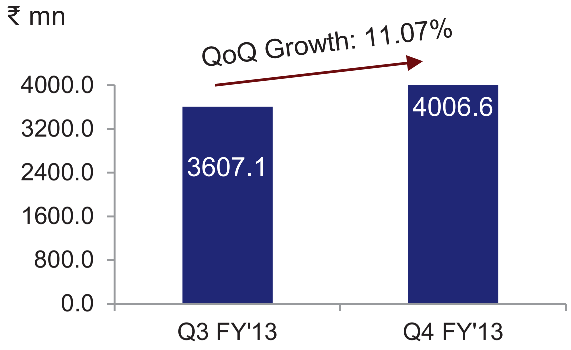
Investor Update – Q4 FY'13

Sona Koyo Steering Systems Ltd.

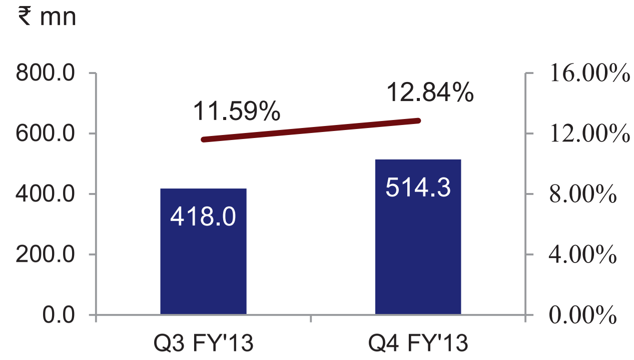
May 15, 2013

QoQ: Strong growth and improvement in margins in Q4FY13 (consolidated)

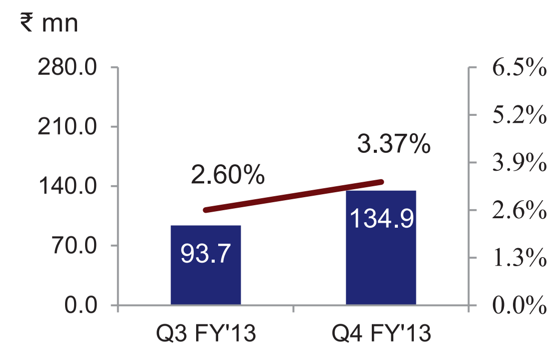
Revenue & Revenue Growth



EBITDA & EBITDA Margin



PAT & PAT Margin

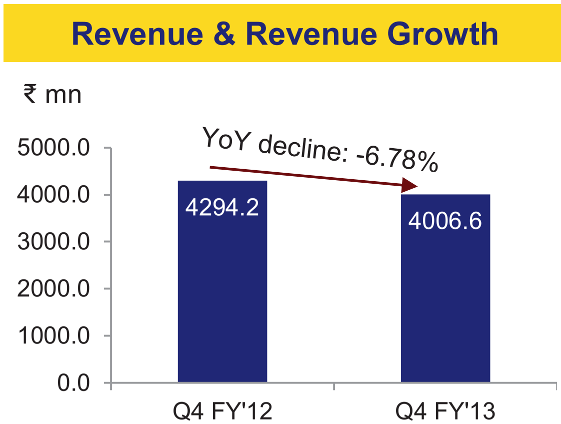


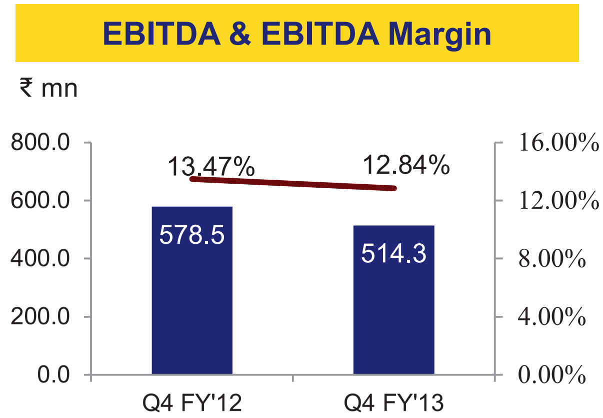
- **Total Revenues up 11.07% QoQ from ₹3,607.1mn in Q3'FY13 to ₹4,006.6mn in Q4'FY13**
- **EBITDA for the quarter up 23.04% QoQ to reach ₹514.3mn.**
- **EBITDA margin improved sequentially from 11.59% in Q3'FY13 to 12.84% in Q4'FY13.**
  - ✓ Raw material costs as a % of revenue declined from 70.1% to 68.5%
  - ✓ Other expenses as a % of revenue declined from 9.8% to 9.7%
- **PAT for the quarter up 43.99% QoQ to reach ₹134.9mn.**
- **PAT margins up from 2.6% in Q3'FY13 to 3.37% in Q4'FY13 on account of improvement in EBITDA margin.**

