



Investor Update – Q4 & FY'15

Sona Koyo Steering Systems Ltd.



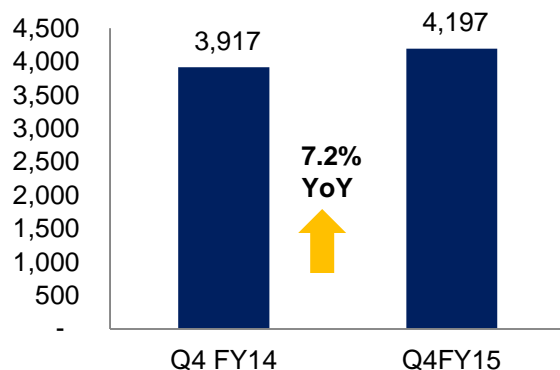
May 15, 2015

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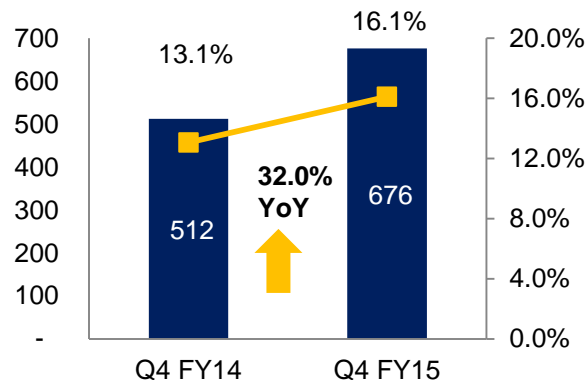
Q4 FY'15 Consolidated (YoY) Robust growth in PAT, up 35% YoY

All figures in Rs Mn

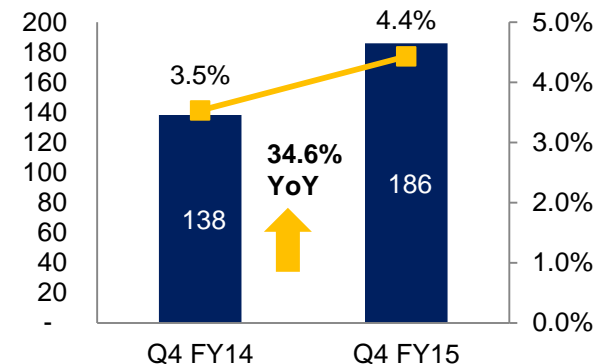
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total revenue in Q4FY15 at Rs 4,197mn, up 7.2% YoY compared to Rs 3,917mn in Q4FY14

- ✓ Key customers like Tata Motors, Toyota, Maruti displayed good growth in the quarter

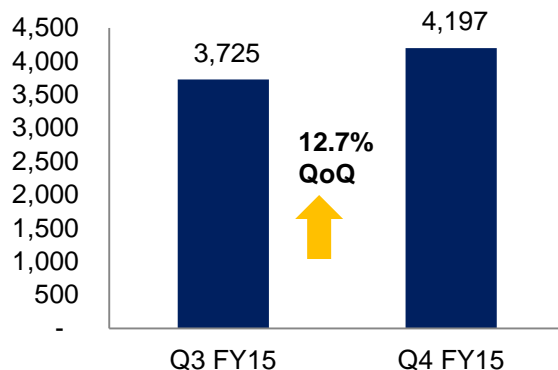
■ EBITDA up 32%YoY to reach Rs 676mn with margin up from 13.1% in Q4FY14 to 16.1% in Q4FY15

- ✓ Raw material cost as a %age of revenues declined to 64.5% in Q4FY15 compared to 67.9% in Q4FY14 due to localization of CEPS (Column-electric power steering) and synergies accrued from backward integration

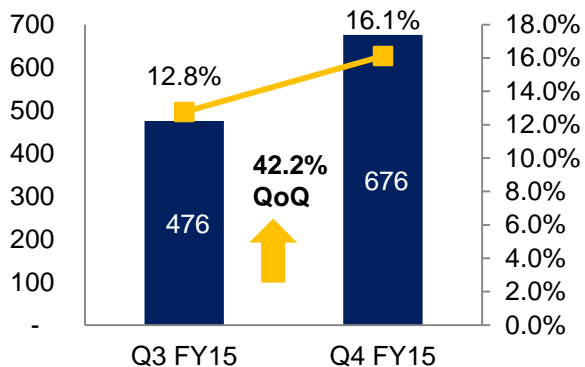
■ PAT after minority interest and share of loss of associate up 34.6% YoY at Rs 186mn with margin expanding to 4.4% compared to 3.5% in Q4'FY14 driven by robust expansion in EBITDA margin

- ✓ Increase in depreciation and amortisation expense of Rs 24mn in Q4FY15 on account of adoption of revised estimation of useful life of fixed assets
- ✓ Cash Profit (PAT+depreciation) in Q4FY15 of Rs 423mn, an increase of 23.8% YoY over cash profit of Rs 342mn in Q4FY14

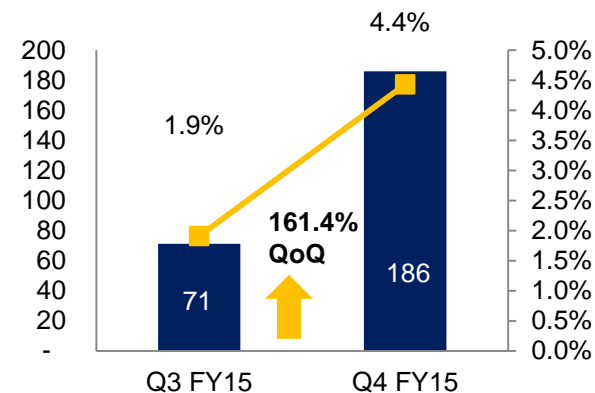
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total revenue in Q4FY15 at Rs 4,197mn, up 12.7% QoQ compared to Rs 3,725mn in Q3FY15 mainly driven by industry revival in passenger car segment

