13th August, 2015

National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G
Bandra – Kurla Complex, Bandra (E)
Mumbai 400 051.

Re : Symbol – SONASTEER; Series – EQ.

Dear Sir,

Please find enclosed herewith the Investor Update for the quarter ended 30th June, 2015.

The same 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, Telefax : +91 11 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

Deming Application Prize- 2003

Investor Update – Q1FY16

Sona Koyo Steering Systems Ltd.

sona
Driving Tomorrow

August 13, 2015

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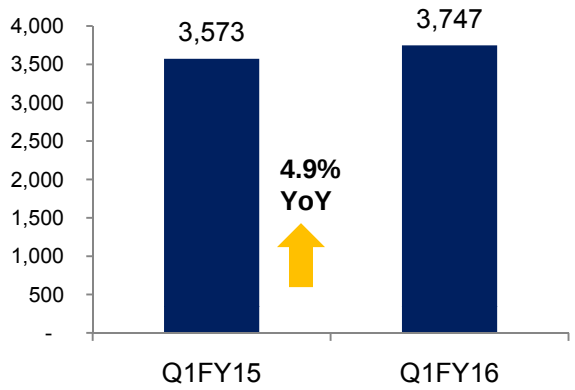
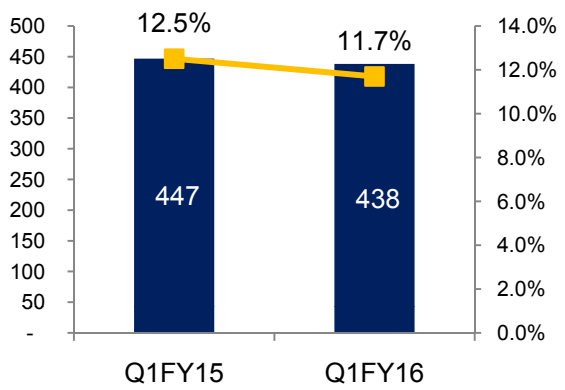
Q1FY16 Consolidated (YoY): Revenue up 4.9% YoY

All figures in Rs Mn

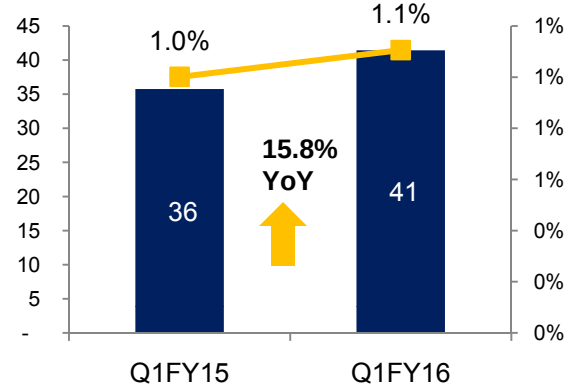
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



- **Total revenue up 4.9% YoY to Rs 3,747mn in Q1FY16 compared to Rs 3,573mn in Q1FY15**
  - ✓ Key customers like Tata Motors and Maruti displayed good growth in the quarter

- **EBITDA down 1.9% YoY to reach Rs 438mn with margin down from 12.5% to 11.7% in Q1FY16**
  - ✓ Margins impacted by 18.8% YoY increase in staff cost to reach Rs 405mn in Q1FY16 compared with Rs 341mn in Q1FY15
  - ✓ Increase in staff cost offset by decrease in raw material as a %age of revenues from 67.8% in Q1FY15 to 67.0% in Q1FY16

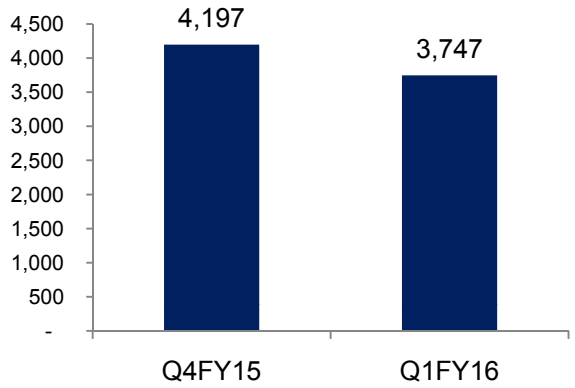
- **PAT after minority interest and share of loss of associate increased 15.8% YoY to Rs 41mn with margin of 1.1%**
  - ✓ Decrease in depreciation and amortisation expense from Rs 281mn in Q1FY15 to Rs 245mn in Q1FY16
  - ✓ Other income also increased from Rs 4mn in Q1FY15 to Rs 13mn in Q1FY16