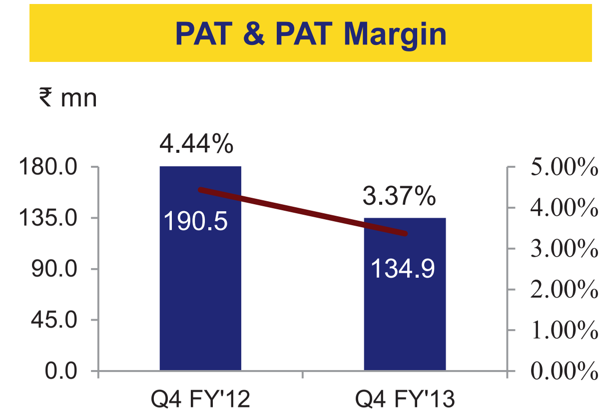
Refer Slide 11 for detailed P&L Statement

* Note: Total Revenues include other operating income of ₹ 28.92mn during Q4 FY'13 and ₹19.74mn during Q3 FY'13

YoY: Marginal decline in Q4FY13 revenues on YoY basis (consolidated)







- **Total Revenues declined 6.76% YoY to reach ₹4,006.6mn** due to de-growth experienced in the passenger vehicle segment of the industry.

- **EBITDA for the quarter at ₹514.3mn. EBITDA margin at 12.84%**
  - ✓ Staff costs as a % of revenue increased from 6.7% to 8.9% YoY
  - ✓ Other expenses increased as a % of revenues from 8.4% to 9.7% YoY
  - ✓ Raw Material costs declined as a % of revenues from 71.4% to 68.5% YoY

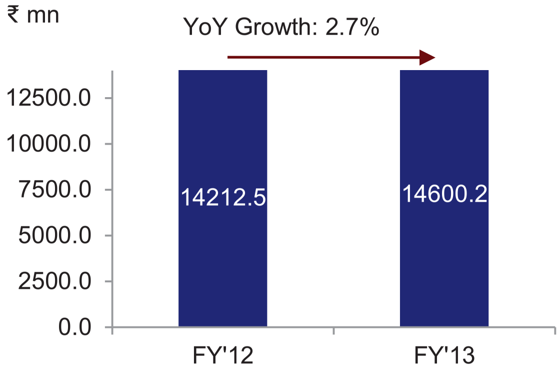
- **PAT for the quarter at ₹134.9mn. PAT margin at 3.37%.**
  - ✓ Increase in Depreciation & Amortization costs on account of commissioning of a new plant of Sona Koyo Steering Systems LImited

Refer Slide 11 for detailed P&L Statement

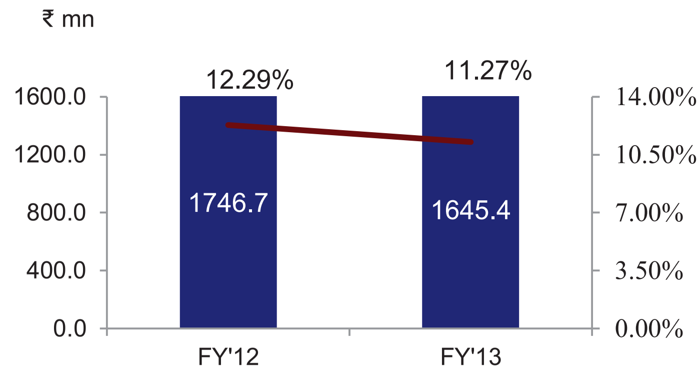
* Note: Total Revenues include other operating income of ₹28.92mn during Q4 FY'13 and ₹27.41mn during Q4 FY'12

Resilient performance in FY’13 on Consolidated basis

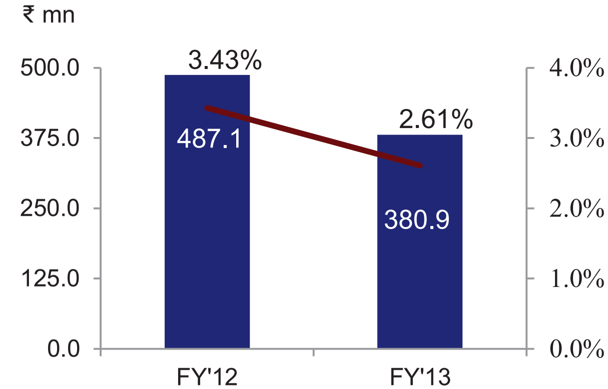
Revenue & Revenue Growth



EBITDA & EBITDA Margin



PAT & PAT Margin



- **Total Revenues up 2.7% YoY from ₹14,212.5mn in FY’12 to ₹14,600.2mn in FY’13**