✓ Key customers like Ford, M&M, Maruti displayed good growth in the quarter compared with Q3FY15

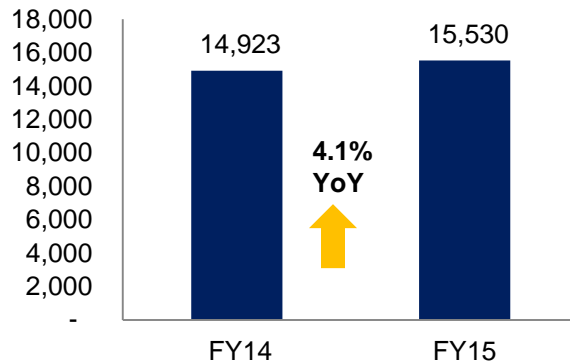
■ EBITDA at Rs 676mn in Q4FY15, up 42.2% QoQ as compared to Rs 476mn in Q3FY15. EBITDA margin expands to 16.1%

✓ Raw material costs decreased from 67.0% in Q3FY15 to 64.5% in Q4FY15 and staff costs decreased from 9.7% in Q3FY15 to 9.3% in Q4FY15

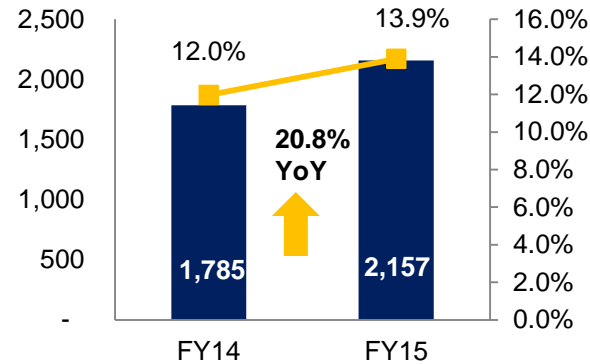
■ PAT after minority interest and share of loss of associate at Rs 186mn compared to Rs 71mn in last quarter mainly due to increase in EBITDA

✓ PAT margin increased from 1.9% in Q3 FY15 to 4.4% in Q4 FY15

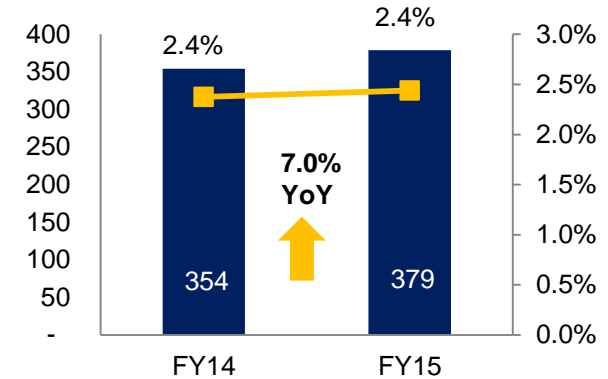
Revenue



EBITDA & EBITDA Margin



PAT* & PAT Margin



■ Total revenue increases by 4.1% YoY to reach Rs 15,530mn in FY15 driven by revival in passenger car segment

- ✓ Top carmakers like Maruti, Toyota drive robust growth in volumes driven by new launches in the year

■ EBITDA up 20.8%YoY to reach Rs 2,157mn. EBITDA margin expands to 13.9% from 12.0% in FY14

- ✓ Raw material costs decline from 68.8% in FY14 to 66.5% in FY15 because of localization of CEPS (Column-electric power steering)

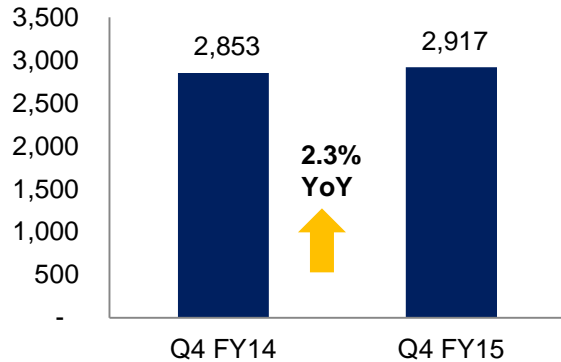
■ PAT after minority interest and share of loss of associates at Rs 379mn in FY15 with margin of 2.4%, up 7.0% YoY compared to adjusted* profit of Rs 354mn in FY14

- ✓ Expansion in EBITDA margin partly off-set by increase in depreciation and amortization costs of Rs. 281mn on account of adoption of revised estimation of useful life of fixed assets
- ✓ Cash profit in FY15 of Rs 1,416mn, up 37% YoY from adjusted cash profit of Rs 1,034mn in FY14

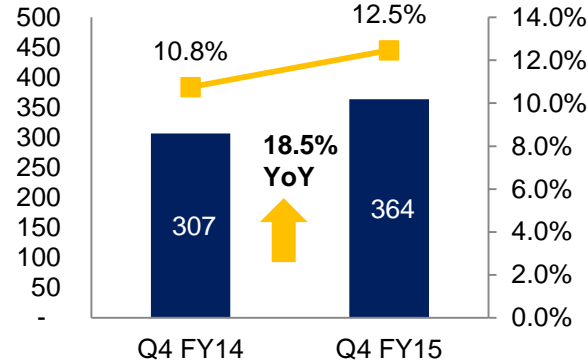
* Q3FY14 PAT has been adjusted for exceptional gain of Rs 354mn and the corresponding tax of Rs 31mn rising due to profit from sale of long-term investment held in Fuji Autotech Europe S.A.S.