Refer Slide 9 for detailed P&L Statement

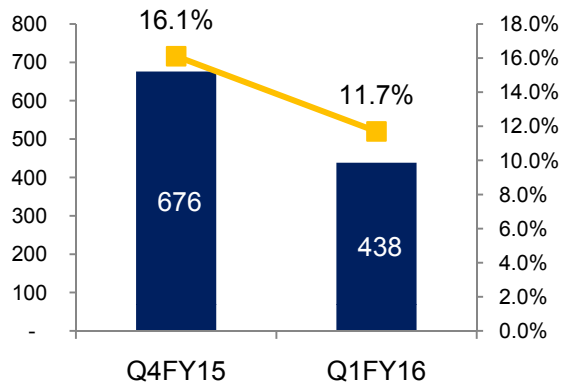
Q1FY16 Consolidated (QoQ)

All figures in Rs Mn

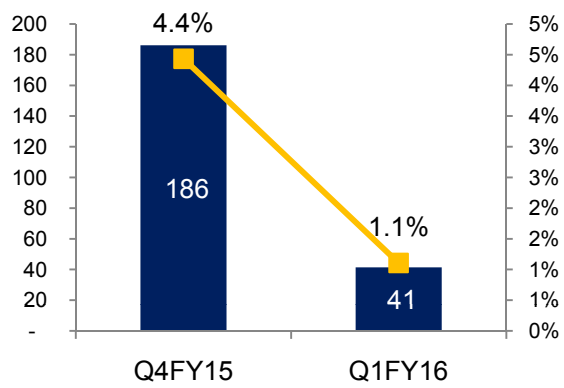
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



- **Total revenue in Q1FY16 decreased to Rs 3,747mn compared to Rs 4,197mn in Q4FY15, due to seasonal nature of the business**

- **EBITDA at Rs 438mn in Q1FY16 as compared to Rs 676mn in Q4FY15. EBITDA margin contracts to 11.7%**
  - ✓ Impacted primarily due to decline in revenues, increase in staff costs as a %age of revenues from 9.3% in Q4FY15 to 10.8% in Q1FY16 and increase in other expenses as a %age of revenues from 10.1% in Q4FY15 to 10.5% in Q1FY16

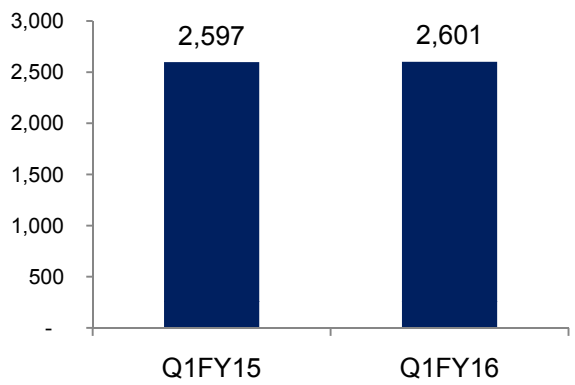
- **PAT after minority interest and share of loss of associate at Rs 41mn in Q1FY16 compared to Rs 186mn in Q4FY15 mainly due to decline in EBITDA**

Refer Slide 9 for detailed P&L Statement

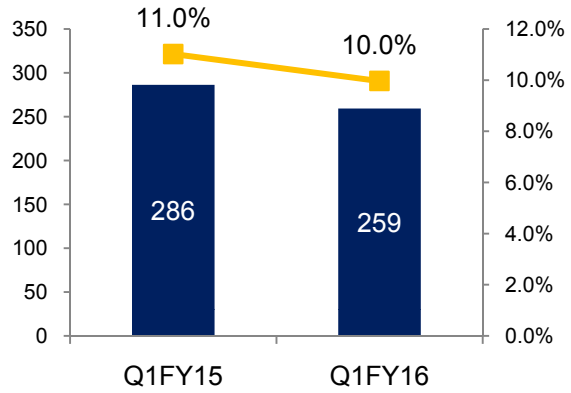
Q1FY16 Standalone (YoY): Robust expansion in PAT

