



Investor Update – Q3 FY'11

Sona Koyo Steering Systems Ltd.



January 31, 2011

1.

Performance Review

2.

Operational Highlights

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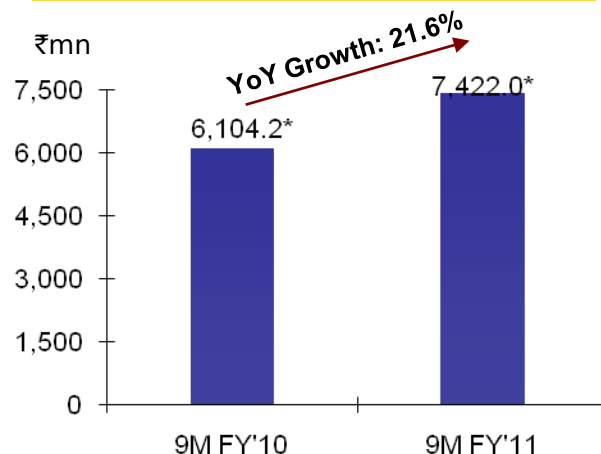
Financial Statements

4.

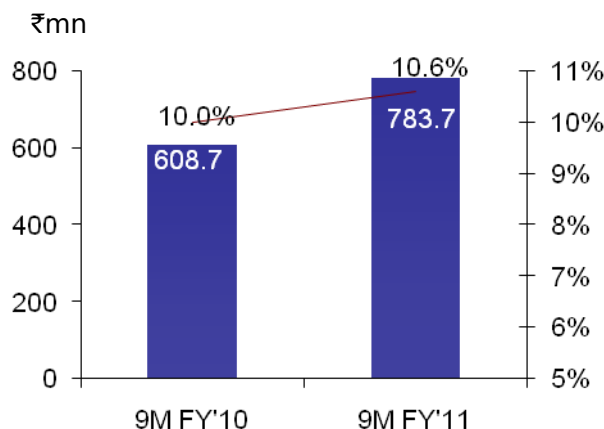
Shareholding Pattern

Continued growth momentum in revenues & profitability in 9M FY'11

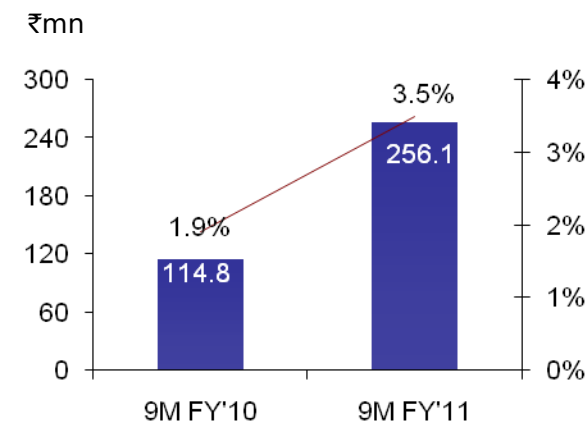
Revenue & Revenue Growth



EBITDA & EBITDA Margin



PAT & PAT Margin



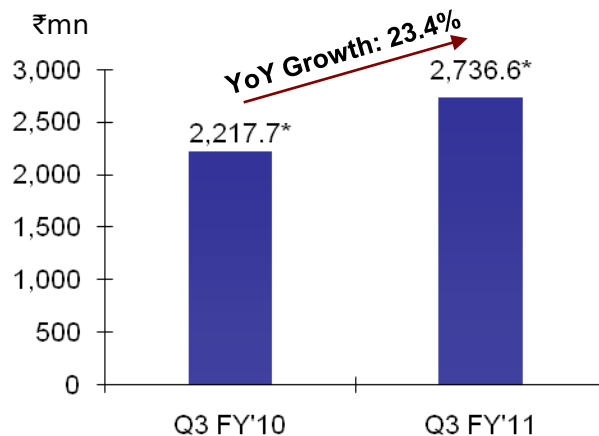
- **Total Revenues up 21.6% YoY from ₹6,104.2mn to ₹7,422.0mn driven by double digit growth witnessed in domestic markets:** Domestic sales increased 20.8% YoY from ₹5,874.5mn to ₹7,099.2mn
- **EBITDA up 28.7% YoY to reach ₹783.7mn in 9MFY'11 from ₹608.7mn in 9MFY'10; EBITDA margin improved to 10.6% from 10.0% owing to:**
