

# SONA BLW PRECISION FORGINGS LIMITED

(CIN: U27300DL1995PLC073456)

Registered Office- GF-19, Indra Prakash

21, Barakhamba Road, New Delhi-110001

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## NOTICE

Notice is hereby given that the **21<sup>st</sup> Annual General Meeting** of the members of Sona BLW Precision Forgings Limited will be held on Thursday, the 28<sup>th</sup> day of September, 2017 at 4.30 P.M at the Registered Office of the Company located at GF-19, Indraprakash, 21, Barakhamba Road, New Delhi – 110 001 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2017 including the Audited Balance Sheet as at March 31, 2017, Cash Flow Statement and Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint the Statutory Auditors of the Company and to fix their remuneration and to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit & Auditors) Rules, 2014 (including any statutory reenactment or modification thereof, for the time being in force), M/s. Walker Chandiook & Co. LLP (Grant Thornton Associates), Chartered Accountants (Firm Registration No. 001076N/N500013), be and are hereby appointed as the Statutory Auditors of the Company, to hold the office from the conclusion of 21<sup>st</sup> Annual General Meeting till the conclusion of 26<sup>th</sup> Annual General Meeting to be held in the year 2022 subject to ratification of their appointment by the members at every Annual General Meeting, at a remuneration to be mutually decided by the Board of Directors in consultation with the Auditors plus applicable taxes and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.

**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.”

### **SPECIAL BUSINESS:**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, and other applicable provisions of the Companies Act, 2013, if any, read with Rules framed thereunder (including any statutory re-enactment or modification thereof) Mrs. Rani Kapur (holding DIN 00465750), who was appointed as a Director and Chairperson of the Company to fill the casual vacancy caused due to demise of Dr. Surinder Kapur( holding DIN 00062481) by the Board of Directors with effect from 7<sup>th</sup> September, 2015, in terms of Section 161(4) of the Companies Act, 2013) and whose term of office expires at the 21<sup>st</sup> Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Non-Executive Director of the Company, liable to determination by retirement of Directors by rotation”

**4. 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 13(1) of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 read with the rules framed thereunder, consent of the Company be and is hereby accorded to adopt a new set of Memorandum of Association of the Company to align the same in line with the provisions of the Companies Act, 2013.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things as deem necessary, proper or desirable.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 198 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Schedule V of the Companies Act, 2013 and subject to such sanctions as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Mr. Vikram Verma Vadapalli as Executive Director of the Company for a further period of three (3) years with effect from 1<sup>st</sup> July, 2017 on the terms and conditions including as to remuneration set out in the draft agreement submitted to this meeting and initialed by the Chairman of the meeting for the purpose of identification, which agreement is 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. Vikram Verma Vadapalli, Executive 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.”

**By Order of the Board**

Registered Office:  
GF-19, Indraprakash,  
21, Barakhamba Road,  
New Delhi – 110 001  
Date: 11<sup>th</sup> August, 2017

**(Raajesh Kumar Gupta)**  
**Vice President (Legal) & Company Secretary**

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member. **A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.**

**A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

**An instrument of Proxy is valid only if it is properly stamped as per the applicable law.**

2. Proxies in order to be effective must be received by the Company not less than 48 hours before the time for holding the Meeting. **A Proxy Form is sent herewith. Proxies submitted on behalf of companies, societies, etc. must be supported by appropriate resolution / authority, as applicable.**
3. The proxy holder shall prove his identity at the time of attending the Meeting.
4. When a member appoints a proxy and both the member and proxy attend the meeting, the proxy shall stand automatically revoked.
5. Proxies shall be made available for inspection during twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting.
6. Corporate members are required to send to the company a certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act 2013, authorizing their representative to attend and vote at the Annual General Meeting.
7. Members are requested to bring their attendance slip duly signed as per the specimen signature recorded with the Company for admission into the Meeting Hall.
8. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 and Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 read with Rules issued thereunder other relevant documents in respect of the proposed resolutions will be available for inspection by the members at the Meeting.
9. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting is annexed hereto.
10. A Route map showing directions to reach the venue of the 21<sup>st</sup> Annual General Meeting is given at end of this Notice as per the requirement of the Secretarial Standards-2 on “General Meetings”.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **Item No. 3**