All figures in Rs Mn

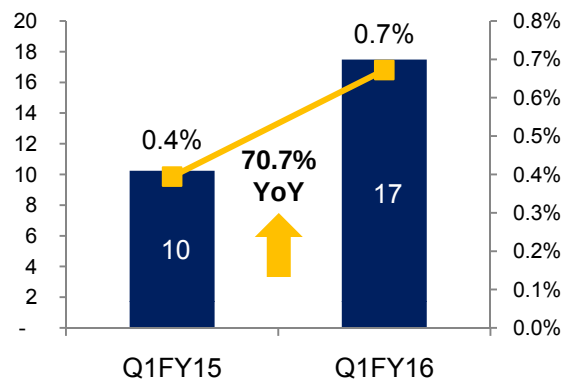
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



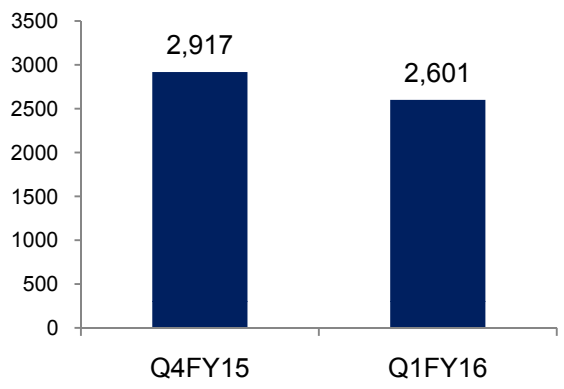
- **Total revenue in Q1FY16 at Rs 2,601mn compared to Rs 2,597mn in Q1FY15**
- **EBITDA in Q1FY16 down 9.4% YoY to Rs 259 mn with margin reducing from 11.0% in Q1FY15 to 10.0% in Q1FY16**
  - ✓ Mainly due to increase in staff costs as %age of revenues from 10.7% in Q1FY15 to 12.2% in Q1FY16
  - ✓ Increase in staff cost offset by decrease in raw material as a %age of revenues from 67.7% in Q1FY15 to 66.7% in Q1FY16
- **PAT in Q1FY16 at Rs 17mn with PAT margin of 0.7%**
  - ✓ Decrease in depreciation and amortisation expense from Rs 219mn in Q1FY15 to Rs 180mn in Q1FY16

Refer Slide 10 for detailed P&L Statement

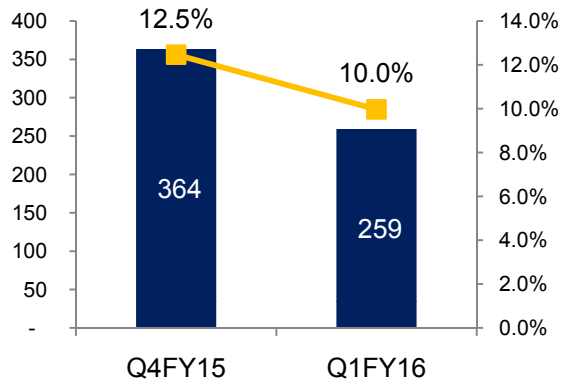
Q1FY16 Standalone (QoQ)

All figures in Rs Mn

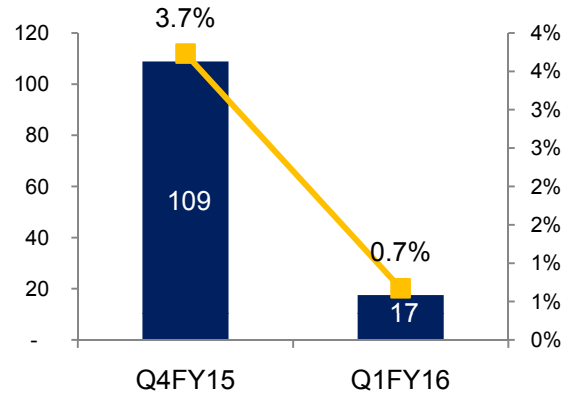
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



