

14th November, 2016

The BSE Limited

Department of Corporate Services
Floor 1, New Trading Ring
Rotunda Building, P.J. Towers
Dalal Street, Fort
Mumbai 400 001.

Scrip Code - 520057

National Stock Exchange of India Ltd.

Exchange Plaza, 5th Floor,
Plot No. C/1, G Block
Bandra – Kurla Complex
Bandra (E)
Mumbai 400 051.

Symbol – SONASTEER; Series – EQ

Sub : Presentation for Analyst and Institutional Investors for the second quarter ended 30th September, 2016.

Dear Sir,

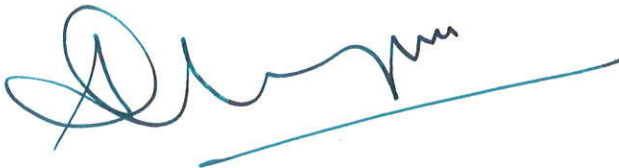
Pursuant to applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find herewith a presentation that shall be shared with the Analyst and Institutional Investors with respect to the Unaudited Financial Results for the second quarter ended 30th September, 2016.

This is for your information and record.

Thanking you,

Yours faithfully,

For **SONA KOYO STEERING SYSTEMS LTD.**



SUDHIR CHOPRA
PRESIDENT & COMPANY SECRETARY

SONA KOYO STEERING SYSTEMS LTD.

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Tel : +91 11 2331 1924 / 2332 7205, **Telefax :** +91 11 2332 7205
CIN : L29113DL1984PLC018415, **Website :** www.sonakoyosteering.com
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Investor Update – Q2FY17

Sona Koyo Steering Systems Ltd.



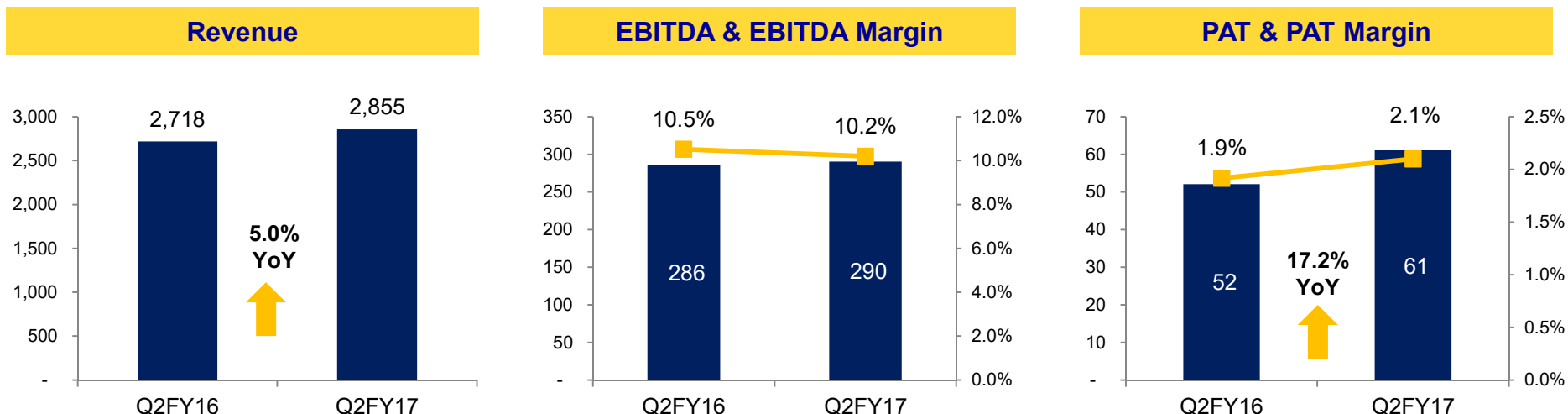
November 11, 2016

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Q2FY17 Standalone (YoY): Revenue increases as OEMs flourish



All figures in Rs Mn



■ Total revenue increased 5.0% YoY in Q2FY17 to Rs 2,855mn compared to Rs 2,718mn in Q2FY16