 - ✓ Decline in raw material cost as a % of total revenues from 76.1% to 73.2%
 - ✓ However, other expenditure increased due to higher manufacturing and selling expenses resulting from premium freight; company is negotiating recovery from customers and is working with suppliers for creating additional capacities/ alternate sourcing etc.
- **PAT increased substantially to ₹256.1mn in 9MFY'11 from ₹114.8mn in 9MFY'10; PAT margin increased to 3.5% from 1.9% owing to:**
 - ✓ Decline in depreciation and finance charges as a % of total revenues from 3.3% to 2.8% and 4.2% to 3.4% respectively
 - ✓ Profit on sale of 30% stake in AAM Sona Axle as a part of company's strategy to divest its non-strategic investments

Refer Slide 7 for detailed P&L Statement

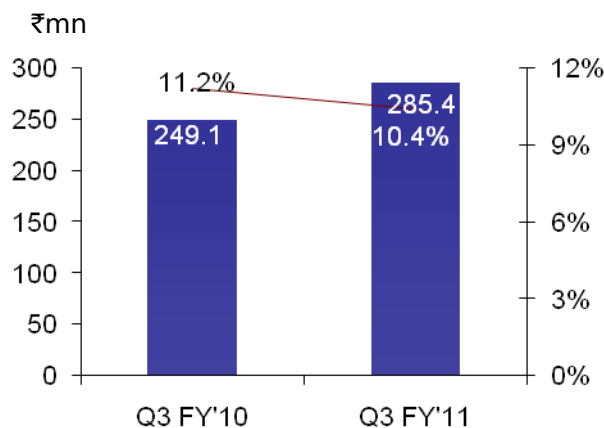
* Including Other Operating Income of ₹17.5mn during 9M FY'10 and ₹22.5mn during 9M FY'11