Q4 FY'15 standalone: Expansion in YoY EBITDA

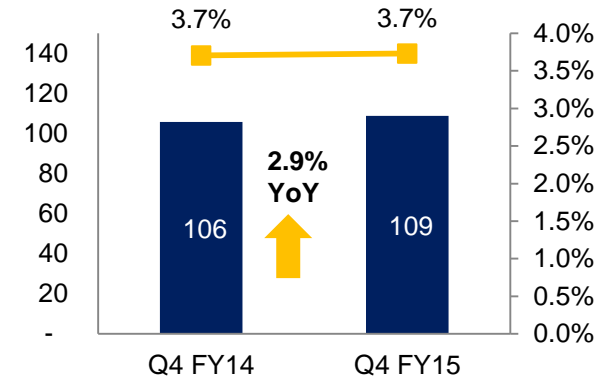
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin

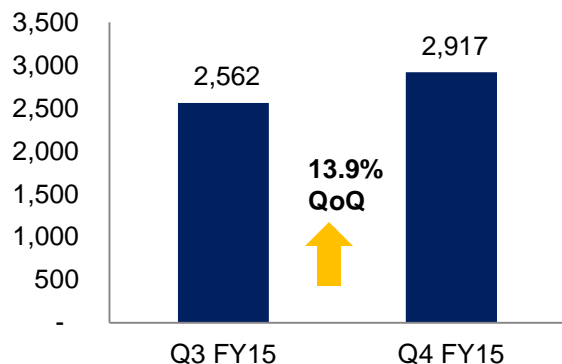


- Total revenue in Q4FY15 at Rs 2,917mn, up 2.3% YoY compared to Rs 2,853mn
- EBITDA in Q4FY15 up 18.5% YoY at Rs 364 mn with margin expanding from 10.8% in Q4FY14 to 12.5% in Q4FY15
 - ✓ Mainly due to decline in raw material costs as % of revenues from 68.4% in Q4FY14 to 66.1% in Q4FY15
- PAT in Q4 FY15 at Rs 109mn with PAT margin of 3.7%
 - ✓ Expansion in EBITDA partly offset by increase in depreciation and amortisation of Rs 16mn on account of adoption of revised estimation of useful life of fixed assets
 - ✓ Cash profit of Rs 281mn in Q4FY15, up 14.9% YoY compared to adjusted cash profit of Rs 245mn in Q4FY14

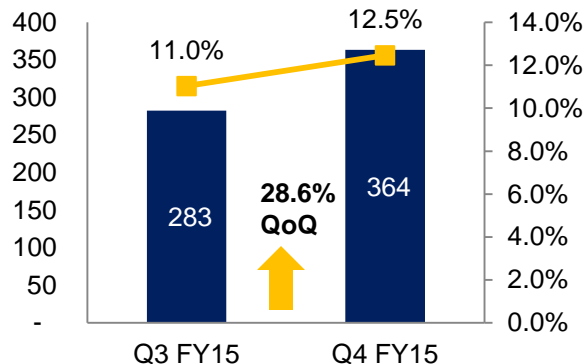
Q4 FY'15 QoQ Standalone: Robust revenue growth with expansion in margins

All figures in Rs Mn

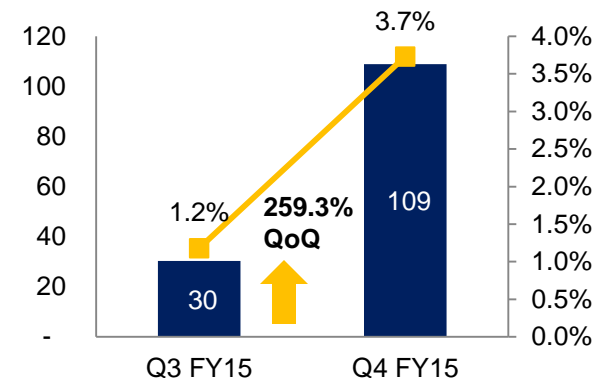
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total revenue in Q4FY15 at Rs 2,917mn, up 13.9% QoQ compared to Rs 2,562mn in Q3FY15

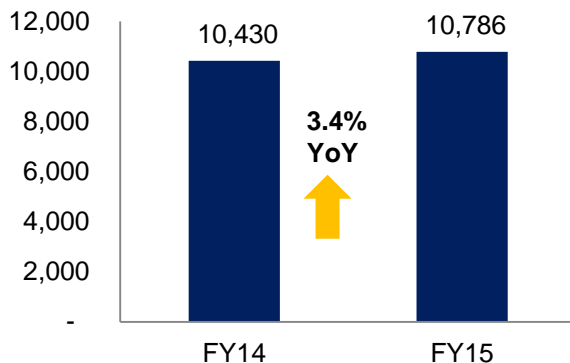
✓ Key customers like Ford, M&M, Maruti displayed good growth in the quarter compared with Q3FY15

■ EBITDA margin expands to 12.5% in Q4FY15

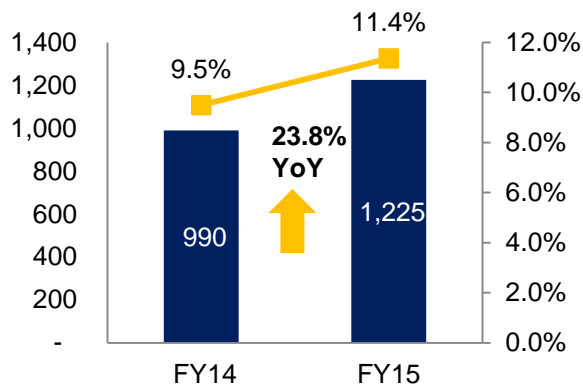
✓ While RM costs as %age of revenues increased from 65.7% in Q3FY15 to 66.1% in Q4FY15, staff costs decreased from 11.7% to 10.9% and other expenses decreased from 11.5% to 10.5% respectively