✓ Due to strong performance of new models launched by OEMs like Brezza, TUV 300

■ EBITDA at Rs 290mn in Q2FY17 compared to Rs 286mn in Q2FY16

✓ Impacted primarily due to increase in raw material costs as a percentage of revenues from 66.2% in Q2FY16 to 67.2% in Q2FY17 partially offset by decline in other expenditure as percentage of revenue from 11.8% in Q2FY16 to 11.0% in Q2FY17

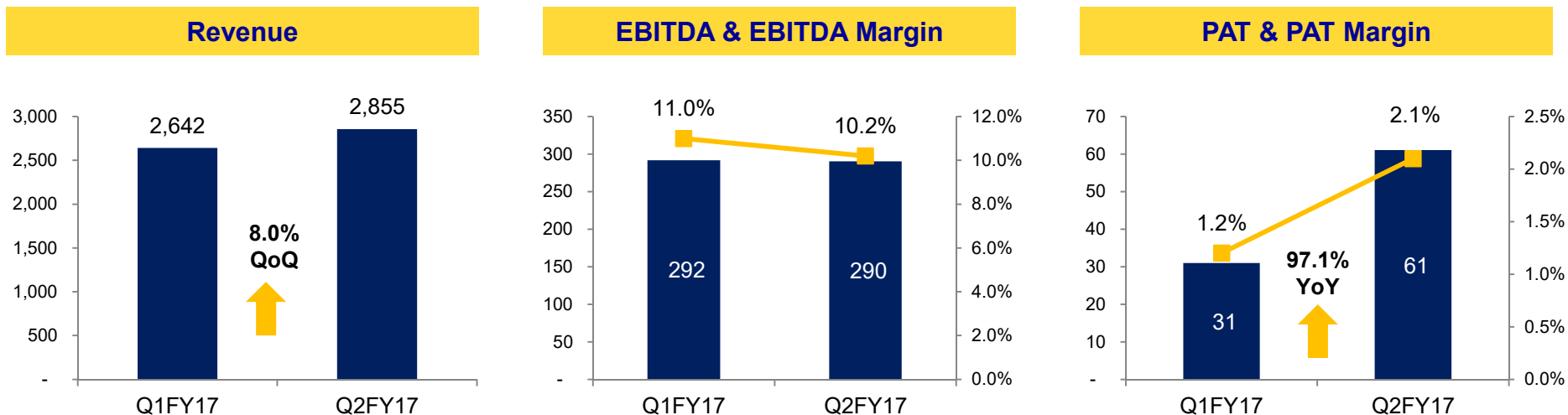
■ PAT in Q2FY17 up 17.2% at Rs 61mn compared to Rs 52mn in Q2FY16

✓ Received dividend of Rs 37mn in Q2FY17 compared to Rs 25mn in Q2FY16

Q2FY17 Standalone (QoQ): PAT up by 97%



All figures in Rs Mn



■ Total revenue up 8.0% QoQ to Rs 2,855mn in Q2FY17 compared to Rs 2,642mn in Q1FY17 due to strong performance of OEMs

■ EBITDA at Rs 290mn in Q2FY17 as compared to Rs 292mn in Q1FY17

- ✓ EBITDA margin declined due increase in raw material cost as percentage of revenue from 65.6% in Q1FY17 to 67.2% in Q2FY17, partially offset by decline in staff costs as percentage of revenues from 12.6% in Q1FY17 to 11.6% in Q2FY17
- ✓ Raw material cost increased due to change in product mix

