

5th February, 2016

The BSE Limited
Department of Corporate Services
Floor 1, New Trading Ring
Rotunda Building. P.J. Towers
Dalal Street, Fort
Mumbai 400 001.
Scrip Code - 520057

National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block
Bandra – Kurla Complex
Bandra (E)
Mumbai 400 051.
Symbol – SONASTEER; Series – EQ

Sub : Press Release and Presentation for Analyst and Institutional Investors for the third quarter ended 31st December, 2015.

Dear Sir,

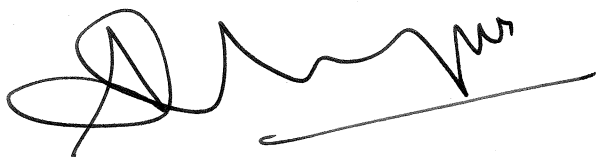
Pursuant to application regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find herewith the following :

- A copy of Press Release being issued today.
- A presentation that shall be shared with the Analyst and Institutional Investors with respect to the unaudited financial results for the third quarter ended 31st December, 2015.

This is for your information and record.

Thanking you,

Yours faithfully,
For **SONA KOYO STEERING SYSTEMS LTD.**



SUDHIR CHOPRA
PRESIDENT & COMPANY SECRETARY

SONA KOYO STEERING SYSTEMS LTD.

Regd. Office : UGF-6, Indra Prakash 21 Barakhamba Road New Delhi-110 001 India
Tel : +91 11 2331 1924 / 2332 7205,
CIN : L29113DL1984PLC018415, **Website :** www.sonakoyosteering.com

Works: 38/6 Delhi-Jaipur Road, NH-8, Gurgaon-122 001 Haryana India
Tel : +91 124 468 5000, **Fax:** +91 124 410 4611 / 410 4621



For Immediate Release

SONA KOYO STEERING SYSTEMS LTD -UNAUDITED RESULTS FOR THE QUARTER & NINE MONTHS ENDED 31st DECEMBER 2015

New Delhi, February 05, 2016: The Board of Directors of Sona Koyo Steering Systems Ltd. (SONA), India's largest manufacturer and supplier of Steering Systems, in Technical and Financial Collaboration with global No. 1 Steering System manufacturer viz. 'JTEKT Corporation', Japan (formerly Koyo Seiko Co. Ltd.), in its meeting held on 05th February, 2016 has taken on record the Financial Results for the Third Quarter ended 31st December, 2015.

Standalone

For the quarter ended 31st December, 2015, Net Sales decreased by 0.58% to Rs. 252.2 Crores from Rs. 253.6 Crores during the same period last year and Profit after Tax is at Rs. 1.66 Crores against Profit of Rs. 3.03 Crores during the same period last year.

For the Nine months ended 31st December, 2015, Net Sales increased by 0.18% to Rs. 780.1 Crores from Rs. 778.8 Crores during the same period last year and Profit after Tax is at Rs. 8.61 Crores against Profit of Rs. 7.09 Crores during the same period last year.

Consolidated

For the Nine months ended 31st December, 2015, Net Sales have decreased by 1.19% to Rs. 1111.1 Crores from Rs. 1124.5 Crores during the same period last year and Profit after Tax, after Minority Interest and share of associate is at Rs. 15.27 Crores against Profit of Rs. 19.28 Crores during the same period last year.

About Sona Koyo Steering Systems Limited

SONA KOYO Steering Systems Ltd. (SONA) is the flagship company of the SONA Group of Companies. The company is India's largest manufacturer of steering systems and is the supplier of choice to major auto manufacturers, supplying steering gears, columns and RPS assemblies to almost all Indian passenger car and utility vehicle manufacturers. More information about the company is available on the website www.sonagroup.com.

For further clarification:

Mr. Rajiv Chanana (CFO) - 09811766027



Investor Update – Q3FY16

Sona Koyo Steering Systems Ltd.



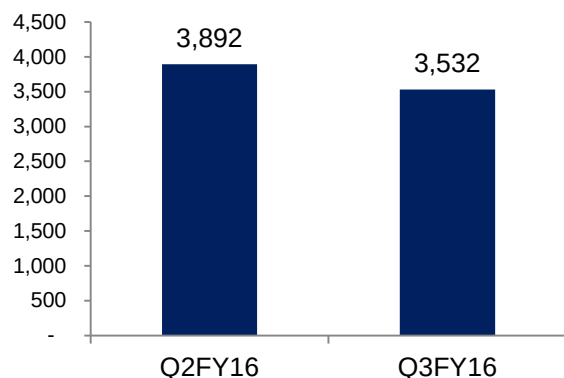
February 05, 2016

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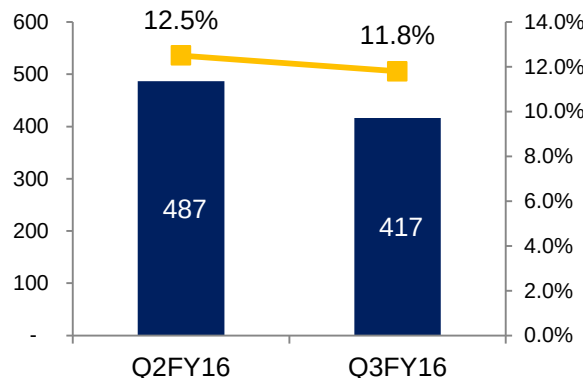
Q3FY16 Consolidated (QoQ): OEM product mix revamp impacts revenue