- **Total revenue in Q1FY16 decreased to Rs 2,601mn compared to Rs 2,917mn in Q4FY15, due to seasonal nature of the business**

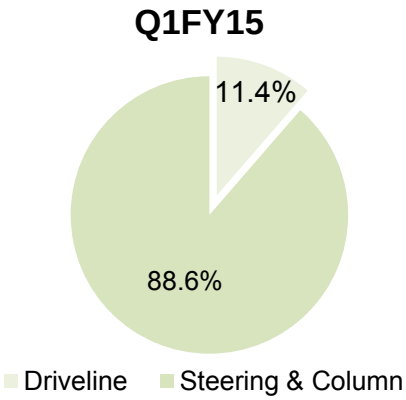
- **EBITDA at Rs 259mn in Q1FY16 as compared to Rs 364mn in Q4FY15. EBITDA margin contracts to 10.0%**
  - ✓ Decline due to lower revenues and higher staff and other expenses as %age of revenue
  - ✓ Increase in staff costs as %age of revenues from 10.9% in Q4FY15 to 12.2% in Q1FY16

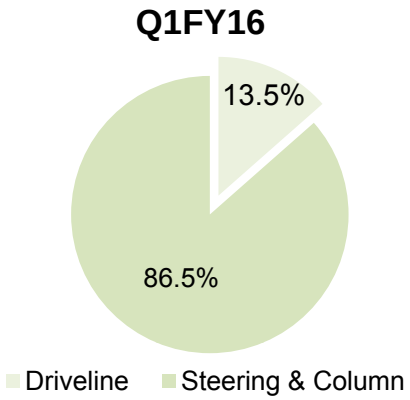
- **PAT at Rs 17mn compared to Rs 109mn in last quarter mainly due to decline in EBITDA**

Refer Slide 10 for detailed P&L Statement

Share of driveline product increases

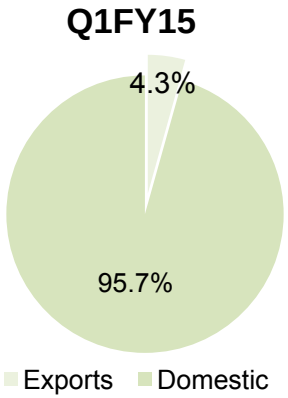
Product Wise Sales Mix*

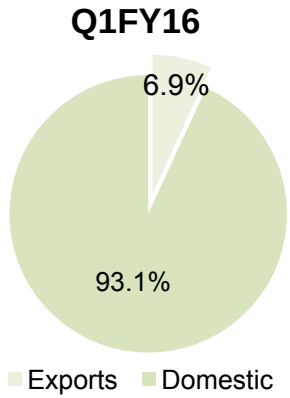




***Note: Break-up on gross basis, Steering & column product group includes EPAM sales**

Geographic Sales Mix





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

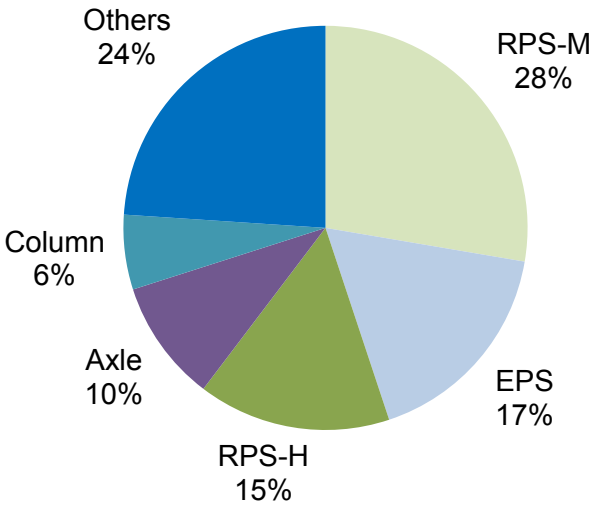
Capacity utilisation and product-wise revenue break-up

