	**2881.66**	1264.34
Raw material	**976.16**	319.49
Components, spares & tools	**13113.05**	14054.41
	16970.87	15638.24

Particulars	Current year (₹ / Lacs)	Previous year (₹ / Lacs)
NOTE 36 - EXPENDITURE IN FOREIGN CURRENCY		
Books and periodicals	**0.06**	1.44
Royalty	**310.24**	469.59
Technical services	**265.44**	168.89
Testing expenses	-	15.89
Foreign travels	**73.92**	60.17
Legal and professional charges	**28.94**	-
Training fees	**23.32**	-
Warehouse charges	**26.80**	23.71
Interest	**3.57**	89.27
Others	**3.71**	38.47
	736.00	867.43
NOTE 37 - REMITTANCE IN FOREIGN CURRENCY		
Dividend	**278.31**	285.89
No.of non resident shareholders	**357**	426
No. of shares held by non resident shareholders	**4,28,16,549**	4,39,83,345
Year to which the dividend relates	**2011-12**	2010-11
NOTE 38 - EARNINGS IN FOREIGN EXCHANGE		
FOB value of export of goods	**6244.31**	4200.92
NOTE 39 (a) - PARTICULARS OF MATERIALS CONSUMED *		
Raw material : steel bars	**1424.61**	717.96
Components	**75569.09**	80689.95
Total	**76993.70**	81407.91

* 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	**15175.46**	**19.71%**	13942.26	17.13%
Indigenous	**61818.24**	**80.29%**	67465.65	82.87%
	76993.70	**100.00%**	81407.91	100.00%
Stores & spares				
Imported	**81.33**	**6.21%**	34.37	2.63%
Indigenous	**1228.38**	**93.79%**	1273.89	97.37%
	1309.71	**100.00%**	1308.26	100.00%
Tools (includes loose tools)				
Imported	**148.29**	**12.65%**	302.44	33.47%
Indigenous	**1023.96**	**87.35%**	601.18	66.53%
	1172.25	**100.00%**	903.62	100.00%

	Current year (₹ / Lacs)	Previous year (₹ / Lacs)
c) DETAILS OF PRODUCTS SOLD		
Steering gear assembly	**100394.13**	86235.89
Axle assembly including components	**13156.67**	14527.55
Others include sale of stock-in-trade and bought out components	**12935.49**	25581.41
	126486.29	126344.85

d) STOCK-IN-TRADE (CURRENT YEAR)

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

STOCK-IN-TRADE (PREVIOUS YEAR)

Description of Goods	Opening Stock	Purchase	Sales	Closing Stock
	(₹/Lacs)	(₹/Lacs)	(₹/Lacs)	(₹/Lacs)
Reservoir	9.55	233.59	282.05	4.51
Others	-	861.07	1171.57	-

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, 2013 (₹ / Lacs)**	31st March, 2012 (₹ / Lacs)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	**Pricipal - 0.00 Interest - 0.00**	Pricipal - 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 Entrprises 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 cost will be incurred in the next financial year and all will have been incurred within three years after reporting date. Assumptions used to calculate the provision for warranties were based on current sales level and current information available about returns based on the three year warranty period for products sold. The table below gives information about movement in warranty provisions.

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

Description	**Current year**	Previous year
	(₹/Lacs)	(₹/Lacs)
Opening balance	**140.00**	120.00
Add: addition during the year	**225.95**	181.17
Less: charged off to the statement of profit & loss	**225.95**	161.17
Closing balance	**140.00**	140.00

The warranty expenses of ₹ 225.95 lacs (previous year ₹ 161.17 lacs) are charged off to statement of profit & loss included under the head forwarding expenses.

44 (A) - RELATED PARTY DISCLOSURES (TRANSACTION WITH RELATED PARTIES)

(₹/ Lacs)

PARTICULARS	SIGNIFICANT CONTROL	SUBSTANTIAL INTEREST	OTHERS SIGNIFICANT INFLUENCE	SUBSIDIARIES	KEY MANAGEMENT PERSONNEL	TOTAL
	(1)	(2)	(3)	(4)	(5)	(6)
PURCHASE OF GOODS	-	7847.00	3020.64	4133.30	-	15000.94
Purchase of goods (previous year)	-	(7745.65)	(10643.83)	(4727.15)	-	(23116.63)
PURCHASE OF CAPITAL GOODS	-	224.34	-	1.33	-	225.67
Purchase of capital goods (previous year)	-	(132.09)	(58.33)	(7.97)	-	(198.39)
SALE OF GOODS	-	6.12	63851.86	11599.47	-	75457.45
Sale of goods (previous year)	-	(6.56)	(57422.69)	(8378.23)	-	(65807.48)
SALE OF CAPITAL GOODS	-	-	-	-	-	-
Sale of capital goods (previous year)	-	-	-	(4.60)	-	(4.60)
RENDERING OF SERVICES	-	-	129.57	131.13	-	260.70
Rendering of services (previous year)	-	-	(194.97)	(80.29)	-	(275.26)
RECEIVING OF SERVICES	-	544.43	4.79	13.84	-	563.06
Receiving of services (previous year)	-	(806.43)	(34.14)	-	-	(840.57)
REIMBURSEMENT OF EXPENSES RECOVERED	-	28.91	10.49	29.40	-	68.80
Reimbursement of expenses recovered (previous year)	-	(14.79)	(17.25)	(47.25)	-	(79.29)
INTEREST INCOME	-	-	-	40.89	-	40.89
Interest Income (previous year)	-	-	-	-	-	-
REIMBURSEMENT OF EXPENSES PAID	-	15.92	3.76	-	-	19.68
Reimbursement of expenses paid (previous year)	-	(11.63)	(11.30)	(0.44)	-	(23.37)
CASH DISCOUNT PAID	-	-	80.49	-	-	80.49
Cash discount paid (previous year)	-	-	(418.49)	-	-	(418.49)
OTHER INCOME	-	-	0.05	-	-	0.05
Other income (previous year)	-	-	(1.15)	(160.49)	-	(161.63)
LEASING OF PREMISES RECEIVED	-	-	-	41.56	-	41.56
Leasing of premises received (previous year)	-	-	-	(38.86)	-	(38.86)
LEASING OF PREMISES PAID	-	-	12.84	-	-	12.84
Leasing of premises paid (previous year)	-	-	(12.84)	-	-	(12.84)
ADVANCE PAID	-	-	-	266.25	-	266.25
Advance paid (previous year)		-	-	(100.00)	-	(100.00)
ADVANCE RECEIVED	-	-	-	43.75	-	43.75
Advance received (previous year)	-	-	-	-	-	-
REMUNERATION *	132.78	-	-	-	656.34	789.12
Remuneration (previous year)	(183.62)	-	-	-	(699.77)	(883.39)
DIVIDEND PAID	0.04	259.66	414.15	-	0.38	674.23
Dividend paid (previous year)	(0.04)	(259.66)	(414.15)	-	(0.38)	(674.22)
OUTSTANDING BALANCE AS ON 31.3.2013 (DEBIT)	-	-	5213.79	1424.03	-	6637.82
Outstanding balance as on 31.03.2012 (Debit)	-	-	(2189.62)	(589.44)	-	(2779.06)
OUTSTANDING BALANCE AS ON 31.3.2013 (CREDIT)	-	2930.90	101.47	-	-	3032.37
Outstanding balance as on 31.03.2012 (Credit)	-	(1760.16)	(1493.43)	-	-	(3253.59)

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 Company
   1. Dr. Surinder Kapur
2. The entity having substantial interest in the Company
   1. JTEKT Corporation
3. Others (Significant Influence)
   1. Somic ZF Components Ltd. (Formerly known as Sona Somic Lemforder Components Ltd.) transactions upto 25th April, 2012
   2. Sona Okegawa Precision Forgings Ltd.
   3. Mahindra Sona Ltd.
   4. Maruti Suzuki India Ltd.
   5. Sona e-design & Technologies Ltd.
   6. Pune Heat Treat Pvt Ltd.
   7. Wheels Mobility Solutions Limited (Formerly known as Sona Mobility Services Ltd.) transactions upto 11th January, 2013
   8. Kapur Properties & Investment
   9. Sona Autocomp Holdings Pvt. Ltd.
   10. Mandira Marketing Ltd.
   11. Koyo Bearings India Pvt Ltd.
4. Subsidiaries
   1. Sona Fuji Kiko Automotive Ltd.
   2. Sona Stampings Limited
   3. JTEKT Sona Automotive India Ltd.
5. Key Management Personnel
   1. Dr. Surinder Kapur - (Transactions Disclosed Under Category (1) Above)
   2. Mr. P.V.Prabhu Parriker
   3. Mr. Kiran Deshmukh
   4. Mr. Sudhir Chopra
   5. Mr. Sunjay Kapur
   6. Mr. Govindrajan Sunder Rajan
   7. Mr. Kiyozumi Kamiki (From 7th March 2013)

