

30th January, 2013

National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G
Bandra – Kurla Complex, Bandra (E)
Mumbai 400 051.

Re : Symbol – SONASTEER; Series – EQ.

Dear Sir,

Please find enclosed herewith the Investor Update for the quarter ended 31st December, 2012.

The same is for your information and record.

Thanking you,

Yours faithfully,
For **SONA KOYO STEERING SYSTEMS LTD.**



K.M. DESHMUKH
DY. MANAGING DIRECTOR

SONA KOYO STEERING SYSTEMS LTD.

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Deming Application Prize- 2003



Investor Update – Q3 FY'13

Sona Koyo Steering Systems Ltd.



Jan 30, 2013

1.

Performance Review

2.

Operational Highlights

3.

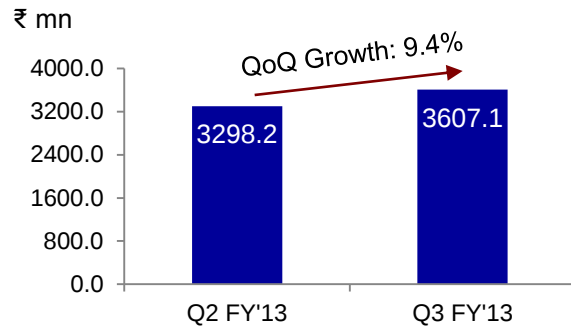
Financial Statements

4.

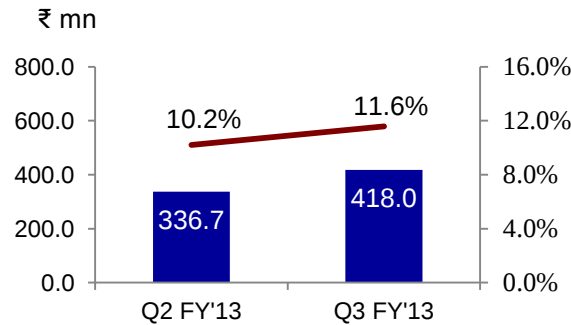
Shareholding Pattern

Strong growth and improvement in QoQ margins in Q3FY13 (consolidated)

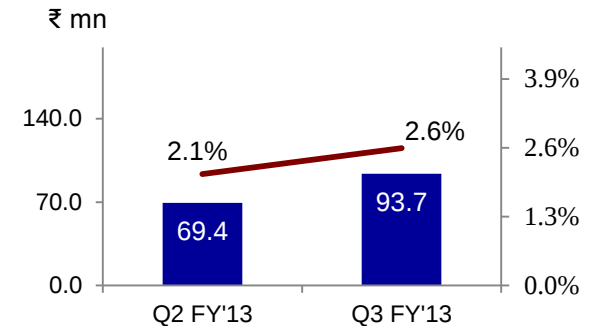
Revenue & Revenue Growth



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total Revenues up 9.4% QoQ from ₹3,298.2mn to ₹3,607.1mn

■ EBITDA for the quarter up 24% QoQ to reach ₹418.0mn. EBITDA margin improved sequentially from 10.2% in Q2FY13 to 11.6% in Q3FY13.

- ✓ Raw material costs as a % of revenue declined from 70.7% to 70.1% QoQ
- ✓ Other expenses as a % of revenue declined from 10.2% to 9.8% in QoQ
- ✓ Decrease in staff costs as a % of revenues from 8.9% to 8.5% QoQ

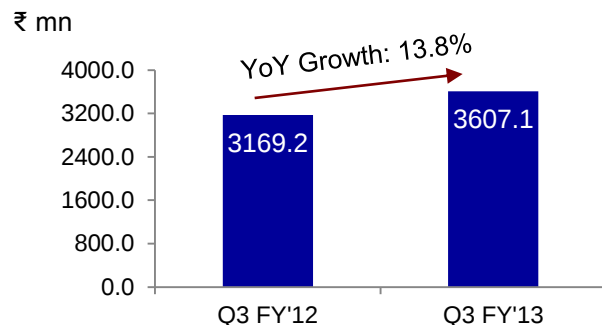
■ PAT for the quarter up 35% QoQ to reach ₹93.7mn . PAT margins up from 2.1% in Q2FY13 to 2.6% in Q3FY13

