



Investor Update – Q1 FY'11

Sona Koyo Steering Systems Ltd.



July 27, 2010

1.

Performance Review

2.

Operational Highlights

3.

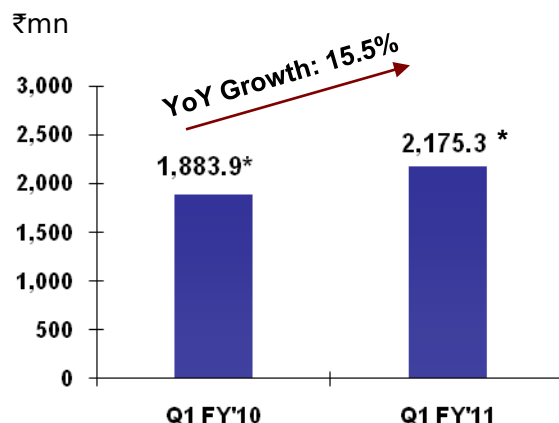
Financial Statements

4.

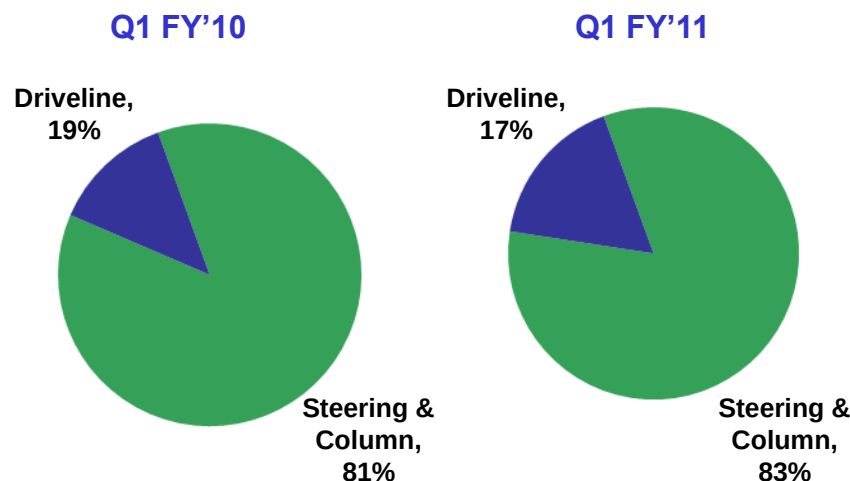
Shareholding Pattern

Growth in revenue and profitability during Q1 FY'11

Revenue & Revenue Growth



Product Wise Sales Mix



- **Total Revenues up 15.5% YoY from ₹1,883.9mn to ₹2,175.3mn driven by increased off-take from domestic OEMs:**
Domestic sales increased 12.9% YoY to reach ₹2,037.2mn from ₹1,804.5mn
- **EBITDA up 38.6% YoY to reach ₹230mn in Q1 FY'11 from ₹166mn in Q1 FY'10; EBITDA margin improved to 10.6% from 8.8% driven by:**
 - ✓ Decline in raw material cost as a % of total revenues from 77.6% to 73.0% owing to price negotiations with OEMs, relatively stable foreign exchange market and internal localisation efforts
 - ✓ Other Expenditure as a % of total revenues increased from 7.0% to 9.1% on the back of rise in manufacturing costs due to higher annual maintenance expenses and increased freight charges resulting from extraordinary demand
- **PAT increased substantially to ₹55.5mn in Q1 FY'11 from ₹8.7mn in Q1 FY'10; PAT margin increased to 2.6% from 0.5%**
 - ✓ Depreciation cost as a % of total revenues decreased from 3.5% to 3.1%
 - ✓ Finance Cost as a % of total revenues decreased from 4.9% to 3.7%

Refer Slide 6 for detailed P&L Statement

* Including Other Income of ₹13.1mn during Q1 FY'10 and ₹10.7mn during Q1 FY'11

Increased Capacity Utilisation

- Capacity utilisation for each of the product groups increased during Q1 FY'11:
 - ✓ Steering products: Capacity utilisation increased from 55% in Q1 FY'10 to 70% in Q1 FY'11
 - ✓ Driveline products: Capacity utilisation increased from 62% in Q1 FY'10 to 66% in Q1 FY'11