All figures in Rs Mn

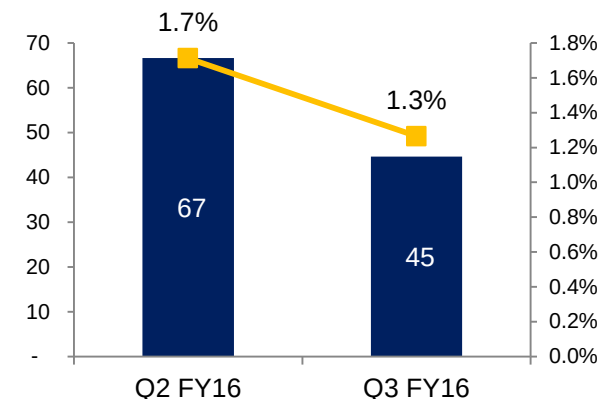
Revenue



EBITDA & EBITDA Margin

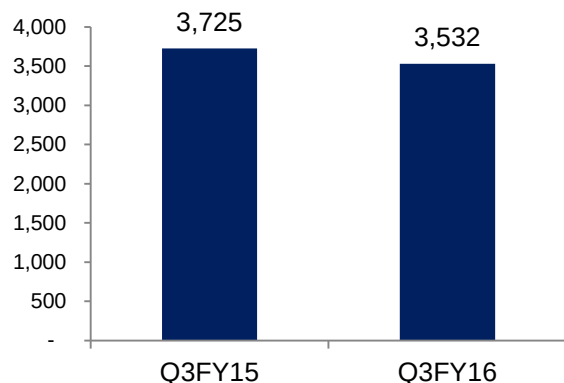


PAT & PAT Margin

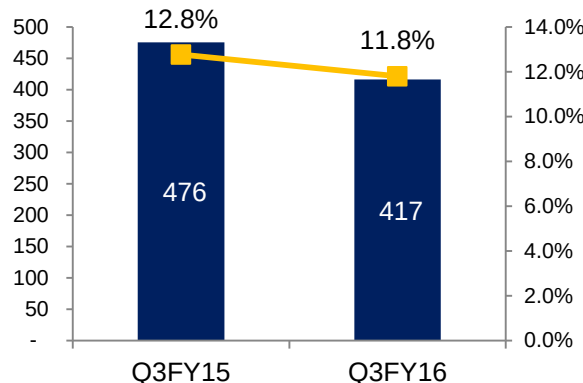


- Q3FY16 revenue at Rs 3,532mn, compared to Rs 3,892mn in Q2FY16 – down 9.2% QoQ, due to ongoing restructuring of product portfolio of major clients
- EBITDA at Rs 417mn with margin of 11.8% in Q3FY16, impacted by increase in staff cost
 - ✓ Staff cost as a percentage of revenue increased from 10.2% in Q2FY16 to 11.8% in Q3FY16 due to rise in minimum wages and revision of bonus limit as per statute during Q3FY16
 - ✓ Other expenses as percentage of revenue improved to 10.0% in Q3FY16, compared to 11.0% in Q2FY16
- PAT after minority interest and share of loss of associate at Rs 45mn in Q3FY16 compared to Rs 67mn in Q2FY16

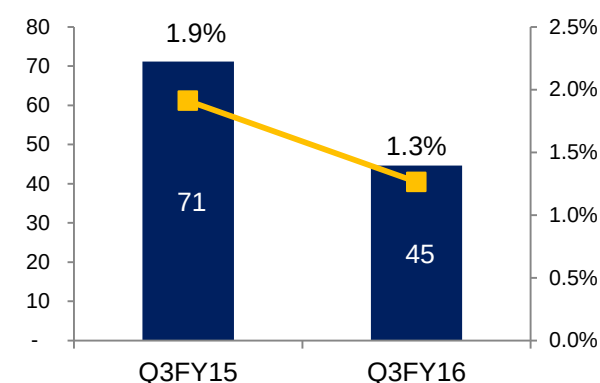
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total revenue in Q3FY16 declined 5.2% YoY to Rs 3,532mn, compared to Rs 3,725mn in Q3FY15

■ EBITDA down 12.4% YoY at Rs 417mn

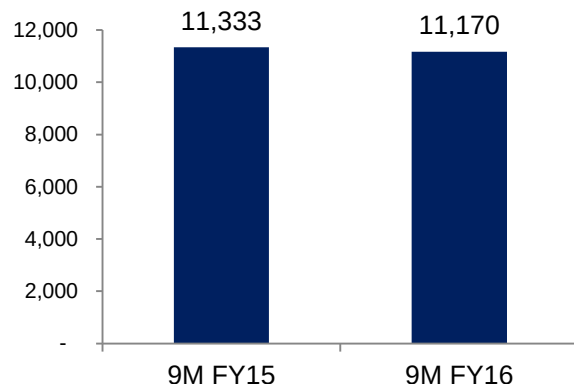
- ✓ Margins impacted by increase in staff cost which were partially offset by decrease in other expenditure
- ✓ Staff cost as percentage of revenue increased from 9.7% in Q3FY15 to 11.8% in Q3FY16 and other expenditure as percentage of revenue declined from 10.5% in Q3FY15 to 10.0% in Q3FY16

■ PAT after minority interest and share of loss of associate at Rs 45mn in Q3FY16 compared to Rs 71mn in Q3FY15

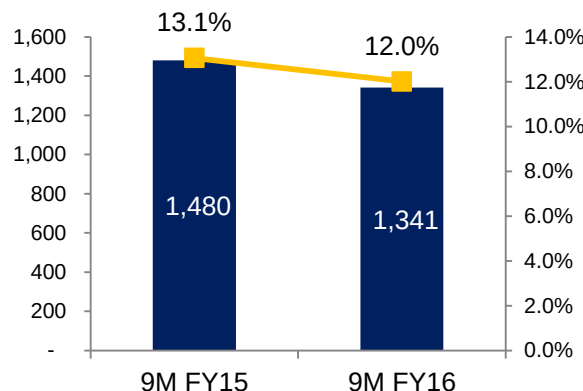
Consolidated 9M FY16: Marginal decline in consolidated revenues