Refer Slide 9 for detailed P&L Statement

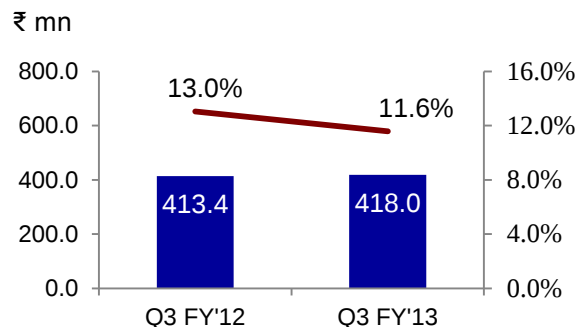
* Note: Total Revenues include other operating income of ₹19.7mn during Q3 FY'13 and ₹15.0mn during Q2 FY'13

Robust growth in in Q3FY13 revenues on YoY basis (consolidated)

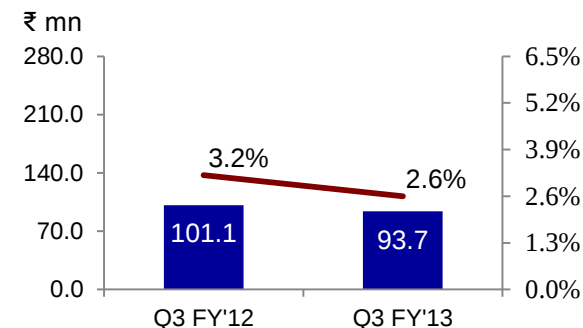
Revenue & Revenue Growth



EBITDA & EBITDA Margin



PAT & PAT Margin

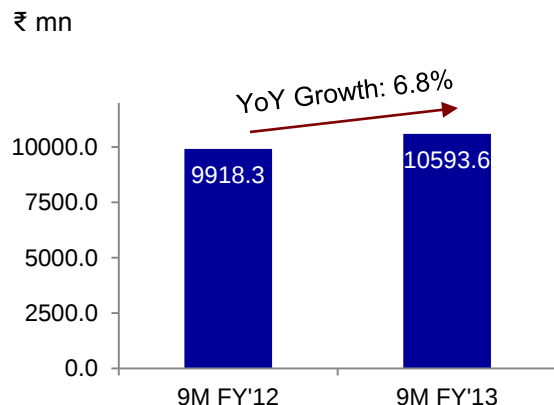


- **Total Revenues up 13.8% YoY from ₹3,169.2mn to ₹3,607.1mn on the back of** strong growth in revenue contribution from subsidiary JTEKT SONA Automotive India (JSAI)
- **EBITDA for the quarter up 1.1% YoY to reach ₹418.0mn EBITDA margin declined to 11.6%**
 - ✓ Other expenses increased as % of revenues from 7.5% to 9.8% YoY mainly on account of increased power costs and expenditure done in the subsidiary JSAI.
 - ✓ Raw material costs as a % of revenue declined from 70.5% to 70.1% YoY
 - ✓ Decrease in staff costs as a % of revenues from 8.9% to 8.5% YoY
- **PAT for the quarter stood at ₹93.7mn. PAT margin declined to 2.6%**
 - ✓ Increase in Depreciation & Amortization costs on account of commissioning of new divisions in Dharuhera plant in Q2FY13 and Q3FY13

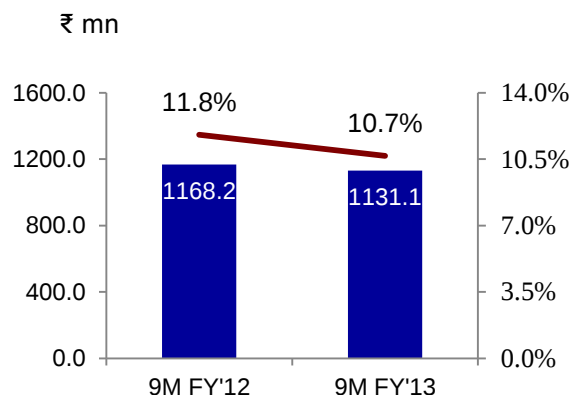
Refer Slide 9 for detailed P&L Statement