NOTE 44 (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 31.03.13**	For the year ended 31.03.12
Other significant influence	Somic ZF Components Ltd. (formerly known as Sona Somic Lemforder Components Ltd.)	Purchase of goods	**-**	9687.43
Subsidiaries	JTEKT Sona Automotive India Ltd.	Purchase of goods	**3631.48**	4004.54
Substantial interest	JTEKT Corporation	Purchase of goods	**7847.00**	7745.65
Other significant influence	Sona e-design & Technologies Ltd.	Purchase of fixed assets	**-**	47.91
Substantial interest	JTEKT Corporation	Purchase of fixed assets	**224.34**	132.09
Other significant influence	Maruti Suzuki India Ltd.	Sales	**62422.12**	56600.38
Subsidiaries	JTEKT Sona Automotive India Ltd.	Sales	**10894.07**	7730.87
Subsidiaries	Sona Stampings Ltd.	Sale of fixed assets	**-**	4.60
Other significant influence	Somic ZF Components Ltd. (formerly known as Sona Somic Lemforder Components Ltd.)	Rendering of services	**-**	97.48
Other significant influence	Sona Okegawa Precision Forgings Ltd.	Rendering of services	**129.57**	97.48
Subsidiaries	JTEKT Sona Automotive India Ltd.	Rendering of services	**53.44**	56.28
Substantial interest	JTEKT Corporation	Receiving of services	544.43	806.43
Subsidiaries	Sona Stampings Ltd.	Reimbursement of expense recovered	**23.13**	43.71
Substantial interest	JTEKT Corporation	Reimbursement of expense recovered	**28.91**	14.79
Subsidiaries	Sona Stampings Ltd.	Interest income	**40.89**	-
Other significant influence	Somic ZF Components Ltd. (formerly known as Sona Somic Lemforder Components Ltd.)	Reimbursement of expenses paid	**-**	11.30
Substantial interest	JTEKT Corporation	Reimbursement of expenses paid	**15.92**	11.63
Other significant influence	Maruti Suzuki India Ltd.	Cash discount paid	**80.49**	418.49
Other significant influence	Sona Okegawa Precision Forgings Ltd.	Other income	**0.05**	-
Subsidiaries	JTEKT Sona Automotive India Ltd.	Other income	**-**	160.30
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	**3.60**	3.60
Subsidiaries	JTEKT Sona Automotive India Ltd.	Leasing of premises received	**41.56**	38.86
Subsidiaries	Sona Stampings Ltd.	Advance given	**266.25**	100.00
Significant control	Dr. Surinder Kapur	Remuneration & commission	**132.78**	183.62
Key management person	Mr. Kiran Deshmukh	Remuneration & commission	**130.67**	132.50
Key management person	Mr. Sudhir Chopra	Remuneration	**112.00**	107.46
Key management person	Mr. Sunjay Kapur	Remuneration & commission	**263.47**	316.14
Key management person	Mr. Govindrajan Sunder Rajan	Remuneration	**108.95**	108.00
Other significant influence	Maruti Suzuki India Ltd.	Dividend paid	**89.70**	89.70
Other significant influence	Sona Autocomp Holdings Pvt. Ltd.	Dividend paid	**324.45**	324.45
Substantial interest	JTEKT Corporation	Dividend paid	**259.66**	259.66
Subsidiaries	JTEKT Sona Automotive India Ltd.	Balances (debit)	**713.41**	293.30
Other significant influence	Maruti Suzuki India Ltd.	Balances (debit)	**4849.43**	1968.64
Other significant influence	Somic ZF Components Ltd. (Formerly known as Sona Somic Lemforder Components Ltd.)	Balances (credit)	**-**	1405.64
Substantial interest	JTEKT Corporation	Balances (credit)	**2930.90**	1760.16

NOTE 45 - Previous year's figures have been regrouped/reclassified, wherever necessary.

Signature to Note 1 to 45

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

(Vidur Puri)
Partner
Membership no : 90163
Place : Gurgaon
Dated : 15th May, 2013

Sudhir Chopra
President & Company Secretary

Rajiv Chanana
Chief Financial Officer

Sunjay Kapur
Vice Chairman & Managing Director

Ravi Bhoothalingam
Director

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, Statement of Profit & Loss, report 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 Subsidiaries 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.	Sona Stampings Ltd. (w.e.f 18/10/07)	202.78	(536.69)	929.01	929.01	-	1034.83	(252.18)	-	(252.18)	-
2.	JTEKT SONA Automotive India Ltd. (w.e.f. 10/10/2007)	5669.00	5015.16	28402.52	28402.52	-	46531.46	2685.86	919.69	1766.17	-
3.	Sona Fuji Kiko Automotive Ltd. (w.e.f. 22/11/2007)	1000.00	276.69	3434.54	3434.54	-	3626.40	264.22	85.82	178.40	-

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, REALTING TO SUBSIDIARY COMPANIES

Sl. No.	Particulars	Sona Stampings Ltd.	JTEKT SONA Automotive India Ltd.	Sona Fuji Kiko Automotive Ltd.
1.	The Financial year of the subsidiary company ended on	31.03.2013	31.03.2013	31.03.2013
2.	Number of shares in the subsidiary company held by Sona Koyo Steering Systems Limited at the above date	202772	27778094	5099993
	Extent of holding (%)	100%	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, 2013	Nil	Nil	Nil
	b) for previous Financial Years of the subsidiary since it become subsidiary of Sona Koyo Steering Systems Limited.	Nil	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, 2013 (₹/Lacs)	(252.18)	1,766.17	178.40
	b) for previous Financial Years of the subsidiary since it become subsidiary of Sona Koyo Steering Systems Limited. (₹/Lacs)	(402.20)	2326.04	170.92

For and on behalf of the Board

Sudhir Chopra
President & Company Secretary

Sunjay Kapur
Vice Chairman & Managing Director

Place : Gurgaon
Dated : 15th May 2013

Rajiv Chanana
Chief Financial Officer

Ravi Bhoothalingam
Director

Independent Auditor's Report

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, 2013, 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.

Auditor's 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 auditor's 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 Group'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. 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, 2013;

(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.

Other Matter

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets (net) of ₹ 28402.51 lakhs as at March 31, 2013 (previous year ₹ 25552.21 lakhs), total revenues of ₹ 47122.91 lakhs (previous year ₹ 38044.03 lakhs) and net cash outflows from operation of activities amounting to ₹ 2390.42 lakhs (previous year ₹ 4166.82 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 : Gurgaon
Dated : 15th May, 2013

(Vidur Puri - Partner)
Membership No. 090163

Consolidated Balance Sheet
As at 31st March, 2013

Particulars	Note No.	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1987.42	1987.42
Reserves and surplus	3	24231.79	21934.56
	Sub-total	26219.21	23921.98
Minority interest		6074.50	5086.34
Non-current liabilities			
Long-term borrowings	4	24033.71	26237.72
Deferred tax liabilities (net)	5	5173.82	3971.97
Other long term liabilities	6	29.36	1.40
Long-term provisions	7	546.07	445.73
	Sub-total	29782.96	30656.82
Current liabilities			
Short-term borrowings	8	7032.94	3521.51
Trade payables	9	19347.57	20329.36
Other current liabilities	10	14423.88	9957.07
Short-term provisions	7	1891.46	1851.59
	Sub-total	42695.85	35659.53
	Total	104772.52	95324.67
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	57832.59	51846.66
Intangible assets	11	2868.03	2641.24
Capital work-in-progress		2543.21	3986.43
Intangible assets under development		652.41	623.43
Goodwill on consolidation		242.23	153.36
Non-current investments	12	2952.10	2952.10
Long-term loans and advances	13	1369.90	2523.40
Other non-current assets	14	39.22	37.21
	Sub-total	68499.69	64763.83
Current assets			
Inventories	15	8137.10	6070.15
Trade receivables	16	22744.91	17519.49
Cash and bank balances	17	253.87	1230.01
Short-term loans and advances	13	2918.06	3357.56
Other current assets	14	2218.89	2383.63
	Sub-total	36272.83	30560.84
	Total	104772.52	95324.67

Significant accounting policies & Notes on financial statements — **1 to 37**

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

(Vidur Puri)
Partner
Membership no : 90163
Place : Gurgaon
Dated : 15th May, 2013