The Board of Directors at its meeting held on 07<sup>th</sup> September, 2015 based on the recommendation of the Nomination and Remuneration Committee (NRC) meeting held on the same date, had appointed Mrs. Rani Kapur as Director with effect from 7<sup>th</sup> September, 2015 to fill the casual vacancy caused due to sudden demise of Dr. Surinder Kapur. In terms of the provisions of Section 161(4) of the Companies Act, 2013, she would hold the office only up to the date up to which Dr. Surinder Kapur would have held.

Since Dr. Surinder Kapur would have become due for retirement by rotation at the 21<sup>st</sup> Annual General Meeting, had he continued to be in office, the office of Mrs. Rani Kapur (appointed in casual vacancy) shall become due to retire at the 21<sup>st</sup> Annual General Meeting.

Further, pursuant to provisions of Section 160 of the Companies Act, 2013, the Company had received notice in writing under Section 160 of the Companies Act, 2013 from a member of the Company along with requisite deposit, proposing the candidature of Mrs. Rani Kapur for appointment as Director on the Board of the Company. The Board at its meeting held on 11<sup>th</sup> August, 2017 recommended the re-appointment of Mrs. Rani Kapur as the Non-Executive Director of the Company.

Except Mrs. Rani Kapur and Mr. Sunjay Kapur, Son of Mrs. Rani Kapur, none of the Directors, Key Managerial Personnel of Company and their relatives are concerned or interested, financially or otherwise in the said resolution.

The resolution is accordingly recommended for member's approval.

#### **Item No. 4**

With the coming into force of the Companies Act 2013, reference to the relevant Sections of the earlier Companies Act, 1956 given in several clauses of the existing Memorandum of the Company require alteration so as to align with the provisions of the Companies Act, 2013.

Besides this, the Other Objects of the Memorandum are required to be deleted altogether as post implementation of the Companies Act, 2013, the same have become redundant. Hence, the Board of Directors in its meeting held on 11<sup>th</sup> August, 2017 approved the proposal to adopt new set of Memorandum of Association in place of existing Memorandum of Association of the Company and seek shareholders' approval for the same.

In terms of Section 13 of the Companies Act, 2013, consent of the members by way of special resolution is required for alteration of Memorandum of Association of the Company.

A copy of the proposed amended Memorandum of Association of the Company would be available for inspection for the members at the Registered Office of the Company during the office hours on any working day, except Sundays, between 10.00 a.m. to 5.00 p.m. up to the conclusion of the Annual General Meeting.

The Board of Directors recommends the Resolution at Item No. 4 of the accompanying Notice for the approval of the Members of the Company as a Special Resolution.

None of the Directors, Key Managerial Personnel of Company and their relatives are concerned or interested, financially or otherwise in the said resolution.

#### **Item No. 5**

Pursuant to the recommendation of the Nomination and Remuneration Committee and subject to the approval of the members, the Board of Directors of the Company at their meeting held on 13<sup>th</sup> June, 2014, had appointed Mr. Vikram Verma Vadapalli as the Executive Director of the Company with remuneration, with effect from 6<sup>th</sup> September, 2014 for a period of Three (3) years. The appointment of Mr. Vikram Verma Vadapalli as Executive Director of the Company was approved by the Shareholders of the Company in the Annual General Meeting held on 29<sup>th</sup> August, 2014. Accordingly, the tenure of the appointment of Mr. Vikram Verma Vadapalli, Director (Operations) of the Company was due to expire on 5<sup>th</sup> September, 2017.