* Note: Total Revenues include other operating income of ₹19.7mn during Q3 FY'13 and ₹17.1mn during Q3 FY'12

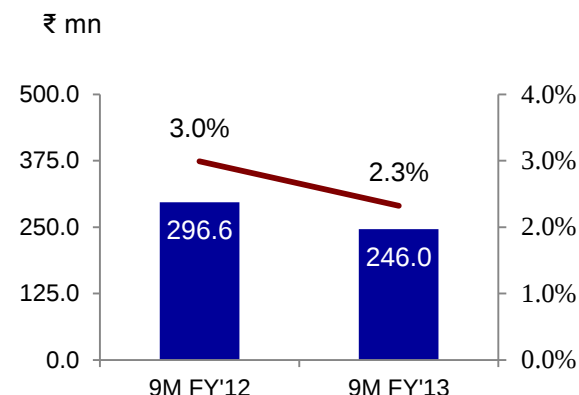
Revenue & Revenue Growth



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total Revenues up 6.8% YoY from ₹9,918.3mn to ₹10,593.6mn

■ EBITDA for the period 9M FY'13 stood at ₹1,131.1mn with EBITDA margin of 10.7%

✓ Marginal Increase in raw material cost as a % of revenues from 69.9% to 70.8%

■ PAT for the period 9M FY'13 stood at ₹246.0mn with PAT margin of 2.3%

✓ Increase in Depreciation & Amortization as a % of revenues from 3.4% to 4.1% on account of two new plants commissioned

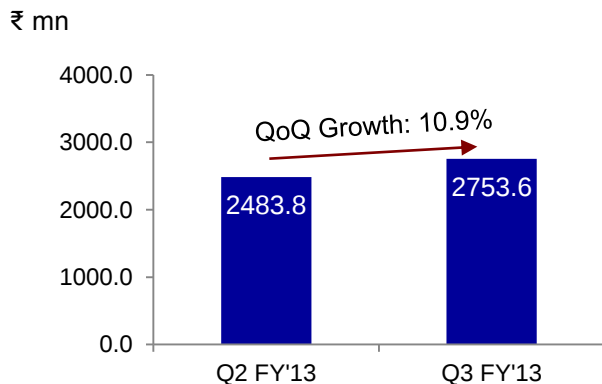
✓ Decline in finance charges as a % of revenues from 3.4% to 2.9%

Refer Slide 9 for detailed P&L Statement

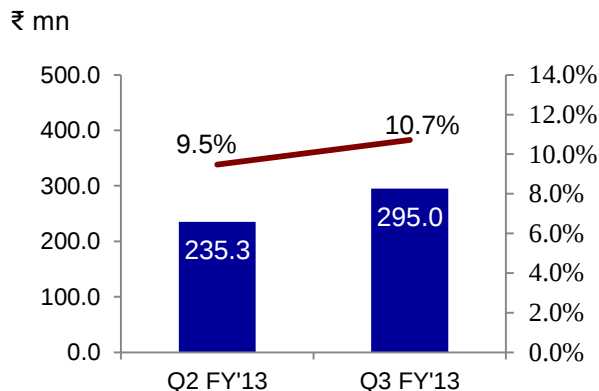
* Note: Total Revenues include other operating income of ₹54.2mn during 9M FY'13 and ₹45.4mn during 9M FY'12

QoQ: Significantly Improved Revenue & EBITDA in Q3 FY'13 on standalone basis

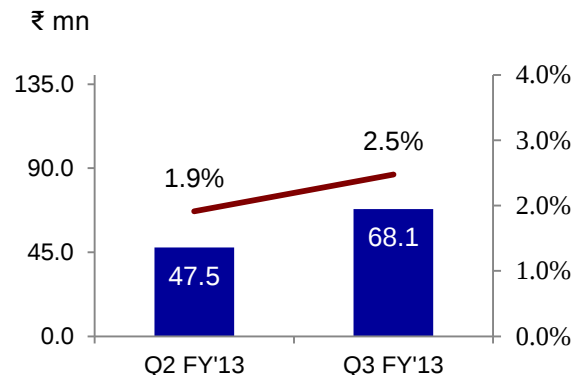
Revenue & Revenue Growth



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total Revenues up 10.9% QoQ from ₹2,483.8mn to ₹2,753.6mn driven by domestic sales