Over 23% growth in revenues during Q3 FY'11

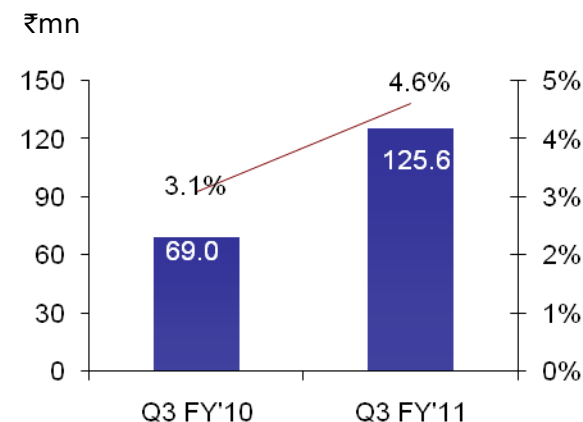
Revenue & Revenue Growth



EBITDA & EBITDA Margin



PAT & PAT Margin



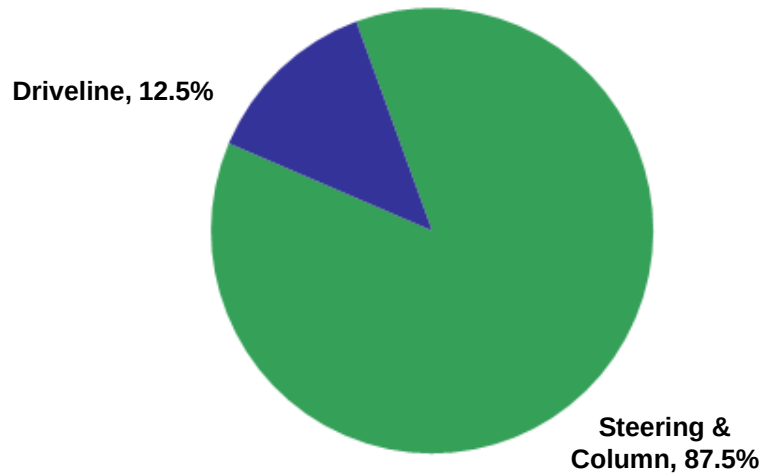
- **Total Revenues up 23.4% YoY from ₹2,217.7mn to ₹2,736.6mn driven by increased domestic demand:** Domestic sales increased 23.1% YoY to reach ₹2,634.8mn from ₹2,140.7mn
- **EBITDA up 14.6% YoY to reach ₹285.4mn in Q3 FY'11 from ₹249.1mn in Q3 FY'10:** EBITDA margin was impacted during the quarter owing to increase in personnel expenses and other expenditures on the back of increased manufacturing and selling charges and higher power rates
- **PAT up 82.1% YoY to ₹125.6mn in Q3 FY'11 from ₹69.0mn in Q3 FY'10; PAT margin increased to 4.6% from 3.1% owing to:**
 - ✓ Profit on sale of investments in AAM Sona Axle ;
 - ✓ Decline in depreciation charges as a % of total revenues from 3.1% to 2.7% and
 - ✓ Decline in Interest and Finance charges as a % of total revenues from 3.6% to 3.0%

Refer Slide 7 for detailed P&L Statement

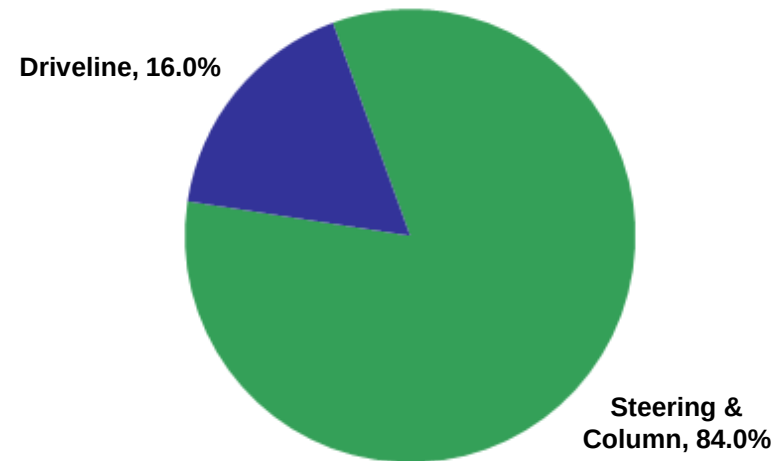
* Including Other Operating Income of ₹5.6mn during Q3 FY'10 and ₹8.6mn during Q3 FY'11

Product Wise Sales Mix

9M FY'10



9M FY'11



Increased Capacity utilization

- Overall capacity utilization increased from ~62% in 9M FY'10 to ~74% during 9M FY'11 driven by improved utilization in steering products:
 - ✓ Steering products: Capacity utilization stood at 77% during 9M FY'11
 - ✓ Driveline products: Capacity utilization stood at 64% during 9M FY'11

New Product/ Order Flows

- Production and supplies commenced for manual column to Toyota (EFC) in Q3 FY'11:
- Received new orders for which supplies are expected to commence in Q4 FY'11:
 - ✓ RPS-H for Mahindra & Mahindra (W408 model)
 - ✓ Column/ RPS-H for Tata Ace (0.5 tons)