All figures in Rs Mn

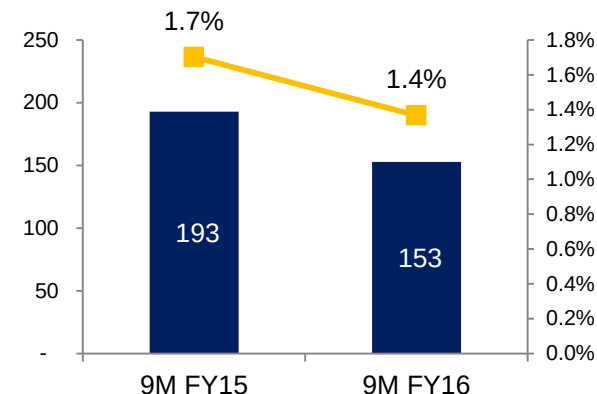
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



- Total revenue in 9M FY16 was at Rs 11,170mn, compared to Rs 11,333mn in 9M FY15, due to changing OEM product mix in the domestic market. Impact was partially offset by growth in exports

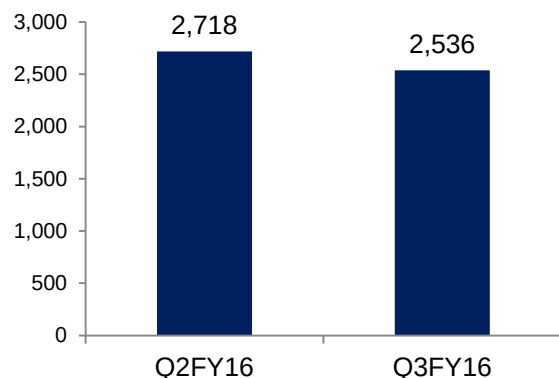
✓ Exports up 16.8% YoY in the period

- EBITDA at Rs 1,341mn in 9M FY16, compared to Rs 1,480mn in 9M FY15. EBITDA margin contracts to 12.0%

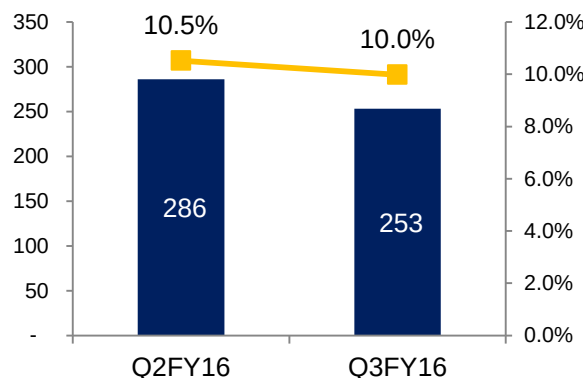
✓ Impacted primarily due to increase in staff costs which as a percentage of revenue increased from 9.4% in 9M FY15 to 10.9% in 9M FY16

- PAT after minority interest and share of loss of associate at Rs 153mn in 9M FY16 compared to Rs 193mn in 9M FY15

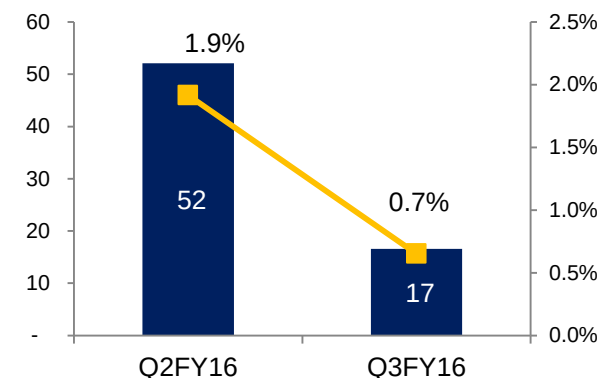
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total revenue at Rs 2,536mn in Q3FY16 compared to Rs 2,718mn in Q2FY16

■ EBITDA at Rs 253mn in Q3FY16 as compared to Rs 286mn in Q2FY16. EBITDA margin contracts to 10.0%

- ✓ Impacted primarily due to increase in staff costs which as a percentage of revenue increased from 11.5% in Q2FY16 to 12.9% in Q3FY16
- ✓ Decline partially offset by improvement in other expenses that reached 10.2% as a percentage of revenue in Q3FY16 from 11.8% in Q2FY16

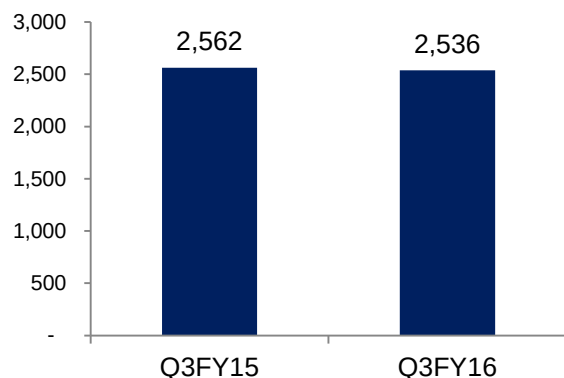
■ PAT at Rs 17mn compared to Rs 52mn in previous quarter mainly due to declining EBITDA and lower other income

- ✓ Other income decreased from Rs 34mn in Q2FY16 to Rs 12mn in Q3FY16

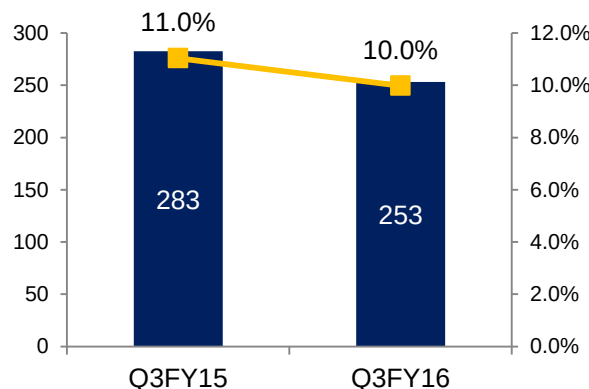
Q3FY16 Standalone (YoY): PAT impacted by rise in finance cost