- **EBITDA for FY’13 at ₹1,645.4mn with EBITDA margin at 11.27%**
  - ✓ Increase in staff cost as a % of revenues from 7.9% to 8.6%
  - ✓ Increase in other expenses as % of revenues from 9.4% to 9.9%

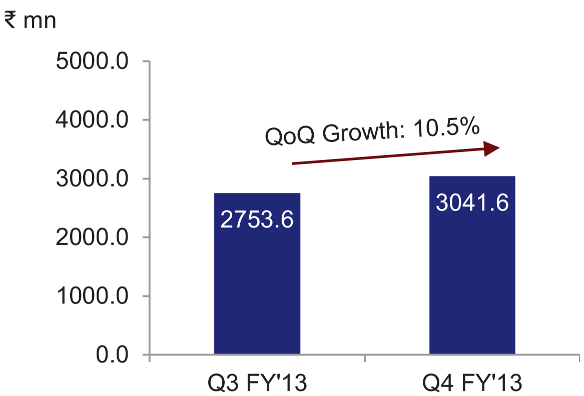
- **PAT for FY’13 at ₹380.09mn with PAT margin of 2.61%**
  - ✓ Increase in Depreciation & Amortization as a % of revenues from 3.22% to 4.01% on account of a new plant commissioned at Dharuhera
  - ✓ Decline in finance charges as a % of revenues from 3.23% to 2.81%

Refer Slide 11 for detailed P&L Statement

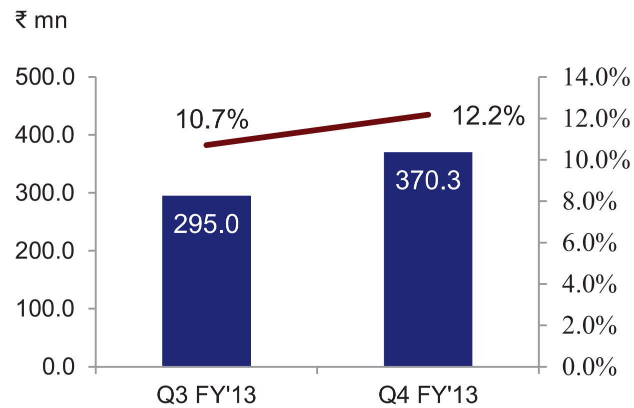
* Note: Total Revenues include other operating income of ₹83.07mn during FY’13 and ₹72.77mn during FY’12