Standalone Unaudited Income Statement

Amount in ₹mn

Particulars	Q3 FY'10	Q3 FY'11	YoY (%)	Q2 FY'11	QoQ (%)	9M FY'10	9M FY'11	YoY (%)
Domestic Sales	2,140.7	2,634.8	23.1%	2,427.2	8.6%	5,874.5	7,099.2	20.8%
Exports Sales	71.4	93.2	30.5%	79.7	16.9%	212.2	300.3	41.5%
Net Income from Operations	2,212.1	2,728.0	23.3%	2,506.9	8.8%	6,086.7	7,399.5	21.6%
Other Operating Income	5.6	8.6	53.6%	6.0	43.3%	17.5	22.5	28.6%
Total Income	2,217.7	2,736.6	23.4%	2,512.9	8.9%	6,104.2	7,422.0	21.6%
Total Expenditure	1,968.6	2,451.2	24.5%	2,241.8	9.3%	5,495.5	6,638.3	20.8%
Consumption of Raw Material	1,649.7	2,023.3	22.6%	1,822.7	11.0%	4,642.3	5,434.5	17.1%
Staff Cost	144.8	194.1	34.1%	175.0	10.9%	400.1	528.1	32.0%
Other Expenditure	174.2	233.8	34.2%	244.1	-4.2%	453.1	675.7	49.1%
EBITDA	249.1	285.4	14.6%	271.1	5.3%	608.7	783.7	28.7%
Depreciation & Amortisation	67.7	73.2	8.2%	70.2	4.3%	198.6	211.5	6.5%
EBIT	181.4	212.2	17.0%	200.9	5.6%	410.1	572.2	39.5%
Finance Charges	79.7	82.7	3.8%	85.5	-3.3%	255.1	249.3	-2.3%
Other Income	4.8	3.9	-18.8%	4.1	-4.9%	19.7	10.8	-45.2%
Exceptional items	-	(38.6)	NA	6.0	NA	-	(32.6)	NA
PBT	106.5	172.0	61.5%	113.5	51.5%	174.7	366.3	109.7%
Tax (including deferred)	37.5	46.4	23.7%	38.5	20.5%	59.9	110.2	84.0%
PAT	69.0	125.6	82.1%	75.0	67.5%	114.8	256.1	123.1%

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

Key Ratios as a % of Total Revenue	Q3 FY'10	Q3 FY'11	Q2 FY'11	9M FY'10	9M FY'11
EBIDTA	11.2%	10.4%	10.8%	10.0%	10.6%
PAT	3.1%	4.6%	3.0%	1.9%	3.5%
Total Expenditure	88.8%	89.6%	89.2%	90.0%	89.4%
Raw material	74.4%	73.9%	72.5%	76.1%	73.2%
Staff Cost	6.5%	7.1%	7.0%	6.6%	7.1%
Other Expenditure	7.9%	8.5%	9.7%	7.4%	9.1%

Financial Statement – Income Statement (Consolidated 9M FY'11)

Consolidated Unaudited Income Statement for April-Dec 2010 (Management Estimates)

Amount in ₹mn

Particulars	Holding Company	Subsidiaries			CONSOLIDATED - Sona Koyo Steering Systems Ltd (Net of eliminations)
	Sona Koyo Steering Systems Ltd	JTEKT Sona Automotive India Ltd	Sona Fuji Kiko Automotive Ltd	Sona Stampings Ltd	
Net Income from Operations	7,399.5	1,394.7	194.6	71.9	8,359.5
Other Operating Income	22.5	0.0	-	-	21.5
Total Income	7,422.0	1,394.7	194.6	71.9	8,381.0
Total Expenditure	6,638.3	1,141.0	166.1	73.8	7,323.9
Consumption of Raw Material	5,434.5	980.0	111.1	50.6	5,881.4
Staff Cost	528.1	53.0	17.2	9.8	608.1
Other Expenditure	675.7	108.0	37.8	13.4	834.3
EBITDA	783.7	253.7	28.5	(1.9)	1,057.1
Depreciation & Amortisation	211.5	50.0	10.2	1.4	273.1
EBIT	572.2	203.7	18.3	(3.3)	784.0
Finance Charges	249.3	32.0	19.1	2.3	302.3
Other Income	10.8	-	-	-	10.8
(Gain)/Loss on Foreign Currency Loan Translation	-	-	0.7	-	0.7
Exceptional items	(32.6)	-	-	-	(32.6)
PBT	366.3	171.7	(1.5)	(5.6)	524.4
Tax (including deferred)	110.2	54.9	-	-	165.1
PAT	256.1	116.8	(1.5)	(5.6)	359.3
Less/Add: Share of Minority Profit/(Loss)	-	59.6	(0.7)	(1.7)	57.2
Consolidated Profit after Tax & Minority interest	-	-	-	-	302.1

