

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



SONA KOYO STEERING SYSTEMS LTD.

INVESTOR UPDATE

QUARTER ENDED JUNE 2007

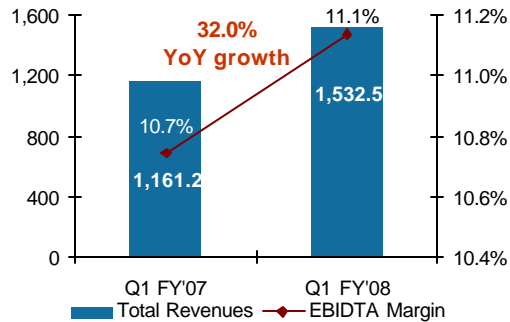
July 18, 2007



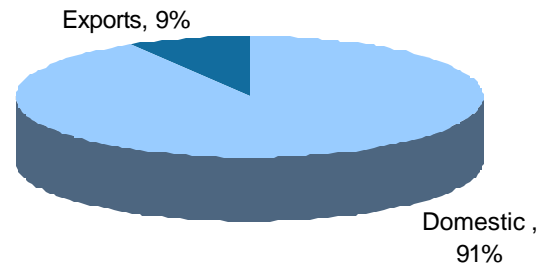
Sona Koyo Steering Systems Ltd. records 117.1% YoY increase in Profit After Tax in Q1 FY'08

- Total Revenues up 32.0% YoY to Rs 1,532.5mn
- EBIDTA up 36.8% YoY to Rs 170.7mn

Revenue and Margin Growth



Geographic break-up of net sales (Q1 FY'08)



Financial Highlights – Q1 FY'08 v/s Q1 FY'07

- **Total Revenues up 32.0%** at Rs 1,532.5mn from Rs 1,161.2mn
 - ✓ Electronic Power Steering Sales increased by 83% to Rs 526mn
- **Operating Profits up 36.8%** to Rs 170.7mn from Rs 124.8mn
- **Operating Profit Margin up at 11.1% compared to 10.7%** in Q1 FY'07 due to:
 - ✓ Exchange gain on account of imported material
- **Profit after Tax up 117.1%** at Rs 79.8mn from Rs 36.8mn due to
 - ✓ Movement on account of foreign currency loan translation favourable at Rs 12.7mn as compared to a loss of Rs 10.6mn in Q1 FY'07
- **Net Margins up at 5.2%** compared to 3.2% in Q1 FY'07

Operational Highlights

- **Received the “TERI Corporate Environmental Excellence Award”** becoming the first company in the Automobile sector to receive the award
- **Received the “National Training Award 2007”** from the Indian Society of Training and Development for adopting innovative training practices
- **Commenced supplies to Mahindra-Renault.** First quarter column supplies worth Rs 6mn
- **E-Z-G-O, USA cleared supplies for Q3 FY'08.** Pilot lot in process

Other Highlights

- **4,616,535 warrants converted into equity shares** (Face Value of Rs 2 each) during April 2007

Particulars	Q1 FY'07	Q4 FY'07	Q1 FY'08	% Chg QoQ	% Chg YoY
Total Revenues	1,161.2	1,771.1	1,532.5	-13.5%	32.0%
Total Expenditure	1,036.4	1,550.5	1,361.8	-12.2%	31.4%
(a) Consumption of Raw Material	870.2	1,265.6	1,116.1	-11.8%	28.3%
(b) Increase/decrease in stock in trade	(28.8)	25.4	(11.2)	N/A	N/A
(c) Staff Cost	81.3	113.1	111.4	-1.5%	37.0%
(d) Other Expenditure	113.8	146.4	145.5	-0.6%	27.9%
EBITDA	124.8	220.7	170.7	-22.6%	36.8%
Depreciation & Amortisation	35.8	36.0	38.9	7.9%	8.7%
EBIT	89.0	184.6	131.8	-28.6%	48.1%
Finance Charges	21.8	21.7	21.2	-2.0%	-2.7%
(Gain)/Loss on Foreign Currency Loan Translation	10.6	1.0	(12.7)	N/A	N/A
PBT	56.6	162.0	123.3	-23.9%	117.8%
Tax (including deferred)	19.8	51.6	43.5	-15.7%	119.3%
PAT	36.8	110.4	79.8	-27.7%	117.1%
EPS (Rs.)	0.42	1.24	0.82	-33.6%	96.0%

Key Ratios (%)	Q1 FY'07	Q4 FY'07	Q1 FY'08
EBIDTA/Total Revenues	10.7%	12.5%	11.1%

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

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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.

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