- ✓ Domestic sales increased by 11.9% QoQ from ₹2,318.6mn to ₹2,594.6mn
- ✓ Other income stood at ₹16.8mn

■ EBITDA up 25.4%QoQ to reach ₹295.0mn with EBITDA margins improving from 9.5% in Q2FY13 to 10.7% in Q3FY13

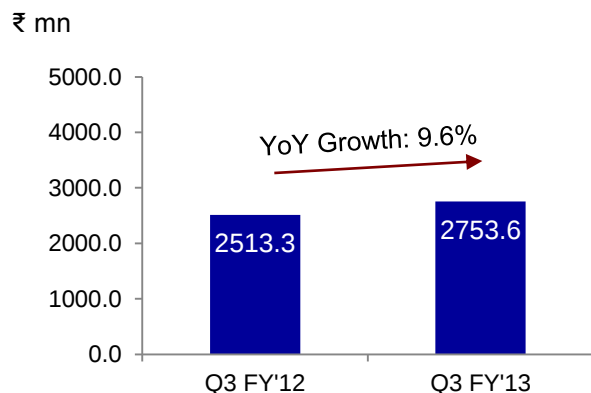
- ✓ Raw material cost as a % of revenues remained constant at ~70.4% in Q3FY13 and Q2FY13
- ✓ Staff cost declined QoQ from 10.0% in Q2FY13 to 9.3% in Q3FY13
- ✓ Other expenses declined QoQ from 10.1% in Q2FY13 to 9.6% in Q3FY13

■ PAT up 43.4% QoQ to reach ₹68.1mn with PAT Margins improving from 1.9% in Q2FY13 to 2.5% in Q3FY13

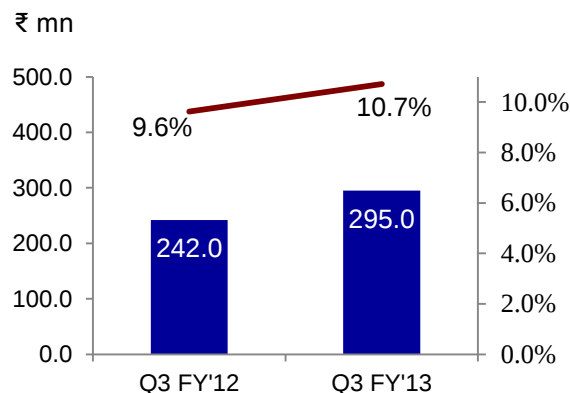
Refer Slide 10 for detailed P&L Statement

* Note: Total Revenues include other operating income of ₹16.8mn during Q3 FY'13 and ₹11.4mn during Q2 FY'13

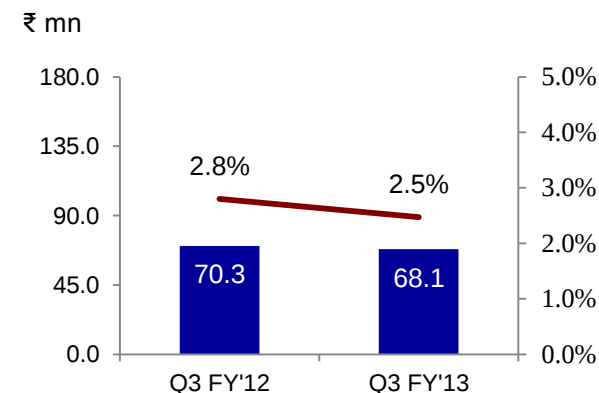
Revenue & Revenue Growth



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total Revenues up 9.6% YoY from ₹2,513.3mn to ₹2,753.6mn driven by exports

- ✓ Export sales increased by 35.4% YOY from ₹105.0mn to ₹142.2mn
- ✓ Domestic sales increased by 8.3% YOY from ₹2,396.9mn to ₹2,594.6mn
- ✓ Other income stood at ₹16.8mn

■ EBITDA up 21.9% YoY from ₹242.0mn to ₹295.0mn with EBITDA margins improving to 10.7% from 9.6% in Q3FY12.

- ✓ Raw material cost as a % of revenues declined from 72.0% to 70.4% YoY

■ PAT for the quarter stood at ₹68.1mn with PAT margins declining to 2.5%.