Keeping in view contributions made by Mr. Vikram Verma Vadapalli during his tenure as Executive Director of the Company and to suitably reward him for the same, the Nomination and Remuneration Committee had recommended to put the present tenure of Mr. Verma to end on 30<sup>th</sup> June, 2017 and reappoint him as Executive Director with increased remuneration with effect from 1<sup>st</sup> July, 2017, for a further period of 3 (three) years, which the Board had in its meeting held on 6<sup>th</sup> June, 2017 approved, subject to approval of shareholders, on the terms and conditions as set out below:

#### **(I) Remuneration :**

Mr. Vikram Verma Vadapalli, Executive Director shall by way of salary, allowances, perquisites and commission, be entitled for the following remuneration:

**(A) FIXED**

**(a) Salary:**

Basic Salary of Rs. 5,75,000/- (Rupees Five Lac Seventy Five Thousand only) in the scale of Rs. 5,75,000 – 1,00,000 – 7,75,000 per month.

**(b) Perquisites**

- i) In addition to above remuneration Mr. Vikram Verma Vadapalli, Executive Director of the Company shall also be entitled to perquisites like Housing / House Rent Allowance, gas, electricity and water, medical reimbursement, soft furnishings and leave travel concessions for self and family, medical insurance, Uniform, Newspaper reimbursement, Festival Bonus, business promotion etc. The value of these perquisites shall be restricted to an amount equivalent to 60% of the Basic Salary.
- ii) Provision for use of chauffeur driven Company car for official duties / Car Allowance as per Company's Policy.
- iii) Provision of telephone / mobile (including payment for local calls and long distance official calls) as per Company's Policy.
- iv) Company's contribution to Provident Fund and Superannuation Fund.
- v) Gratuity payable will not exceed half month's salary for each completed year of service.
- vi) Encashment of leave as per Company's policy.

In the absence of inadequacy of profits in any financial year during the currency of the tenure of Mr. Vikram Verma Vadapalli, as the Executive Director of the Company, the above remuneration shall be the minimum remuneration payable to Mr. Vikram Verma Vadapalli.

**(B) VARIABLE**

In addition to the above fixed salary and perquisites, Mr. Vikram Verma Vadapalli, Executive Director of the Company shall also be entitled to variable remuneration linked to Company performance and individual performance as may be decided by the Nomination and Remuneration Committee from time to time.

- (II) The Appointment is w.e.f. 1<sup>st</sup> July, 2017 which may be terminated by either party giving the other party three months' notice or salary in lieu thereof.
- (III) The terms and conditions of the said appointment and / or Agreement(s) may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Mr. Vikram Verma Vadapalli, as Executive Director in accordance with section 197/Schedule V of the Companies Act, 2013, or any amendments / re-constitution hereafter in this regard.
- (IV) Mr. Vikram Verma Vadapalli, Executive Director shall be liable to retire by rotation.”  
The draft Agreement to be executed between the Company and the Executive Director is available for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays between 11.00 a.m. and 5.00 p.m. up to the date of the Annual General Meeting and a copy thereof will also be available at the meeting venue.

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

## I. GENERAL INFORMATION

- (1) **Nature of the Industry:** The Company is a part of Indian Auto Ancillary Components Manufacturing Industry and is engaged in the business of manufacturing of Precision Hot Die Forged Gears and Synchronizer Rings. The Auto Ancillary Industry is a high technology industry with continuous advancement of technology. The Company has technology advantage on its competitors due to its latest technology and collaboration with Mitsubishi Materials Corporation, Japan.
- (2) **Date of Commercial Production:** The Company commenced its commercial production for manufacture of Differential Gears in November, 1998 and for Heat Treatment Project in April, 2001.
- (3) **Financial Performance:** The financial performance of the Company (audited) during last five years is as under:

(Rs. In Lakhs)

Financial Parameters	Year ended 31 <sup>st</sup> March, 2017	Year ended 31 <sup>st</sup> March, 2016	Year ended 31 <sup>st</sup> March, 2015	Year ended 31 <sup>st</sup> March, 2014	Year ended 31 <sup>st</sup> March, 2013
Turnover	503,30.32	365,32.63	345,57.04	330,94.73	261,57.18
Net Profit (As computed under Sec.198)	5,585.47	5,967.23	4,349.20	5,402.68	3,532.64
Net Profit as per Profit & Loss Account	4,487.01	(1,596.36)	2,887.77	3,110.64	2,278.68
Amount of Dividend Paid	Nil	Nil	Nil	Nil	Nil
Rate of Dividend Declared	Nil	Nil	Nil	Nil	Nil

