



Investor Update – Q2 FY'10

Sona Koyo Steering Systems Ltd.



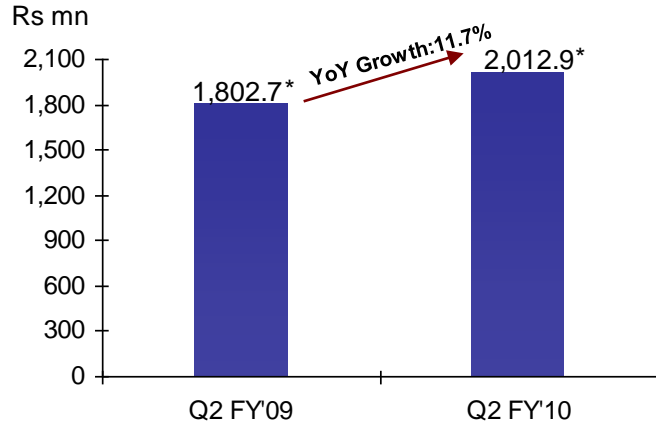
October 26, 2009



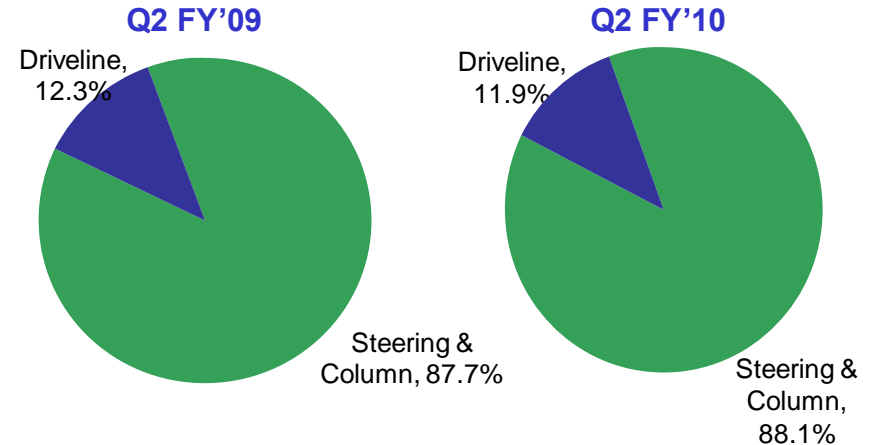
- 1.** Performance Review
- 2.** Operational Highlights
- 3.** Financial Statements
- 4.** Shareholding Pattern

Strong YoY revenue growth driven by increased domestic demand

Revenue & Revenue Growth

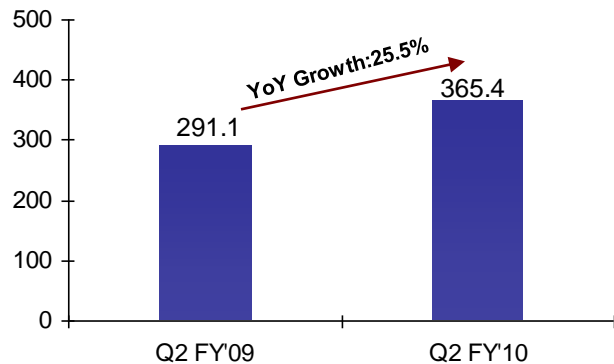


Product Wise Sales Mix



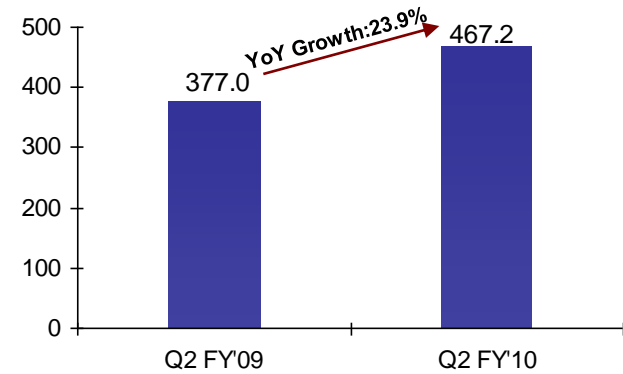
- Total Revenues up 11.7% from Rs 1,802.7mn in Q2 FY'09 to Rs 2,012.9mn in Q2 FY'10 driven by increase in Domestic Sales at 20.2% YoY to reach Rs 1,929.3mn on the back of improved demand from domestic OEMs:

Passenger Car: Sales Volume ('000)



Source: SIAM

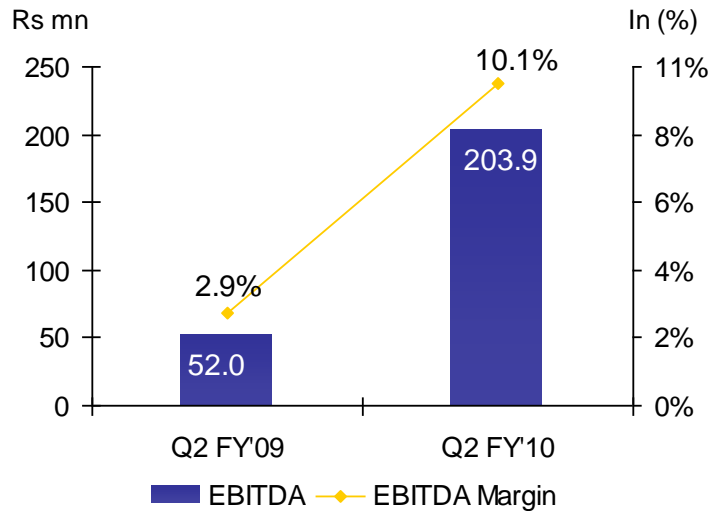
Total Passenger Vehicles: Sales Volume ('000)



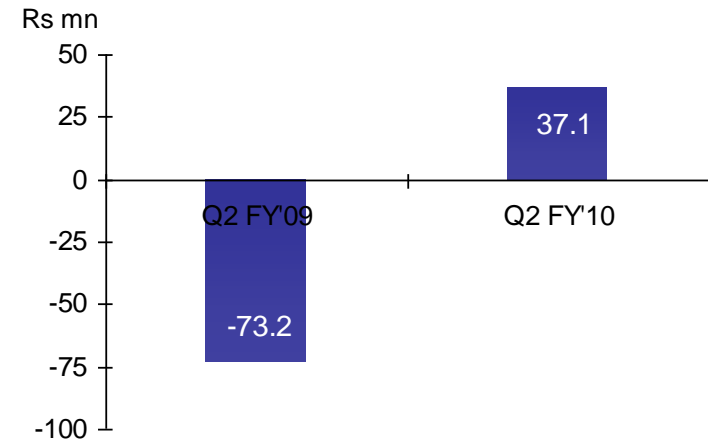
Source: SIAM

- Strong YoY growth witnessed in domestic sales of passenger cars (25.5%) and passenger vehicles (23.9%) in Q2 FY'10

EBITDA & EBITDA Margin Growth



Significant Improvement in Net Income



- **EBITDA up 292.2% from Rs 52.0mn to Rs 203.9mn; EBITDA margin improved from 2.9% to 10.1% in Q2 FY'10** owing to stabilising commodity prices and foreign exchange market coupled with realisation of full benefits of internal cost rationalization (including manufacturing cost, employee cost, and administrative cost) measures undertaken by the company:
 - ✓ Raw material cost as a % of total revenues declined from 79.4% in Q2 FY'09 to 76.1% in Q2 FY'10
 - ✓ Other expenditure (including manufacturing and administrative costs) as a % of total revenues declined from 9.6% in Q2 FY'09 to 7.3% in Q2 FY'10
 - ✓ Employee cost as a % of total revenues declined from 8.1% in Q2 FY'09 to 6.4% in Q2 FY'10
- **Company achieved positive net income of Rs 37.1mn in Q2 FY'10 (net income margins of 1.8%)** as against a loss of Rs 73.2mn in Q2 FY'09

Refer Slide 6 for detailed P&L Statement

Capacity Utilisation

- Company has witnessed significant increase in capacity utilisation during H1 FY'10 in each of its product groups:
 - ✓ Steering products: Capacity utilisation increased from 62% in H1 FY'09 to 66% in H1 FY'10
 - ✓ Driveline products: Capacity utilisation increased from 57% in H1 FY'09 to 66% in H1 FY'10