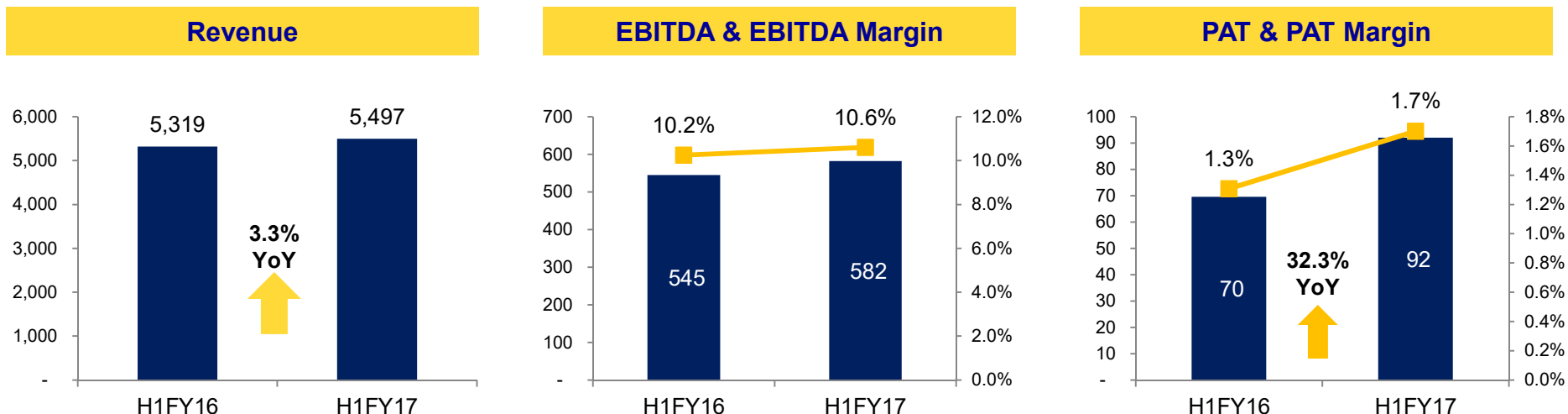
■ PAT increased to Rs 61mn in Q2FY17 compared to Rs 31mn in previous quarter due to increase in other income

- ✓ Other income increased due to receipt of Rs 37mn of dividend from subsidiaries

Standalone H1FY17: Profitability improves with declining other expenses



All figures in Rs Mn



■ Total revenue in H1FY17 grew to Rs 5,497mn compared to Rs 5,319mn in H1FY16

■ EBITDA improved to Rs 582mn in H1FY17 compared to Rs 545mn in H1FY16

- ✓ EBITDA margin improved due to decrease in other expenses as a percentage of revenues from 11.5% in H1FY16 to 10.9% in H1FY17 partially offset by increase in staff costs as a percentage of revenues from 11.8% in H1FY16 to 12.1%

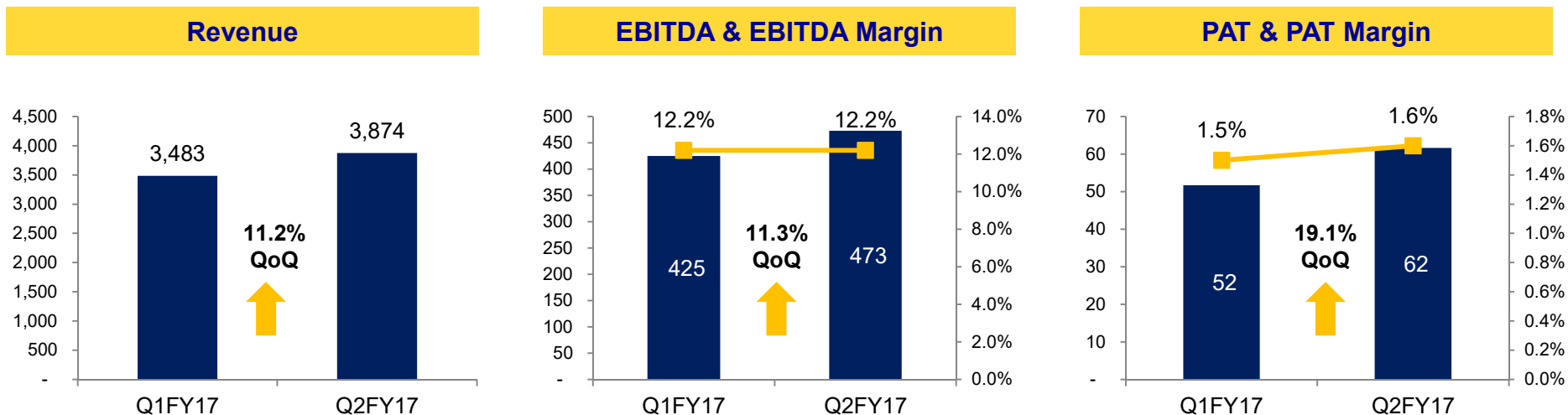
■ PAT at Rs 92mn in H1FY17, up 32.3% compared to Rs 70mn in H1FY16