Capacity utilization

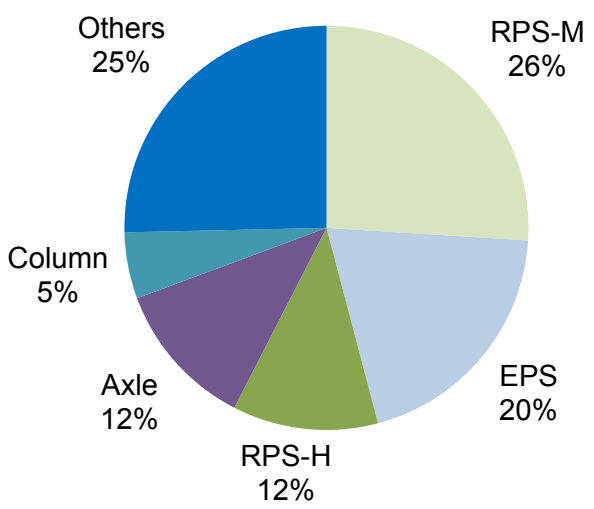
- Capacity Utilization across product categories during YTD FY16
  - ✓ Steering Products **– 54% YTD Jun' 2015**
  - ✓ Column Products **– 64% YTD Jun' 2015**
  - ✓ Driveline Products – **31% YTD Jun' 2015**

Key steering & driveline products revenue break-up

Q1FY15



Q1FY16



Note: Break up on standalone basis

Income Statement & Key Ratios - Consolidated

Consolidated Unaudited Income Statement

Amount in Rs *mn*

Particulars	Q1 FY16	Q4 FY15	QoQ (%)	Q1 FY15	YoY (%)	FY15
Net Income from Operations	3,723.6	4,172.5	(10.8%)	3,548.0	4.9%	15,417.6
Other Operating Income	23.2	24.5	(5.3%)	24.6	(5.9%)	112.0
Total Income	**3,746.7**	**4,197.0**	**(10.7%)**	**3,572.6**	**4.9%**	**15,529.7**
Total Expenditure	3,308.5	3,520.9	(6.0%)	3,125.8	5.8%	13,373.1
Consumption of Raw Material	2,510.5	2,706.2	(7.2%)	2,423.4	3.6%	10,335.0
Staff Cost	405.5	391.8	3.5%	341.2	18.8%	1,457.7
Other Expenditure	392.6	422.9	(7.2%)	361.1	8.7%	1,580.3
EBITDA	**438.2**	**676.1**	**(35.2%)**	**446.9**	**(1.9%)**	**2,156.6**
Depreciation & Amortisation	245.1	237.4	3.3%	280.6	(12.6%)	1,036.8
EBIT	**193.0**	**438.7**	**(56.0%)**	**166.2**	**16.1%**	**1,119.8**
Finance Charges	74.0	78.0	(5.1%)	76.4	(3.1%)	311.4
Other Income	12.9	18.9	(31.7%)	4.5	188.1%	48.8
Exceptional items	-	-		-	NM	-
PBT	**131.9**	**379.7**	**(65.2%)**	**94.3**	**39.9%**	**857.1**
Tax (including deferred)	48.8	112.8	(56.7%)	29.1	67.6%	267.1
PAT (before Minority Interest)	**83.2**	**266.9**	**(68.8%)**	**65.2**	**27.6%**	**589.9**
Share of Profit/(loss) of associate	(0.5)	(0.9)	(45.5%)	(1.8)	**(71.6%)**	(6.5)
Share of (Profit)/ Loss to Minority	41.2	79.9	(48.4%)	27.7	49.0%	204.5
PAT	**41.4**	**186.1**	**(77.7%)**	**35.8**	**15.8%**	**379.0**

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

Key Ratios as a % of Total Revenue	Q1 FY16	Q4 FY15	Q1 FY15	FY15
EBIDTA	11.7%	16.1%	12.5%	13.9%
PAT	1.1%	4.4%	1.0%	2.4%
Total Expenditure	88.3%	83.9%	87.5%	86.1%
Raw material	67.0%	64.5%	67.8%	66.5%
Staff Cost	10.8%	9.3%	9.6%	9.4%
Other Expenditure	10.5%	10.1%	10.1%	10.2%