New Product/ Order Flows

- Started production and supplies to Ford Motors (Fiesta & Figo), Maruti Suzuki (Alto K-Series), Tata (Ace 1 ton); Sonalika (Rhino) and EZGO (LSV) in Q1 FY'11
- Received new orders from Mahindra & Mahindra (for W408 model) and Tata (for Ace 1 ton) for which supplies will start in Q2 FY'11

Awards & Recognitions

- Conferred with 'Tier II Upgradation Award', 'Improvement in Warranty Returns' and 'Overall Excellence (Gold) Award' from Maruti Suzuki India Ltd.
- Received an international patent for "Torque Sensor for Electronic Power Steering System" in USA.

Standalone Audited Financials

Amount in ₹mn

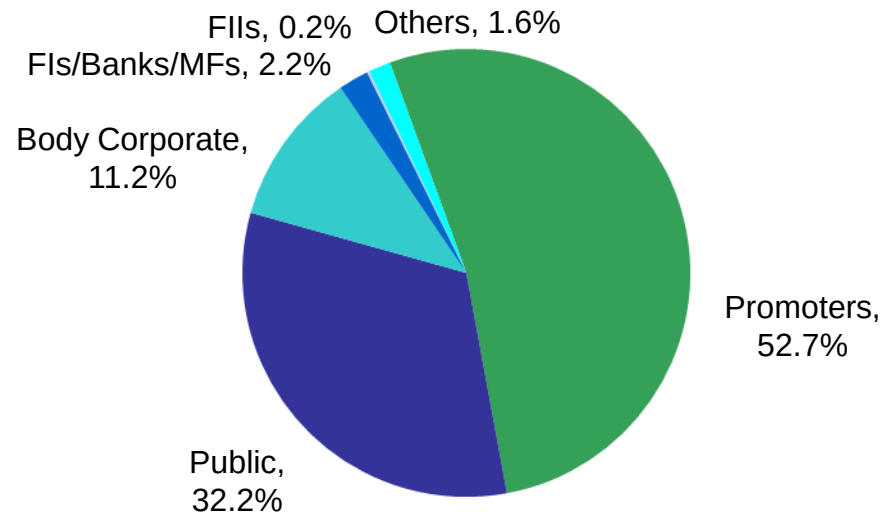
Particulars	Q1 FY'11	Q1 FY'10	YoY (%)	Q4 FY'10	QoQ (%)
Domestic Sales	2,037.2	1,804.5	12.9%	2,317.6	-12.1%
Exports Sales	127.4	66.3	92.1%	98.7	29.1%
Net Income from Operations	2,164.6	1,870.8	15.7%	2,416.3	-10.4%
Other Operational Income	10.7	13.1	-18.0%	21.1	-49.1%
Total Income	2,175.3	1,883.9	15.5%	2,437.4	-10.8%
Total Expenditure	1,945.3	1,717.9	13.2%	2,130.9	-8.7%
Consumption of Raw Material	1,588.5	1,461.1	8.7%	1,744.2	-8.9%
Staff Cost	159.0	125.6	26.6%	155.5	2.2%
Other Expenditure	197.8	131.2	50.7%	231.1	-14.4%
EBITDA	230.1	166.0	38.6%	306.5	-24.9%
Depreciation & Amortisation	68.1	65.9	3.3%	67.2	1.4%
EBIT	161.9	100.1	61.8%	239.3	-32.3%
Finance Charges	81.1	92.3	-12.1%	82.6	-1.8%
(Gain)/Loss on Foreign Currency Loan Translation	-	(4.4)	NA	1.7	NA
PBT	80.8	12.2	561.7%	155.0	-47.9%
Tax (including deferred)	25.3	3.5	617.2%	53.3	-52.6%
PAT	55.5	8.7	539.2%	101.7	-45.4%

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

Key Ratios as a % of Total Revenue	Q1 FY'11	Q1 FY'10	Q4 FY'10
EBIDTA	10.6%	8.8%	12.6%
PAT	2.6%	0.5%	4.2%
Total Expenditure	89.4%	91.2%	87.4%
Raw material	73.0%	77.6%	71.6%
Staff Cost	7.3%	6.7%	6.4%
Other Expenditure	9.1%	7.0%	9.5%

As on 30th June 2010

Equity Shares Outstanding-198,741,832



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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.