

## **CORPORATE GOVERNANCE REPORT**

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

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

### **COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

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

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

### **ETHICS/GOVERNANCE POLICIES**

At Sona, we strive to conduct our business and strengthen our relationship in a manner that is dignified, distinctive and responsible. We adhere to ethical standards in dealing with all the stakeholders. Therefore, we have adopted various codes and policies to carry out our duties in an ethical manner. Some of these codes and policies are: -

- Code of Conduct;
- Vigil Mechanism /Whistle Blower Policy;
- Prevention of Sexual Harassment Policy;
- Corporate Social Responsibility (CSR) Policy and the CSR Charter;
- Remuneration Policy for Directors, Key Managerial Personnel and other employees;
- Anti-Corruption Policy
- Trade Control Policy;
- Policy on Related Party Transaction

The Company has put in place many other policies in the FY 2020-2021, including:

- Privacy Policy for Company Affiliates;
- Employees' Privacy Policy;
- Social Media Policy;

- Succession Planning.

## BOARD OF DIRECTORS

The Board plays a significant role in ensuring good corporate governance and smooth functioning of the Company. The Board of the Company comprises of 9 directors as on 31<sup>st</sup> March 2020. The details of the Directors with regard to the name and category are as follows:

### BOARD COMPOSITION AND CATEGORY OF DIRECTORS

CATEGORY	NAME OF DIRECTOR
Non- Executive Directors	Sunjay Kapur
	Prasan Abhay Kumar Firodia
	Amit Dixit
	Amit Jain
	Ganesh Mani
	Neeraj Mohan
Independent Directors	B.V.R.Subbu
	*Pallavi Joshi Bakhru
Executive Director	Vivek Vikram Singh

Note: \*Mrs. Pallavi Joshi Bakhru, Independent Director has resigned w.e.f. 2<sup>nd</sup> May, 2020 and Mrs Shradha Suri, Independent Director has been appointed w.e.f. 5<sup>th</sup> August, 2020

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

During the year the Board of Directors met 7 (Seven) times to discuss and deliberate on various matters. The meetings were held on 9<sup>th</sup> May, 2019, 3<sup>rd</sup> July, 2019, 5<sup>th</sup> July, 2019, 20<sup>th</sup> August, 2019, 20<sup>th</sup> November, 2019, 20<sup>th</sup> December, 2019 and 19<sup>th</sup> February, 2020. None of the meetings were held with a gap of more than 120 days. The details of the Members participation are given as under:

NAME OF THE DIRECTOR	ATTENDANCE AT THE BOARD MEETINGS HELD ON							ATTENDANCE AT THE AGM HELD
	09.05.19	03.07.19	05.07.19	20.08.19	20.11.19	20.12.19	19.02.20	
Sunjay Kapur	Present	Present	Leave	Present	Present	Present	Present	Leave
Rani Kapur#	Present	Present	Present	Leave	NA	NA	NA	NA
Vikram Verma Vadapalli#	Present	Present	Present	NA	NA	NA	NA	NA

Vivek Vikram Singh	NA	NA	Present	Present	Present	Present	Present	Present
Amit Dixit	NA	NA	NA	Present	Present	Present	Present	Leave
Amit Jain	NA	NA	NA	Present	Present	Leave	Present	Leave
Neeraj Mohan	NA	NA	NA	Present	Present	Present	Present	Present
Ganesh Mani	NA	NA	NA	Present	Present	Present	Present	Leave
Siddharth Pradip Kothari#	Present	Present	Present	NA	NA	NA	NA	NA
Prasan Abhay Kumar Firodia	NA	NA	NA	Present	Present	Leave	Leave	Leave
B.V.R Subbu	NA	NA	NA	Present	Present	Present	Present	Leave
**Pallavi Joshi Bakhru	Present	Present	Present	Present	Present	Present	Present	Present
Jürgen Klaus Theodor Ziegler#	Present	Present	Leave	NA	NA	NA	NA	NA
Bhaswati Mukherjee#	Present	Present	Present	NA	NA	NA	NA	NA

# Directors Resigned during the financial year 2019-2020 (please refer point 26 (b) of Directors Report for date of resignation).