QoQ: Increase in Revenue & EBITDA in Q4 FY’13 on standalone basis

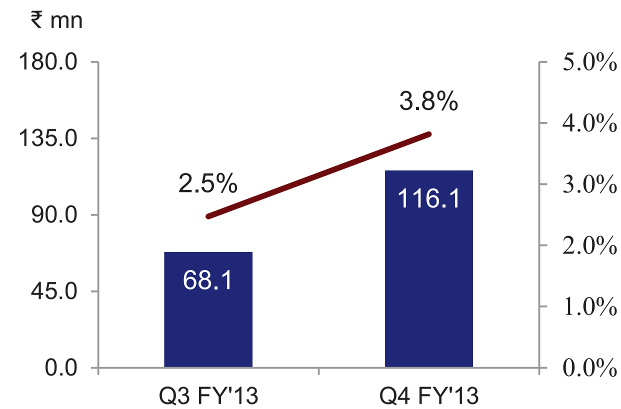
Revenue & Revenue Growth



EBITDA & EBITDA Margin



PAT & PAT Margin



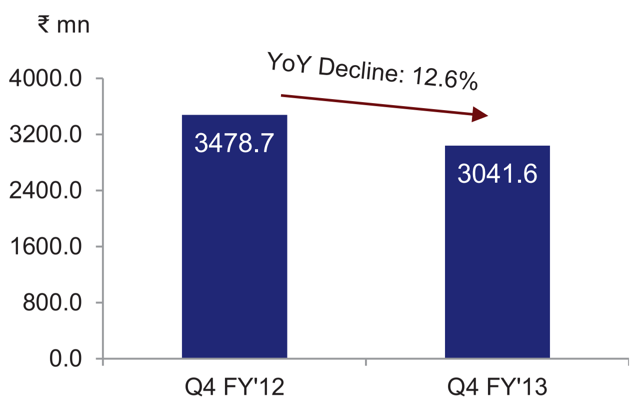
- **Total Revenues up 10.5% QoQ from ₹2,753.6mn in Q3’FY13 to ₹3041.6mn in Q4’FY13**
  - ✓ Other income of ₹24.4mn
- **EBITDA up 25.5% QoQ to reach ₹370.3mn with EBITDA margins improving from 10.7% in Q3’FY13 to 12.2% in Q4’FY13**
  - ✓ Raw material cost as a % of revenues declined from 70.4% in Q3FY13 to 67.89% in Q4FY13
  - ✓ Staff cost increased QoQ from 9.3% in Q3FY13 to 10.1% in Q4FY13
  - ✓ Other expenses increased QoQ from 9.6% in Q3FY13 to 9.9% in Q4FY13
- **PAT up 70.5% QoQ to reach ₹116.1mn with PAT Margins improving from 2.5% in Q3’FY13 to 3.8% in Q4’FY13**

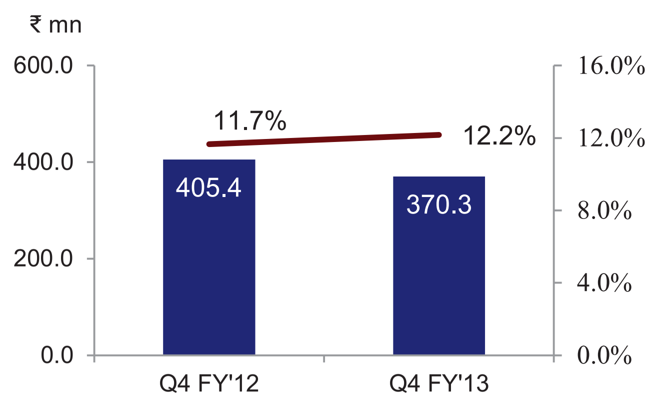
Refer Slide 12 for detailed P&L Statement

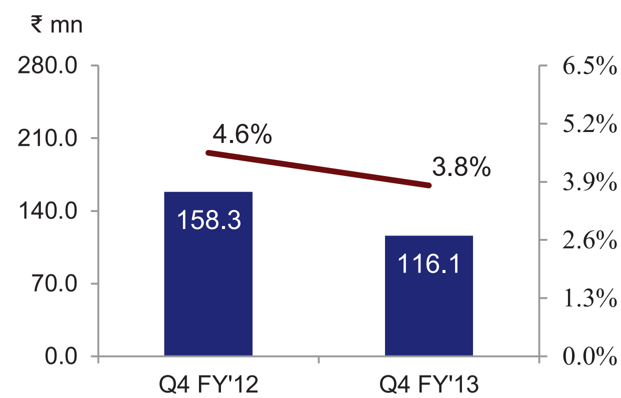
* Note: Total Revenues include other operating income of ₹24.4mn during Q4 FY’13 and ₹16.8mn during Q3 FY’13

YoY: Improvement in EBITDA margin in Q4 FY'13 on standalone basis

Revenue & Revenue Growth	EBITDA & EBITDA Margin	PAT & PAT Margin







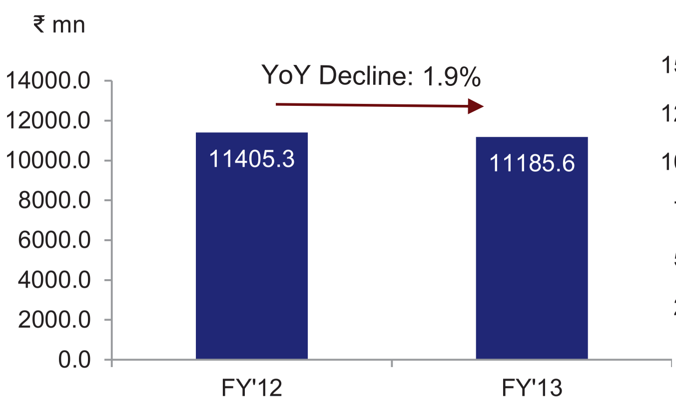
- **Total Revenues decline 12.6% YoY from ₹3,478.7mn in Q4'FY12 to ₹3,041.6mn in Q4'FY13 due to weakness in domestic automobile industry**
  - ✓ Other income at ₹24.4mn
- **EBITDA for the quarter at ₹370.3mn with EBITDA margins improving to 12.2% in Q4'FY13 from 11.7% in Q4'FY12.**
  - ✓ Raw material cost as a % of revenues declined from 73.4% to 67.9% YoY
- **PAT for the quarter at ₹116.1mn with PAT margins at 3.8%.**
  - ✓ Depreciation & Amortization expenses up 23.7% YoY due to commissioning of a new plant with two divisions.