Sudhir Chopra
President & Company Secretary

Rajiv Chanana
Chief Financial Officer

Sunjay Kapur
Vice Chairman & Managing Director

Ravi Bhoothalingam
Director

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	Year ended 31st March, 2013 (₹ / Lacs)	Year ended 31st March, 2012 (₹ / Lacs)
Income			
Revenue from operations (gross)	18	**164423.28**	157604.75
Less : Excise duty		**18421.24**	15479.74
Revenue from operations (net)		**146002.04**	142125.01
Other income	19	**934.90**	308.51
Total revenue (I)		**146936.94**	142433.52
Expenses			
Cost of materials consumed		**100422.85**	98407.99
Purchases of Stock-in-trade		**2690.46**	1094.66
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	20	**(653.03)**	461.68
Employee benefits expense	21	**12589.54**	11276.38
Finance costs	22	**4108.80**	4593.09
Depreciation and amortization expenses	23	**5849.61**	4574.97
Research & development expenses		**277.62**	263.46
Other expenses	24	**14220.32**	13153.72
Total expenses (II)		**139506.17**	133825.95
Consolidated profit before tax (I - II)		**7430.77**	8607.57
Tax expense			
- Current year		**1638.09**	2438.33
- Earlier years excess provision of tax written back		**(150.99)**	-
- Minimum alternate tax (MAT) credit entitlement		**(54.96)**	(289.82)
- Deferred Tax		**1201.86**	437.35
Total tax expenses		**2634.00**	2585.86
Consolidated profit after tax (before adjustment for Minority interest)		**4796.77**	6021.71
Less : Share of profit transferred to minority		**988.17**	1150.79
Consolidated profit for the year (after adjustment for Minority interest)		**3808.60**	4870.92
Earnings per equity share (face value of ₹ 1/- each):			
Basic / Diluted (in ₹)	25	**1.92**	2.45

Significant accounting policies & Notes on financial statements **1 to 37**

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

(Vidur Puri)
Partner
Membership no : 90163
Place : Gurgaon
Dated : 15th May, 2013

Sudhir Chopra
President & Company Secretary

Rajiv Chanana
Chief Financial Officer

Sunjay Kapur
Vice Chairman & Managing Director

Ravi Bhoothalingam
Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31st March, 2013 (₹ /Lacs)		Year ended 31st March, 2012 (₹ / Lacs)	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit before tax and minority interest		**7430.77**		8607.57
Adjustment for :				
Depreciation & amortization	**5849.61**		4574.97	
(Profit)/loss on sale of fixed assets	**1.27**		33.67	
Dividend from long term investment-trade	**(11.67)**		(14.00)	
Bad debts/advances written off	**0.88**		-	
Provision for MTM losses	**-**		1.06	
Provision for doubtful advances	**10.00**		-	
Unrealized foreign exchange (gain)/loss	**(376.16)**		52.21	
Premium on forward contract amortized	**245.56**		153.64	
Interest expense	**3958.86**		3535.40	
Interest income	**(5.21)**	**9673.14**	(31.64)	8305.31
Operating profit before working capital changes		**17103.91**		16912.88
(Increase)/decrease in trade receivables	**(5221.16)**		(1301.46)	
(Increase)/decrease in inventories	**(2066.95)**		1448.93	
(Increase)/decrease in long term loans & advances	**1216.91**		(121.48)	
(Increase)/decrease in other current assets	**164.74**		(773.85)	
(Increase)/decrease in short term loans & advances	**442.65**		1938.37	
(Increase)/decrease in other non current.assets	**-**		35.50	
Increase/(decrease) in trade payables	**(856.27)**		712.89	
Increase/(decrease) in other current liabilities	**485.29**		1528.68	
Increase/(decrease) in other long term liabilities	**27.96**		(25.35)	
Increase/(decrease) in long term provisions	**100.34**		39.59	
Increase/(decrease) in short term provisions	**31.42**	**(5675.07)**	53.51	3535.33
Cash generated from operations		**11428.84**		20448.21
Income tax paid (net of income tax refunds)		**(1510.29)**		(2364.64)
Net cash from operating activities		**9918.55**		18083.57
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Cash paid for acquisition of minority interest	**(88.87)**		-	
Purchase of fixed assets (including CWIP)	**(9650.68)**		(13866.32)	
Proceeds from sale of fixed assets	**52.32**		22.42	
Bank deposit having original maturity of more than 3 months	**53.53**		(89.76)	
Dividend received	**11.67**		14.00	
Interest received	**5.21**		31.64	
Net cash (used) / raised from investing activities		**(9616.82)**		(13888.02)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from minority on issue of equity share capital of subsidiary	**-**		61.69	
Proceeds from long term borrowings	**9394.28**		7245.70	
Repayment of long term borrowings	**(7790.18)**		(6817.23)	
Proceeds from short term borrowings	**3511.43**		293.30	
(Gain)/loss on revaluation of foreign currency loans	**(510.91)**		-	
Interest paid	**(4360.12)**		(3504.26)	
Dividend paid	**(1291.82)**		(1291.82)	
Tax on dividend paid	**(209.57)**		(209.57)	
Net cash (used) / raised from financing activities		**(1256.89)**		(4222.19)
Increase/(decrease) in cash & cash equivalents (A+B+C)		**(955.16)**		(26.64)
Cash & cash equivalents as at 31.03.2012		**1120.91**		1147.55
Cash & cash equivalents as at 31.03.2013		**165.75**		1120.91

NOTES TO THE CASH FLOW STATEMENT :

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

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

For and on behalf of the Board

(Vidur Puri)
Partner
Membership no : 90163
Place : Gurgaon
Dated : 15th May, 2013

Sudhir Chopra
President & Company Secretary

Rajiv Chanana
Chief Financial Officer

Sunjay Kapur
Vice Chairman & Managing Director

Ravi Bhoothalingam
Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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 three Subsidiaries as given in table below:

Sl. No.	Name of Company	Relationship	Country of Incorporation	% of ownership interest as on 31st March, 2013
1.	Sona Fuji Kiko Automotive Ltd.	Subsidiary	India	51
2.	JTEKT Sona Automotive India Ltd.	Subsidiary	India	49*
3.	Sona Stampings Ltd.	Subsidiary	India	100

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

III. **Accounting convention**

The financial statements have been prepared on historical cost basis and in accordance with the applicable accounting standards and other applicable relevant statutes. 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. **Goodwill**

Goodwill arising on acquisition is tested for impairment on each balance sheet date.

VI. **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**

  - Operating lease

    Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease.

    Operating lease payments are recognised as an expense in the statement of profit & loss on a straight-line basis over the lease term.

- **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, which generally coincides with dispatch of goods from factory/port respectively.

  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 realisibility e.g.

  a) DEPB license & 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 ₹ 5000/- 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.

- **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, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)
NOTE 2 - SHARE CAPITAL		
Authorised shares (in nos.)		
25,00,00,000 (previous year 25,00,00,000) equity shares of ₹ 1/- each	**2500.00**	2500.00
Issued, subscribed and paid up shares (in nos)	**1987.42**	1987.42
19,87,41,832 (previous year 19,87,41,832) equity shares of ₹ 1/- each fully paid up		
	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, 2013		As at 31st March, 2012	
	(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 porportion to their shareholding.

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

Name of Shareholder	As at 31st March, 2013		As at 31st March, 2012	
	No. of shares	% of holding	No. of shares	% of holding
Equity share of ₹ 1/- each fully paid				
• 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, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)
NOTE 3 - RESERVES & SURPLUS		
Capital reserve	**0.44**	0.44
(On account of reissue of forfeited equity shares)		
Capital redemption reserve	**120.66**	120.66
Securities premium account		
Balance as per the last financial statements	**8921.17**	8921.17
Closing balance	**8921.17**	8921.17
General reserve		
Balance as per the last financial statements	**7340.71**	6890.71
Add: amount transferred from surplus balance in the statement of profit & loss	**325.00**	450.00
Closing balance	**7665.71**	7340.71
Surplus in the statement of profit & loss		
Balance as per last financial statements	**5551.58**	2643.61
Profit for the year	**3808.60**	4870.92
Prior period adjustment	**-**	(11.56)
Less: Appropriations		
Proposed dividend (refer note below)	**1291.82**	1291.82
Tax on proposed dividend	**219.55**	209.57
Transfer to general reserve	**325.00**	450.00
Net surplus in the statement of profit and loss	**7523.81**	5551.58
Total reserve and surplus	**24231.79**	21934.56

For the year ended 31st March, 2013, the amount of dividend proposed to be distributed to equity shareholders is ₹ 0.65 per share (previous year ₹ 0.65 per share).

