

PRESS RELEASE

SONA KOYO STEERING SYSTEMS LTD.

DATED : 23RD OCTOBER, 2006.

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 world largest Steering System manufacturer viz. 'JTEKT Corporation', Japan (formerly Koyo Seiko Co., Ltd.), in their meeting held on 23rd October, 2006 has taken on record the Un-audited Financial Results for the First Half Year ended 30th September, 2006.

In the current half year ended 30th September, 2006, SONA, has seen record gross sales of Rs. 309 crores compared to Rs. 194 crores, in the half year of the previous year, a growth of 59%. During the half year, the Profits of the Company grew by 52% and the Profit Before Tax for the half year is Rs. 26 crores compared to Rs. 17 crores for the corresponding half year of the previous year and the Profit After Tax for the half year is Rs. 10.04 crores compared to Rs. 6.56 crores for the corresponding half year of the previous year.

The substantial increase in sales to the tune of 59% is primarily on account of Electric Power Steering sales to Maruti Udyog Limited and general buoyancy in the sales of all the product lines, including, 'Exports' of Rs. 2,452 lacs as compared to Rs. 2,279 lacs, in the first half year of previous year.

Also, the Committee of Directors in their meeting held on 20th September, 2006, pursuant to the resolution passed by the Shareholder at their Twenty Second Annual General Meeting held on 19th July, 2006, **have allotted 43967000 nos. of Equity Shares of Rs. 2/- each as 'Bonus Shares'** to the shareholders holding shares on 15th September, 2006 (being the Record Date).

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Accordingly, subsequent to the allotment of the said Bonus Shares the Paid Up Equity Share Capital of the Company has been increased from Rs. 8,79,34,000/- (i.e. 4,39,67,000 nos. of Equity Shares of Rs. 2/- each) **to Rs. 17,58,68,000/- (i.e. 8,79,34,000 nos. of Equity Shares of Rs. 2/- each).**

While approving the CAPEX Plan of the Company of Rs. 400 crores over the next 35 months, to part fund the said CAPEX, the Board has approved and recommended to the Shareholders to issue the following Equity Shares / Warrants to the Promoters and Foreign Collaborator of the Company, on preferential basis :

- (a) 46,28,105 nos. of Equity Shares of the Face Value of Rs. 2/- each; and
- (b) 99,99,785 nos. of Convertible Warrants of the Face Value of Rs. 2/- each to be converted into 99,99,785 nos. of Equity Shares of the Face Value of Rs. 2/- each within a period of eighteen months from the date of issue.

The price of the proposed preferential Equity Shares / Warrants is as per Pricing Guidelines of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

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