- ✓ Increase in Depreciation & Amortization YoY due to commissioning of new division in Dharuhera plant

Refer Slide 10 for detailed P&L Statement

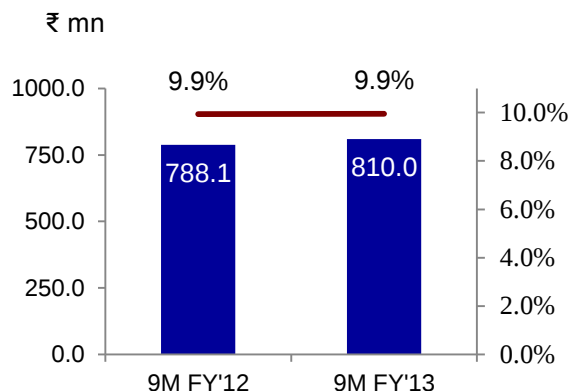
* Note: Total Revenues include other operating income of ₹16.8mn during Q3 FY'13 and ₹11.3mn during Q3 FY'12

Growth in Revenues in 9M FY'13 on standalone basis

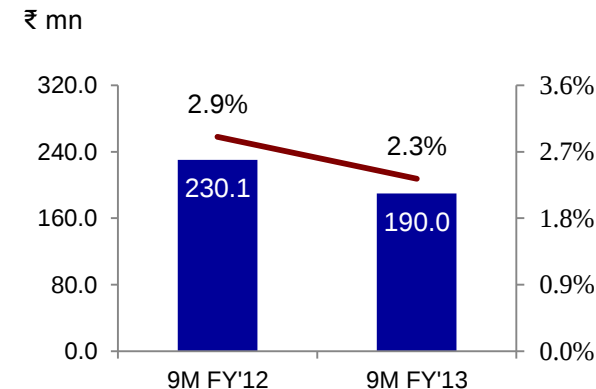
Revenue & Revenue Growth



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Revenues up 2.7% YoY from ₹7,926.6mn to ₹8,144.1mn driven by both domestic & export sales

- ✓ Export sales increased 38.4% YoY from ₹310.6mn to ₹429.8mn
- ✓ Domestic sales increased 1.1% YoY from ₹7,586.1mn to ₹7,671.4mn

■ EBITDA up 2.8% YoY to reach ₹810.0mn in 9M FY'13 from ₹788.1mn in 9M FY'12; EBITDA margin remained constant at 9.9%

■ PAT for 9M FY'13 period stood at ₹190.0mn with PAT margins at 2.3%

- ✓ Increase in Depreciation & Amortization as a % of revenues from 3.0% to 3.9% due to commissioning of 2 new plants
- ✓ Decline in Finance costs as a % of revenues YoY

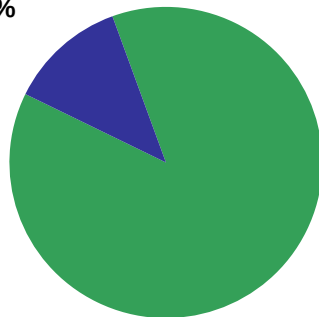
Refer Slide 10 for detailed P&L Statement

* Note: Total Revenues include other operating income of ₹42.8mn during 9M FY'13 and ₹30.0mn during 9M FY'12