Refer Slide 12 for detailed P&L Statement

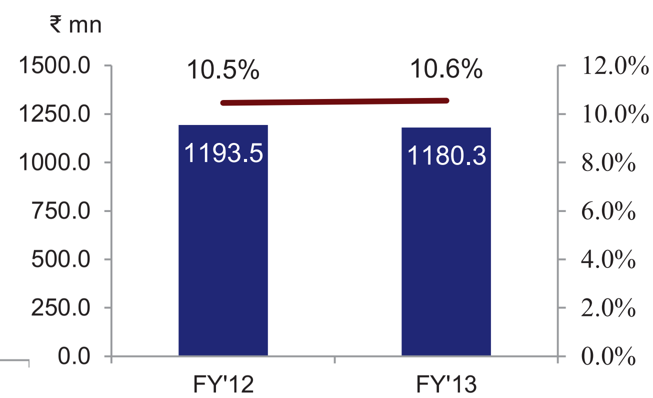
* Note: Total Revenues include other operating income of ₹24.4mn during Q4 FY'13 and ₹22.3mn during Q4 FY'12

FY13: Maintained standalone EBITDA margin, marginal decline in revenue

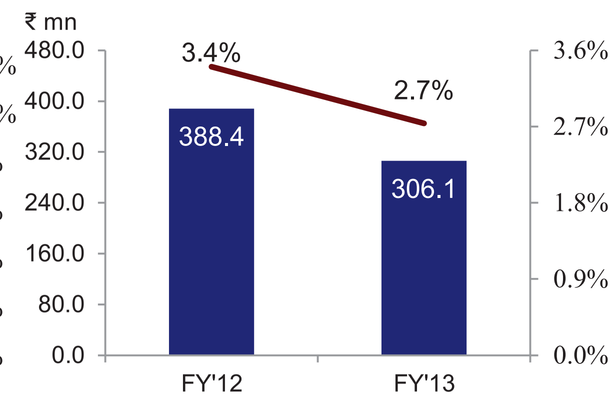
Revenue & Revenue Growth



EBITDA & EBITDA Margin



PAT & PAT Margin



- **Revenues decline 1.9% YoY from ₹11,405.3mn in FY’12 to ₹11,185.6mn in FY’13**
- **EBITDA of ₹1180.0mn in FY’13 with EBITDA margin increasing marginally from 10.5% in FY’12 to 10.6% in FY’13**
- **PAT for FY’13 period at ₹306.1mn with PAT margins at 2.7%**
  - ✓ Increase in Depreciation & Amortization as a % of revenues from 2.9% to 3.9% due to commissioning of one new plant with two divisions at Dharuhera.

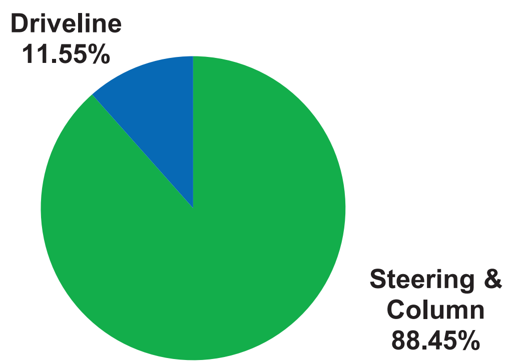
Refer Slide 12 for detailed P&L Statement

* Note: Total Revenues include other operating income of ₹67.2mn during FY’13 and ₹52.3mn during FY’12

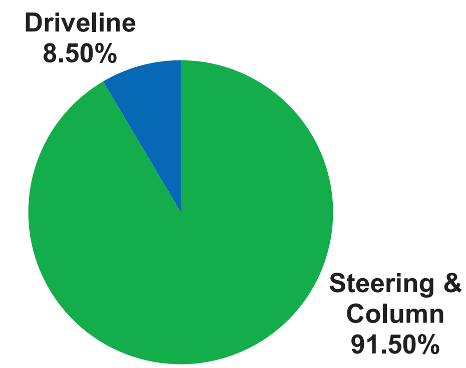
Contribution from EPAM segment lead to increase in exports

