



Setting the **World** in **Motion**

SONA KOYO STEERING SYSTEMS LTD.

INVESTOR UPDATE

April 20, 2006

QUARTER ENDED MARCH 2006

Key Highlights

Financial Highlights (FY'06 v/s FY'05)

- **Net Income from Operations up 14.3%** at Rs 3,428.8mn from Rs 2,998.8mn.
 - ✓ Exports up 134.7% at Rs 500.2mn from Rs 213.1mn.
- **Operating Profits up 12.7% to** Rs 429.7mn from Rs 381.3mn.
- **Operating Profit Margin down to 12.5%** from 12.7%
- **Profit after Tax down 2.4%** at Rs 162.6mn from Rs 166.7mn due to:
 - ✓ Increase in interest cost to Rs 50.5mn due to overall increase in interest rates on enhanced borrowings
 - ✓ Loss of Rs 2.7mn on account of adverse foreign exchange movement.
 - ✓ Impact of Fringe Benefit Tax of Rs 5.01mn

Financial Highlights (JFM'06 v/s JFM'05)

- **Net Income from Operations up 11.3%** at Rs 988.7mn from Rs 888.0mn.
 - ✓ Exports up 112.0% YoY at Rs 149.9mn.
 - ✓ Hyundai sales up 38.4% at Rs 129.5mn
- **Operating Profits up 17.7% to** Rs 143.7mn from Rs122.1mn.
- **Operating Profit Margin up to 14.5%** from 13.7% due to operational efficiencies
- **Profit after Tax down slightly** at Rs 61.7mn from Rs 62.0mn due to:
 - ✓ Impact of Fringe Benefit Tax of Rs 3.79mn

Operational Highlights - JFM'06

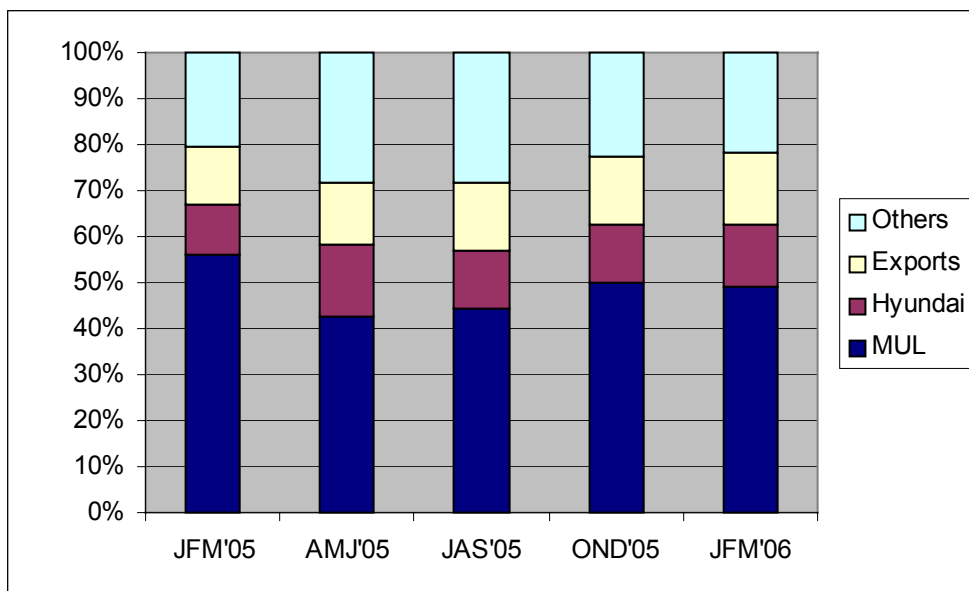
- Started supplies of Recirculating Ball Screw Type Steering Gear to M&M for Bolero Model. Started 100% supplies for CEPS for Alto & Wagon R.
- Production for export of column component to Fuji Autotech France in under process
- Submitted prototype samples for World Truck Project of Tata Motors

Contribution from Hyundai increased to 13.2% of revenues as compared to 10.7% in Q4 FY'05

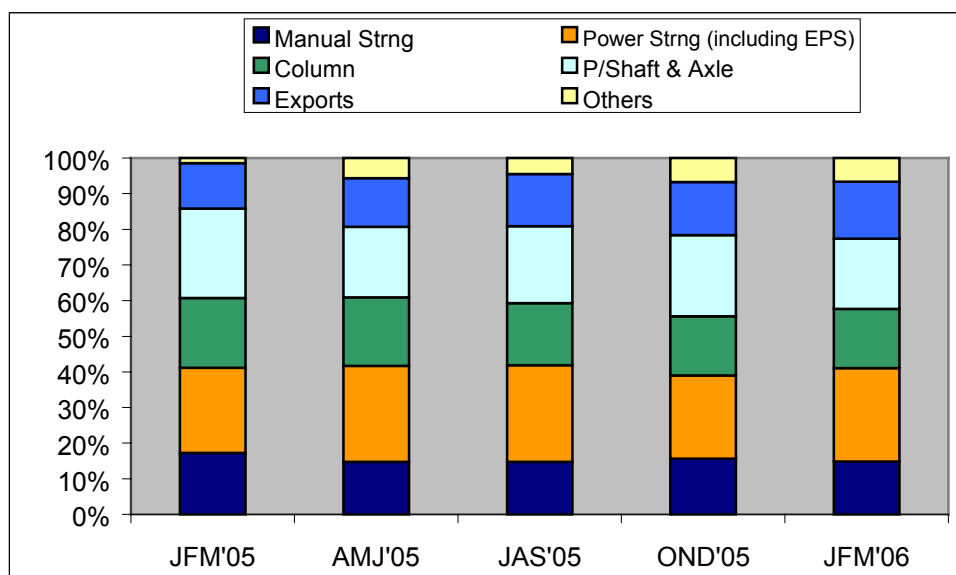
Power Steering (including EPS) comprised 26.2% of sales increasing from 23.9% in JFM'05

