



Investor Update – FY'09

Sona Koyo Steering Systems Ltd.



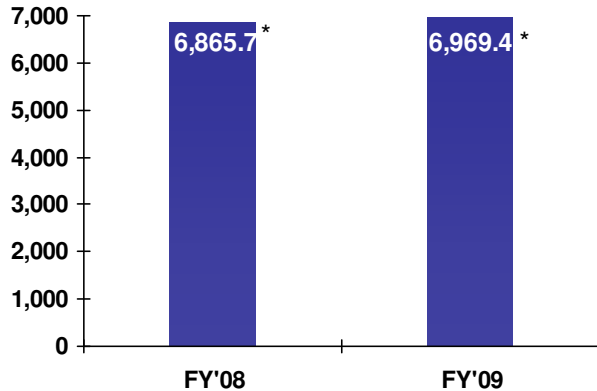
April 30, 2009



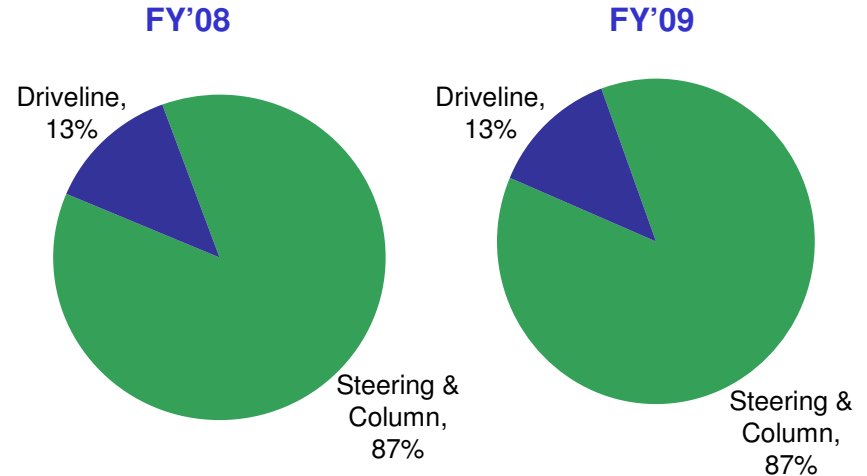
- 1. Performance Review**
- 2. The Road Ahead**
- 3. Financial Statements**
- 4. Shareholding Pattern**

Performance Review: FY'09 v/s FY'08

Total Revenues up 1.5% to Rs 6,969.4mn



Product Wise Sales Mix

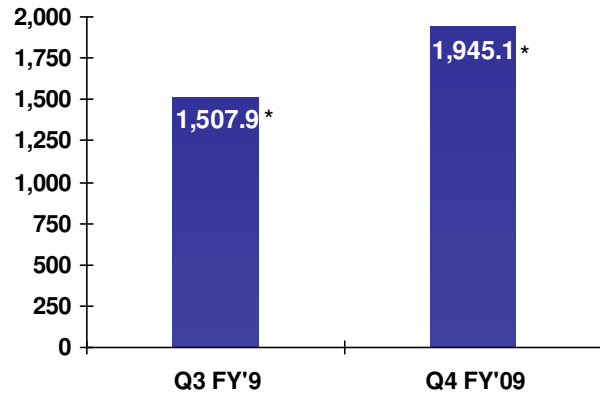


- **Domestic Sales up 0.6%** from Rs 6,205.3mn in FY'08 to Rs 6,242.4mn in FY'09
- **Exports Sales up 9.4%** from Rs 630.4mn in FY'08 to Rs 689.3mn in FY'09
- **EBITDA down** from Rs 664.6mn to Rs 193.9mn; EBITDA margin declined from 9.7% to 2.8% in FY'09 largely due to raw material cost increases, huge volatility in foreign exchange movement and increased price pressures from customers due to economic slowdown.
- **Company incurred net loss of** Rs 310.3mn during the year due to the impact of higher depreciation and interest costs for capacity expansion

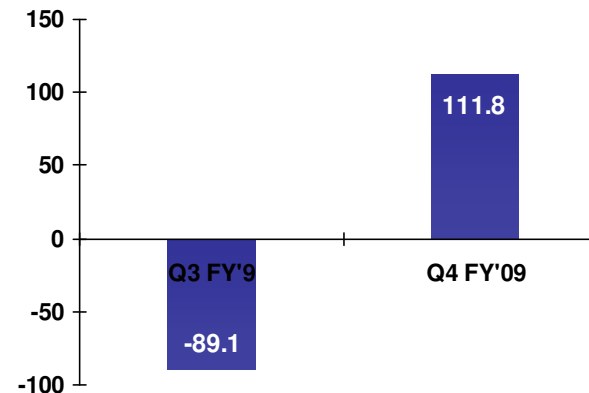
Refer Slide 7 for detailed P&L Statement