\*Present includes participation by VC

\*NA – Not Applicable

\*\*Mrs. Pallavi Joshi Bakhru, Independent Director had resigned w.e.f 2nd May, 2020.

#### DETAILS OF NUMBER OF DIRECTORSHIP OF OTHER PUBLIC COMPANIES AND COMMITTEE POSITIONS HELD BY THEM AS CHAIRMAN AND MEMBER.

NAME OF THE DIRECTOR	NUMBER OF DIRECTORSHIP OF OTHER PUBLIC COMPANIES *	COMMITTEE POSITIONS ##	
		Chairman	MEMBER
Sunjay Kapur	1	-	-
Rani Kapur#			
Vikram Verma Vadapalli#			
Vivek Vikram Singh	-	-	-
Amit Dixit	6	-	-
Amit Jain	4	-	-
Neeraj Mohan	2	-	2
Ganesh Mani	0	-	-

Siddharth Pradip Kothari#			
Prasan Abhay Kumar Firodia	2	-	1
B.V.R Subbu	3	-	-
Pallavi Joshi Bakhru	1	-	1
Jürgen Klaus Theodor Ziegler#	-	-	-
Bhaswati Mukherjee#	-	-	-

# Directors Resigned during the financial year 2019-2020 (please refer point 26 (b) of Directors Report for date of resignation).

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

## Chairmanship/Membership of Audit Committee and Stakeholder's Relationship Committee in other Public Companies has been considered.

#### **DETAILS OF EQUITY SHARES HELD BY NON-EXECUTIVE DIRECTORS AS ON 31ST MARCH 2020.**

<b>NAME OF DIRECTORS</b>	<b>NO. OF EQUITY SHARES</b>
Sunjay Kapur	Nil
Prasan Abhay Kumar Firodia	Nil
Amit Dixit	Nil
Amit Jain	Nil
Ganesh Mani	Nil
Neeraj Mohan	Nil
B.V.R.Subbu	Nil
Pallavi Joshi Bakhru	Nil

#### **CHART/MATRIX OF SETTING OUT THE SKILLS/EXPERIENCES/COMPETENCES OF THE BOARD OF DIRECTORS:**

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

<b>SR. NO</b>	<b>SKILL AREA</b>
1	Strategic Thinking, Planning and Management
2	Entrepreneurial and Leadership skills
3	Marketing and Branding
4	Accounting, Legal and Financial Management expertise
5	Global Exposure
6	Automobile Industry Experience
7	Board Service and Governance
8	Regulatory Compliance and Stakeholder Management

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

## **BOARD MEETINGS AND BOARD COMMITTEE MEETINGS PROCEDURE**

### **I. Scheduling and selection of agenda items for Board Meeting**

Minimum of four pre-scheduled Board Meetings are held annually. Additional Board Meetings are convened by giving notice to address the Company's specific needs. In case of any urgent business matters, resolutions are passed by circulation.

The Board Meetings are usually held at the Registered Office of the Company at Sona Enclave, Village Begumpur Khatola, Sector 35, Gurgaon-122004.

### **II. Board Material distributed in advance**

The agenda to meetings are circulated to Directors in advance. All the material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, it is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

### **III. Recording minutes of proceedings at Board and Committee meetings**

The Company Secretary records minutes of proceedings of each Board and Committee meeting. Draft minutes are circulated to Board/ Board Committee members for their comments within 15 days of the conclusion of the meeting. The minutes are entered in the Minutes Book within 30 days from the conclusion of the meeting.

### **IV. Post meeting follow-up mechanism**

The guidelines for Board and Board Committee meetings facilitate an effective post meeting follow-up, review and reporting process for decisions taken at Board/ Board Committee meetings are communicated promptly to the concerned departments/divisions. Action taken on decisions of the previous meeting is placed at the succeeding meeting of the Board/Board Committee for noting.