All figures in Rs Mn

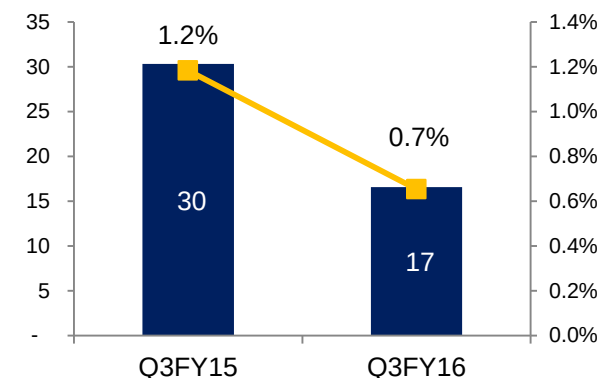
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total revenue in Q3FY16 at Rs 2,536mn compared to Rs 2,562mn in Q3FY15

■ EBITDA down 10.4% YoY to Rs 253mn in Q3FY16 compared to Rs 283mn in Q3FY15

- ✓ Impacted primarily due to increase in staff costs which as a percentage of revenue increased from 11.7% in Q3FY15 to 12.9% in Q3FY16 and increase in raw material costs as a percentage of revenue from 65.7% in Q3FY15 to 66.9% in Q3FY16
- ✓ Decline partially offset by improvement in other expenses that reached 10.2% as a percentage of revenue in Q3FY16 from 11.5% in Q2FY16

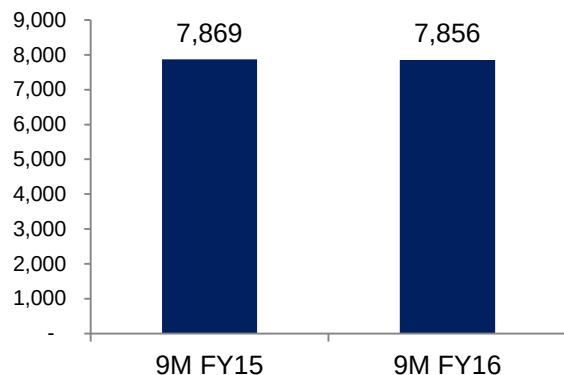
■ PAT in Q3FY16 at Rs 17mn, compared to Rs 30mn in Q3FY15, due to decline in EBITDA and rise in finance cost

- ✓ Finance cost increased 19.1% YoY to Rs 72mn in Q3FY16, compared to Rs 61mn in Q3FY15

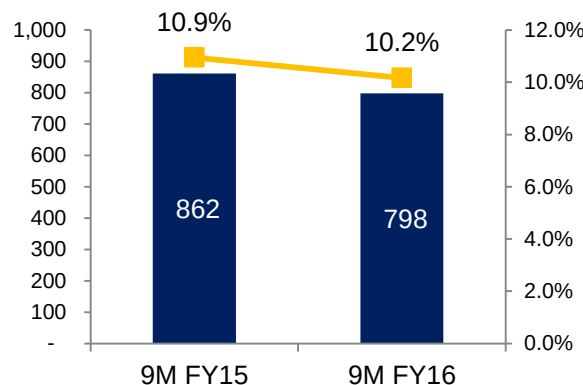
Standalone 9M FY16: PAT improved with declining non cash expenses

All figures in Rs Mn

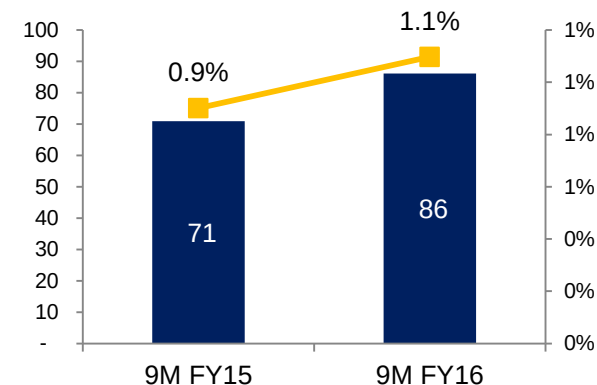
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total revenue in 9M FY16 at Rs 7,856mn compared to Rs 7,869mn in 9M FY15

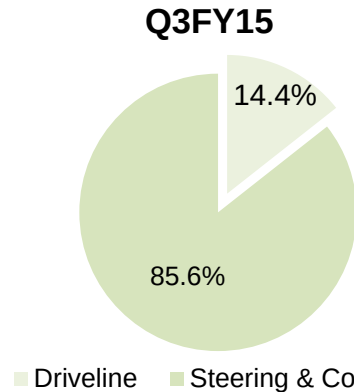
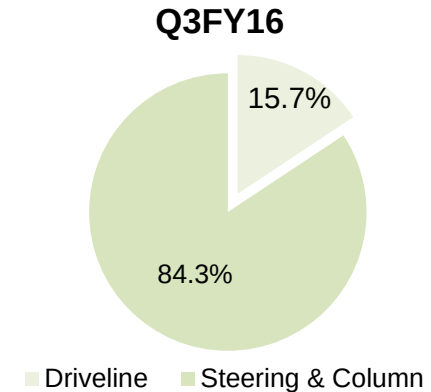
■ EBITDA at Rs 798mn in 9M FY16 compared to Rs 862mn in 9M FY15. EBITDA margin contracts to 10.2%

- ✓ Impacted primarily due to increase in staff costs which as a percentage of revenue increased from 11.2% in 9M FY15 to 12.2% in 9M FY16