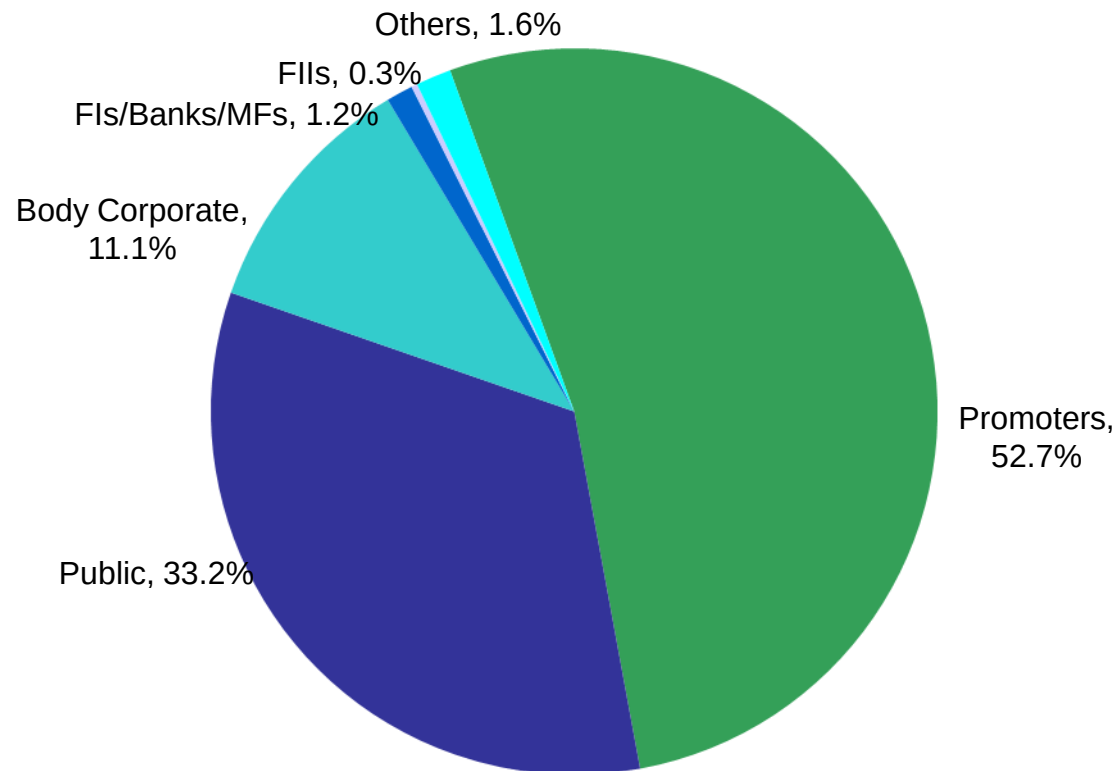
•Other Expenditure includes manufacturing costs, administrative costs, selling costs and other expenses

•The above information is Unaudited and represents the Management estimates

•The information excludes the Financial information of the three Joint ventures of the Company i.e. Sona Autocomp Inc. USA ,Sona Autocomp Europe SARL & AAM Sona Axle (P) Ltd.

As on 31st December 2010

Equity Shares Outstanding-198,741,832



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.