- ✓ Higher dividend from subsidiary leads to expansion of PAT

Q2FY17 Consolidated (QoQ): Strong growth with revenue up by 11%



All figures in Rs Mn



■ Total revenue up 11.2% YoY to Rs 3,874mn in Q2FY17 compared to Rs 3,483mn in Q1FY17

■ EBITDA up 11.3% to Rs 473mn in Q2FY17 as compared to Rs 425mn in Q1FY17

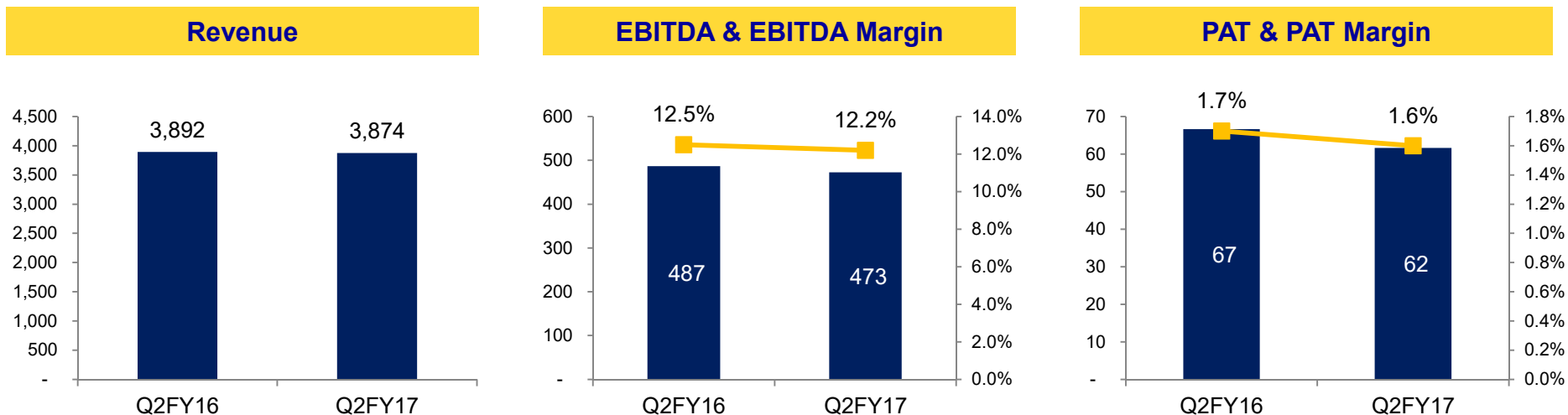
- ✓ EBITDA margin remained flat as increase in raw material cost as a percentage of revenues from 64.4% in Q1FY17 to 66.1% in Q2FY17 was offset by decline in staff cost and other expenditures as a percentage of revenues from 12.4% to 11.1% and 11.1% to 10.6% respectively

■ PAT after minority interest and share of loss of associate up 19.1% to Rs 62mn in Q2FY17 compared to Rs 52mn in Q1FY17