■ PAT in Q4FY15 at Rs 109mn. PAT margin expands to 3.7% driven by increase in EBITDA margins

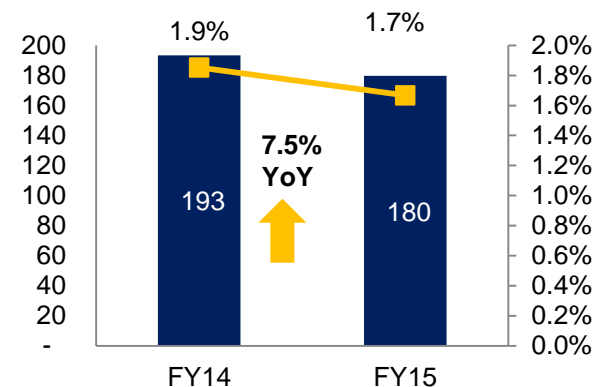
Revenue



EBITDA & EBITDA Margin



PAT* & PAT Margin



■ Total revenue for FY15 up by 3.4% YoY to reach Rs 10,786mn

■ EBITDA for the period up by 23.8% YoY to reach Rs 1,225mn. EBITDA margin expands to 11.4% compared to 9.5% in FY14

- ✓ Raw material costs decline to 66.7% of revenues compared to 69.2% in FY14 because of localization of CEPS (Column-electric power steering)

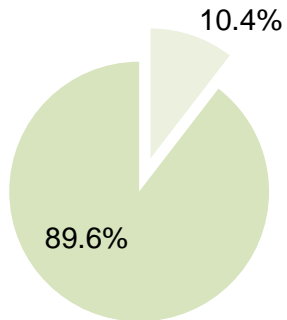
■ PAT for the period at Rs 180mn with margin of 1.7%

- ✓ Depreciation and amortization expense up by Rs 205mn due on account of adoption of revised estimation of useful life of fixed assets
- ✓ Cash profit for FY15 at Rs 960mn, up 40.3%YoY compared to adjusted cash profit of Rs 684mn in FY14

* Q3FY14 PAT has been adjusted for exceptional gain of Rs 354mn and the corresponding tax of Rs 31mn rising due to profit from sale of long-term investment held in Fuji Autotech Europe S.A.S.

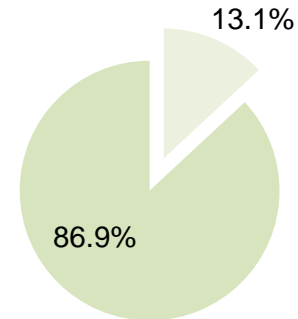
Product Wise Sales Mix*

Q4 FY2014



■ Driveline ■ Steering & Column

Q4 FY2015

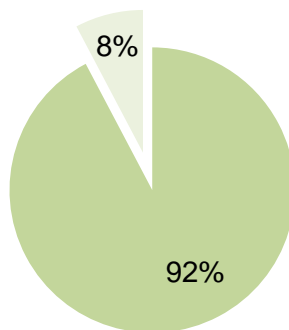


■ Driveline ■ Steering & Column

*Note: Break-up on gross basis, Steering & column product group includes EPAM sales

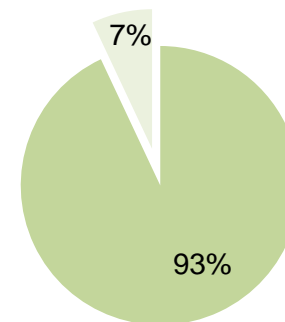
Geographic Sales Mix

Q4 FY2014



■ Domestic ■ Exports

Q4 FY2015



■ Domestic ■ Exports

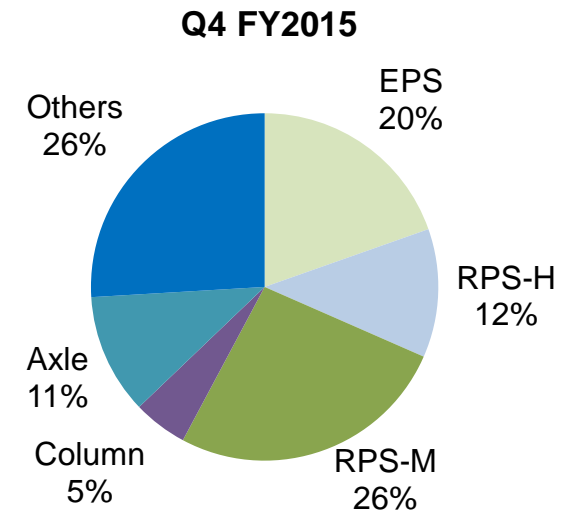
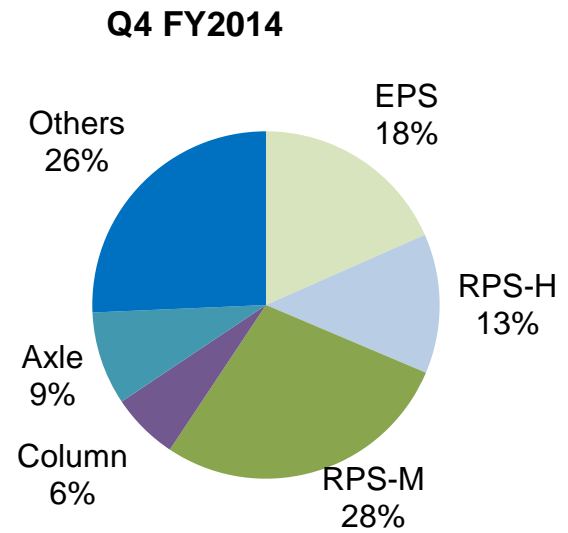
*Note: Break up on standalone basis

