

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

SONA KOYO STEERING SYSTEMS LTD.

INVESTOR UPDATE

20 April 2005

QUARTER ENDED March 2005

 **FourS Services**
Strategies and Services for Stakeholder Success

Key Highlights

Quarter ended 31st March 2005

- **Net Income from Operations up 30.5% YoY** at Rs 873.4mn
 - ✓ Exports up more than 6 times YoY at Rs 111.3mn
- **Operating Profits up 32.6% YoY** at Rs 108.2mn
- **Operating Profit Margin increased to 12.4%** from 12.2% YoY due to benefits of economies of scale on account of increase in exports
- **Profit After Tax up 84.0% YoY** at Rs 65.7mn due to higher revenue and improved operating margin
- **The company declared an annual dividend of 50%**

Financial - Year Ended 31st March 2005

Changes over FY 2003-04

- ⇒ **Net Income from operations up 27.1%** to Rs 2,974.9mn
- ⇒ **Operating Profit margin down** to 12.0% from 12.1%
- ⇒ **Return on Net worth up to 25.2%** from 21.8%
- ⇒ **EPS up 37.8%** to Rs 3.79 from Rs. 2.75
- ⇒ **Dependence on Maruti Udyog Limited down** to 54% from 57%. Share of Hyundai in net sales up 13% from 10%
- ⇒ **Exports up more than 5 times** to Rs 253.9mn comprising 8.5% of net sales
- ⇒ **Capex of Rs. 357mn** for the year ended 31st March 2005

Financials - Quarterly

Profit and Loss Statement

Amount in Rs mn

Particulars	JFM'04	OND'04	JFM'05	% Chg QoQ	% Chg YoY
Net Income from Operations	669.4	775.9	873.4	12.6%	30.5%
Total Expenditure	587.8	681.0	765.2	12.4%	30.2%
(a) Increase/decrease in stock in trade	(5.2)	(18.9)	25.8		
(b) Consumption of Raw Material	468.0	554.1	567.1	10.8%	28.1%
(c) Manufacturing cost	36.1	40.4	54.5	34.8%	50.9%
(d) Staff Cost	53.9	57.6	64.6	12.2%	19.9%
(e) Other Expenditure	35.0	47.8	53.2	11.3%	52.1%
OPBDIT	81.6	94.9	108.2	14.0%	32.6%
Depreciation & Amortization	25.0	28.0	29.8	6.3%	19.0%
OPBIT	56.6	66.9	78.5	17.3%	38.6%
Finance Charges	5.3	6.6	8.3	25.8%	56.6%
OPBT	51.3	60.3	70.2	16.4%	36.8%
Other Income	3.3	3.8	20.0	420.3%	505.5%
PBT	54.6	64.1	90.1	40.5%	65.1%
Tax (including deferred)	18.9	23.5	24.5	4.1%	29.4%
PAT	35.7	40.7	65.7	61.6%	84.0%
EPS (Rs.) - Annualised	3.3	3.7	6.0	61.5%	83.6%

Key ratios %

Key Ratios	JFM'04	OND'04	JFM'05
OPBDIT/Net Income from Operations	12.2%	12.2%	12.4%
PAT/ Net Income from Operations	5.3%	5.2%	7.5%
Total Expenditure/Net Income from Operations	87.8%	87.8%	87.6%
Consumption of Raw material/Net Income from Operations	69.1%	69.0%	67.9%
Staff Cost/Net Income from Operations	8.1%	7.4%	7.4%

Financials - Annual

Profit and Loss Statement

Amount in Rs mn

Particulars	FY 2002-03	FY 2003-04	FY 2004-05	% Chg YoY
Net Income from Operations	1,782.4	2,340.4	2,974.9	27.1%
Total Expenditure	1,603.7	2,056.8	2,617.5	27.3%
(a) Increase/decrease in stock in trade	2.6	(5.6)	(12.1)	116.3%
(b) Consumption of Raw Material	1,233.9	1,609.6	2,048.5	27.3%
(c) Manufacturing cost	93.4	115.6	168.9	46.1%
(d) Staff Cost	166.4	205.7	235.0	14.3%
(e) Other Expenditure	107.4	131.5	177.2	34.7%
OPBDIT	178.7	283.6	357.4	26.0%
Depreciation & Amortization	88.6	94.9	109.2	15.0%
OPBIT	90.1	188.7	248.3	31.6%
Finance Charges	16.5	15.0	24.9	66.0%
OPBT	73.6	173.7	223.4	28.6%
Other Income	16.8	13.9	30.0	115.6%
PBT	90.4	187.6	253.3	35.0%
Tax (including deferred)	29.8	66.6	86.7	30.1%
PAT	60.6	121.0	166.7	37.7%
EPS (Rs.)	1.12	2.75	3.79	37.8%

Key ratios %

Key Ratios	FY 2002-03	FY 2003-04	FY 2004-05
OPBDIT/Net Income from Operations	10.0%	12.1%	12.0%
PAT/ Net Income from Operations	3.4%	5.2%	5.6%
Total Expenditure/Net Income from Operations	90.0%	87.9%	88.0%
Consumption of Raw material/Net Income from Operations	69.4%	68.5%	68.5%
Staff Cost/Net Income from Operations	9.3%	8.8%	7.9%

Balance Sheet

Amount in Rs mn

Particulars	31st Mar 03	31st Mar 04	31st Mar 05
I.Sources of Funds			
1.Share Holders' Funds	531.0	612.4	728.9
(a) Share Capital	87.9	87.9	87.9
(b) Reserves & Surplus	443.1	524.5	641.0
2.Deferred Tax Liability	158.6	164.1	181.0
3.Loan	196.9	365.3	867.1
(a) Secured	136.9	361.5	863.3
(b) Unsecured	60.0	3.8	3.8
TOTAL (1+2+3)	886.5	1,141.8	1,776.9
II.Application of Funds			
1 Net Fixed Assets	652.3	841.2	1,014.2
Gross Block	1,243.0	1,324.3	1,681.3
Less Depreciation	597.0	667.3	754.7
Net Block	646.0	657.0	926.6
Add CWIP	6.3	184.2	87.6
2 Investments	3.4	3.4	296.6
3 Net Current Assets (A-B)	181.3	240.2	398.8
A. Current Assets	436.1	539.8	841.8
(a) Inventories	92.1	123.7	209.8
(b) Debtors	163.0	217.6	411.6
(C) Others	181.0	198.5	220.3
B. Current liabilities	254.8	299.6	442.9
4 MISCELLANEOUS EXPENSES	49.5	56.9	67.3
TOTAL (1+2+3+4)	886.5	1,141.8	1,776.9

Key ratios %

Key Ratios	FY 2002-03	FY 2003-04	FY 2004-05
Days Receivable	33	33	50
Days Inventory	21	22	29
PBIT/Cap Employed (%)	15.9%	27.5%	19.3%
Return on Equity (%)	12.6%	21.8%	25.2%

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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