

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

SONA KOYO STEERING SYSTEMS LTD.

INVESTOR UPDATE

April 25, 2007

YEAR ENDED MARCH 2007

 **Four-S Services**

Strategies and Services for Stakeholder Success

Key Highlights

Financial Highlights – FY'07 v/s FY'06

- **Net Income from Operations up 70.0%** at Rs 5,834.6mn from Rs 3,431.8mn.
 - ✓ Maruti Sales up by 120% to Rs 3,494.0mn due to increase in CEPS supplies for Alto, Versa & Wagon R
 - ✓ Hyundai Sales increased by 50% to Rs 683.4mn
- **Operating Profits up 49.0% to** Rs 640.3mn from Rs 429.7mn
- **Operating Profit Margin down at 11.0% compared to** 12.5% in FY'06 due to change in product mix
- **Profit after Tax up 70.5%** at Rs 277.1mn from Rs 162.5mn due to increased sales volumes, consequentially **Net Margins are stable at 4.7%**

Financial Highlights – Q4 FY'07 v/s Q4 FY'06

- **Net Income from Operations up 79.1%** at Rs 1,771.1mn from Rs 988.7mn.
- **Operating Profits up 53.6% to** Rs 220.7mn from Rs 143.7mn
- **Operating Profit Margin down at 12.5% compared to** 14.5% in JFM'06
- **Profit after Tax up 78.7%** at Rs 110.4mn from Rs 61.7mn
- **Net Margins at 6.2%** in Q4 FY'07

Operational Highlights

- **New Orders received from domestic customers for the annual sales value of Rs 290mn for steering systems.** Orders to start from 2008.
- **Received an export order for the annual value of Rs 50mn** during the quarter
- **Additional capacities of 500,000 manual steering gears and steering columns has been commissioned** in Chennai and Gurgaon
- **Next phase of EPS localization has been established.** Dharuheda plant received customer approval and is expected to start commercial supplies from June 2007.
- **Savings of Rs 6mn during the year** through investments in energy efficient transformers and improvement in generator cooling system.

Other Highlights

- **The board recommended a dividend at 35% on 96.9mn equity shares** of Rs 2 each (post bonus issue of 1:1) and which also includes 4.6mn equity shares of Rs 2 each on the assumption that the warrant holders will exercise their option for conversion of fully convertible warrants which is due in April 2007.

Financials – Year ended March 2007

Profit and Loss Statement

Amount in Rs mn

	FY'06	FY'07	% Chg YoY
Net Income from Operations	3,431.8	5,834.6	70.0%
Total Expenditure	3,002.1	5,194.3	73.0%
(a) Consumption of Raw Material	2,322.2	4,254.3	83.2%
(b) Increase/decrease in stock in trade	(10.0)	(6.5)	-35.0%
(c) Staff Cost	285.0	388.8	36.4%
(d) Other Expenditure	404.9	557.7	37.7%
OPBDIT	429.7	640.3	49.0%
Depreciation & Amortisation	125.8	142.5	13.2%
OPBIT	303.9	497.9	63.8%
Finance Charges	50.5	86.9	71.9%
(Gain)/Loss on Foreign Currency Loan Translation	2.7	-4.8	N/A
OPBT	250.6	415.8	65.9%
Tax (including deferred)	88.1	138.6	57.4%
PAT	162.5	277.1	70.5%
EPS (Rs.)	1.85	3.10	67.6%

* Net Income from operations includes other operational income

Key ratios %

Key Ratios	FY'06	FY'07
OPBDIT/Net Income from Operations	12.5%	11.0%
PAT/ Net Income from Operations	4.7%	4.7%
Total Expenditure/Net Income from Operations	87.5%	89.0%
Raw material/Net Income from Operations	67.4%	72.8%
Staff Cost/Net Income from Operations	8.3%	6.7%

Geographical Breakup of Gross Sales

Amount in Rs mn

Rs mn	FY'06	FY'07
Domestic	3,592.3	6,495.0
Exports	500.2	546.6

Balance Sheet

Amount in Rs mn

Particulars	31st Mar 06	31st Mar 07
I.Sources of Funds		
1.Share Holder's Fund	841.4	1,334.1
(a) Share Capital	87.9	184.7
(b) Reserves & Surplus	753.5	1,149.5
2.Deferred Tax Liability	193.5	209.5
3.Loan	1,055.7	959.1
(a) Secured	1,051.9	955.3
(b) Unsecured	3.8	3.8
TOTAL (1+2+3)	2,090.6	2,502.7
II.Application of Fund		
1 Fixed Assets	1,293.3	1,834.8
a.Gross Block	2,041.8	2,314.6
Less Depreciation	826.4	938.7
Net Block	1,215.4	1,375.9
b. Add CWIP	77.9	458.9
2 Investments	297.7	298.7
3 Net Current Assets (A-B)	420.4	324.0
A. Current Assets	949.3	1,458.3
(a) Inventories	241.9	304.5
(b) Debtors	410.1	811.0
(C) Others	297.3	342.7
B. Current liabilities & Provisions	528.9	1,134.2
4 Miscellaneous Expenditure	79.2	45.1
TOTAL (1+2+3+4)	2,090.6	2,502.7

Financials - Quarterly

Profit and Loss Statement

Amount in Rs mn

Particulars	JFM'06	OND'06	JFM'07	% Chg QoQ	% Chg YoY
Net Income from Operations	988.7	1,509.8	1,771.1	17.3%	79.1%
Total Expenditure	845.0	1,360.0	1,550.5	14.0%	83.5%
(a) Consumption of Raw Material	648.2	1,111.9	1,265.6	13.8%	95.2%
(b) Increase/decrease in stock in trade	0.3	(8.7)	25.4	N/A	N/A
(c) Staff Cost	86.9	103.2	113.1	9.6%	30.1%
(d) Other Expenditure	109.6	153.6	146.4	-4.7%	33.5%
OPBDIT	143.7	149.8	220.7	47.3%	53.6%
Depreciation & Amortisation	35.9	36.6	36.0	-1.5%	0.5%
OPBIT	107.8	113.2	184.6	63.1%	71.3%
Finance Charges	10.9	20.9	21.7	3.4%	98.6%
(Gain)/Loss on Foreign Currency Loan Translation	(3.5)	(12.8)	1.0	N/A	N/A
OPBT	100.4	105.1	162.0	54.1%	61.3%
Tax (including deferred)	38.7	38.7	51.6	33.3%	33.3%
PAT	61.7	66.4	110.4	66.2%	78.7%
EPS (Rs.)	0.70	0.75	1.24	65.3%	77.1%

* Net Income from operations includes other operational income

Key ratios %

	JFM'06	OND'06	JFM'07
OPBDIT/Net Income from Operations	14.5%	9.9%	12.5%
PAT/ Net Income from Operations	6.2%	4.4%	6.2%
Total Expenditure/Net Income from Operations	85.5%	90.1%	87.5%
Raw material/Net Income from Operations	65.6%	73.1%	72.9%
Staff Cost/Net Income from Operations	8.8%	6.8%	6.4%

Geographical Breakup of Gross Sales

Amount in Rs mn

	JFM'06	OND'06	JFM'07
Domestic	1,018.9	1,675.4	1,974.5
Exports	149.9	135.8	165.6

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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