Product Wise Sales Mix

Q4 FY '12

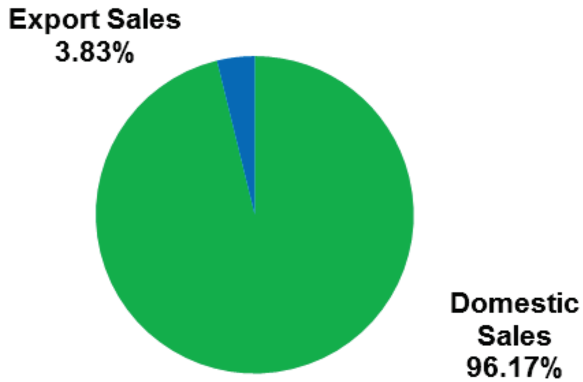


Q4 FY '13

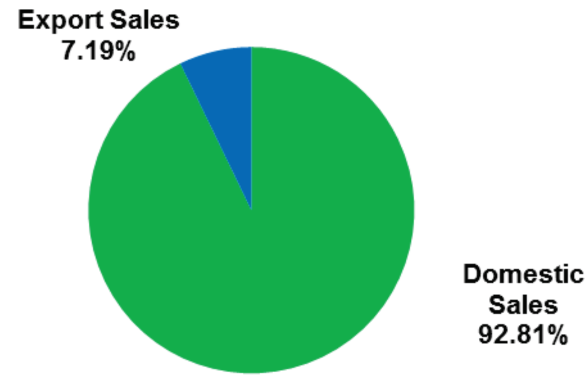


Geographic Sales Mix

Q4 FY '12



Q4 FY '13



- EPAM division contributed ₹69 Mn to Q4 FY'13

*Note: Break up on standalone basis

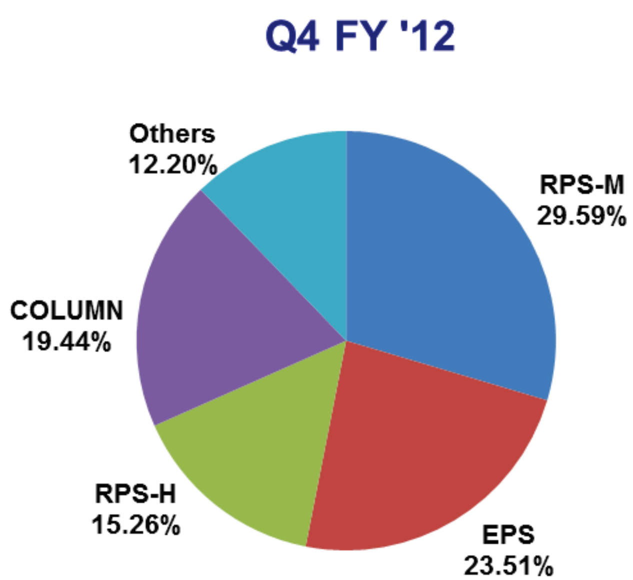
Aided by sustained utilization and diversification in Steering Products

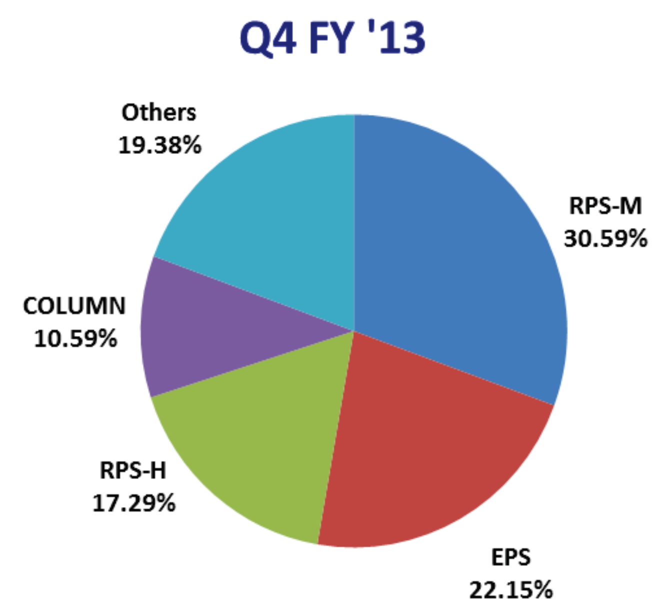
Capacity utilization

- Overall Capacity Utilization for FY ‘13 stood at 70.23%

- Capacity Utilization across product categories during FY’13
  - ✓ Steering Products – 80%
  - ✓ Driveline Products – 35%