	Non-current portion		Current maturities	
	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)	**As at 31st March, 2013 (₹ / Lacs)**	As at 31st March, 2012 (₹ / Lacs)
NOTE 4 - LONG TERM BORROWINGS				
Term loans				
From banks				
Indian rupee loans from banks (secured)	**16993.43**	14470.66	**5131.53**	4011.12
Foreign currency loans from banks (secured)	**3242.38**	4302.75	**1188.13**	255.75
Indian rupee loans from banks (unsecured)	**428.00**	714.00	**286.00**	1106.00
Foreign currency loans from banks (unsecured)	**3078.25**	6215.26	**3079.71**	364.27
From financial institution				
Indian rupee loan from financial institution (secured)	**-**	48.96	**48.96**	60.00
From others				
Indian rupee loan from NBFC (secured)	**291.65**	486.09	**194.43**	194.43
	24033.71	26237.72	**9928.76**	5991.57
Amount disclosed under the head "other current liabilities" (refer note 10)	**-**	-	**(9928.76)**	(5991.57)
	24033.71	26237.72	**-**	-

1. Indian rupee loans from banks include:

(a) Rupee term loans of ₹ 19963.34 lacs (previous year ₹ 14938.47 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 ₹ 1550.00 lacs (previous year ₹ 2325.00 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 ₹ 750.00 lacs (previous year ₹ 1750.00 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.

(c) Rupee term loan of ₹ 138.99 lacs (previous year ₹ 114.93 lacs) from Allahabad Bank, secured by way of exclusive charge on the vechicles financed out of the said term loan. The rate of interest on aforesaid loan is linked to bank's Prime lending rate (PLR).

(d) Rupee term loan (unsecured) of ₹ 714.00 lacs (previous year of ₹ 1820.00 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 ₹ 1272.63 lacs (previous year ₹ 1678.38 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 :**
Term loan of ₹ 48.96 lacs (previous year ₹ 108.96 lacs) from financial institution is secured by way of hypothecation on all moveable fixed assets acquired under direct credit scheme of SIDBI and whole of the current assets 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 Company. The loan carries an interest rate of 11.5% p.a.

3. **Indian rupee loan from NBFC include :**
Term loan of ₹ 486.08 lacs (previous year ₹ 680.52 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 3.5 million equivalent to ₹ 1918.01 lacs (previous year USD 4 million equivalent to ₹ 2046.00 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 5 million equivalent to ₹ 2512.50 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 loans (unsecured) of ₹ 6157.96 lacs (previous year of ₹ 6579.53 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 repayment schedule below :

(₹ / Lacs)

Sl.No.	Loan amount	No. of instalments due	Each instalment amount	Periodicity	2013-14	2014-15	2015-16	2016-17	2017-18
1.	5251.35	14	375.00	Quarterly	1125.00	1500.00	1500.00	1126.35	-
2.	3062.20	14	229.20	Quarterly	687.60	916.80	916.80	541.00	-
3.	750.00	3	250.00	Quarterly	750.00	-	-	-	-
4.	1550.00	10	155.00	Quarterly	465.00	620.00	465.00	-	-
5.	2424.79	16	150.00	Quarterly	450.00	600.00	600.00	600.00	174.79
6.	2375.00	19	125.00	Quarterly	375.00	500.00	500.00	500.00	500.00
7.	486.09	10	48.61	Quarterly	194.43	194.43	97.22	-	-
8.	1918.00	14	140.00	Half yearly	560.00	560.00	560.00	238.00	-
9.	2512.50	16	157.03	Quarterly	628.13	628.13	628.13	628.13	-
10.	2800.00	16	187.50	Quarterly	187.50	750.00	750.00	750.00	362.50
11.	2500.00	16	187.50	Quarterly	562.50	750.00	750.00	437.50	-
12.	138.99	48	4.22	Monthly	50.61	46.50	30.00	11.87	-
13.	1067.78	10	106.78	Quarterly	427.11	427.11	213.56	-	-
14.	204.85	16	12.80	Quarterly	51.21	51.21	51.21	51.21	-
15.	714.00	5	143.00	Half Yearly	286.00	428.00	-	-	-
16.	1567.13	4	392.15	Half Yearly	784.30	782.83	-	-	-
17.	3172.95	4	793.24	Half Yearly	1586.48	1586.48	-	-	-
18.	1417.88	4	354.47	Half Yearly	708.93	708.95	-	-	-
19.	48.96	9	5.00	Monthly	45.00	-	-	-	-
		1	3.96		3.96	-	-	-	-
	33962.47				9928.76	11050.44	7061.92	4884.06	1037.29

Particulars	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)
NOTE 5 - DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability		
Depreciation	**5646.60**	4710.25
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.	**32.48**	-
Gross deferred tax liability	**5679.08**	4710.25
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.	**211.47**	310.89
Impact of payment made during the year and allowable for tax in subsequent year on the basis of payment of TDS thereon	**-**	32.45
Preliminary expenses allowable u/s 35D of I.T. Act	**0.04**	0.08
Provision for doubtful advances	**3.40**	-
Carry forward of unabsorbed depreciation & business loss as per Income tax provisions	**61.10**	124.71
Others	**229.25**	270.15
Gross deferred tax assets	**505.26**	738.28
Net deferred tax liability	**5173.82**	3971.97

The Deferred tax asset on unabsorbed depreciation and business loss has been recognised in case of a subsidiary based on the profits for the year and in future as per the purchase orders in hand from customers and in case of Sona Stampings Limited, since the subsequent realisation of such amount is not virtually certain in near future, the management is of the view that it is prudent to recognise the deferred tax asset only to the extent of deferred tax liability.

NOTE 6 - OTHER LONG TERM LIABILITIES		
Other payables *	**29.36**	1.40
	29.36	1.40

* Comprises of dues on account of capital items

	Long-term		Short-term	
	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)	**As at 31st March, 2013 (₹ / Lacs)**	As at 31st March, 2012 (₹ / Lacs)
NOTE 7 - PROVISIONS				
Provision for employee benefits				
Gratuity (refer note 26)	**16.32**	8.61	**0.13**	4.21
Leave encashment (refer note 26)	**484.28**	396.29	**56.27**	50.22
	500.60	404.90	**56.40**	54.43
Other provisions				
Income tax [net of advance tax and TDS of ₹ 4753.45 lacs (previous year ₹ 3834.36 lacs)]	**-**	-	**113.79**	115.32
Proposed dividend	**-**	-	**1291.82**	1291.82
Corporate dividend tax	**-**	-	**219.55**	209.57
Product warranty (refer note 35)	**45.47**	40.83	**209.90**	179.39
Provision for MTM losses	-	-	**-**	1.06
	45.47	40.83	**1835.06**	1797.16
	546.07	445.73	**1891.46**	1851.59

Particulars	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)
NOTE 8 - SHORT TERM BORROWINGS		
Cash credit/loans repayable on demand from banks (secured)	**5143.94**	1604.43
Loans repayable on demand from financial institution (secured)	**129.00**	126.99
Loans repayable on demand from banks (unsecured)	**1760.00**	1790.09
	7032.94	3521.51

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 moveable and immoveable 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 futher secured by way of hypothecation of all the tangible moveable machineries, present and future. The loans are futher secured by way of equitable mortgage of all the immoveable 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)	**19347.57**	20329.36
	19347.57	20329.36
NOTE 10 - OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (refer note 4)	**9928.76**	5991.57
Interest accrued but not due on borrowings	**86.85**	77.09
Unclaimed dividends *	**88.12**	53.55
Security deposits	**13.19**	21.19
Taxes payable **	**1006.42**	1156.63
Interest free advances from customers	**314.26**	261.30
Other payables ***	**2986.28**	2395.74
	14423.88	9957.07

* 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.	Assets	Gross block (at cost)					Depreciation/Amortization				Net block	
		As at 01.04.12	Additions	Sales/ disposal	Other adjustments#	**As at 31.03.13**	As at 01.04.12	For the year	Written back	**Up to 31.03.13**	**As at 31.03.13**	As at 31.03.12
Tangible assets												
1.	Freehold land	3218.56	-	-	-	**3218.56**	-	-	-	**-**	**3218.56**	3218.56
2.	Leasehold land	221.50	-	-	-	**221.50** *	5.31	2.55	-	**7.86**	**213.64**	216.19
3.	Buildings	12624.70	2487.37	-	314.12	**15426.19** **	1699.29	474.46	-	**2173.75**	**13252.44**	10925.41
4.	Leasehold improvements	19.51	11.39	-	-	**30.90**	8.13	6.03	-	**14.16**	**16.74**	11.38
5.	Plant & equipments	50302.07	6753.66	54.28	720.89	**57722.34**	17643.37	3952.06	15.23	**21580.20**	**36142.14**	32658.70
6.	Jigs & fixtures	666.09	67.04	1.39	-	**731.74**	213.20	64.30	0.07	**277.43**	**454.31**	452.89
7.	Electric installations	3013.24	217.31	1.35	3.69	**3232.89**	842.54	226.86	1.28	**1068.12**	**2164.77**	2170.70
8.	Furniture & fixtures	892.07	61.89	3.78	1.28	**951.46**	413.75	61.61	3.48	**471.88**	**479.58**	478.32
9.	Office equipments	2234.61	394.85	0.42	8.45	**2637.49**	1165.80	250.54	0.06	**1416.28**	**1221.21**	1068.81
10.	Vehicles	449.53	151.19	25.29	0.33	**575.76**	148.55	87.88	12.78	**223.65**	**352.11**	300.98
11.	R&D-Plant & equipments	458.09	-	-	-	**458.09**	128.08	24.90	-	**152.98**	**305.11**	330.01
12.	R&D-Office equipments	100.88	2.45	-	-	**103.33**	86.17	5.18	-	**91.35**	**11.98**	14.71
Sub total		74200.85	10147.15	86.51	1048.76	**85310.25**	22354.19	5156.37	32.90	**27477.66**	**57832.59**	51846.66
Previous year-sub total		64266.11	9774.84	636.29	796.19	74200.85	18848.66	4085.73	580.20	22354.19	51846.66	