■ PAT increased 21.5% YoY to Rs 86mn in 9M FY16, compared to Rs 71mn in 9M FY15

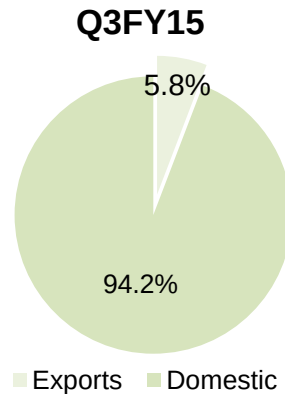
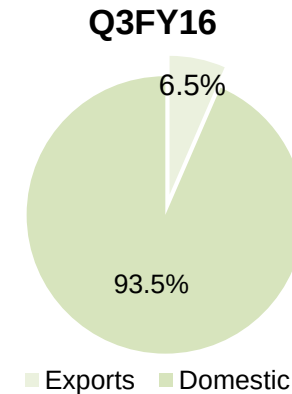
- ✓ Decrease in depreciation and amortisation expense from Rs 608mn in 9M FY15 to Rs 532mn in 9M FY16
- ✓ Other income increased from Rs 30mn in 9M FY15 to Rs 55mn in 9M FY16

Product Wise Sales Mix*



***Note: Break-up on gross basis, Steering & column product group includes EPAM sales**

Geographic Sales Mix



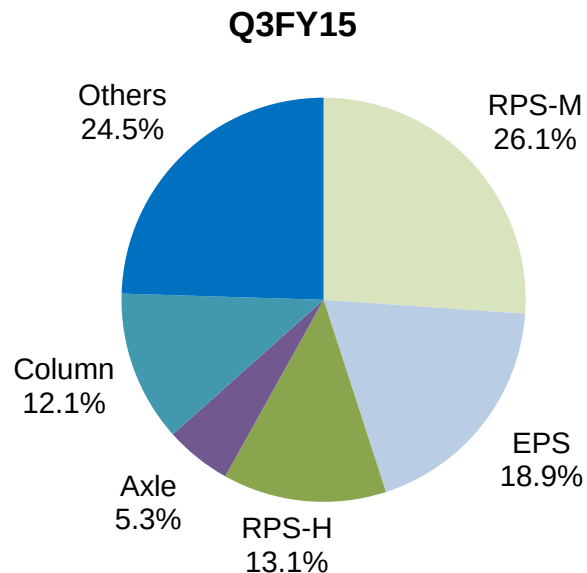
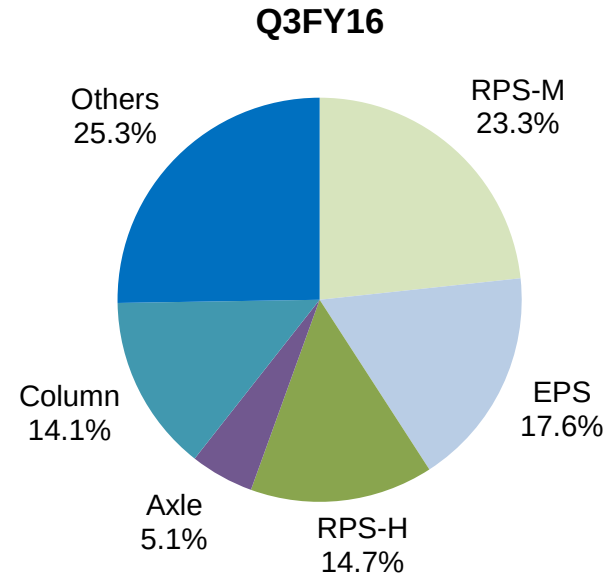
***Note: Break up on standalone basis**

Capacity utilization

■ Capacity Utilization across product categories during YTD FY16

- ✓ Steering Products – **54% YTD Dec' 2015**
- ✓ Column Products – **65% YTD Dec' 2015**
- ✓ Driveline Products – **32% YTD Dec' 2015**

Key steering & driveline products revenue break-up



Note: Break up on standalone basis

Income Statement & Key Ratios - Consolidated

Consolidated Unaudited Income Statement

Amount in Rs mn

Particulars	Q3 FY16	Q2 FY16	QoQ (%)	Q3 FY15	YoY (%)	9M FY16	9M FY15	YoY (%)
Net Income from Operations	3,515.8	3,871.8	(9.2%)	3,697.4	(4.9%)	11,111.2	11,245.1	(1.2%)
Other Operating Income	16.2	20.0	(19.1%)	27.5	(41.3%)	59.3	87.6	(32.3%)
Total Income	3,531.9	3,891.8	(9.2%)	3,724.9	(5.2%)	11,170.4	11,332.6	(1.4%)
Total Expenditure	3,115.4	3,405.1	(8.5%)	3,249.4	(4.1%)	9,829.0	9,852.2	(0.2%)
Consumption of Raw Material	2,344.0	2,580.8	(9.2%)	2,496.9	(6.1%)	7,435.3	7,628.8	(2.5%)
Staff Cost	417.9	398.0	5.0%	360.0	16.1%	1,221.3	1,066.0	14.6%
Other Expenditure	353.5	426.3	(17.1%)	392.5	(9.9%)	1,172.4	1,157.4	1.3%
EBITDA	416.5	486.7	(14.4%)	475.5	(12.4%)	1,341.4	1,480.5	(9.4%)
Depreciation & Amortisation	237.5	249.8	(4.9%)	253.5	(6.3%)	732.4	799.5	(8.4%)
EBIT	179.1	236.9	(24.4%)	222.1	(19.4%)	609.0	681.0	(10.6%)
Finance Charges	80.8	77.8	3.9%	75.7	6.8%	232.6	233.5	(0.4%)
Other Income	18.5	13.9	32.9%	11.0	67.4%	45.3	29.8	51.7%
PBT	116.7	173.0	(32.6%)	157.4	(25.8%)	421.7	477.4	(11.7%)
Tax (including deferred)	41.2	62.2	(33.8%)	50.1	(17.8%)	152.1	154.4	(1.4%)
PAT (before Minority Interest)	75.5	110.9	(31.9%)	107.3	(29.6%)	269.6	323.0	(16.6%)
Share of Profit / (loss) of associate	(0.5)	(0.1)	691.9%	(1.3)	(63.4%)	(1.1)	(5.6)	(81.0%)
Share of (Profit)/ Loss to Minority	30.4	44.2	(31.2%)	34.8	(12.6%)	115.8	124.6	(7.1%)
PAT	44.7	66.6	(33.0%)	71.2	(37.3%)	152.7	192.9	(20.8%)