Diversification in key steering products





- EPAM division contributed ₹69 Mn to Q4 FY’13

Income Statement & Key Ratios - Consolidated

Consolidated Audited Income Statement

Amount in ₹mn

Particulars	Q4 FY13	Q3 FY13	QoQ (%)	Q4 FY12	YoY (%)	FY'13	FY'12	YoY(%)
Net Income from Operations	3,977.67	3,587.34	10.88%	4,266.78	-6.78%	14,517.13	14,139.73	2.67%
Other Operating Income	28.92	19.74	46.51%	27.41	5.52%	83.07	72.77	14.16%
Total Income	**4,006.59**	**3,607.08**	**11.08%**	**4,294.18**	**-6.70%**	**14,600.20**	**14,212.50**	**2.73%**
Total Expenditure	3,492.29	3,189.07	9.51%	3,715.68	-6.01%	12,954.78	12,465.79	3.92%
Consumption of Raw Material	2,746.40	2,529.20	8.59%	3,067.37	-10.46%	10,246.03	9,996.43	2.50%
Staff Cost	356.66	305.00	16.94%	286.31	24.57%	1,258.95	1,127.64	11.65%
Other Expenditure	389.23	354.86	9.69%	362.00	7.52%	1,449.79	1,341.72	8.06%
EBITDA	**514.30**	**418.01**	**23.04%**	**578.50**	**-11.10%**	**1,645.43**	**1,746.71**	**-5.80%**
Depreciation & Amortisation	155.19	154.56	0.41%	122.37	26.82%	584.96	457.50	27.86%
EBIT	**359.11**	**263.45**	**36.31%**	**456.13**	**-21.27%**	**1,060.47**	**1,289.22**	**-17.74%**
Finance Charges	106.87	107.19	-0.30%	124.34	-14.05%	410.88	459.31	-10.54%
Other Income	21.85	6.94	214.87%	8.13	168.82%	93.49	30.85	203.04%
Exceptional items	-	-	N.A.	-	#DIV/0!	-	-	N.A
(Gain)/Loss on Foreign Currency Loan Tran:	-	-	N.A.	-	#DIV/0!	-	-	N.A
PBT	**274.10**	**163.20**	**67.95%**	**339.93**	-19.37%	**743.08**	**860.76**	**-13.67%**
Tax (including deferred)	111.01	49.25	125.39%	114.90	-3.38%	263.40	258.59	1.86%
PAT (before Minority Interest)	**163.09**	**113.95**	**43.12%**	**225.03**	-27.53%	**479.68**	**602.17**	**-20.34%**
Share of (Profit)/ Loss to Minority	**28.22**	**20.29**	**39.09%**	**34.56**	**-18.36%**	**98.82**	**115.08**	**-14.13%**
PAT	**134.87**	**93.67**	**43.99%**	**190.47**	**-29.19%**	**380.86**	**487.09**	**-21.81%**

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

Key Ratios as a % of Total Revenue	Q4 FY13	Q3 FY13	Q4 FY12	FY'13	FY'12
EBIDTA	12.84%	11.59%	13.47%	11.27%	12.29%
PAT	3.37%	2.60%	4.44%	2.61%	3.43%
Total Expenditure	87.16%	88.41%	86.53%	88.73%	87.71%
Raw material	68.55%	70.12%	71.43%	70.18%	70.34%
Staff Cost	8.90%	8.46%	6.67%	8.62%	7.93%
Other Expenditure	9.71%	9.84%	8.43%	9.93%	9.44%