- (4) **Financial performance based on given indicators:** The Company started its commercial production in the era when whole Indian automotive Industry was facing recession. However, subsequently the growth of the automobile industry improved and during the financial year ended 31<sup>st</sup> March, 2018, the Company expects to achieve the sales of Rs. 5884 million. During the year ended 31<sup>st</sup> March, 2018, the Company expects a profit of 793 million approx.
- (5) **Export performance and net foreign exchange:** The actual exports done by the Company is as under:
- (i) For the year ended 31.03.2013 : Rs. 554.53 Million
- (ii) For the year ended 31.03.2014 : Rs. 896.11 Million
- (iii) For the year ended 31.03.2015 : Rs. 809.08 Million
- (iv) For the year ended 31.03.2016 : Rs. 759.44 Million
- (v) For the year ended 31.03.2017 : Rs.1,625.60 Million

- (6) **Foreign investment or collaboration, if any:** The Company was established as a Joint Venture Company between Sona Autocomp Holding Pvt. Ltd. (formerly: Sona Autocomp Holding Ltd. and Mandira Investment and Finance Company Pvt. Ltd.) and Mitsubishi

Materials Corporation, Japan vide Shareholders' Agreement dated 7<sup>th</sup> April, 2006. Mitsubishi Material Corporation also provided technology support for manufacture of the forging components. During the year 2016-17, Sona Autocomp Holding Pvt. Ltd. purchased shareholding of Mitsubishi Material Corporation and presently the Company does not have any foreign investment or collaboration.

## II. INFORMATION ABOUT THE APPOINTEE

(1) **Background Details:** Mr. Vikram Verma Vadapalli a graduate engineer who has over 33 years of rich experience in automotive industry. He is an alumnus of Karnataka Regional Engineering College, Surathkal. Soon after graduation in the year 1981, he started his carrier with Escorts India Ltd. where he worked for 6 years in various departments. He joined Sona group in the year 1987 & since then he has been a successful team player in Sona group.

(2) **Past Remuneration:** The tenure of the appointee is expiring of 5<sup>th</sup> September, 2017. However, he is re-appointed w.e.f 1<sup>st</sup> July, 2017. The details of the remuneration being drawn by the appointee upto 30<sup>th</sup> June, 2017 is as under:

(a) Basic Salary:

Rs. 3,00,000/- (Rupees Three Lacs only) per month in the scale of Rs. 3,00,000 – Rs. 25,000 – Rs. 3,50,000.

(b) Perquisites

In addition to above remuneration Mr. Vikram Verma Vadapalli, Executive Director of the Company shall also be entitled to perquisites like Housing / H.R.A. including gas, electricity and water, medical reimbursement, soft furnishings and leave travel concessions for self and family, medical insurance, Education Allowance, Uniform cost and Allowance, Newspaper Allowance, Festival Bonus, business promotion etc. The value of these perquisites shall be restricted to an amount equivalent to 60% of the basic salary.

- i. Provision for use of chauffeur-driven Company car for official duties / Car Allowance with Chauffeur Salary and Fuel reimbursement as per Company's Policy.
- ii. Provision of telephone / mobile (including payment for local calls and long distance official calls) as per Company's Policy.
- iii. Company's contribution to Provident Fund and Superannuation Fund.
- iv. Gratuity payable will not exceed half month's salary for each completed year of service.
- v. Encashment of leave as per Company's policy.

In the absence of inadequacy of profits in any financial year during the currency of the tenure of Mr. Vikram Verma Vadapalli, as the Executive Director of the Company, the above remuneration shall be the minimum remuneration payable to Mr. Vikram Verma Vadapalli.

(c) Commission (Incentive)

In addition to the above salary and perquisites, Mr. Vikram Verma Vadapalli, Executive Director of the Company shall also be entitled to Performance Linked Commission (Incentive) subject to maximum of Rs. 30,00,000/- (Rupees Thirty Lacs only) per annum in first year, maximum of Rs. 35,00,000/- (Rupees Thirty Five Lacs only) per annum in second year and maximum of Rs. 40,00,000/- (Rupees Forty Lacs only) per annum in third year of appointment, as may be decided by the Board of Directors of the Company in its sole discretion.