•Other Expenditure includes manufacturing costs, administrative costs, selling costs and other expenses

Key Ratios as a % of Total Revenue	Q3 FY16	Q2 FY16	Q3 FY15	9M FY16	9M FY15
EBITDA	11.8%	12.5%	12.8%	12.0%	13.1%
PAT	1.3%	1.7%	1.9%	1.4%	1.7%
Total Expenditure	88.2%	87.5%	87.2%	88.0%	86.9%
Raw material	66.4%	66.3%	67.0%	66.6%	67.3%
Staff Cost	11.8%	10.2%	9.7%	10.9%	9.4%
Other Expenditure	10.0%	11.0%	10.5%	10.5%	10.2%

Standalone Unaudited Income Statement

Amount in Rs mn

Particulars	Q3 FY16	Q2 FY16	QoQ (%)	Q3 FY15	YoY (%)	9M FY16	9M FY15	YoY (%)
Net Income from Operations	2,522.0	2,700.0	(6.6%)	2,536.7	(0.6%)	7,801.8	7,787.9	0.2%
Other Operating Income	14.5	17.9	(19.0%)	24.8	(41.7%)	53.8	81.2	(33.8%)
Total Income	2,536.5	2,717.9	(6.7%)	2,561.5	(1.0%)	7,855.6	7,869.1	(0.2%)
Total Expenditure	2,283.3	2,431.9	(6.1%)	2,278.9	0.2%	7,057.2	7,007.6	0.7%
Consumption of Raw Material	1,698.0	1,799.3	(5.6%)	1,682.8	0.9%	5,231.7	5,261.0	(0.6%)
Staff Cost	326.7	311.8	4.8%	300.6	8.7%	955.5	879.6	8.6%
Other Expenditure	258.6	320.8	(19.4%)	295.6	(12.5%)	870.0	867.1	0.3%
EBITDA	253.2	286.0	(11.5%)	282.6	(10.4%)	798.4	861.5	(7.3%)
Depreciation & Amortisation	170.1	182.0	(6.5%)	186.2	(8.7%)	532.1	607.7	(12.4%)
EBIT	83.1	103.9	(20.1%)	96.4	(13.8%)	266.2	253.9	4.9%
Finance Charges	72.1	69.4	3.8%	60.5	19.1%	205.9	185.1	11.3%
Other Income	12.1	34.0	(64.4%)	8.9	36.6%	55.0	30	81.2%
PBT	23.1	68.5	(66.3%)	44.8	(48.4%)	115.3	99.1	16.3%
Tax (including deferred)	6.5	16.4	(60.3%)	14.5	(54.9%)	29.2	28.2	3.2%
PAT	16.6	52.1	(68.2%)	30.3	(45.3%)	86.2	70.9	21.5%

•Other Expenditure includes manufacturing costs, administrative costs, selling costs and other expenses

Key Ratios as a % of Total Revenue	Q3 FY16	Q2 FY16	Q3 FY15	9M FY16	9M FY15
EBITDA	10.0%	10.5%	11.0%	10.2%	10.9%
PAT	0.7%	1.9%	1.2%	1.1%	0.9%
Total Expenditure	90.0%	89.5%	89.0%	89.8%	89.1%
Raw material	66.9%	66.2%	65.7%	66.6%	66.9%
Staff Cost	12.9%	11.5%	11.7%	12.2%	11.2%
Other Expenditure	10.2%	11.8%	11.5%	11.1%	11.0%