(₹ / Lacs)

Sl. No.	Assets	Gross block (at cost)					Depreciation/Amortization				Net block	
		As at 01.04.12	Additions	Sales/ disposal	Other adjustments#	**As at 31.03.13**	As at 01.04.12	For the year	Written back	**Up to 31.03.13**	**As at 31.03.13**	As at 31.03.12
Intangible Assets												
1.	R&D-Computer softwares	62.33	-	-	-	**62.33**	44.53	7.95	-	**52.48**	**9.85**	17.80
2.	Computer softwares	563.44	227.45	-	2.16	**793.05**	91.95	127.36	-	**219.31**	**573.74**	471.49
3.	Technical know-how	567.70	509.49	-	0.07	**1077.26**	128.48	133.47	-	**261.95**	**815.31**	439.22
4.	Product development cost	2577.63	180.86	-	-	**2758.49*****	864.90	424.46	-	**1289.36**	**1469.13**	1712.73
Sub total		3771.10	917.80	-	2.23	**4691.13**	1129.86	693.24	-	**1823.10**	**2868.03**	2641.24
Previous year-sub total		2064.20	1705.25	-	1.65	**3771.10**	640.62	489.24	-	1129.86	2641.24	
Total		77971.95	11064.95	86.51	1050.99	**90001.38**	23484.05	5849.61	32.90	**29300.76**	**60700.62**	54487.90
Previous year-total		66330.31	11480.09	636.29	797.84	**77971.95**	19489.28	4574.97	580.20	23484.05	54487.90	
	Capital work in progress - tangible assets										**2543.21**	3986.43
	Capital work in progress - intangible assets under development***										**652.41**	623.43
											3195.62	4609.86

* 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 ₹ 1004.17 lacs), net block ₹ 949.87 lacs (previous year ₹ 973.69 lacs) is constructed on leasehold land.

***Internally generated intangible assets

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

Particulars	**As at 31st March, 2013 (₹ / Lacs)**	As at 31st March, 2012 (₹ / 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 :		
49,29,636 (previous year 49,29,636) equity shares of Euro 1 each, in Fuji Autotech Europe S.A.S. (incorporated in France)	**2932.10**	2932.10
	2952.10	2952.10

	Non-current		**Current**	
	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)	**As at 31st March, 2013 (₹ / Lacs)**	As at 31st March, 2012 (₹ / Lacs)
NOTE 13 - LOANS AND ADVANCES				
(Unsecured, considered good)				
Capital advances	**651.70**	1850.52	**-**	-
	651.70	1850.52	**-**	-
Security deposits	**342.43**	319.91	**73.89**	70.27
	342.43	319.91	**73.89**	70.27
Other loans and advances				
Advance recoverable in cash or kind				
Considered good	**-**	-	**288.46**	240.50
Considered doubtful	**-**	-	**10.00**	-
Less :- Provision for doubtful advance	**-**	-	**(10.00)**	-
Loans and advances to employees	**11.10**	13.21	**80.82**	47.29
Prepaid expenses	**10.64**	2.55	**167.39**	106.75
Balance with custom, excise and sales tax authorities	**25.70**	22.09	**1710.61**	2359.27
Minimum Alternate Tax (MAT) credit entitlement	**-**	59.37	**596.89**	533.48
Advance income tax [net of provision for income tax ₹ 1796.78 lacs (previous year ₹ 1298.72 lacs)]	**328.33**	255.75	**-**	-
	375.77	352.97	**2844.17**	3287.29
	1369.90	2523.40	**2918.06**	3357.56

Particulars	Non-current		Current	
	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)	**As at 31st March, 2013 (₹ / Lacs)**	As at 31st March, 2012 (₹ / Lacs)
NOTE 14 - OTHER ASSETS				
(Unsecured, considered good)				
Non-current bank balances (refer note 17)*	**39.22**	37.21	**-**	-
Unamortized premium on forward contracts	**-**	-	**22.95**	11.43
Claims receivable	**-**	-	**497.36**	376.47
Interest accrued but not due on fixed deposits with banks	**-**	-	**3.76**	1.89
Unbilled revenue	**-**	-	**924.66**	1372.32
Other receivable	**-**	-	**770.16**	621.52
	39.22	37.21	**2218.89**	2383.63

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

	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)
NOTE 15 - INVENTORIES		
(At cost or net realisable value, whichever is lower)		
Raw materials and components *	**4122.12**	2993.86
Work-in-progress **	**1338.85**	1192.38
Finished goods ***	**1027.44**	483.22
Stock-in-trade ****	**13.53**	4.51
Stores and spares	**984.66**	847.27
Loose tools	**650.50**	548.91
	8137.10	6070.15

* Includes material in transit ₹ 295.23 lacs (previous year ₹ 80.55 lacs)
** Includes goods in transit ₹ 111.75 lacs (previous year ₹ 225.13 lacs)
** Includes material with the vendors sent for job work ₹ 188.15 lacs (previous year ₹ 117.93 lacs)
*** Includes goods in transit ₹ 61.51 lacs (previous year ₹ 62.71 lacs)
**** Includes goods in transit ₹ 8.45 lacs (previous year Nil)

	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)
NOTE 16 - TRADE RECEIVABLES		
(Unsecured, considered good)		
Receivables outstanding for a period exceeding six months from the date they are due for payment	**2493.71**	77.03
Other receivables	**20251.20**	17442.46
	22744.91	17519.49

	Non-current		Current	
	As at 31st March, 2013 (₹ / Lacs)	As at 31st March, 2012 (₹ / Lacs)	**As at 31st March, 2013 (₹ / Lacs)**	As at 31st March, 2012 (₹ / Lacs)
NOTE 17 - CASH AND BANK BALANCES				
(Unsecured, considered good)				
Cash and cash equivalents				
Balances with banks:				
Current accounts	**-**	-	**158.33**	1112.99
Cash on hand	**-**	-	**7.42**	7.92
Sub total	**-**	-	**165.75**	1120.91
Other bank balances				
Fixed deposits with original maturity for more than 3 months and less than 12 months	**-**	-	**-**	55.55
Fixed deposits with original maturity for more than 12 months	**39.22**	37.21	**-**	-
Unpaid dividend accounts	**-**	-	**88.12**	53.55
Sub total	**39.22**	37.21	**88.12**	109.10
Amount disclosed under non-current assets (refer note 14)	**(39.22)**	(37.21)	**-**	-
Total	**-**	-	**253.87**	1230.01

Particulars	Year ended 31st March, 2013 (₹ / Lacs)	Year ended 31st March, 2012 (₹ / Lacs)
NOTE 18 - REVENUE FROM OPERATIONS		
Sale of products	**163522.42**	156589.63
Sale of services	**70.15**	287.42
Other operating revenues:		
Scrap sales	**660.44**	611.47
Others	**170.27**	116.23
Revenue from operations (gross)	**164423.28**	157604.75
Less: Excise duty (refer note 34)	**18421.24**	15479.74
Revenue from operations (net)	**146002.04**	142125.01
NOTE 19 - OTHER INCOME		
Interest income	**5.21**	31.64
Foreign exchange gain (net)	**665.44**	0.20
Dividend from long term trade investments	**11.67**	14.00
Gain on sale of fixed assets	**0.21**	0.88
Other non-operating income	**252.37**	261.79
	934.90	308.51
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	**1192.38**	1596.69
Finished goods	**483.22**	528.92
Stock-in-trade	**4.51**	10.73
	1680.11	2136.34
Inventories at the end 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
Changes in inventories	**(699.71)**	456.23
Excise duty on increase / (decrease) in finished goods (refer note 34)	**46.68**	5.45
	(653.03)	461.68
NOTE 21 - EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and allowances	**9961.66**	9119.37
Contribution to provident and other funds	**919.64**	796.26
Gratuity expenses	**27.72**	10.30
Employees welfare expenses	**1680.52**	1350.45
	12589.54	11276.38
NOTE 22 - FINANCE COSTS		
Interest on loans	**3906.73**	3517.37
Other borrowing costs	**20.37**	54.58
Other interest	**31.76**	18.03
Bank and other finance charges	**49.68**	69.58
Cash discount	**100.26**	422.62
Exchange difference to the extent considered as an adjustment to borrowing costs	**-**	510.91
	4108.80	4593.09