Capacity utilization

Capacity Utilization across product categories during FY15

- ✓ Steering Products – **57% Mar' 2015**
- ✓ Column Products – **68% Mar' 2015**
- ✓ Driveline Products – **32% Mar' 2015**

Key steering & driveline products revenue break-up



Note: On standalone basis

Consolidated Income Statement

Amount in ₹mn

Particulars	Q4 FY15	Q3 FY15	QoQ (%)	Q4 FY14	YoY (%)	FY15	FY14	YoY (%)
Net Income from Operations	4,172.5	3,697.4	12.9%	3,886.0	7.4%	15,417.6	14,831.8	3.9%
Other Operating Income	24.5	27.5	(11.1%)	30.6	(20.1%)	112.0	91.3	22.7%
Total Income	4,197.0	3,724.9	12.7%	3,916.6	7.2%	15,529.7	14,923.1	4.1%
Total Expenditure	3,520.9	3,249.4	8.4%	3,404.4	3.4%	13,373.1	13,137.9	1.8%
Consumption of Raw Material	2,706.2	2,496.9	8.4%	2,658.9	1.8%	10,335.0	10,260.7	0.7%
Staff Cost	391.8	360.0	8.8%	349.9	12.0%	1,457.7	1,341.9	8.6%
Other Expenditure	422.9	392.5	7.8%	395.6	6.9%	1,580.3	1,535.4	2.9%
EBITDA	676.1	475.5	42.2%	512.2	32.0%	2,156.6	1,785.2	20.8%
Depreciation & Amortisation	237.4	253.5	(6.3%)	203.8	16.5%	1,036.8	679.5	52.6%
EBIT	438.7	222.1	97.6%	308.4	42.2%	1,119.8	1,105.7	1.3%
Finance Charges	78.0	75.7	3.0%	81.4	(4.2%)	311.4	392.3	(20.6%)
Other Income	18.9	11.0	71.5%	5.9	221.9%	48.8	42.7	14.1%
Exceptional items	-	-	NM	-	NM	-	(354.3)	NM
PBT	379.7	157.4	141.2%	232.9	63.0%	857.1	1,110.4	(22.8%)
Tax (including deferred)	112.8	50.1	125.0%	45.2	149.7%	267.1	247.3	8.0%
PAT (before Minority Interest)	266.9	107.3	148.8%	187.7	42.2%	589.9	863.0	(31.6%)
Share of Profit/(loss) of associate	(0.9)	(1.3)	NM	(7.7)	NM	(6.5)	(7.7)	NM
Share of (Profit)/ Loss to Minority	79.9	34.8	NM	41.7	91.5%	204.5	177.7	NM
PAT	186.1	71.2	161.4%	138.3	34.6%	379.0	677.6	(44.1%)

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

** Exceptional item pertain to profit on sale of long term investment held by company

Note: Consequent to the adoption of the revised estimation of the useful life of the fixed assets of the Company as stipulated in Schedule II of the Companies Act 2013 with effect from 1st April 2014, the depreciation, for the current quarter is higher by Rs. 16.2mn. (Rs. 24.1mn on consolidated basis) and for the year it is higher by Rs. 204.7mn. (Rs. 281.3mn on consolidated basis)

Key Ratios as a % of Total Revenue	Q4 FY15	Q3 FY15	Q4 FY14	FY15	FY14
EBIDTA	16.1%	12.8%	13.1%	13.9%	12.0%
PAT	4.4%	1.9%	3.5%	2.4%	4.5%
Total Expenditure	83.9%	87.2%	86.9%	86.1%	88.0%
Raw material	64.5%	67.0%	67.9%	66.5%	68.8%
Staff Cost	9.3%	9.7%	8.9%	9.4%	9.0%
Other Expenditure	10.1%	10.5%	10.1%	10.2%	10.3%

Standalone Income Statement

Amount in ₹mn

Particulars	Q4 FY15	Q3 FY15	QoQ (%)	Q4 FY14	YoY (%)	FY15	FY14	YoY (%)
Net Income from Operations	2,895.6	2,536.7	14.2%	2,819.9	2.7%	10,683.6	10,348.9	3.2%
Other Operating Income	21.6	24.8	(13.2%)	33.1	(34.8%)	102.8	81.1	26.8%
Total Income	2,917.2	2,561.5	13.9%	2,852.9	2.3%	10,786.4	10,430.0	3.4%
Total Expenditure	2,553.6	2,278.9	12.1%	2,546.0	0.3%	9,561.2	9,440.2	1.3%
Consumption of Raw Material	1,929.3	1,682.8	14.7%	1,950.2	(1.1%)	7,190.3	7,212.4	(0.3%)
Staff Cost	317.3	300.6	5.6%	288.2	10.1%	1,196.9	1,104.9	8.3%
Other Expenditure	307.0	295.6	3.9%	307.6	(0.2%)	1,174.1	1,122.8	4.6%
EBITDA	363.6	282.6	28.6%	306.9	18.5%	1,225.1	989.8	23.8%
Depreciation & Amortisation	172.3	186.2	(7.5%)	139.0	24.0%	780.0	491.0	58.9%
EBIT	191.3	96.4	98.4%	167.9	13.9%	445.2	498.8	(10.8%)
Finance Charges	64.2	60.5	6.1%	65.3	(1.8%)	249.3	318.9	(21.8%)
Other Income	11.4	8.9	28.9%	4.7	144.3%	41.8	48.8	(14.4%)
Exceptional items	-	-	NM	-	NM	-	(354.3)	NM
PBT	138.5	44.8	209.5%	107.3	29.2%	237.7	583.0	(59.2%)
Tax (including deferred)	29.7	14.5	105.2%	1.5	1853.9%	57.9	66.4	(12.7%)
PAT (before Minority Interest)	108.9	30.3	259.3%	105.8	2.9%	179.8	516.6	(65.2%)
Share of Profit/ (Loss) of Associate	-	-	-	-	-	-	-	-
Share of (Profit)/ Loss to Minority	-	-	-	-	-	-	-	-
PAT	108.9	30.3	259.3%	105.8	2.9%	179.8	516.6	(65.2%)