About Us



Proven leadership in India

~50% share in Indian PV Steering market

Strategic locations

Proximity to key auto clusters in India

Marquee clientele

MARUTI, Mahindra & Mahindra, Toyota, Tata, Nissan, Honda

High on quality

Winner of TPM Excellence Award

Unmatched R&D capabilities

In-house developed award winning EPAM for off-highway vehicles

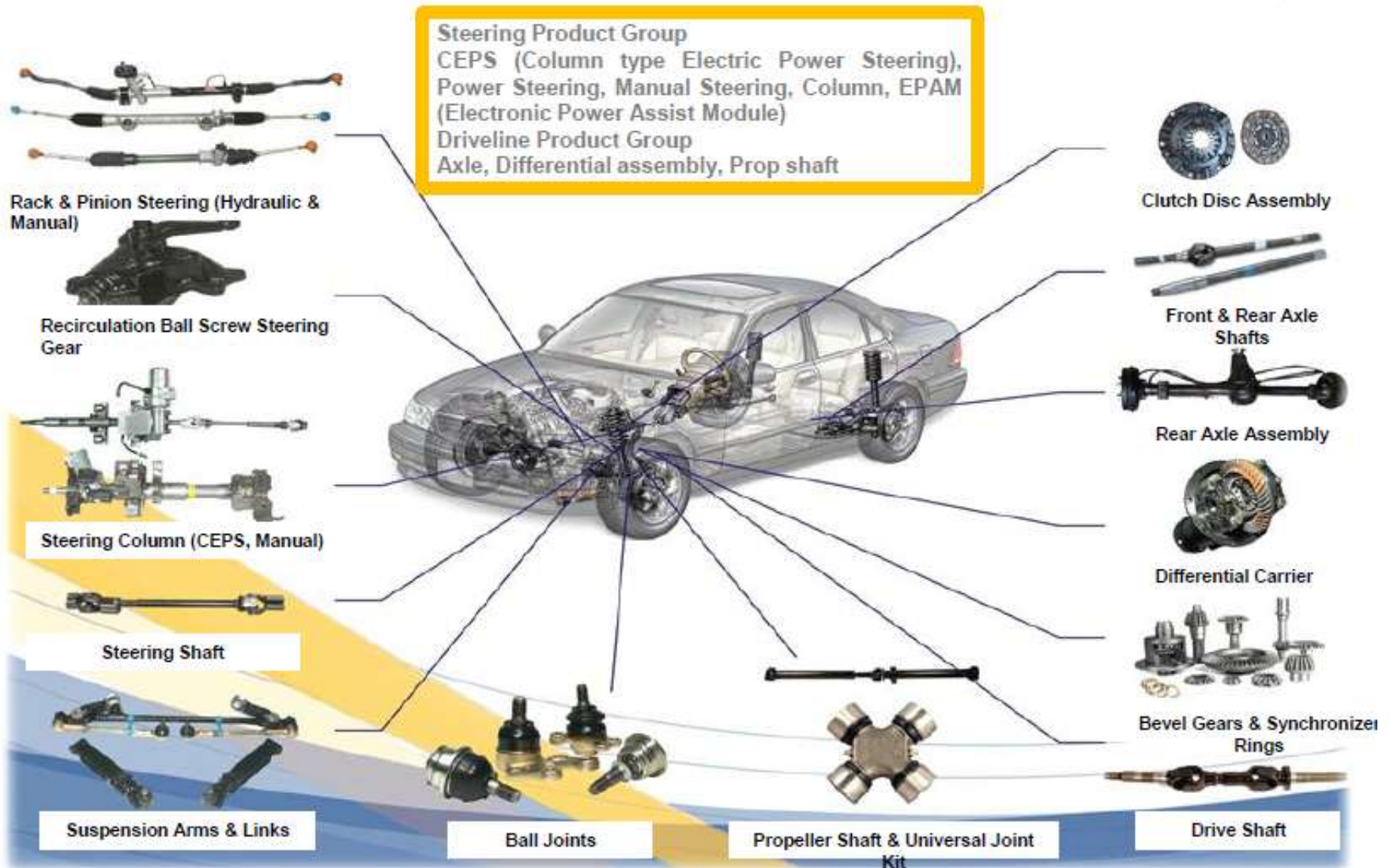
Resilient performance

Turnover of Rs 14.9bn, 4-year PAT CAGR of 41%

Partnering global leader in steering

Technical partnership with world's leading steering manufacturer, JTEKT Corp, Japan