Q2FY17 Consolidated (YoY): Margin impacted by rise in staff cost



All figures in Rs Mn



■ Total revenue in Q2FY17 at Rs 3,874mn compared to Rs 3,892mn in Q2FY16

■ EBITDA at Rs 473mn in Q2FY17 compared to Rs 487mn in Q2FY16

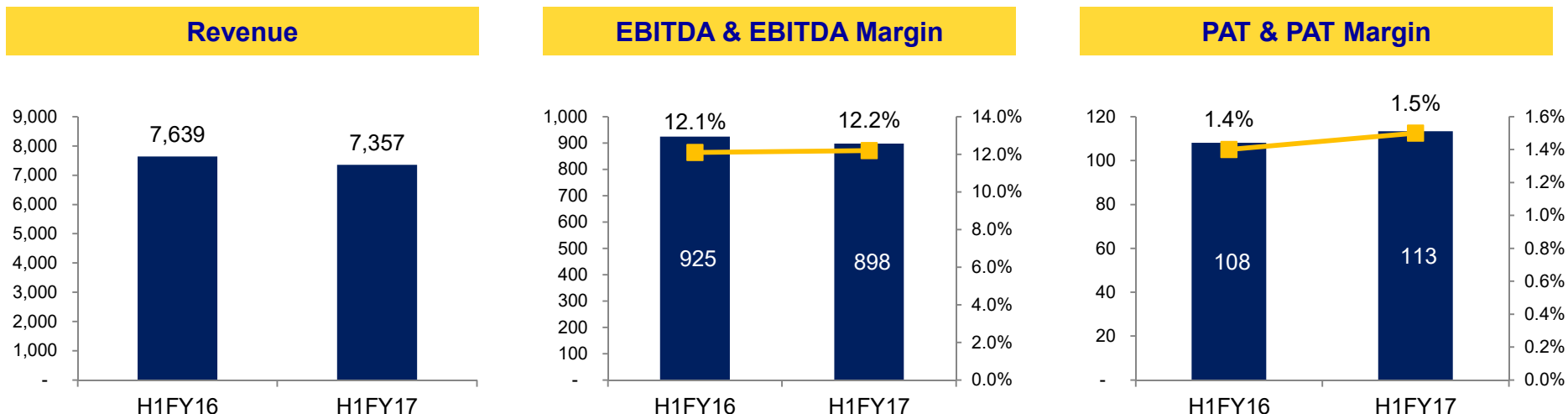
✓ Margins impacted by increase in staff cost as percentage of revenue from 10.2% in Q2FY16 to 11.1% in Q2FY17 partially offset by decrease in other expenditure as percentage of revenue from 11.0% to 10.6%

■ PAT after minority interest and share of loss of associate at Rs 62mn in Q2FY17 compared to Rs 67mn in Q2FY16

Consolidated H1FY17: Moderate improvement in margins



All figures in Rs Mn



■ Total revenue in H1FY17 at Rs 7,357mn compared to Rs 7,639mn in H1FY16

■ EBITDA at Rs 898mn in H1FY17 compared to Rs 925mn in H1FY16

- ✓ EBITDA margin improved marginally due to decrease in raw material cost as percentage of revenue from 66.7% in H1FY16 to 65.3% in H1FY17, partially offset by increase in staff cost as percentage of revenue from 10.5% to 11.7%

■ PAT after minority interest and share of loss of associate Rs 113mn in H1FY17 compared to Rs 108mn in H1FY16