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

** Exceptional item pertain to profit on sale of long term investment held by company

Note: Consequent to the adoption of the revised estimation of the useful life of the fixed assets of the Company as stipulated in Schedule II of the Companies Act 2013 with effect from 1st April 2014, the depreciation, for the current quarter is higher by Rs. 16.2mn. (Rs. 24.1mn on consolidated basis) and for the year it is higher by Rs. 204.7mn. (Rs. 281.3mn on consolidated basis)

Key Ratios as a % of Total Revenue	Q4 FY15	Q3 FY15	Q4 FY14	FY15	FY14
EBIDTA	12.5%	11.0%	10.8%	11.4%	9.5%
PAT	3.7%	1.2%	3.7%	1.7%	5.0%
Total Expenditure	87.5%	89.0%	89.2%	88.6%	90.5%
Raw material	66.1%	65.7%	68.4%	66.7%	69.2%
Staff Cost	10.9%	11.7%	10.1%	11.1%	10.6%
Other Expenditure	10.5%	11.5%	10.8%	10.9%	10.8%

Amount in ₹mn

Particulars	Standalone		Consolidated	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Equity & Liabilities				
Total shareholders funds	2,621.5	2,664.4	3,234.2	3,089.0
Minority Interest			986.0	785.2
Long-term borrowings	1,453.6	1,610.6	1,674.7	1,695.7
Deferred tax liabilities (Net)	289.5	390.1	416.4	526.0
Other long-term liabilities	3.4	5.1	1.4	3.1
Long-term provisions	51.0	45.3	67.8	60.5
Non-current liabilities	1,797.6	2,051.0	2,160.3	2,285.3
Short-term borrowings	388.4	482.3	423.6	653.8
Trade Payables	1,431.0	1,528.8	1,925.5	1,950.9
Other current liabilities	946.1	864.3	1,202.3	1,398.2
Short-term provisions	181.6	209.1	199.0	227.8
Current Liabilities	2,947.2	3,084.5	3,750.4	4,230.7
Total Equity + Liabilities	7,366.3	7,799.9	10,130.9	10,390.2
Assets				
Tangible Assets	3,825.4	4,025.1	5,469.0	5,715.0
Intangible Assets	231.4	189.6	372.5	302.9
Capital Work-in-progress	479.7	553.2	490.1	631.8
Intangible Assets under development	141.8	121.1	141.8	121.8
Fixed Assets	4,678.3	4,889.0	6,473.4	6,771.5
Goodwill on Consolidation				
Non-current Investments	354.8	346.3	11.8	9.8
Long-term loans and advances	65.2	84.6	71.9	103.4
Other non current assets	1.6	2.1	4.0	4.4
Total non-current Assets	5,099.9	5,322.0	6,561.1	6,889.1
Inventories	716.2	710.8	1,004.0	935.8
Trade receivables	1,166.5	1,390.9	1,891.9	2,081.8
Cash and bank balances	23.5	20.6	179.8	28.2
Short-term loans and advances	194.1	263.3	322.4	360.9
Other current assets	166.1	92.2	171.7	94.4
Total current Assets	2,266.4	2,477.9	3,569.8	3,501.1
Total Assets	7,366.3	7,799.9	10,130.9	10,390.2