### **V. Compliance**

The Compliance Secretary, while preparing the agenda, notes on agenda and minutes of the meeting(s), is responsible for and is required to ensure adherence to all applicable laws including the Companies Act, 2013 as applicable.

## INFORMATION PLACED BEFORE THE BOARD

The Board has complete access to all the information pertaining to the Company. The following information are regularly provided to the Board as part of the agenda papers well in advance of the Board meetings, tabled in the course of the meetings or sent regularly as a matter of practice.

- Quarterly Performance Results;
- Minutes of Meetings of the Board, Audit Committee and Nomination and Remuneration Committee.
- Material communications from Government including show cause notices, demand, prosecution notices and penalty notices, if any, which are materially important;
- Any Joint Ventures, Investment, Divestment, Restructuring and Collaboration Agreements.
- Sale of investments, assets that is not in the normal course of the business.
- Delegation of powers to the Management;
- Related Party transactions.
- Material events which may have impact on the operations of the Company.

## REMUNERATION PAID TO DIRECTORS

The table below gives the remuneration paid to the Non-Executive Directors during the year 2019-2020.

DIRECTORS	SITTING FEES (RS.)	SALARY, ALLOWANCES & PERQUISITIES (RS)	PROFESSIONAL FEES TO INDEPENDENT DIRECTORS (RS)	TOTAL
Rani Kapur	1,70,000	-	-	1,70,000
**Pallavi Joshi Bakhru	7,20,000	-	-	7,20,000
B.V.R Subbu	3,70,000	-	-	3,70,000
Bhaswati Mukherjee	3,20,000	-	-	3,20,000
Jürgen Klaus Theodor Ziegler	2,00,000	-	-	2,00,000
Prasan Abhay Kumar Firodia	1,20,000	-	-	1,20,000
Amit Dixit	-	-	-	
Amit Jain	-	-	-	
Neeraj Mohan	-	-	-	
Ganesh Mani	-	-	-	

\*Present includes participation by VC

\*NA – Not Applicable

\*\*Mrs. Pallavi Joshi Bakhru, Independent Director had resigned w.e.f 2<sup>nd</sup> May, 2020

## CODE OF CONDUCT

The company has in place a comprehensive Code of Conduct (the code) is applicable to all the employees and Non-Executive Directors including Independent Directors. The code is applicable to Non-Executive Directors including Independent Directors may be applicable to them depending on their roles and responsibilities. The code gives guidance and support needed for ethical conduct of business and compliance of law.

## COMMITTEES OF THE BOARD

The Company has constituted the following three committees viz. Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee to carry out clearly defined roles which are considered to be performed by the members of the Board, as a part of good governance practice. The scope of the Committees of the Board has been defined by the Board and their relevance is reviewed from time to time. The Company Secretary acts as Secretary to these committees of the Board. The minutes of the Committee Meetings are sent to all the Directors individually and are also tabled at the Board Meetings.

## AUDIT COMMITTEE

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

The Company has re-constituted the Audit Committee on 5<sup>th</sup> July, 2019 as per Section 177 of the Companies Act, 2013 and the Rules there under. The name of the Members of the Audit Committee and its composition as on 31<sup>st</sup> March, 2020 is as follows:

NAME OF THE MEMBER	CATEGORY
B. V. R. Subbu	Chairman and Independent Director
**Pallavi Joshi Bakhru	Independent Director
Neeraj Mohan	Director

\*Present includes participation by VC

\*NA – Not Applicable

\*\*Mrs. Pallavi Joshi Bakhru, Independent Director has resigned w.e.f. 2<sup>nd</sup> May, 2020

The Audit Committee was further re-constituted on 5<sup>th</sup> August, 2020.