Share of driveline product increases



Product Wise Sales Mix*



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

Geographic Sales Mix



*Note: Break up on standalone basis

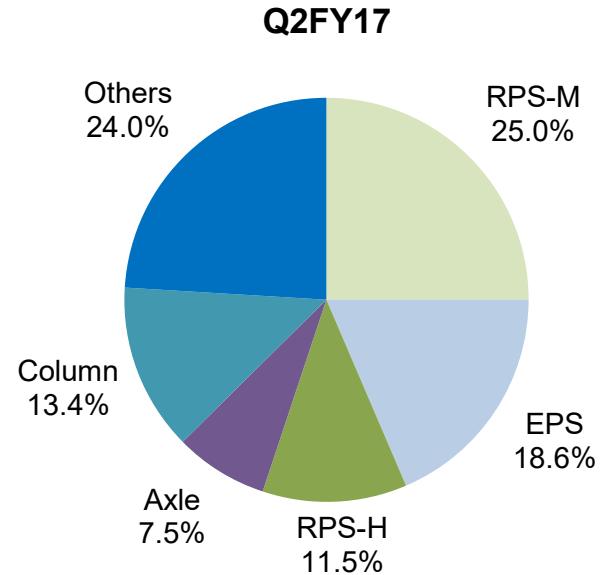
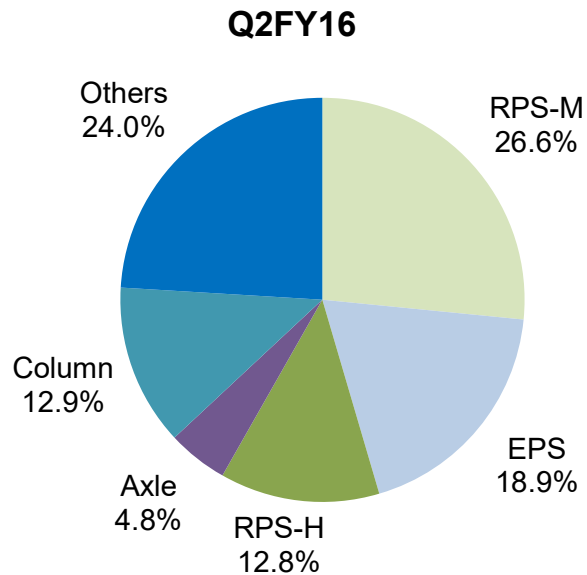
Capacity utilisation and product-wise revenue break-up

Capacity utilization

■ Capacity Utilization across product categories during YTD FY17

- ✓ Steering Products Group – **55.9%**
- ✓ Drive line Products Group – **30.2%**

Key steering & driveline products revenue break-up



Note: Break up on standalone basis

Income Statement & Key Ratios - Standalone



Standalone Unaudited Income Statement

Amount in Rs mn

Particulars	Q2 FY17	Q1 FY17	QoQ (%)	Q2 FY16	YoY (%)	H1 FY17	H1 FY16	YoY (%)
Net Income from Operations	2,833.9	2,625.6	7.9%	2,700.0	5.0%	5,459.5	5,279.8	3.4%
Other Operating Income	20.9	16.6	26.2%	17.9	17.0%	37.5	39.3	(4.6%)
Total Income	2,854.8	2,642.2	8.0%	2,717.9	5.0%	5,497.0	5,319.1	3.3%
Total Expenditure	2,564.5	2,350.3	9.1%	2,431.9	5.5%	4,914.8	4,773.9	3.0%
Consumption of Raw Material	1,917.9	1,732.1	10.7%	1,799.3	6.6%	3,650.0	3,533.7	3.3%
Staff Cost	331.8	333.6	(0.5%)	311.8	6.4%	665.4	628.7	5.8%
Other Expenditure	314.9	284.6	10.6%	320.8	(1.8%)	599.4	611.4	(2.0%)
EBITDA	290.3	291.9	(0.6%)	286.0	1.5%	582.2	545.2	6.8%
Depreciation & Amortisation	183.7	185.2	(0.8%)	182.0	0.9%	368.9	362.0	1.9%
EBIT	106.6	106.7	(0.1%)	103.9	2.6%	213.3	183.2	16.5%
Finance Charges	69.7	72.1	(3.3%)	69.4	0.4%	141.7	133.9	5.9%
Other Income	47.2	7.3	549.0%	34.0	38.8%	54.4	43	26.9%
PBT	84.1	41.9	100.7%	68.5	22.8%	126.0	92.2	36.6%
Tax (including deferred)	23.1	10.9	111.0%	16.4	40.5%	34.0	22.6	50.1%
PAT	61.1	31.0	97.1%	52.1	17.2%	92.0	69.6	32.3%

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

Key Ratios as a % of Total Revenue	Q2 FY17	Q1 FY17	Q2 FY16	H1 FY17	H1 FY16
EBITDA	10.2%	11.0%	10.5%	10.6%	10.2%
PAT	2.1%	1.2%	1.9%	1.7%	1.3%
Total Expenditure	89.8%	89.0%	89.5%	89.4%	89.8%
Raw material	67.2%	65.6%	66.2%	66.4%	66.4%
Staff Cost	11.6%	12.6%	11.5%	12.1%	11.8%
Other Expenditure	11.0%	10.8%	11.8%	10.9%	11.5%