Product Wise Sales Mix

Q3 FY'12

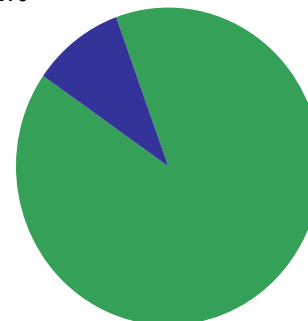
Driveline, 12.2%



Steering &
Column, 87.8%

Q3 FY'13

Driveline, 9.2%

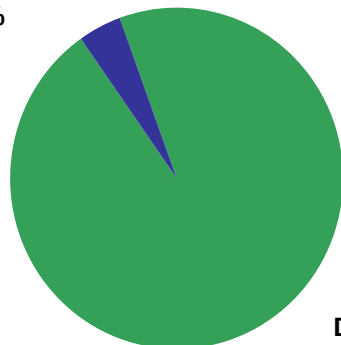


Steering &
Column, 90.8%

Geographic Sales Mix

Q3 FY'12

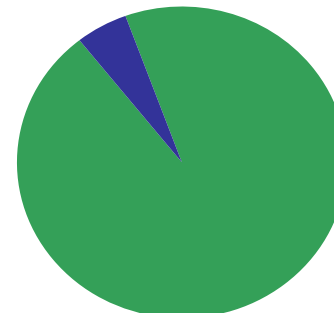
Exports, 4.2%



Domestic, 95.8%

Q3 FY'13

Exports, 5.2%



Domestic, 94.8%

*Note: Break up on standalone basis

Capacity utilization

■ Capacity Utilization across product categories during 9M FY'13 (YTD):

- ✓ Steering Products – 62%
- ✓ Driveline Products – 29%

New Product/ Order Flows

■ Supplies for EzGo(I-Shaft) commenced in Q3 FY'13

Income Statement & Key Ratios - Consolidated

Consolidated Audited Income Statement

Amount in ₹mn

Particulars	Q3 FY13	Q3FY12	YoY (%)	9M FY'13	9M FY'12	YoY (%)
Net Income from Operations	3,587.3	3,152.0	13.8%	10,539.5	9,873.0	6.8%
Other Operating Income	19.7	17.1	15.2%	54.2	45.4	19.4%
Total Income	3,607.1	3,169.2	13.8%	10,593.6	9,918.3	6.8%
Total Expenditure	3,189.1	2,755.7	15.7%	9,462.5	8,750.1	8.1%
Consumption of Raw Material	2,529.2	2,235.6	13.1%	7,499.6	6,929.1	8.2%
Staff Cost	305.0	281.7	8.3%	902.3	841.3	7.2%
Other Expenditure	354.9	238.5	48.8%	1,060.6	979.7	8.3%
EBITDA	418.0	413.4	1.1%	1,131.1	1,168.2	-3.2%
Depreciation & Amortisation	154.6	119.0	29.8%	429.8	335.1	28.2%
EBIT	263.4	294.4	-10.5%	701.4	833.1	-15.8%
Finance Charges	107.2	97.6	9.8%	304.0	335.0	-9.2%
Other Income	6.9	6.4	9.2%	71.6	22.7	215.3%
Exceptional items	-	-	N.A.	-	-	N.A.
(Gain)/Loss on Foreign Currency Loan Trar	-	-	N.A.	-	-	N.A.
PBT	163.2	203.1	-19.6%	469.0	520.8	-10.0%
Tax (including deferred)	49.3	67.6	-27.1%	152.4	143.7	6.1%
PAT (before Minority Interest)	114.0	135.5	-15.9%	316.6	377.1	-16.1%
Share of (Profit)/ Loss to Minority	(20.3)	(34.4)	N.A.	(70.6)	(80.5)	N.A.
PAT	93.7	101.1	-7.4%	246.0	296.6	-17.1%

•Other Expenditure includes manufacturing costs, administrative costs, selling costs and other expenses

Key Ratios as a % of Total Revenue	Q3 FY13	Q3FY12	Q2 FY13	9M FY'13	9M FY'12
EBIDTA	11.6%	13.0%	10.2%	10.7%	11.8%
PAT	2.6%	3.2%	2.1%	2.3%	3.0%
Total Expenditure	88.4%	87.0%	89.8%	89.3%	88.2%
Raw material	70.1%	70.5%	70.7%	70.8%	69.9%
Staff Cost	8.5%	8.9%	8.9%	8.5%	8.5%
Other Expenditure	9.8%	7.5%	10.2%	10.0%	9.9%