About Us



Proven leadership in India

~50% share in Indian PV Steering market

Strategic locations

Proximity to key auto clusters in India

Marquee clientele

MARUTI, Mahindra & Mahindra, Toyota, Tata, Nissan, Honda

High on quality

Winner of TPM Excellence Award

Unmatched R&D capabilities

In-house developed award winning EPAM for off-highway vehicles

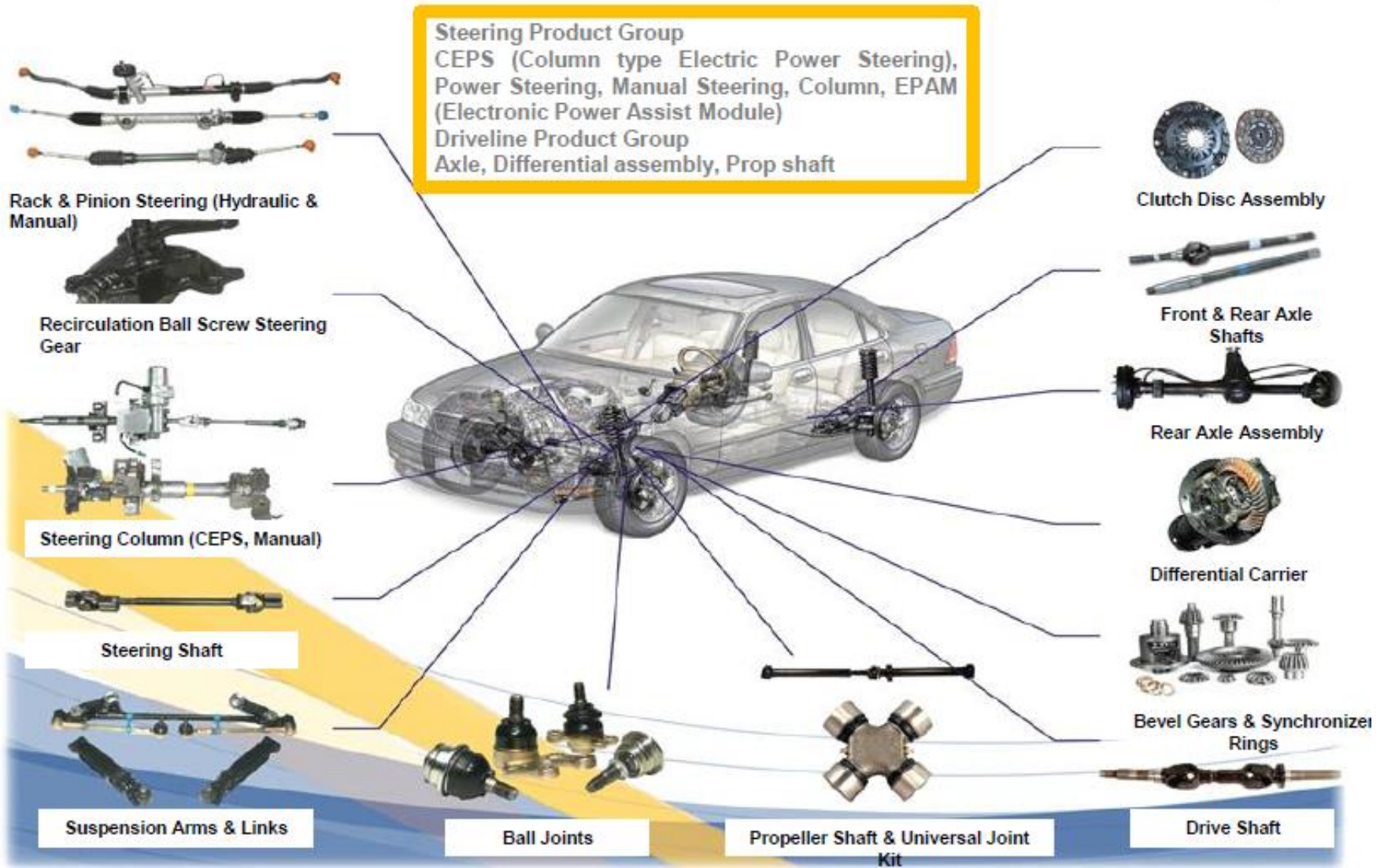
Resilient performance

Turnover of Rs 14.9bn, 4-year PAT CAGR of 41%

Partnering global leader in steering

Technical partnership with world's leading steering manufacturer, JTEKT Corp, Japan