During the year the Audit Committee met 6 (Six) times to discuss and deliberate on various matters. The meetings were held on 9<sup>th</sup> May, 2019, 3<sup>rd</sup> July, 2019, 5<sup>th</sup> July, 2019,

20<sup>th</sup> August, 2019, 20<sup>th</sup> November, 2019 and 19<sup>th</sup> February, 2020. The details of the Members participation are given as under:

NAME OF THE MEMBER	CATEGORY	ATTENDANCE AT THE AUDIT COMMITTEE MEETINGS					
		09.05.19	03.07.19	05.07.19	20.08.19	20.11.19	19.02.20
B. V. R. Subbu	Independent Director	NA	NA	NA	Present	Present	Present
**Pallavi Joshi Bakhru	Independent Director	Present	Present	Present	Present	Present	Present
Neeraj Mohan	Non-Executive Director	NA	NA	NA	Present	Present	Present
***Sunjay Kapur	Non-Executive Director	Present	Present	Leave	NA	NA	NA
Bhaswati Mukherjee	Non-Executive Director	Present	Present	Present	NA	NA	NA
Siddharth Pradip Kothari	Non-Executive Director	Present	Present	Present	NA	NA	NA
Jürgen Klaus Theodor Ziegler	Independent Director	Present	Present	Leave	NA	NA	NA

\*Present includes participation by VC

\*NA – Not Applicable

\*\*Mrs. Pallavi Joshi Bakhru, Independent Director has resigned w.e.f. 2<sup>nd</sup> May, 2020

\*\*\*The designation of Mr. Sunjay Kapur has changed from Managing Director to Director w.e.f. 5<sup>th</sup> July, 2019.

**The role of the Committee is to assist the Board in fulfilling its oversight responsibility relating to:**

- (i) The integrity of the Company's financial statements and financial reporting process;
- (ii) Compliance process of the Company with legal and regulatory requirements;
- (iii) Qualification and independence of the external auditors;
- (iv) Performance of Company's external auditors and Company's internal audit function;
- (v) Adequacy and reliability of internal control system;
- (vi) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;



- (vii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (viii) Examination of the financial statement and the auditors' report thereon;
- (ix) Approval or any subsequent modification of transactions of the company with related parties;
- (x) Scrutiny of inter-corporate loans and investments;
- (xi) Valuation of undertakings or assets of the company, wherever it is necessary;
- (xii) Evaluation of internal financial controls and risk management systems;
- (xiii) 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;
- (xiv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval;
- (xv) Discussion with internal auditors of any significant findings and follow up thereon;
- (xvi) Examination and review of cash management system and
- (xvii) Such other function/activities as may be decided by the Board, from time to time

#### **NOMINATION AND REMUNERATION COMMITTEE**

The Company has re-constituted the Nomination and Remuneration Committee on 5<sup>th</sup> July, 2019 as per Section 178 of the Companies Act, 2013 and the Rules there under.

During the year, the Nomination and Remuneration Committee met Four (4) times to discuss and deliberate on various matters. The meetings were held on 9<sup>th</sup> May, 2019, 5<sup>th</sup> July, 2019, 20<sup>th</sup> August, 2019 and 19<sup>th</sup> February, 2020. The details of the Members participation are given as under:

NAME OF THE MEMBER	CATEGORY	ATTENDANCE AT NOMINATION AND REMUNERATION COMMITTEE MEETINGS			
		09.05.19	05.07.19	20.08.19	19.02.20
Amit Dixit	Non-Executive Director	NA	NA	Present	Present
**Pallavi Joshi Bakhru	Independent Director	Present	Present	Present	Present

B.V.R Subbu	Independent Director	NA	NA	Present	Present
Amit Jain	Non-Executive Director	NA	NA	Present	Present
Rani Kapur	Non-Executive Director	Present	Present	Leave	NA
Bhaswati Mukherjee	Independent Director	Present	Present	NA	NA
Siddharth Pradip Kothari	Non-Executive Director	Present	Present	NA	NA

\*Present includes participation by VC

\*NA – Not Applicable

\*\*Mrs. Pallavi Joshi Bakhru, Independent Director has resigned w.e.f 2<sup>nd</sup> May, 2020