Income Statement & Key Ratios - Standalone

Standalone Unaudited Income Statement

Amount in Rs *mn*

Particulars	Q1 FY16	Q4 FY15	QoQ (%)	Q1 FY15	YoY (%)	FY15
Net Income from Operations	2,579.7	2,895.6	(10.9%)	2,574.4	0.2%	10,683.6
Other Operating Income	21.4	21.6	(0.6%)	23.0	(6.8%)	102.8
Total Income	**2,601.2**	**2,917.2**	**(10.8%)**	**2,597.4**	**0.1%**	**10,786.4**
Total Expenditure	2,341.9	2,553.6	(8.3%)	2,311.1	1.3%	9,561.2
Consumption of Raw Material	1,734.4	1,929.3	(10.1%)	1,757.4	(1.3%)	7,190.3
Staff Cost	316.9	317.3	(0.1%)	277.9	14.0%	1,196.9
Other Expenditure	290.6	307.0	(5.3%)	275.8	5.4%	1,174.1
EBITDA	**259.2**	**363.6**	**(28.7%)**	**286.3**	**(9.4%)**	**1,225.1**
Depreciation & Amortisation	180.0	172.3	4.5%	219.3	(17.9%)	780.0
EBIT	**79.2**	**191.3**	**(58.6%)**	**67.0**	**18.3%**	**445.2**
Finance Charges	64.4	64.2	0.4%	61.2	5.2%	249.3
Other Income	8.9	11.4	(21.9%)	5.7	55.8%	41.8
Exceptional items	-	-		-	NM	-
PBT	**23.7**	**138.5**	**(82.9%)**	**11.5**	**106.4%**	**237.7**
Tax (including deferred)	6.2	29.7	(79.0%)	1.2	399.8%	57.9
PAT	**17.5**	**108.9**	(83.9%)	**10.2**	70.7%	**179.8**

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

Key Ratios as a % of Total Revenue	Q1 FY16	Q4 FY15	Q1 FY15	FY15
EBIDTA	10.0%	12.5%	11.0%	11.4%
PAT	0.7%	3.7%	0.4%	1.7%
Total Expenditure	90.0%	87.5%	89.0%	88.6%
Raw material	66.7%	66.1%	67.7%	66.7%
Staff Cost	12.2%	10.9%	10.7%	11.1%
Other Expenditure	11.2%	10.5%	10.6%	10.9%

About Us

India’s largest steering systems manufacturer

Proven leadership in India

~50% share in Indian PV Steering market

Strategic locations

Proximity to key auto clusters in India

High on quality

Winner of TPM Excellence Award

Marquee clientele

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

Unmatched R&D capabilities

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

Partnering global leader in steering

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

Resilient performance

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

Building comprehensive steering systems…

Steering Product Group
CEPS (Column type Electric Power Steering), Power Steering, Manual Steering, Column, EPAM (Electronic Power Assist Module)
Driveline Product Group
Axle, Differential assembly, Prop shaft

Rack & Pinion Steering (Hydraulic & Manual)

Recirculation Ball Screw Steering Gear

Steering Column (CEPS, Manual)