..... For all major domestic and global OEM brands

Domestic

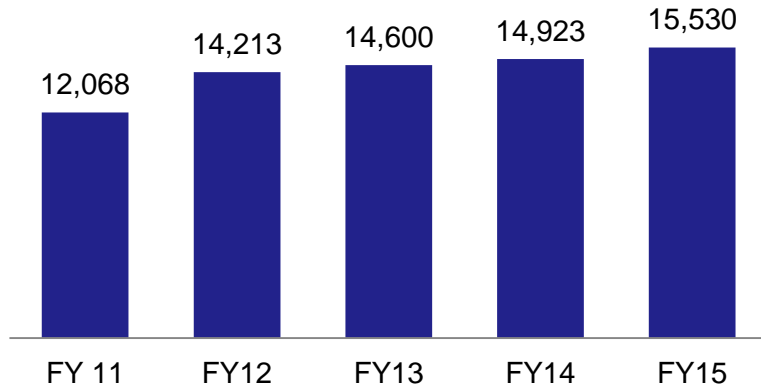


Global

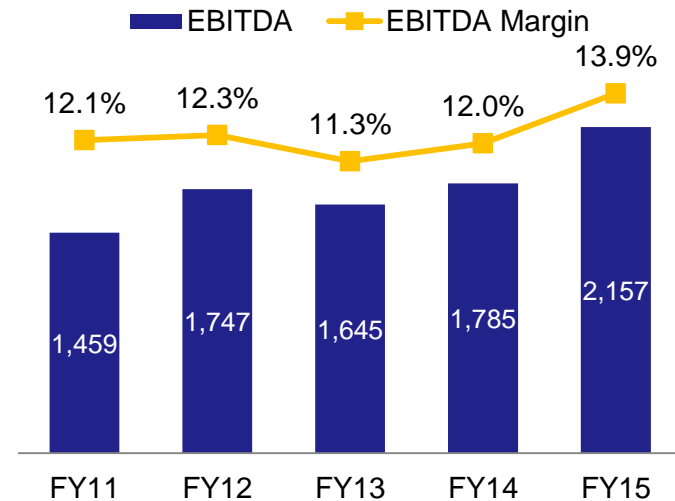


Consolidated financials, Amount in ₹mn

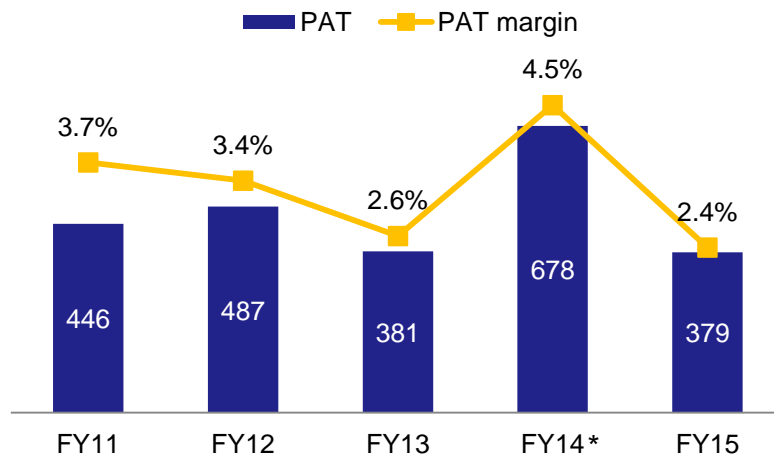
Revenue growing at 7% CAGR



EBITDA expansion led to 10% CAGR

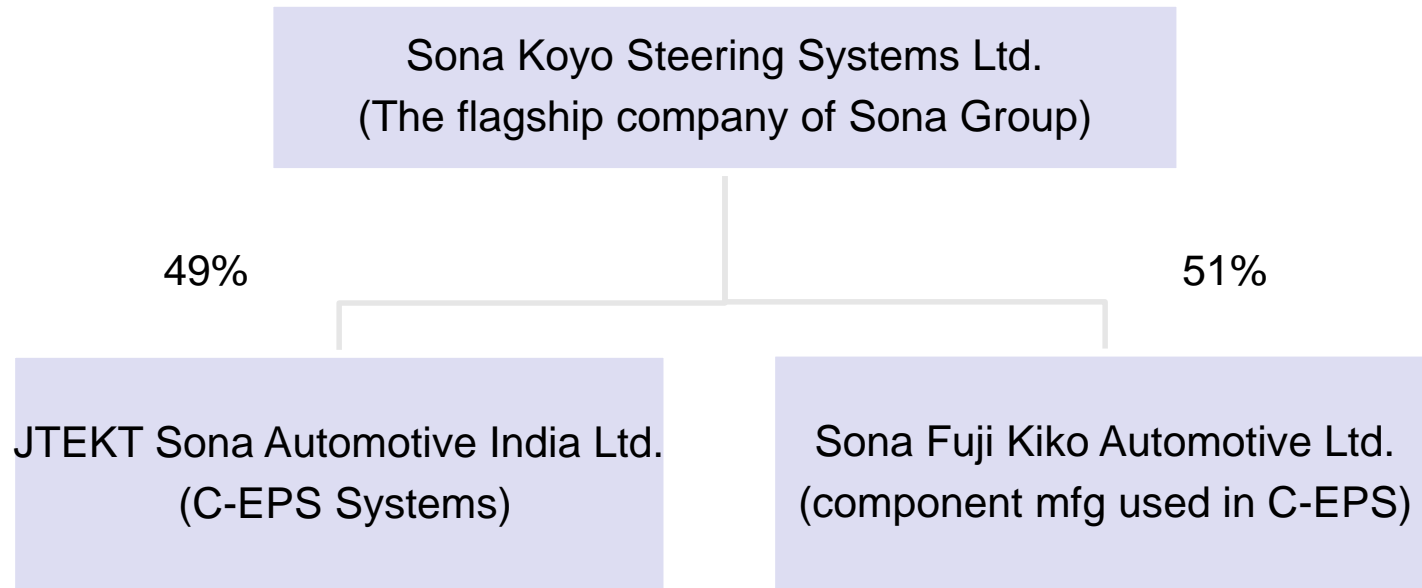


Growing profitability



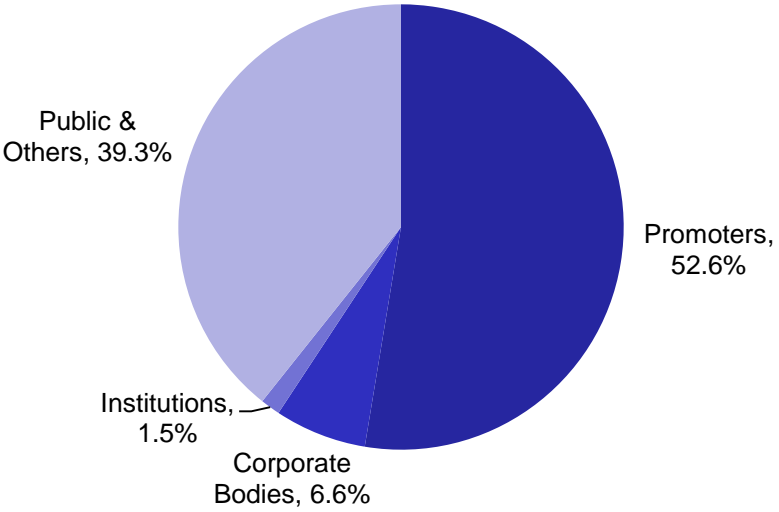
- Maintained positive growth momentum even in industry downturn. FY15 revenue growth improves marginally with revival in passenger vehicle segment of the industry
- Raw material cost has come down owing to localization and backward integration which led to expansion in EBITDA margin

* FY14 PAT includes exceptional gain of Rs 354mn rising due to profit from sale of long-term investment held in Fuji Autotech Europe S.A.S.

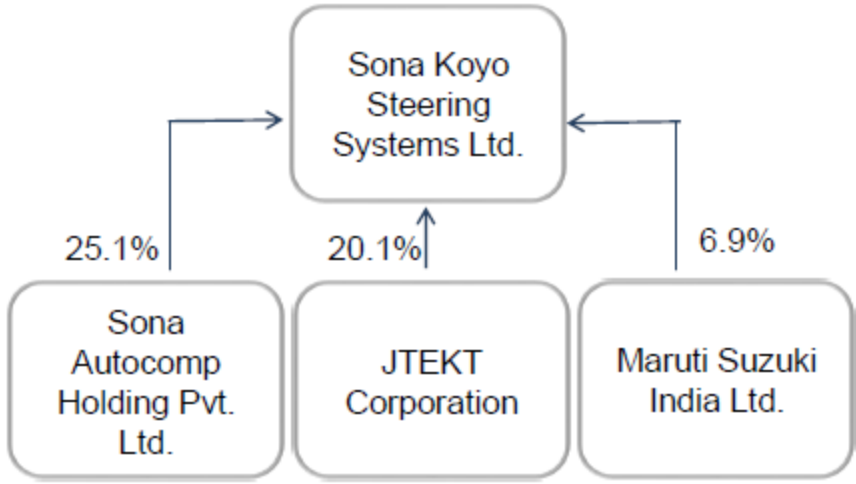


Shareholding pattern (As on 31st Mar, 2015)

Equity Shares Outstanding-198,741,832



Promoter and Promoter Group Shares outstanding – 104,515,260



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](http://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.