Income Statement & Key Ratios - Standalone

Standalone Audited Income Statement

Amount in ₹mn

Particulars	Q4 FY13	Q3 FY13	QoQ (%)	Q4 FY12	YoY (%)	FY'13	FY'12	YoY(%)
Domestic Sales	2,800.30	2,594.64	7.93%	3,324.48	-21.95%	10,471.72	10,910.58	-4.02%
Exports Sales	216.87	142.24	52.47%	131.89	7.85%	646.68	442.44	46.16%
Net Income from Operations	3,017.17	2,736.88	10.24%	3,456.37	-12.71%	11,118.40	11,353.02	-2.07%
Other Operating Income	24.40	16.75	45.66%	22.29	9.48%	67.23	52.28	28.60%
Total Income	**3,041.57**	**2,753.63**	**10.46%**	**3,478.65**	**-12.56%**	**11,185.63**	**11,405.30**	**-1.93%**
Total Expenditure	2,671.29	2,458.63	8.65%	3,073.26	-13.08%	10,005.32	10,211.83	-2.02%
Consumption of Raw Material	2,065.05	1,937.74	6.57%	2,553.60	-19.13%	7,834.95	8,264.75	-5.20%
Staff Cost	306.23	255.90	19.67%	244.32	25.34%	1,067.38	953.84	11.90%
Other Expenditure	300.01	264.99	13.22%	275.35	8.96%	1,102.99	993.24	11.05%
EBITDA	**370.28**	**295.01**	**25.52%**	**405.39**	**-8.66%**	**1,180.31**	**1,193.47**	**-1.10%**
Depreciation & Amortisation	117.08	116.26	0.70%	94.62	23.74%	431.78	333.41	29.51%
EBIT	**253.20**	**178.74**	**41.66%**	**310.78**	**-18.53%**	**748.53**	**860.06**	**-12.97%**
Finance Charges	88.33	88.48	-0.16%	97.97	-9.84%	335.23	336.95	-0.51%
Other Income	25.93	9.47	173.82%	10.09	157.06%	55.66	39.63	40.46%
Exceptional items	-	-	N.A.	-	N.A.	-	-	N.A
(Gain)/Loss on Foreign Currency Loan Tran:	-	-	N.A.	-	N.A.	-	-	N.A
PBT	**190.80**	**99.73**	**91.31%**	**222.89**	-14.40%	**468.96**	**562.74**	**-16.67%**
Tax (including deferred)	74.65	31.62	136.04%	64.62	15.52%	162.85	174.38	-6.61%
PAT (before Minority Interest)	**116.15**	**68.11**	**70.53%**	**158.28**	-26.62%	**306.11**	**388.37**	**-21.18%**
Share of (Profit)/ Loss to Minority	-	-	N.A.	-	N.A.	-	-	N.A
PAT	**116.15**	**68.11**	**70.53%**	**158.28**	**-26.62%**	**306.11**	**388.37**	**-21.18%**

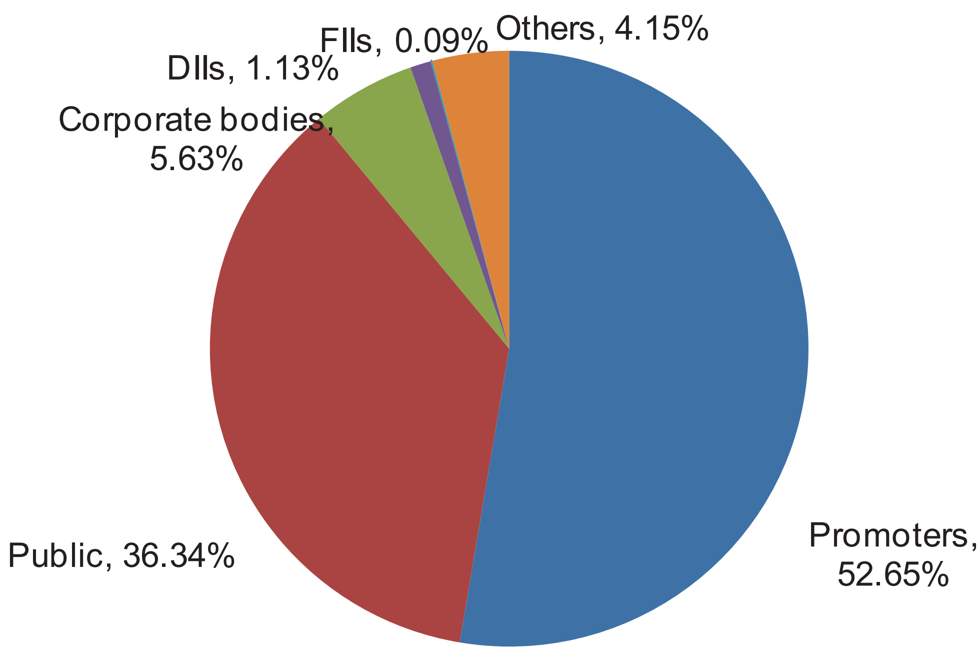
•*Other Expenditure includes manufacturing costs, administrative costs, selling costs and other expenses*

Key Ratios as a % of Total Revenue	Q4 FY13	Q3 FY13	Q4 FY12	FY'13	FY'12
EBIDTA	12.17%	10.71%	11.65%	10.55%	10.46%
PAT	3.82%	2.47%	4.55%	2.74%	3.41%
Total Expenditure	87.83%	89.29%	88.35%	89.45%	89.54%
Raw material	67.89%	70.37%	73.41%	70.04%	72.46%
Staff Cost	10.07%	9.29%	7.02%	9.54%	8.36%
Other Expenditure	9.86%	9.62%	7.92%	9.86%	8.71%

Shareholding Pattern

As on 31st March'2013

Equity Shares Outstanding-198,741,832



Contact Us

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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.