Steering Shaft

Suspension Arms & Links

Ball Joints

Propeller Shaft & Universal Joint Kit

Clutch Disc Assembly

Front & Rear Axle Shafts

Rear Axle Assembly

Differential Carrier

Bevel Gears & Synchronizer Rings

Drive Shaft

….. For all major domestic and global OEM brands

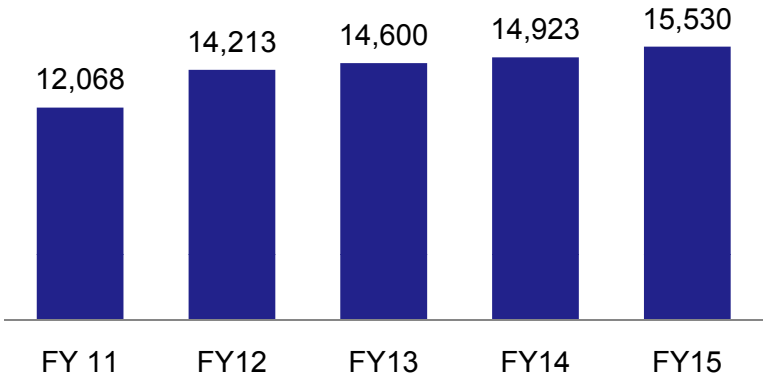
Domestic

Global

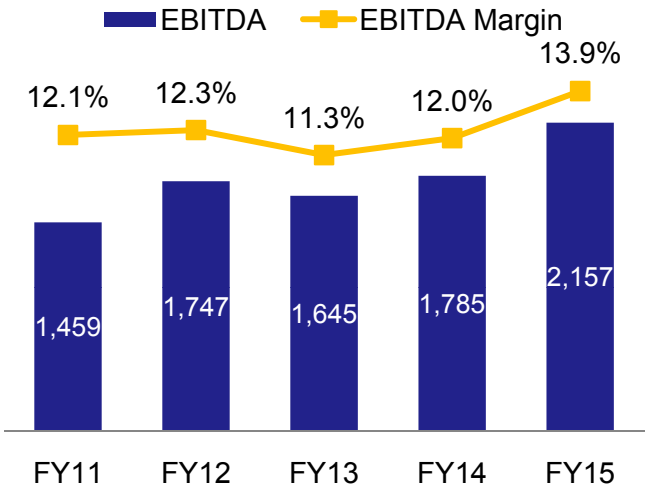
Delivering robust financial performance

Consolidated financials, Amount in ₹ mn

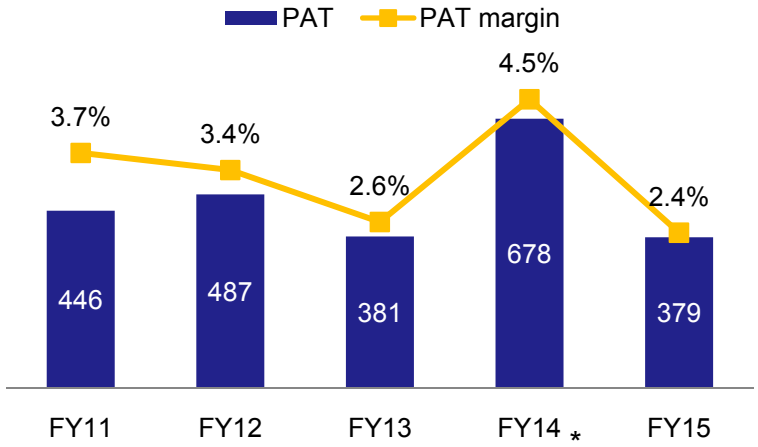
Revenue growing at 7% CAGR



EBITDA expansion led to 10% CAGR



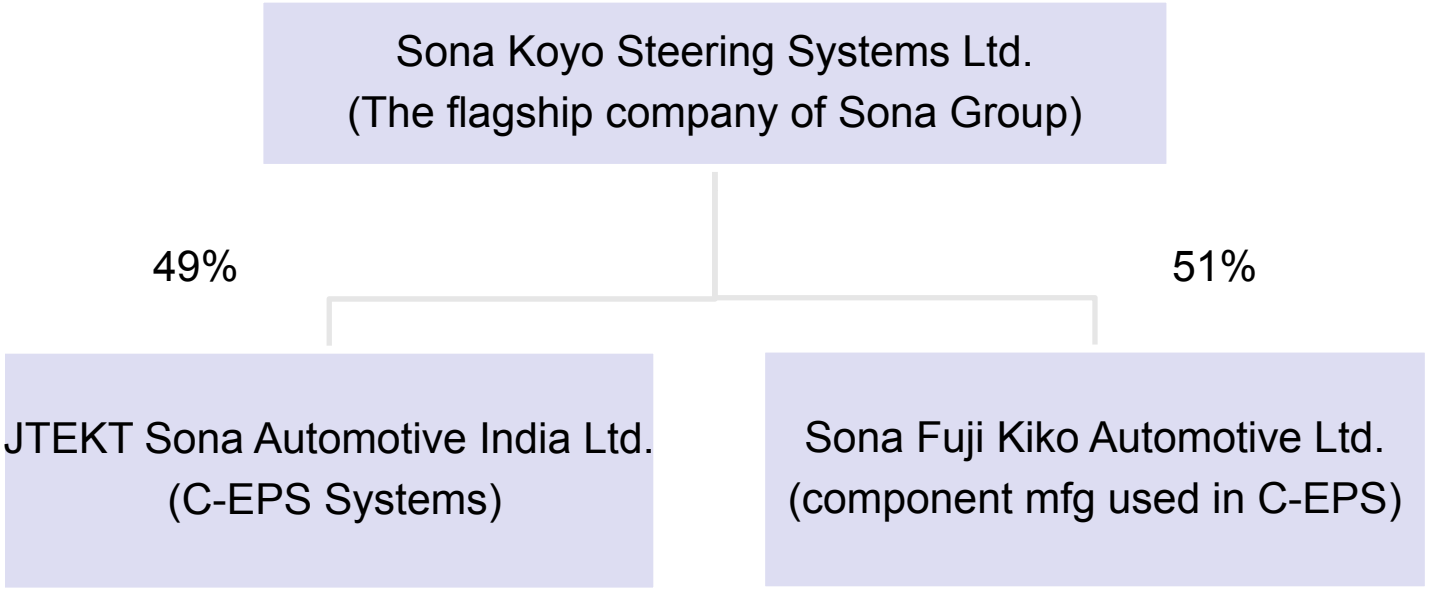