Particulars		Year ended 31st March, 2013 (₹ / Lacs)	Year ended 31st March, 2012 (₹ / Lacs)
NOTE 23 - DEPRECIATION AND AMORTIZATION EXPENSES			
Depreciation / amortization of tangible assets		**5156.37**	4085.73
Amortization of intangible assets		**693.24**	489.24
		5849.61	4574.97
NOTE 24 - OTHER EXPENSES			
Stores and spare parts consumed		**1721.11**	1672.01
Loose tools consumed		**1171.25**	903.62
Power and fuel		**2504.00**	2064.00
Testing and development expenses		**5.04**	0.54
Repairs and maintenance - plant & machinery		**781.54**	547.28
Royalty		**1446.96**	1374.12
Rent		**300.48**	212.15
Rates and taxes		**143.27**	101.16
Insurance		**75.26**	62.39
Repair and maintenance - buildings		**108.27**	60.68
Repair and maintenance - others		**404.63**	326.08
Travelling, conveyance and vehicle expenses		**1019.56**	949.54
Communication & stationery expenses		**259.53**	258.06
Legal & professional charges		**1205.03**	1152.78
Security charges		**200.62**	161.54
Business promotion		**149.32**	113.70
Premium on forward exchange contract amortized		**242.83**	150.51
Provision for mark-to-market losses on derivative contracts		**-**	1.06
Foreign exchange loss (net)		**92.40**	760.09
Forwarding expenses		**1318.79**	1148.44
Packing material		**604.46**	559.43
Commission to non whole time directors		**52.69**	63.20
Directors sitting fees		**11.26**	10.60
Provision for doubtful advance		**10.00**	-
Bad debts / advances written off		**0.88**	-
Loss on sale of fixed assets		**1.47**	34.55
Payments to auditors			
As auditor			
Audit fee		**26.88**	23.63
Tax audit fee		**6.15**	5.25
Limited review & consolidation		**20.35**	17.00
In other capacity			
Taxation matters		**1.25**	0.55
Other services (certifications fee)		**10.60**	4.90
Miscellaneous expenses		**324.44**	414.86
		14220.32	13153.72
NOTE 25 - EARNINGS PER SHARE			
Net profit after tax		**3808.60**	4870.92
Profit/(loss) attributable to the equity shareholders	(A)	**3808.60**	4870.92
Basic/Weighted average number of equity shares outstanding during the year (nos.)	(B)	**19,87,41,832**	19,87,41,832
Nominal value of equity shares (In ₹)		**1.00**	1.00
Earnings per equity share (In ₹)			
Basic	(A/B)	**1.92**	2.45
Diluted	(A/B)	**1.92**	2.45

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

NOTE 26 - EMPLOYEES BENEFIT

Defined contribution plans:

i) The group has recognised, in the statement of profit and loss for the year ended March 31, 2013 an amount of ₹ 698.54 lacs (previous year ₹ 591.55 lacs) as expenses under defined contribution plans. Contribution to defined contribution plans include:

a) Employer's contribution to provident fund	**491.27**	440.80
b) Employer's contribution to superannuation fund	**166.94**	120.54
c) Employer's contribution to Employee State Insurance Corporation	**40.33**	30.21
	698.54	591.55

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 except in case of a subsidiary M/s. Sona Fuji Kiko Automotive Limited, which is unfunded*.

b) The Group makes contribution for certain employees to the Sony Koyo Steering Systems Ltd. - Employees Provident Fund Trust ('The Trust') which is a defined benefit plan.The Company contributed ₹ 38.71 lacs (previous year ₹ 37.54 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 on implementing AS 15 Employee Benefits (revised 2005), issued by Accounting Standards Board (ASB) of The institute of Chartered Accountants of India, states that benefits involving employer established provident fund trust, which require interest shortfall to be compensated by the employer is required to be considered as defined benefits plans. The actuary has provided a valuation and based on the below mentioned assumptions, determined that there is no shortfall as at March 31, 2013.

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	**742.47**	636.83	**1171.35**	935.41	**446.50**	417.56
b) Current service cost	**36.35**	43.19	**140.09**	109.92	**106.03**	86.44
c) Interest cost	**59.95**	55.32	**101.90**	75.78	**43.03**	33.82
d) Actuarial (gain) / loss	**(19.24)**	(19.53)	**102.70**	102.03	**22.27**	(21.80)
e) Benefits paid	**(96.58)**	(37.98)	**(66.18)**	(51.79)	**(77.29)**	(69.52)
f) Employee contribution	**53.55**	64.42	**-**	-	**-**	-
g) Change in reserves	**1.91**	0.22	**-**	-	**-**	-
h) Closing defined benefit obligation	**778.41**	742.47	**1449.86**	1171.35	**540.54**	446.50
2. Change in plan assets (reconciliation of opening and closing balances) :						
a) Opening fair value of plan assets	**742.98**	636.83	**1182.32**	949.57	**-**	-
b) Prior period adjustment	**-**	-	**-**	-	**-**	-
c) Expected return on plan asset	**63.21**	57.64	**111.09**	98.68	**-**	-
d) Employer contributions	**36.35**	43.19	**197.26**	184.80	**-**	-
e) Benefits paid	**(96.58)**	(37.98)	**(66.18)**	(51.79)	**-**	-
f) Employee contribution	**53.55**	64.42	**-**	-	**-**	-
g) Actuarial gain / (loss) on plan assets	**(12.66)**	(21.12)	**5.99**	1.06	**-**	-
h) Closing fair value of plan assets	**786.85**	742.98	**1430.48**	1182.32	**-**	-

	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	**778.41**	742.47	**1449.86**	1171.35	**540.54**	446.50
b) Fair value of plan (assets)	**(786.85)**	(742.98)	**(1430.48)**	(1182.32)	-	-
c) Unfunded (asset) / liability recognised in the balance sheet	**-***	**-***	**19.38**	-*	**540.54**	446.50
d) Experience adjustments on plan liabilities-(loss) / gain	**-**	-	**(27.45)**	(70.22)	**7.31**	28.25
e) Experience adjustments on plan assets-(loss)/gain	**-**	-	**5.99**	1.06	**-**	-

*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	**36.35**	43.19	**140.09**	109.92	**106.03**	86.44
b) Interest cost	**59.95**	55.32	**101.90**	75.78	**43.03**	33.82
c) Expected return on plan assets	**(63.21)**	(57.64)	**(111.09)**	(98.68)	**-**	-
d) Actuarial (gain) / loss	**(6.59)**	1.59	**96.70**	100.97	**22.26**	(21.80)
e) Expenses recognised during the year	**26.50**	42.46	**227.60**	187.99	**171.32**	98.46

5. Assumptions :				
a) Discount rate (per annum)	**8.10%**	8.70%	**8.10% to 8.20%**	8.25% to 8.70%
b) Expected rate of return on plan assets (per annum)	**-**	-	**9.00% to 9.40%**	8.25% to 9.4%
c) Rate of increase in compensation level (per annum)	**-**	-	**6.50% to 10%**	6.5% to 10%

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

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

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

	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	**19.03%**	23.06%
- State government securities	**21.09%**	19.05%
- Securities of Public financial institutions	**49.04%**	47.77%
- Private sector bonds / securities	**10.84%**	10.12%

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 2011		31st March 2010		31st March 2009	
	Gratuity	Leaves	Gratuity	Leaves	Gratuity	Leaves
iv) Reconciliation of fair value of assets and obligations for the past years						
a) Present value of obligation	935.42	417.58	716.10	273.57	691.35	74.30
b) Fair value of plan (assets)	(949.29)	-	(866.01)	-	(682.69)	-
c) Unfunded (asset) /liability recognised in the balance sheet	- *	417.58	-*	273.57	8.66	74.30
d) Experience adjustments on plan liabilities- (loss) / gain	(92.21)	(55.40)	29.80	(68.84)	41.02	(0.01)
e) Experience adjustments on plan assets-(loss) / gain	-	-	6.24	-	8.43	-

* The excess of assets over liabilities in respect of gratulty 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 disclosures 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 residential & 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	**158.27**	72.96
Lease rentals payble within one year	**142.27**	108.04
Lease rentals payble after one year but not more than five year	**116.81**	129.41
	417.35	310.41

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

a)	Technical know-how fees	**537.62**	731.50
b)	Professional charges	**44.92**	133.73
c)	Technical support charges	**98.07**	21.05
d)	Components, tools & spares	**912.41**	675.36
e)	Travelling expenses	**61.43**	71.46
f)	Interest to bank	**464.91**	176.87
g)	Loss on foreign exchange fluctuations on ECB loan	**639.96**	550.13
h)	Others	**364.54**	523.76
i)	Salary	**462.55**	330.02
		3586.41	3213.88

