

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



SONA KOYO STEERING SYSTEMS LTD.

INVESTOR UPDATE

QUARTER ENDED SEPTEMBER 2007

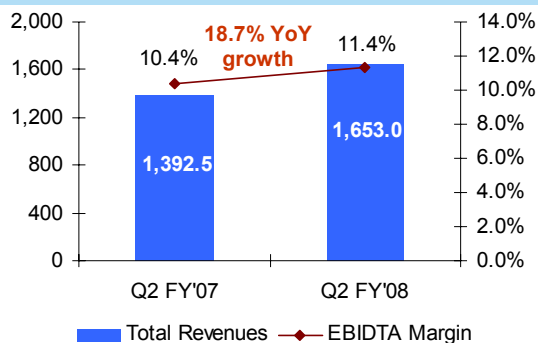
October 18, 2007



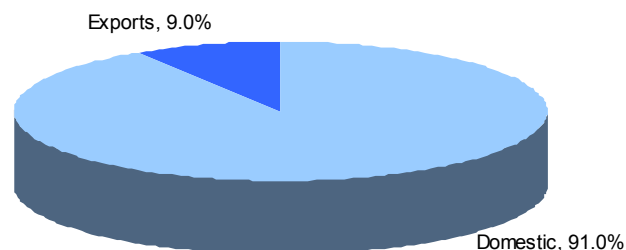
Sona Koyo Steering Systems Ltd. records 38.2% YoY increase in Profit After Tax in Q2 FY'08

- Total Revenues up 18.7% YoY to Rs 1,653.0mn
- EBIDTA up 29.6% YoY to Rs 188.1mn

Revenue and Margin Growth



Geographic break-up of net sales (Q2 FY'08)



Financial Highlights – Q2 FY'08 v/s Q2 FY'07

- **Total Revenues up 18.7%** at Rs 1,653.0mn from Rs 1,392.5mn
 - ✓ Domestic Sales increased by 18.8% to Rs 1,498.2mn with 10-15% growth in all major product segments
 - ✓ Exports increased by 19.5% to Rs 147.4mn
- **Operating Profits up 29.6%** to Rs 188.1mn from Rs 145.1mn
- **Operating Profit Margin up at 11.4% compared to 10.4%** in Q2 FY'07 due to economies of scale
- **Profit after Tax up 38.2%** at Rs 87.9mn from Rs 63.6mn due to:
 - ✓ Increase in operating margins by 96 basis points
 - ✓ Movement on account of foreign currency loan translation favourable at Rs 15.5mn as compared to a gain of Rs 3.6mn in Q2 FY'07
- **Net Margins up at 5.3%** compared to 4.6% in Q2 FY'07

Financial Highlights – H1 FY'08 v/s H1 FY'07

- **Total Revenues up 24.7%** at Rs 3,185.5mn from Rs 2,553.7mn
- **Operating Profits up 32.9%** to Rs 358.8mn from Rs 269.9mn
- **Operating Profit Margin up at 11.3% compared to 10.6%** in H1 FY'07
- **Profit after Tax up 67.0%** at Rs 167.7mn from Rs 100.4mn
- **Net Margins up at 5.3%** compared to 3.9% in H1 FY'07

Operational Highlights

- **Formed a 49:51 subsidiary company in collaboration with JTEKT – “JTEKT Sona Automotive India”** for the manufacture of Column-Type Electric Power Steering, with a total investment of Rs 1,558mn
- **Received new orders worth Rs 2,300mn during Q2 FY'08** from domestic customers. Production to take place during FY'08-FY'09
- **Construction work for Singur plant began in September 2007.** Plant being setup for the production of Manual Steerings and Columns
- **Pinion Valve Localization project has been commissioned at Dharuhera in September 2007**
- **Second quarter supplies worth Rs 29mn to Fuji Autotech**

Financials - Quarterly

Profit and Loss Statement

Amount in Rs mn

Particulars	Q2 FY'07	Q1 FY'08	Q2 FY'08	% Chg QoQ	% Chg YoY	H1 FY'07	H1 FY'08	% Chg YoY
Net Sales	1,384.9	1,526.4	1,645.6	7.8%	18.8%	2,540.9	3,172.0	24.8%
Other Operational Income	7.6	6.1	7.4	21.7%	-2.3%	12.8	13.5	5.6%
Total Income	1,392.5	1,532.5	1,653.0	7.9%	18.7%	2,553.7	3,185.5	24.7%
Total Expenditure	1,247.4	1,361.8	1,465.0	7.6%	17.4%	2,283.9	2,826.8	23.8%
(a) Consumption of Raw Material	1,006.7	1,116.1	1,188.0	6.4%	18.0%	1,876.8	2,304.1	22.8%
(b) Increase/decrease in stock in trade	5.6	(11.2)	(0.3)	N/A	N/A	(23.2)	(11.5)	N/A
(c) Staff Cost	91.2	111.4	114.5	2.8%	25.5%	172.5	225.8	30.9%
(d) Other Expenditure	143.9	145.5	162.8	11.9%	13.1%	257.7	308.3	19.6%
EBITDA	145.1	170.7	188.1	10.2%	29.6%	269.9	358.8	32.9%
Depreciation & Amortisation	34.1	38.9	40.1	3.1%	17.8%	69.9	79.0	13.1%
EBIT	111.0	131.8	148.0	12.3%	33.3%	200.0	279.8	39.9%
Finance Charges	22.5	21.2	27.8	30.8%	23.3%	44.3	49.0	10.6%
(Gain)/Loss on Foreign Currency Loan Translation	(3.6)	(12.7)	(15.5)	N/A	N/A	7.0	(28.2)	N/A
PBT	92.1	123.3	135.7	10.1%	47.3%	148.7	259.0	74.2%
Tax (including deferred)	28.5	43.5	47.8	10.0%	67.8%	48.3	91.3	89.0%
PAT	63.6	79.8	87.9	10.2%	38.2%	100.4	167.7	67.0%
EPS (Rs.) – Non Annualised	0.72	0.82	0.91	10.2%	25.4%	1.14	1.73	51.5%

Key Ratios (%)	Q2 FY'07	Q1 FY'08	Q2 FY'08	H1 FY'07	H1 FY'08
EBIDTA/ Total Income	10.4%	11.1%	11.4%	10.6%	11.3%
PAT/ Total Income	4.6%	5.2%	5.3%	3.9%	5.3%
Total Expenditure/ Total Income	89.6%	88.9%	88.6%	89.4%	88.7%
Raw material/ Total Income	72.7%	72.1%	71.9%	72.6%	72.0%
Staff Cost/ Total Income	6.5%	7.3%	6.9%	6.8%	7.1%

Amount in Rs mn

Geographical Break-Up of Gross Sales	Q2 FY'07	Q1 FY'08	Q2 FY'08	H1 FY'07	H1 FY'08
Domestic	1,556.7	1,720.7	1,829.6	3,065.8	3,550.3
Exports	123.4	132.0	147.4	24.5	279.4

Amount in Rs mn

Geographical Break-Up of Net Sales	Q2 FY'07	Q1 FY'08	Q2 FY'08	H1 FY'07	H1 FY'08
Domestic	1,261.5	1,394.4	1,498.2	2,295.7	2,892.6
Exports	123.4	132.0	147.4	24.5	279.4

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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