Growing profitability



- **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**

** FY14 PAT includes exceptional gain of Rs 354mn rising due to profit from sale of long-term investment held in Fuji Autotech Europe S.A.S.*

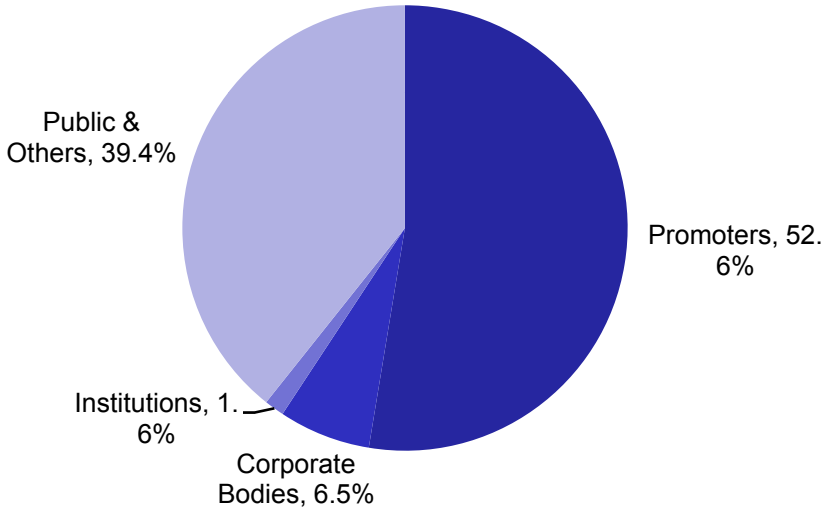
Corporate Structure



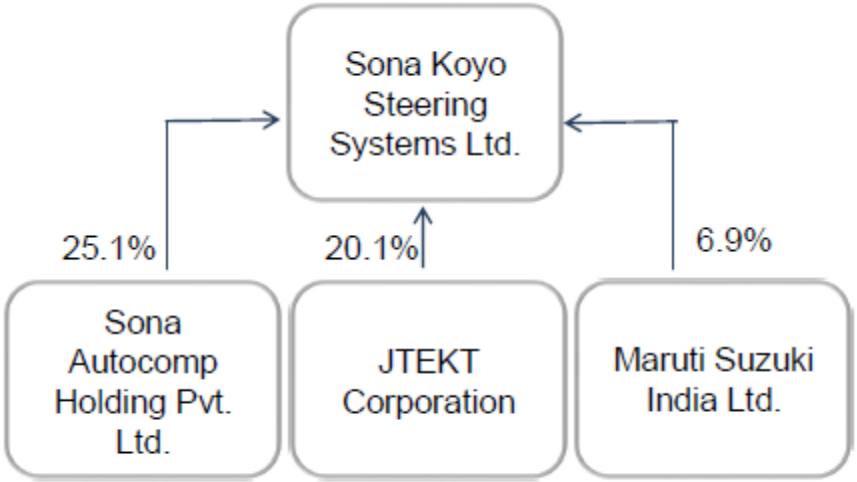
Equity holding structure

Shareholding pattern (As on 30th June, 2015)

Equity Shares Outstanding-198,741,832



Promoter and Promoter Group Shares outstanding – 104,480,309



Contact Us

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.