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.	**4762.24**	2426.03
II)	One of the subsidiaries, M/s Sona Fuji Kiko Automotive Ltd, has an obligation to construct at least 25% of permissible covered area upto 07-09-2013 as per regular letter of allotment of HSIIDC, estimated cost for further constrution.	**250.00**	250.00
		5012.24	2676.03

	Period covered	**Current year (₹/ Lacs)**	Previous year (₹/ Lacs)
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 2012-13	**1536.28**	1281.96
ii) Cases pending before Appellate authorities in respect of which the company has filed appeals	2009-10	**3.71**	699.82
	Total	**1539.99**	1981.78

	Period covered	Current year (₹/ Lacs)	Previous year (₹/ Lacs)
b) Service Tax			
i) Show cause notice received and pending with Adjudication Authority	2008-09 to 2012-13	**30.65**	36.78
ii) Cases pending before Appellate authorities in respect of which the company has filed appeals/ show cause notices	2009-10 to 2012-13	**261.73**	230.28
	Total	**292.38**	267.06
c) VAT Haryana			
i) Local area development tax (LADT) levied by Assessing Authority Gurgaon, writ petition civil pending with Supreme Court.	2007-08 to 2012-13	**636.15**	435.72
d) Customs Duty (DGFT)			
i) Show cause notice received from adjudication authority (DGFT) for advance license	2006-07	**5.76**	-
e) Income Tax			
i) Cases pending before Courts / Appeallate Authorities in respect of which the Company has filed appeal.		**30.53**	30.53
f) Customer's claims against Company		**696.41**	-
II) Customer bills discounted		**1879.00**	1406.00
III) Letter of credit opened by banks for purchase of inventory / capital goods		**395.47**	1243.31

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.

V) Notice for revising income tax returns for the last six years had been received and the compliance returns have been filed for all the relevant years in pursuance to search and seizure operations which were carried out by Revenue Authorities in the previous year on parent company and its subsidiary JTEKT Sona Automotive India Ltd. During the search and seizure operation, neither any unexplained money, bullion or valuables were found nor there was any seizure. The assessment for all such relevant assessment years are in process. Additional tax liability, if any, shall be accounted for on creation of demand against the Group.

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:

		Current year		Previous year	
Nature of contracts	Buy / Sell	Contracts (nos.)	Amount (in Lacs)	Contracts (nos.)	Amount (in Lacs)
Forward contracts (JPY)	Buy	137	4959.33	55	1729.59
Rupee equivalent value	Buy	137	3017.45	55	1083.61
Forward contracts (USD)	Buy	3	2.25	-	-
Rupee equivalent value	Buy	3	123.74	-	-
Currency cum interest rates swaps (ECB) (USD)	Buy	2	85.00	1	50.00
Rupee equivalent value (ECB)	Buy	2	4430.50	1	2512.50
Currency swaps (ECB) (JPY)	Buy	1	4430.12	-	-
Rupee equivalent value (ECB)	Buy	1	2985.01	-	-
Forward contract (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	THB	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	-	-	-

(in Lacs)

	Previous year						
	CHF	EURO	USD	YEN	THB	GBP	SGD
Trade payables	0.62	1.75	37.19	1357.85	0.99	-	1.39
Rupee equivalent value	35.52	119.93	1902.49	849.88	1.61	-	56.85
ECB / long term borrowing	-	-	40.00	10512.12	-	-	-
Rupee equivalent value	-	-	2046.00	6579.53	-	-	-
Trade receivables and loans & advances	-	10.60	22.35	30.08	-	0.02	-
Rupee equivalent value	-	714.35	1130.55	18.47	-	1.94	-

NOTE 33 - DEFERRAL / CAPITALIZATION OF EXCHANGE DIFFERENCES

The Ministry of Corporate Affairs (MCA) had issued an amendment dated 29th December, 2011 to AS 11, The Effects of changes in foreign exchange rates, to allow companies deferral / capitalization of exchange differences arising on long-term foreign currency monetary items. The MCA has further issued an amendment dated 9th August, 2012 on the treatment of borrowing cost, clarifying that the exchange difference arising on long term foreign currency monetary items, to the extent of borrowing cost, earlier charged off can be capitalised.

Pursuant thereto, the Group has retrospectively w.e.f. 1st April, 2011 changed its accounting policy of charging of borrowing cost, to the extent foreign exchange differences are regarded as an adjustment to interest cost, to the statement of profit & loss and has capitalised such foreign exchange fluctuation to the cost of fixed assets. As a result, the borrowing cost charged to revenue for the year ended 31st March, 2012 for Rs. 510.91 lacs has been capitalised and shown as "Other Income" for the year ended 31st March, 2013.

Further during the year, the Group has capitalized the net exchange loss arising on long term foreign currency loans to depreciable fixed assets amounting to ₹ 129.05 Lacs (previous year ₹ 550.13 lacs).

NOTE 34 - The amount of excise duty disclosed as deduction from turnover is the total excise duty for the year except duty related to difference between the closing stock and opening stock and excise duty paid but not recovered, which has been disclosed as excise duty expense in "Raw material and components cost - increase/(decrease) in excise duty on finished goods" under note 20 annexed and forming part of statement of profit & loss.

NOTE 35 - A provision is recognized for expected warranty claims on products sold during the last two to three years, based on past experience of the level of returns. It is expected that significant portion of these cost will be incurred in the next financial year and all will have been incurred within three years after reporting date. Assumptions used to calculate the provision for warranties were based on current sales level and current information available about returns based on the three year warranty period for products sold. The table below gives information about movement in warranty provisions.

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

Description	**Current year (₹ / Lacs)**	Previous year (₹ / Lacs)
Opening balance	**220.22**	153.32
Add : Addition during the year	**323.15**	276.12
Less : Charged off to the statement of profit & loss	**288.00**	209.22
Closing balance	**255.37**	220.22

The warranty expenses of ₹ 288.00 Lacs (previous year ₹ 209.22 Lacs) are charged off to statement of profit & loss included under the head forwarding expenses (note 24).

NOTE 36 (A) - RELATED PARTY DISCLOSURES (TRANSACTIONS WITH RELATED PARTIES)

(₹/ Lacs)

PARTICULARS	SIGNIFICANT CONTROL (1)	SUBSTANTIAL INTEREST (2)	OTHERS (SIGNIFICANT INFLUENCE) (3)	KEY MANAGEMENT PERSONNEL (4)	TOTAL (5)
PURCHASE OF GOODS	-	11089.04	5515.66	-	16604.70
Purchase of goods (previous year)	-	(10591.57)	(12936.50)	-	(23528.07)
PURCHASE OF CAPITAL GOODS	-	270.27	-	-	270.27
Purchase of capital goods (previous year)	-	(616.41)	(69.21)	-	(685.62)
CORPORATE GUARANTEE ON LOANS FROM BANK	-	10586.11	-	-	10586.11
Corporate Guarantee on loans from banks (previous year)	-	(12369.53)	-	-	(12369.53)
SALES OF GOODS	-	55.56	63983.27	-	64038.83
Sales of goods (previous year)	-	(93.39)	(58108.86)	-	(58202.25)
RENDERING OF SERVICES	-	-	129.57	-	129.57
Rendering of services (previous year)	-	-	(210.56)	-	(210.56)
RECEIVING OF SERVICES	-	1899.83	83.80	-	1983.63
Receiving of services (previous year)	-	(2193.97)	(130.60)	-	(2324.57)
REIMBURSEMENT OF EXPENSES RECOVERED	-	94.72	35.05	-	129.77
Reimbursement of expenses recovered (previous year)	-	(79.60)	(20.59)	-	(100.18)
REIMBURSEMENT OF EXPENSES PAID	-	16.26	3.76	-	20.02
Reimbursement of expenses paid (previous year)	-	(11.63)	(13.81)	-	(25.44)
CASH DISCOUNT PAID	-	-	80.49	-	80.49
Cash discount paid (previous year)	-	-	(418.49)	-	(418.49)
OTHER INCOME	-	-	0.05	-	0.05
Other income (previous year)	-	-	(1.15)	-	(1.15)
LEASING OF PREMISES PAID	-	-	12.84	-	12.84
Leasing of premises paid (previous year)	-	-	(12.84)	-	(12.84)
REMUNERATION *	132.78	-	-	781.92	914.70
Remuneration (previous year)	(183.91)	-	-	(830.29)	(1014.20)
DIRECTOR'S SITTING FEE	0.20	-	-	1.60	1.80
Director's sitting fee (previous year)	(0.40)	-	-	(4.00)	(4.40)
DIVIDEND PAID	0.04	259.66	414.15	0.38	674.23
Dividend paid (previous year)	(0.04)	(259.66)	(414.15)	(0.38)	(674.22)
OUTSTANDING BALANCE AS ON 31.3.2013 (DEBIT)	-	-	5297.86	-	5297.86
Outstanding balance as on 31.03.2012 (debit)	-	-	(2201.52)	-	(2201.52)
OUTSTANDING BALANCE AS ON 31.3.2013 (CREDIT)	-	4559.30	397.88	-	4957.18
Outstanding balance as on 31.03.2012 (credit)	-	(3286.89)	(1867.98)	-	(5154.87)