The Nomination and Remuneration Committee was further re-constituted on 5<sup>th</sup> August, 2020

**The role of the Committee is to provide assistance to the Board in fulfilling its oversight responsibility relating to:**

- (i) identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal. Further it has been attached with a wider responsibility of carrying out evaluation of every director's performance;
- (ii) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

While formulating the policy, the Committee shall consider the following:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay

reflecting short and long-term performance objectives appropriate to the working of the company and its goals; and

- (d) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- (iii) Formulation of criteria for evaluation of independent directors and the Board;
- (iv) Devising a policy on Board diversity;
- (v) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- (vi) Such other functions/activities as may be decided by the Board, from time to time.

### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility (CSR) Committee has been re-constituted by the Board on 5<sup>th</sup> July, 2019. The Composition of the committee meets the requirement of the Section 135 of the companies Act 2013 and the applicable rules and regulations.

The CSR Committee of the Company has formulated the CSR Policy for the Company. The Policy is in conformity of the requirement of Section 135 of the Companies Act, 2013 and the rules made there under. The CSR Committee focuses on activities mentioned in the Schedule VII of the Act viz. Health, safety, education, employability, rural infrastructure etc.

During the previous year the Committee had met thrice on 20<sup>th</sup> August, 2019, 20<sup>th</sup> November, 2019 and 19<sup>th</sup> February, 2020 to discuss and deliberate on various matters. The details of the Members participation in the meeting are as under.

NAME OF THE MEMBER	CATEGORY	ATTENDANCE AT CORPORATE SOCIAL RESPONSIBILITY COMMITTEE MEETINGS HELD ON		
		20.08.19	20.11.19	19.02.20
**Pallavi Joshi Bakhru	Chairperson and Independent Director	Present	Present	Present
Prasan Abhay Kumar Firodia	Non-Executive Director	Present	Present	Leave
Amit Jain	Non-Executive Director	Present	Present	Present
***Sunjay Kapur	Non-Executive Director	Present	Present	Present

\*Present includes participation by VC

\*NA – Not Applicable

\*\*Mrs. Pallavi Joshi Bakhru, Independent Director has resigned w.e.f 2<sup>nd</sup> May, 2020

\*\*\*The designation of Mr. Sunjay Kapur has changed from Managing Director to Director w.e.f. 5<sup>th</sup> May, 2019.

The CSR Committee was further re-constituted on 5<sup>th</sup> August, 2020

**The role of the Committee is to provide assistance to the Board in fulfilling its oversights responsibility relating to:**

- (i) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Committee as specified in Schedule VII of the Companies Act, 2013;
- (i) Recommend the amount of expenditure to be incurred on CSR activities;
- (ii) Monitor the CSR Policy of the Company from time to time;

**ROLE OF COMPANY SECRETARY IN OVERALL GOVERNANCE PROCESS**

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

**ANNUAL GENERAL MEETINGS**

Details of Annual General Meeting held during last three years under review:

YEAR	VENUE	DATE	TIME	SPECIAL RESOLUTIONS PASSED
2017	GF-19, Indraprakash, 21, Barakhamba Road, New Delhi – 110 001	28 <sup>th</sup> day of September, 2017	04:30 p.m	Alteration of the Memorandum of Association;  Re-appointment of Mr. Vikram Verma Vadapalli as the Whole time Director.
2018	GF-19, Indraprakash, 21, Barakhamba Road, New Delhi – 110 001	28 <sup>th</sup> September, 2018	11:00 a.m	To approve resolution in accordance with the provisions of section 62(3) of the Companies act, 2013.

2019	Sona Enclave, Village Begumpur Khatola, Sector 35, Gurgaon-122004	30 <sup>th</sup> day of November, 2019	05:00 p.m	To consider and approve the alteration in the Articles of Association (AoA).
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## DISCLOSURES

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

  
 Value  
Research