Standalone Audited Income Statement

Amount in ₹mn

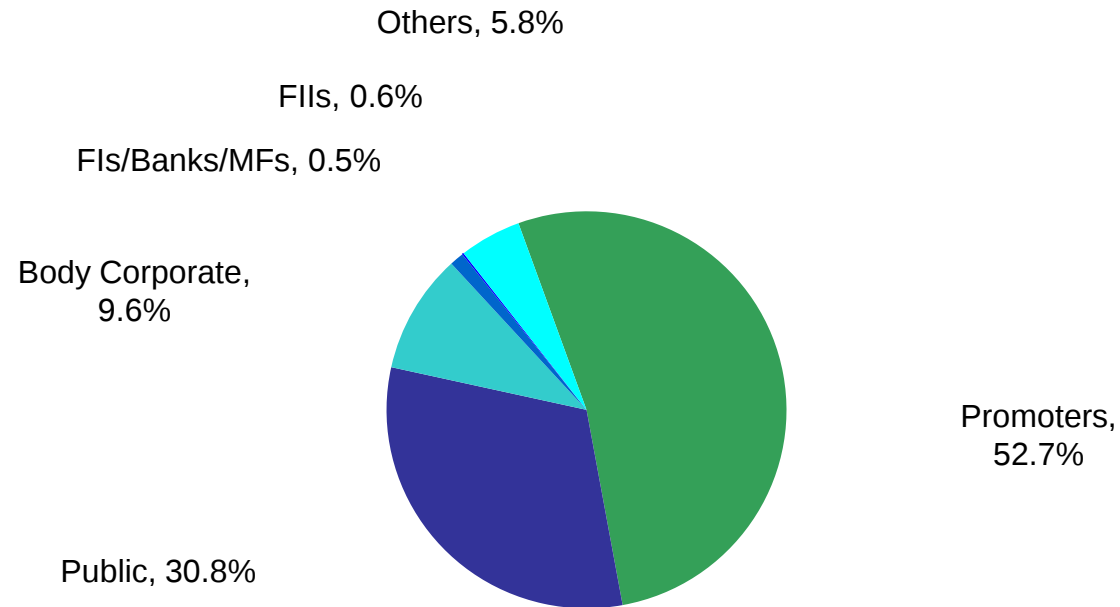
Particulars	Q3 FY13	Q3FY12	YoY (%)	9M FY'13	9M FY'12	YoY (%)
Domestic Sales	2,594.6	2,396.9	8.3%	7,671.4	7,586.1	1.1%
Exports Sales	142.2	105.0	35.4%	429.8	310.6	38.4%
Net Income from Operations	2,736.9	2,501.9	9.4%	8,101.2	7,896.7	2.6%
Other Operating Income	16.8	11.3	47.8%	42.8	30.0	42.8%
Total Income	2,753.6	2,513.3	9.6%	8,144.1	7,926.6	2.7%
Total Expenditure	2,458.6	2,271.3	8.2%	7,334.0	7,138.6	2.7%
Consumption of Raw Material	1937.7	1810.7	7.0%	5769.9	5711.2	1.0%
Staff Cost	255.9	236.2	8.3%	761.1	709.5	7.3%
Other Expenditure	265.0	224.3	18.1%	803.0	717.9	11.9%
EBITDA	295.0	242.0	21.9%	810.0	788.1	2.8%
Depreciation & Amortisation	116.3	82.0	41.8%	314.7	238.8	31.8%
EBIT	178.7	160.0	11.7%	495.3	549.3	-9.8%
Finance Charges	88.5	65.9	34.3%	246.9	239.0	3.3%
Other Income	9.5	10.6	-10.6%	29.7	29.5	0.6%
Exceptional Items	-	-	N.A.	-	-	N.A.
(Gain)/Loss on Foreign Currency Loan Trar	-	-	N.A.	-	-	N.A.
PBT	99.7	104.7	-4.7%	278.2	339.9	-18.2%
Tax (including deferred)	31.6	34.4	-8.0%	88.2	109.8	-19.6%
PAT	68.1	70.3	-3.2%	190.0	230.1	-17.4%

•Other Expenditure includes manufacturing costs, administrative costs, selling costs and other expenses

Key Ratios as a % of Total Revenue	Q3 FY13	Q3FY12	Q2 FY13	9M FY'13	9M FY'12
EBIDTA	10.7%	9.6%	9.5%	9.9%	9.9%
PAT	2.5%	2.8%	1.9%	2.3%	2.9%
Total Expenditure	89.3%	90.4%	90.5%	90.1%	90.1%
Raw material	70.4%	72.0%	70.4%	70.8%	72.1%
Staff Cost	9.3%	9.4%	10.0%	9.3%	9.0%
Other Expenditure	9.6%	8.9%	10.1%	9.9%	9.1%

As on 31st Dec'2012

Equity Shares Outstanding-198,741,832



For any Investor Relations queries please contact:

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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

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.