..... For all major domestic and global OEM brands

Domestic



SWARAJ

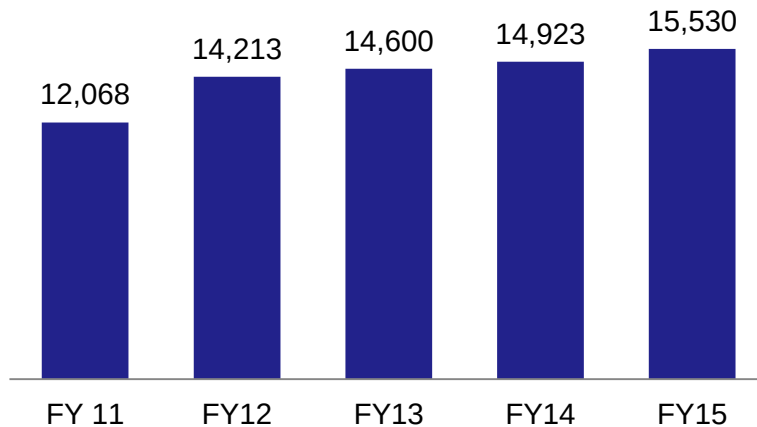


Global

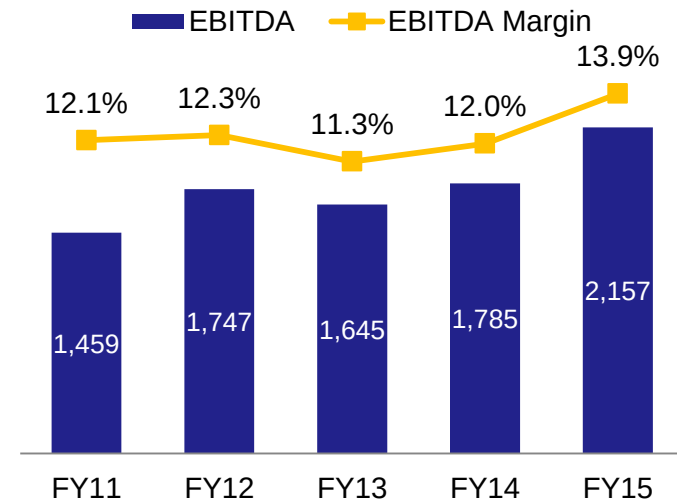


Consolidated financials, Amount in Rs mn

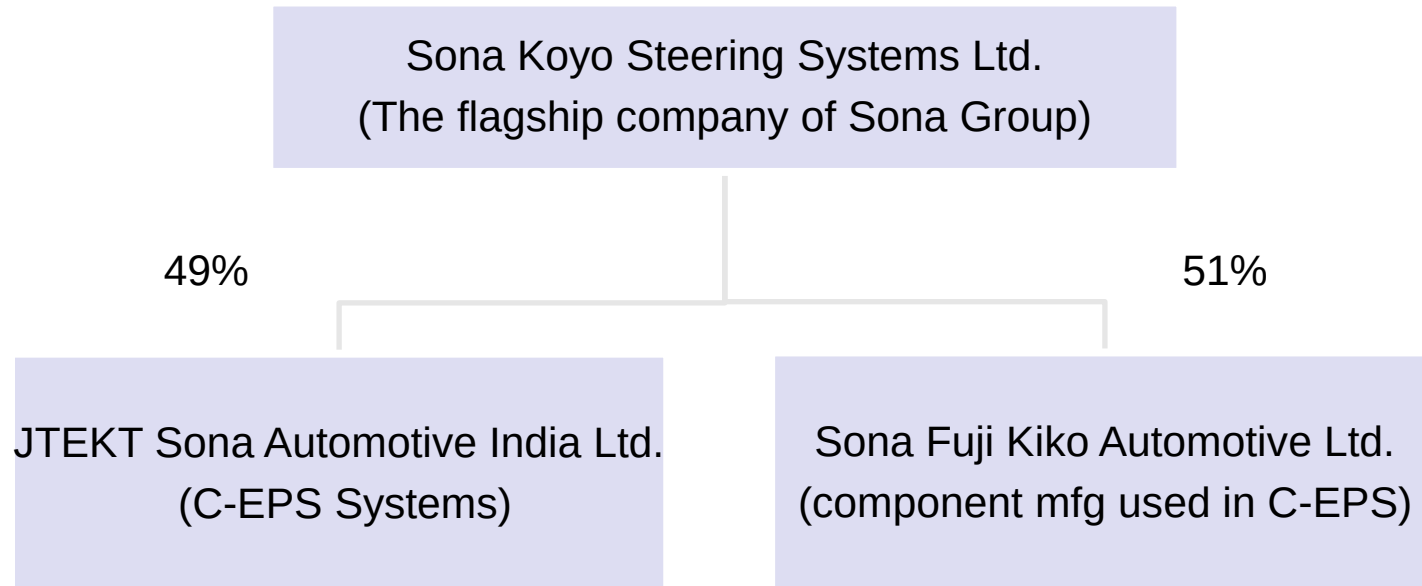
Revenue growing at 7% CAGR



EBITDA expansion led to 10% CAGR

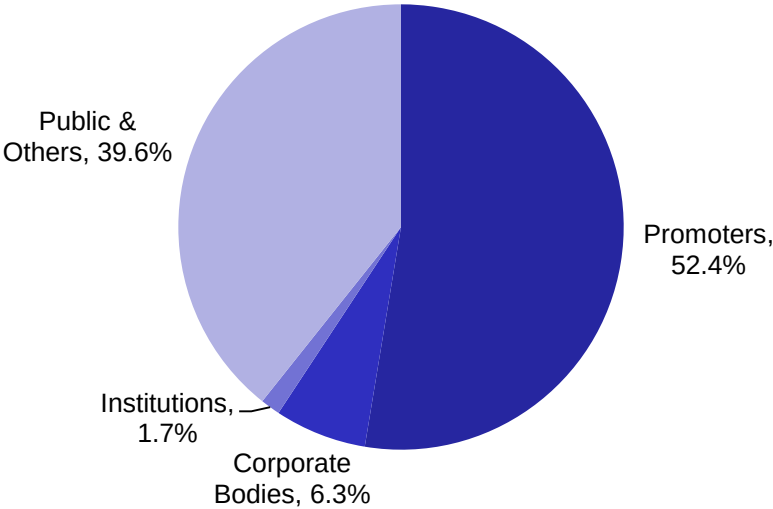


- Maintained positive growth momentum even in industry downturn. FY15 revenue growth improves marginally with revival in passenger vehicle segment of the industry
- Raw material cost has come down owing to localization and backward integration which led to expansion in EBITDA margin

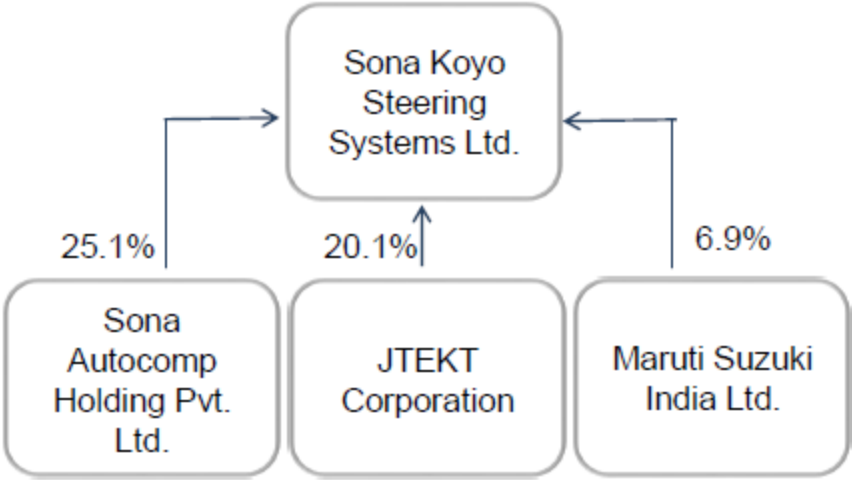


**Shareholding pattern
(As on 31th Dec, 2015)**

Equity Shares Outstanding-198,741,832



**Promoter and Promoter Group
Shares outstanding – 104,146,970**



For any Investor Relations queries please contact:

Rajiv Chanana

Sona Koyo Steering Systems Ltd

Email: rajiv.chanana@sonagroup.com

Tel. No. +91-124-4685000

About Sona Koyo Steering Systems Ltd.

Sona Koyo Steering Systems Limited (SKSSL) is a technical and financial joint venture company of JTEKT Corporation, Japan, the global technology leader in Steering Systems. With a market share of 45%, SKSSL is the largest manufacturer of steering gears in India and is the leading supplier of Hydraulic Power Steering Systems, Electric Power Steering Systems, Manual Rack & Pinion Steering Systems and Collapsible, Tilt and Rigid Steering Columns for Passenger Vans and MUVs. SKSSL is the first steering systems company in the world to have bagged the prestigious Deming award, the world's most coveted honour for excellence in Total Quality Management. For more information please visit www.sonagroup.com

Forward Looking Statement

Certain statements in this document with words or phrases such as “will”, “should”, etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company’s filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.