Focused consolidation measures leading to improvement in Q4 FY'09

Total Revenues up by 29% QoQ to Rs 1,945.1mn



Significant Improvement in EBITDA



- **Domestic Sales up 37% QoQ** from Rs 1,325.3mn in Q3 FY'09 to Rs 1,812.1mn in Q4 FY'09 due to increased off-take from domestic OEMs
- **Company achieved positive EBITDA** of Rs 111.8mn in Q4 FY'09 (EBITDA Margins of 5.7%) as against a loss of Rs 89.1mn in Q3 FY'09 due to softening input prices and aggressive cost rationalisation measures undertaken to improve internal efficiencies:
 - ✓ Raw Material costs as a % of total revenues decreased from 87.5% in Q3 FY'09 to 81.1% in Q4 FY'09
 - ✓ Employee costs as a % of total revenues decreased from 9.1% in Q3 FY'09 to 5.9% in Q4 FY'09
 - ✓ Other expenses as a % of total revenues decreased from 9.3% in Q3 FY'09 to 7.2% in Q4 FY'09
- **Company incurred net loss** of Rs 48.3mn during the quarter ended March 31, 2009
- Company **successfully undertook re-arrangement of debt** during the quarter by switching its short-term borrowings into long-term loans

Refer Slide 7 for detailed P&L Statement

Strategic Initiatives underway to achieve internal efficiencies



■ Aggressive steps undertaken leading to improvement in costs and achievement of sustainable efficiencies:

- Rationalization of internal costs including manufacturing cost, employee cost, and administrative cost
- Focused work with customers to fully recover losses on account of input costs fluctuations
- Constant review of supply chain management:
 - ✓ Strong localization programmes underway - Localization for CEPS expected to reach 68% by January 2010 from 40% at present. Other initiatives include localization on bought out parts with suppliers.
 - ✓ Implemented value addition/value engineering (VA/VE) arrangements with suppliers
 - ✓ Pricing through alternative sources
 - ✓ Price negotiations underway with overseas suppliers

Well supported by growth in new business orders



New Order Flow

- Received new orders from Sonalika for which production will start in early FY'10.

New Products

- Started production and supplies of column assembly for Spark (General Motors); supplies of steering gears for Spark would start from next quarter.
- Started supplies of case differential assembly for Tata Nano. The company has 100% share for case differential supply to Tata Nano. Also production of steering gear for Nano is underway.

Financial Statements – Income Statement



Standalone Un-audited Financials

Particulars	Amount in Rs mn							
	Q4 FY'09	Q4 FY'08	YoY (%)	Q3 FY'09	QoQ (%)	FY'09	FY'08	YoY (%)
Domestic Sales	1,812.1	1,768.4	2.5%	1,325.3	36.7%	6,242.4	6,205.3	0.6%
Exports Sales	123.4	174.8	-29.4%	177.8	-30.6%	689.3	630.4	9.4%
Net Income from Operations	1,935.5	1,943.2	-0.4%	1,503.1	28.8%	6,931.6	6,835.6	1.4%
Other Operational Income	9.5	9.8	-2.2%	4.8	97.9%	37.8	30.1	25.3%
Total Income	1,945.1	1,953.0	-0.4%	1,507.9	29.0%	6,969.4	6,865.8	1.5%
Total Expenditure	1,833.3	1,839.7	-0.3%	1,597.0	14.8%	6,775.5	6,201.0	9.3%
Consumption of Raw material	1,549.3	1,482.8	4.5%	1,308.7	18.4%	5,602.5	5,012.5	11.8%
Increase/decrease in stock in trade	14.0	32.8	-57.3%	8.4	66.7%	(2.9)	11.3	NA
Purchase of Traded Goods	13.9	4.4	215.9%	2.9	379.3%	21.5	27.4	-21.5%
Staff Cost	115.3	134.6	-14.3%	136.9	-15.8%	538.4	494.2	8.9%
Other Expenditure	140.8	185.2	-24.0%	140.1	0.5%	616.0	656.0	-6.1%
EBITDA	111.8	113.3	-1.3%	(89.1)	NA	193.9	664.7	-70.8%
Depreciation & Amortisation	76.9	55.2	39.3%	71.8	7.1%	279.6	182.7	53.0%
EBIT	34.9	58.1	-39.9%	(160.9)	NA	(85.7)	482.1	NA
Finance Charges	97.2	36.9	163.1%	92.5	5.1%	316.8	118.4	167.5%
(Gain)/Loss on Foreign Currency Loan Translation	3.3	0.5	576.2%	7.6	-56.6%	50.8	(30.8)	NA
PBT	(65.6)	20.7	NA	(261.0)	NA	(453.3)	394.5	NA
Tax (including deferred)	(17.3)	9.0	NA	(88.6)	NA	(143.0)	142.5	NA
PAT	(48.3)	11.7	NA	(172.3)	NA	(310.3)	252.0	NA
EPS (Rs.)	-	0.1	NA	(0.87)	NA	(1.56)	1.3	NA

