



For Immediate Release

SONA KOYO STEERING SYSTEMS LTD. SALES UP 2.26% PERIOD ENDED 31ST

DECEMBER 2008

REGISTERED -12.70% DEGROWTH FOR Q3

New Delhi, 23rd January 2009: The Board of Directors of Sona Koyo Steering Systems Ltd. (SONA), India's largest manufacturer and supplier of Steering Systems, in Technical and Financial Collaboration with global No. 1 Steering System manufacturer viz. 'JTEKT Corporation', Japan (formerly Koyo Seiko Co.Ltd.), in its meeting held on 23rd January, 2009 has taken on record the Un-audited Financial Results for the Third Quarter ended 31st December, 2008.

In the Q3 ended 31st December 2008, SONA has seen a decline of 12.70% in sales to Rs. 150.79 crores from Rs. 172.73 crores, over the corresponding period last year. The Profit After Tax (PAT) stands at a loss of Rs. 17.24 Crores down from a PAT of Rs. 7.32 Crores during the corresponding period of the previous year. Cumulatively, for the third quarter ended 31st December 2008, net sales have grown to Rs. 502.43 Crores from Rs. 491.28 Crores during the same period last year. Company sales have registered a 2.26% growth over the 9 month period, however PAT is at a loss of Rs. 26.20 Crores down from a profit of Rs. 24.08 Crores during the same period last year.

The de-growth in the bottom line is in keeping with sectoral trends and pressures. Sona has been affected by the decline in demand in Q3, where the sales revenue declined by Rs.22 crores over the corresponding quarters last year, due to decline in demand from OEM's. Further, as Sona has high dependence on imports, the performance has been significantly affected due to adverse foreign exchange movements. Sona has not been able to fully recover the losses on account of this from the customer. Continued increase of raw material prices from April to September have also affected the profitability as the

entire increase have not been compensated by the customers, as customers have also been severely affected by the difficult economic condition.

In spite of the difficult period until December 2008, the company hopes to turn a profitable Q4 on the back of improved sales and order booked from key customers. Sona has successfully negotiated some price reduction from its suppliers overseas, the effect of which will flow in by late Q4. It is also continuing to negotiate with customers on fully recovering material price increases. In addition, Sona is aggressively pursuing its localisation strategy. It has taken firm steps to cut down its internal costs, the impact of which will be visible from Q4. Manufacturing cost has declined to 4.7% in Q3 from 5.5% previously. Employee costs are also expected to decline from Q4.

Sona Koyo Steering Systems Ltd.

SONA KOYO Steering Systems Ltd. (SONA) is the flagship company of the Rs. 3,500 crore SONA Group of Companies. The company is India's largest manufacturer of steering systems and is the supplier of choice to major auto manufacturers with over 45% domestic market share, supplying steering gears, columns and RPS assemblies to almost all Indian passenger car and utility vehicle manufacturers. More information about the company is available on the website www.sonagroup.com. The SONA group comprises the following companies; Sona Okegawa Precision Forgings Ltd., Sona BLW Prazisionsschmiede GmbH, Sona Somic Lemforder Components Ltd., Mahindra Sona Ltd, Sona Mobility and Sona e-Design Ltd.

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