New Products

- Started supplies of steering column, case differential and steering gears for Tata Nano in Q2 FY'10
- Company plans to start new supplies for Sonalika, Fiat Punto and Tata World Truck from Q3 FY'10

Standalone Un-audited Financials

Amount in Rs mn

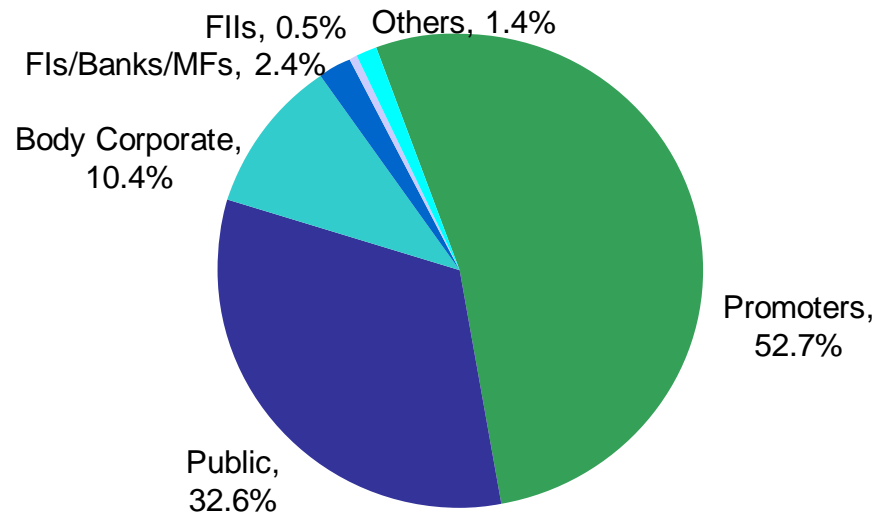
Particulars	Q2 FY'09	Q2 FY'10	YoY (%)	H1 FY'09	H1 FY'10	YoY (%)
Domestic Sales	1,605.2	1,929.3	20.2%	3,105.0	3,733.8	20.3%
Exports Sales	183.9	74.5	-59.5%	388.1	140.8	-63.7%
Net Income from Operations	1,789.1	2,003.8	12.0%	3,493.0	3,874.6	10.9%
Other Operational Income	13.6	9.1	-33.1%	23.4	21.4	-8.6%
Total Income	1,802.7	2,012.9	11.7%	3,516.4	3,896.0	10.8%
Total Expenditure	1,750.7	1,809.0	3.3%	3,359.6	3,526.9	5.0%
Consumption of Raw material	1,431.2	1,539.7	7.6%	2,744.5	3,013.8	9.8%
Purchase of Traded Goods	2.1	8.0	281.0%	4.7	11.3	140.4%
Increase/decrease in stock in trade	(2.1)	(16.1)	NA	(25.3)	(32.4)	NA
Staff Cost	146.3	129.7	-11.4%	286.2	255.3	-10.8%
Other Expenditure	173.2	147.7	-14.7%	349.5	278.9	-20.2%
EBITDA	52.0	203.9	292.2%	156.8	369.1	135.4%
Depreciation & Amortisation	59.1	65.0	10.1%	116.5	130.9	12.3%
EBIT	(7.1)	138.9	NA	40.3	238.2	491.3%
Finance Charges	75.1	82.6	10.0%	127.1	174.1	37.0%
(Gain)/Loss on Foreign Currency Loan Translation	24.3	0.3	-98.8%	39.9	(4.1)	NA
PBT	(106.5)	56.0	NA	(126.7)	68.2	NA
Tax (including deferred)	(33.3)	18.9	NA	(37.1)	22.4	NA
PAT	(73.2)	37.1	NA	(89.6)	45.8	NA

*Other Expenditure includes deferred revenue expenditure

Key Ratios as a % of Total Revenue	Q2 FY'09	Q2 FY'10	H1 FY'09	H1 FY'10
EBIDTA	2.9%	10.1%	4.5%	9.5%
PAT	NA	1.8%	NA	1.2%
Total Expenditure	97.1%	89.9%	95.5%	90.5%
Raw material	79.4%	76.1%	77.5%	76.8%
Staff Cost	8.1%	6.4%	8.1%	6.6%
Other Expenditure	9.6%	7.3%	9.9%	7.2%

As on 30th September 2009

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

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