- (3) **Recognition or awards:** Nil
- (4) **Job profile and his suitability:** The appointee has been appointed as Executive Director of the Company to manage the Operations of the Company.
- (5) **Remuneration Proposed:** The detail of the remuneration proposed is as mentioned hereinabove.
- (6) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:** The present job responsibilities of the appointee are to manage the operations of the Company. Accordingly, keeping in view the present scenario of high pay package being offered by MNC / Class 'A' Indian Corporate(s), the proposed remuneration package of the appointee matches to the prevailing remuneration package in the concerned industry, size of the Company, profile of the position etc.
- (7) **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** Except to the extent of his employment with the Company, the appointee 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
- (2) **Steps taken or proposed to be taken for improvement:** The Company has taken various steps to improve the financial position of the Company. These steps included reduction in manpower cost, reduction in other miscellaneous costs, increase in selling price of the products manufactured by the Company, localization of imported materials etc.
- (3) **Expected increase in productivity and profits in measurable terms:** With the steps being taken by the management to improve the financial position of the Company, it is expected that the turnover and the profitability of the Company shall improve significantly.

The Board of Directors recommends the Resolutions at Item No. 5 of the accompanying Notice for the approval of the Members of the Company as Special Resolution.

Except Mr. Vikram Verma Vadapalli, none of the Directors, Key Managerial Personnel of Company and their relatives are concerned or interested, financially or otherwise in the said resolution.

Pursuant to the provision of Secretarial Standards 2, the details of Mrs. Rani Kapur and Mr. Vikram Verma Vadapalli seeking appointment/re-appointment are provided below:



<b>Name of Director</b>	<b>Mrs. Rani Kapur</b>	<b>Mr. Vikram Verma Vadapalli</b>
DIN	00465750	03631259
Age	72 years	57 years
Qualification	Graduate	Graduate Engineer
Experience/Expertise in specific functional areas	Mrs. Kapur has been associated with the Group since more than last 3 decades. She is Managing Director of Sona Management Services Ltd.	As provide in explanatory statement of Item no 5
Terms and conditions of appointment/re-appointment.	Non-Executive Director	As provide in explanatory statement of Item no 5
Remuneration sought to be paid	NIL (only sitting fee).	As provide in explanatory statement of Item no 5
Last remuneration drawn	Sitting fees	As provide in explanatory statement of Item no 5
Date of first Appointment on the Board of the Company	07.09.2015	06.09.2011
Number of Equity Shares held in the Company.	2	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company.	Mother of Sunjay Kapur, Managing Director	None
Number of Board Meetings attended during Financial year 2016-17	2 meetings	5 meetings

List of outside directorship held	<ol style="list-style-type: none"> <li>1. Pune Heat Treat Private Limited (Resigned w.e.f 10.08.2017)</li> <li>2. Mandira Systems Components Limited</li> <li>3. Sona Management Services Limited</li> <li>4. Raghuvanshi Investment Private Limited</li> <li>5. B R S Finance and Investment Company Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Skap Forging Private Limited</li> <li>2. Sona Skill Development Centre Limited</li> </ol>
Chairman/member of the committee of the Board of Directors of other companies in which he is a director	<ol style="list-style-type: none"> <li>1. Sona Management Services Limited <ol style="list-style-type: none"> <li>a. Corporate Social Responsibility Committee- Member.</li> </ol> </li> </ol>	

**By order of the Board  
For Sona BLW Precision Forgings Limited**

**Place: Registered Office  
GF-19, Indraprakash,  
21, Barakhamba Road,  
New Delhi-110 001  
Date: 11<sup>th</sup> August, 2017**

**Raajesh Kumar Gupta  
Company Secretary  
Membership No. 8709**

## Route Map of the Venue of the AGM

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Office: GF-19, Indra Prakash  
21, Barakhamba Road

For any queries contact: Tel: [+91-124-476-8200](tel:+91-124-476-8200)