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

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

1. The individual/entity exercise control over the Group
   1. Dr. Surinder Kapur
2. The entity having substantial interest in the Group
   1. JTEKT Corporation
3. Others (Significant Influence)
   1. Somic ZF Components Ltd (Formerly known as Sona Somic Lemforder Components Ltd). transactions upto 25th April, 2012
   2. Sona Okegawa Precision Forgings Ltd.
   3. Mahindra Sona Ltd.
   4. Maruti Suzuki India Ltd.
   5. Sona E design & Technologies Ltd.
   6. Pune Heat Treatment Pvt. Ltd.
   7. Wheels Mobility Solutions Limited (Formerly known as Sona Mobility Services Ltd.) transactions upto 11th January, 2013
   8. Kapur Properties & Investment
   9. Sona Autocomp Holdings Pvt. Ltd.
   10. Mandira Marketing Ltd.
   11. Koyo Singapore Bearings Pte Ltd.
   12. Koyo Bearings India Pvt. Ltd
   13. Fuji Kiko Company Ltd., Japan
   14. Summit Fuji Kiko Kuarata Co. Ltd., Thailand
   15. Shye FU Koyo Mechanical Industry Co. Ltd., China
   16. Douglas Autotech Corporation, USA
   17. Fuji Kiko Company - Czech republic
4. Key management personnel
   1. Dr. Surinder Kapur - (Transactions disclosed under category (1) above)
   2. Mr P.V.Prabhu Parriker
   3. Mr Kiran Deshmukh
   4. Mr Sudhir Chopra
   5. Mr Sunjay Kapur
   6. Mr Govindrajan Sunder Rajan
   7. Mr Kiyozumi Kamiki (From 7th March, 2013)
   8. Mr Keiichi Sakamoto
   9. Mr R Balaji

NOTE 36 (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 31.03.13**	For the year ended 31.03.12
Other significant influence	Somic ZF Components Ltd. (formerly known as Sona Somic Lemforder Components Ltd.)	Purchase of goods	**-**	9687.43
Other significant influence	Koyo Bearings India Pvt. Ltd.	Purchase of goods	**2695.16**	-
Substantial interest	JTEKT Corporation	Purchase of goods	**11089.04**	10591.57
Substantial interest	JTEKT Corporation	Purchase of fixed assets	**270.27**	616.41
Other significant influence	Maruti Suzuki India Ltd.	Sales	**62422.12**	56600.38
Other significant influence	Somic ZF Components Ltd. (formerly known as Sona Somic Lemforder Components Ltd.)	Rendering of services	**-**	97.48
Other significant influence	Sona Okegawa Precision Forgings Ltd.	Rendering of services	**129.57**	97.48
Substantial interest	JTEKT Corporation	Receiving of services	**1899.33**	2193.97
Substantial Interest	JTEKT Corporation	Reimbursement of expenses Recovered	**94.72**	79.60
Other Significant influence	Koyo Bearings India Pvt. Ltd.	Reimbursement of expenses Recovered	**23.82**	-
Other significant influence	Somic ZF Components Ltd. (formerly known as Sona Somic Lemforder Components Ltd.)	Reimbursement of expenses paid	**-**	11.30
Substantial interest	JTEKT Corporation	Reimbursement of expenses paid	**16.26**	11.63
Other significant influence	Maruti Suzuki India Ltd.	Cash discount paid	**80.49**	418.49
Other significant influence	Sona Okegawa Precision Forgings Ltd.	Other Income	**0.05**	1.15
Other significant influence	Pune Heat Treat Pvt. Ltd.	Leasing of premises	**9.24**	9.24
Other significant influence	Kapur Properties & Investment	Leasing of premises	**3.60**	3.60
Substantial Interest	JTEKT Corporation	Corporate guarantee on loans from bank	**10586.11**	12369.53
Substantial interest	JTEKT Corporation	Dividend paid	**259.66**	259.66
Other significant influence	Maruti Suzuki India Ltd.	Dividend paid	**89.70**	89.70
Other significant influence	Sona Autocomp Holdings Pvt. Ltd.	Dividend paid	**324.45**	324.45
Significant control	Dr. Surinder Kapur	Remuneration & commission	**132.78**	183.91
Key management person	Mr. Sunjay Kapur	Remuneration & commission	**263.47**	316.14
Key management person	Mr. K.M. Deshmukh	Remuneration & commission	**130.67**	132.50
Key management person	Mr. Sudhir Chopra	Remuneration	**112.00**	107.46
Key management person	Mr. Govindrajan Sunder Rajan	Remuneration	**108.95**	108.00
Significant control	Dr. Surinder Kapur	Sitting fee	**0.20**	-
Key management person	Mr. K.M. Deshmukh	Sitting fee	**0.80**	2.10
Key management person	Mr. Sudhir Chopra	Sitting fee	**0.80**	1.90
Other significant influence	Maruti Suzuki India Ltd.	Balances (debit)	**4849.43**	1968.64
Other significant influence	Mandira Marketing Ltd.	Balances (debit)	**-**	220.56
Other significant influence	Somic ZF Components Ltd. (Formerly known as Sona Somic Lemforder Components Ltd.)	Balances (credit)	**-**	1406.02
Substantial interest	JTEKT Corporation	Balances (credit)	**4559.30**	3286.89

NOTE 37 - Previous year's figures have been regrouped/reclassified, wherever necessary.

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

(Vidur Puri)
Partner
Membership no : 90163
Place : Gurgaon
Dated : 15th May, 2013

Signature to Note 1 to 37

Sudhir Chopra
President & Company Secretary

Rajiv Chanana
Chief Financial Officer

For and on behalf of the Board

Sunjay Kapur
Vice Chairman & Managing Director

Ravi Bhoothalingam
Director,

Sona Koyo Steering Systems Ltd. - Cradle of Excellence

sona
Driving Tomorrow

Sona Koyo Steering Systems Ltd.

UGF-6, Indraprakash
21, Barakhamba Road,
New Delhi 110 001 INDIA
Ph. 91 (11) 2331 1924, 2332 7205

www.sonakoyosteering.com

NO GIFT COUPONS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING

SONA KOYO STEERING SYSTEMS LIMITED

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

PROXY FORM

I/We _____

of _____ being a member/members of the above named

Company hereby appoint _____ of _____

or failing him/her _____ of _____

as my/our Proxy to vote for me/us on my/our behalf at the Twenty Ninth Annual General Meeting of the Company to be held on Saturday, the 10th August, 2013 at 10.00 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2013.

Signature _____ Affix Revenue Stamp of ₹ 1/-

Regd. Folio No. _____

DP. Id. No.* _____

Address _____ Client Id No.* _____

No. of Shares _____

Note : This form in order to be effective should be duly stamped, completed and signed must be deposited with the Company's Registered Office not less than 48 hours before the time for holding the aforesaid Meeting.

* Applicable for investors holding shares in electronic form.

SONA KOYO STEERING SYSTEMS LIMITED

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

ATTENDANCE SLIP

Annual General Meeting - 10th August, 2013

Regd. Folio No. _____

DP Id No.* _____

Client Id No.* _____

Mr./Ms. _____

Father's / Husband's Name _____

I certify that I am a registered Shareholder / Proxy for the registered Shareholder of the Company.

I hereby record my presence at the 29th Annual General Meeting of the Company at The Air Force Auditorium, Subroto Park, New Delhi-110010 on Saturday, the 10th August, 2013.

Member's/Proxy's Name in BLOCK Letters

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.**

* Applicable for investors holding shares in electronic form.

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	31st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable

For Sona Koyo Steering Systems Ltd.

Rajiv Chanana
Chief Financial Officer

For Sona Koyo Steering Systems Ltd.

Sunjay Kapur
Vice Chairman & Managing Director

For S.P. Puri & Co.
Chartered Accountants
Firm Registration Number 001152N

S.P. PURI & CO. CHARTERED ACCOUNTANTS 4/18, ASAF ALI ROAD NEW DELHI-2

Vidur Puri
(Partner)
Membership No. : 90163

For Sona Koyo Steering Systems Ltd.

Ravi Bhoothalingam
Chairman – Audit Committee