*Depreciation & Amortization includes Deferred Revenue Expenditure to the extent of Rs 30.21 in FY'09 and Rs 8.6mn in Q4 FY'09

**Note: EPS for Q4 FY'08 and FY'08 adjusted for stock split of 2:1 in September, 2008

Consolidated Financials

Particulars	FY'09	FY'08
Turnover	6,920.0	6,836.8
Net Profit	(316.0)	249.0
EPS (Rs)	(1.59)	1.29

@ Including financials of joint ventures with JTEKT, Fuji Kiko and financials of subsidiary Arjan Auto

Financial Statements – Balance Sheet

Amount in Rs mn

Particulars	31st Mar 09	31st Mar 08
I.Sources of Funds		
Share Holder's Fund	1,666.8	1,814.5
Share Capital	198.7	193.9
Reserves & Surplus	1,468.0	1,620.6
Deferred Tax Liability	117.2	266.9
Loan	2,389.9	1,850.6
Secured	1,814.9	1,150.6
Unsecured	575.0	700.0
TOTAL	4,173.9	3,931.9
II.Application of Fund		
Net Fixed Assets	3,271.3	3,002.4
Gross Block	4,423.9	3,745.7
Depreciation	1,352.5	1,104.2
Net Block	3,071.4	2,641.5
CWIP	199.9	360.9
Investments	587.5	513.5
Net Current Assets	315.2	385.7
Current Assets	1,730.1	1,601.2
Inventories	279.3	253.5
Debtors	807.0	705.9
Others	643.7	641.8
Current liabilities	1,414.9	1,215.5
Current Liabilities	1,398.5	1,109.5
Provisions	16.4	106.0
Miscellaneous Expenses	-	30.2
TOTAL	4,173.9	3,931.9

Financial Statements – Key Ratios

Returns Ratios	FY'09	FY'08
EBITDA Margins (%)	2.8%	9.7%
Net Margins (%)	NA	3.7%
Return on Equity (%)	NA	14.1%
Return on Capital Employed (%)	NA	14.7%

Expense Ratios	FY'09	FY'08
Total Expenditure / Total Income (%)	97.2%	90.3%
Raw material / Total Income (%)	80.7%	73.6%
Staff Cost / Total Income (%)	7.7%	7.2%

Working Capital Ratios	FY'09	FY'08
Inventory Days	15	15
Debtor Days	42	37
Creditor Days	74	64

Coverage Ratios	FY'09	FY'08
Total Debt / EBITDA (x)	12.3x	2.8x
Interest Coverage (x)	NA	4.1x

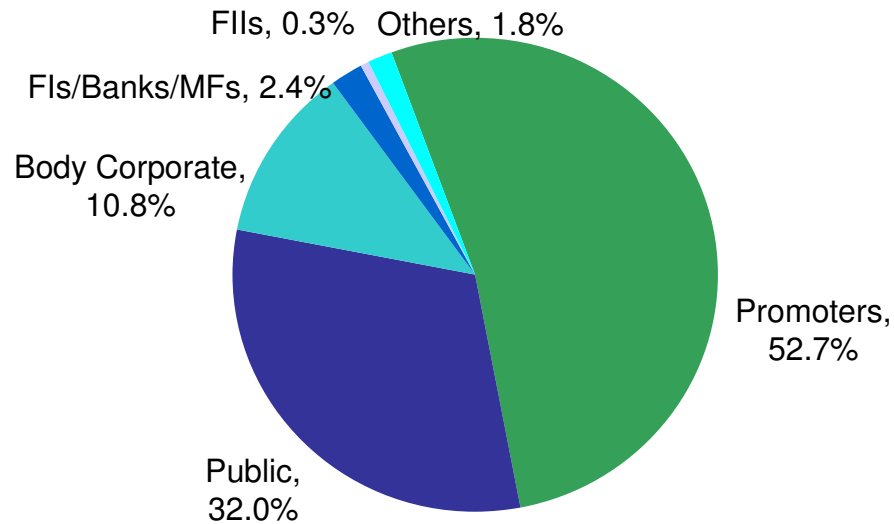
Liquidity Ratio	FY'09	FY'08
Current Ratio (x)	1.2x	1.4x

Capitalization Ratio	FY'09	FY'08
Debt/Equity (x)	1.4x	1.0x

Shareholding Pattern

As on 31st March 2009

Equity Shares Outstanding-198,741,832



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About Sona Koyo Steering Systems Ltd.

Sona Koyo Steering Systems Limited (SKSSL) is a technical and financial joint venture company of JTEKT Corporation, Japan, the global technology leader in Steering Systems. With a market share of 45%, SKSSL is the largest manufacturer of steering gears in India and is the leading supplier of Hydraulic Power Steering Systems, Electric 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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