Revenue Analysis

Key Customers



Key Products



Financials - Annual

Profit and Loss Statement

Amount in Rs mn

Particulars	FY'05	FY'06	% Chg YoY
Net Income from Operations*	2,998.8	3,428.8	14.3%
Total Expenditure	2,617.5	2,999.1	14.6%
(a) Consumption of Raw Material	2,048.5	2,322.2	13.4%
(b) Increase/decrease in stock in trade	(12.1)	(13.0)	N/A
(c) Staff Cost	235.0	285.0	21.3%
(d) Other Expenditure	346.1	404.9	17.0%
OPBDIT	381.3	429.7	12.7%
Depreciation & Amortisation	109.2	125.8	15.3%
OPBIT	272.1	303.9	11.7%
Finance Charges**	18.8	53.2	183.2%
OPBT	253.3	250.7	-1.0%
Tax (including deferred)	86.7	88.1	1.6%
PAT	166.7	162.6	-2.4%
EPS (Rs.)	3.79	3.70	-2.4%

* Net Income from operations includes other operational income

** Financial Charges include Loss of Rs 2.7mn in FY'06 on account of adverse foreign exchange movement and Gain of Rs 6.1mn in FY'05

Key ratios %

Key Ratios	FY'05	FY'06
OPBDIT/Net Income from Operations	12.7%	12.5%
PAT/ Net Income from Operations	5.6%	4.7%
Total Expenditure/Net Income from Operations	87.3%	87.5%
Consumption of Raw material/Net Income from Operations	67.9%	67.3%
Staff Cost/Net Income from Operations	7.8%	8.3%

Financials - Annual

Balance Sheet

Amount in Rs mn

Particulars	31st Mar 05	31st Mar 06
I.Sources of Funds		
1.Share Holder's Fund	728.9	891.5
(a) Share Capital	87.9	87.9
(b) Reserves & Surplus	641.0	803.6
2.Deferred Tax Liability	181.0	193.5
3.Loan	867.1	1,055.7
(a) Secured	863.3	1,051.9
(b) Unsecured	3.8	3.8
TOTAL (1+2+3)	1,776.9	2,140.7
II.Application of Fund		
1 Net Fixed Assets	1,014.2	1,293.3
a.Gross Block	1,681.3	2,041.8
Less Depreciation	754.7	826.4
Net Block	926.6	1,215.4
Add CWIP	87.6	77.9
2 Investments	296.6	297.7
3 Net Current Assets (A-B)	398.9	470.5
A. Current Assets	841.8	949.3
(a) Inventories	209.8	241.9
(b) Debtors	411.6	410.1
(C) Others	220.3	297.3
B. Current liabilities	442.9	478.8
4 MISCELLANEOUS EXPENSES	67.3	79.2
TOTAL (1+2+3+4)	1,776.9	2,140.7

Financials - Quarterly

Profit and Loss Statement

Amount in Rs mn

Particulars	JFM'05	OND'05	JFM'06	% Chg QoQ	% Chg YoY
Net Income from Operations*	888.0	817.7	988.7	20.9%	11.3%
Total Expenditure	765.9	711.6	845.0	18.8%	10.3%
(a) Consumption of Raw Material	567.1	568.0	648.2	14.1%	14.3%
(b) Increase/decrease in stock in trade	25.9	(8.1)	0.3	-103.7%	-98.8%
(c) Staff Cost	64.5	67.2	86.9	29.3%	34.7%
(d) Other Expenditure	108.4	84.5	109.6	29.8%	1.1%
OPBDIT	122.1	106.1	143.7	35.4%	17.7%
Depreciation & Amortisation	29.8	31.2	35.9	14.9%	20.4%
OPBIT	92.3	74.9	107.8	43.9%	16.8%
Finance Charges	2.2	22.4	7.4	-67.0%	236.4%
OPBT	90.1	52.5	100.4	91.2%	11.4%
Tax (including deferred)	28.1	17.2	38.7	125.0%	37.7%
PAT	62.0	35.3	61.7	74.8%	-0.5%
EPS (Rs.)	1.41	0.80	1.40	75.0%	-0.7%

* Net Income from operations includes other operational income

** Financial Charges include (Gain)/ Loss on foreign exchange movements to the extent of Rs (6.1)mn, Rs 6.2mn and Rs (3.5)mn in JFM'05, OND'05 and JFM'06 respectively

Key ratios %

Key Ratios	JFM'05	OND'05	JFM'06
OPBDIT/Net Income from Operations	13.7%	13.0%	14.5%
PAT/ Net Income from Operations	7.0%	4.3%	6.2%
Total Expenditure/Net Income from Operations	86.3%	87.0%	85.5%
Consumption of Raw material/Net Income from Operations	66.8%	68.5%	65.6%
Staff Cost/Net Income from Operations	7.3%	8.2%	8.8%

About Sona Koyo Steering Systems Ltd.

Sona Koyo Steering Systems Limited (SKSSL) is a technical and financial joint venture company of Koyo Seiko Company, Japan, the global technology leader in Steering Systems. With a Market share of 50%, SKSSL is the largest manufacturer of steering gears in India and is the leading supplier of Hydraulic 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.