Income Statement & Key Ratios - Consolidated



Consolidated Unaudited Income Statement

Amount in Rs mn

Particulars	Q2 FY17	Q1 FY17	QoQ (%)	Q2 FY16	YoY (%)	H1 FY17	H1 FY16	YoY (%)
Net Income from Operations	3,850.6	3,463.8	11.2%	3,871.8	(0.5%)	7,314.4	7,595.4	(3.7%)
Other Operating Income	23.3	18.9	23.4%	20.0	16.7%	42.2	43.1	(2.1%)
Total Income	3,873.9	3,482.7	11.2%	3,891.8	(0.5%)	7,356.6	7,638.5	(3.7%)
Total Expenditure	3,401.1	3,057.8	11.2%	3,405.1	(0.1%)	6,459.0	6,713.7	(3.8%)
Consumption of Raw Material	2,561.2	2,242.0	14.2%	2,580.8	(0.8%)	4,803.2	5,091.3	(5.7%)
Staff Cost	431	431	(0.0%)	398	8.2%	861.0	803.4	7.2%
Other Expenditure	409.5	385.2	6.3%	426.3	(4.0%)	794.7	818.9	(3.0%)
EBITDA	472.7	424.9	11.3%	486.7	(2.9%)	897.6	924.9	(2.9%)
Depreciation & Amortisation	252.0	253.0	(0.4%)	249.8	0.9%	505.0	494.9	2.0%
EBIT	220.7	171.9	28.4%	236.9	(6.8%)	392.6	430.0	(8.7%)
Finance Charges	76.2	79.4	(4.0%)	77.8	(2.0%)	155.6	151.8	2.5%
Other Income	17.9	15.1	18.9%	13.9	28.8%	33.0	26.8	22.9%
PBT	162.4	107.5	51.1%	173.0	(6.1%)	269.9	305.0	(11.5%)
Tax (including deferred)	63.4	33.8	87.8%	62.2	2.0%	97.2	111.0	(12.4%)
PAT (before Minority Interest)	99.0	73.7	34.2%	110.9	(10.7%)	172.7	194.0	(11.0%)
Share of (Profit)/ Loss to Minority	37.4	22.0	70.0%	44.2	(15.5%)	59.4	86.0	(30.9%)
PAT	61.6	51.7	19.1%	66.6	(7.5%)	113.4	108.1	4.9%

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

Key Ratios as a % of Total Revenue	Q2 FY17	Q1 FY17	Q2 FY16	H1 FY17	H1 FY16
EBITDA	12.2%	12.2%	12.5%	12.2%	12.1%
PAT	1.6%	1.5%	1.7%	1.5%	1.4%
Total Expenditure	87.8%	87.8%	87.5%	87.8%	87.9%
Raw material	66.1%	64.4%	66.3%	65.3%	66.7%
Staff Cost	11.1%	12.4%	10.2%	11.7%	10.5%
Other Expenditure	10.6%	11.1%	11.0%	10.8%	10.7%

Interim Balance-Sheet



Amount in Rs mn

Particulars	Standalone		Consolidated	
	30-Sep-16	31-Mar-16	30-Sep-16	31-Mar-16
Equity & Liabilities				
Total shareholders funds	2,843.9	2,751.9	3,586.4	3,473.0
Minority Interest			1,136.5	1,115.9
Long-term borrowings	1,315.1	1,431.5	1,380.8	1,558.8
Other long-term liabilities	248.5	286.7	365.9	411.9
Non-current liabilities	1,563.6	1,718.2	1,746.7	1,970.8
Short-term borrowings	461.2	638.7	489.3	676.0
Trade Payables	1,486.4	1,542.0	1,945.1	1,944.2
Other current liabilities	950.4	1,082.5	1,142.1	1,341.0
Current Liabilities	2,898.1	3,263.3	3,576.6	3,961.2
Total Equity + Liabilities	7,305.6	7,733.3	10,046.1	10,521.0
Assets				
Fixed Assets	4,751.2	4,759.4	6,303.5	6,401.2
Goodwill on Consolidation				
Non-current Investments	352.8	352.8	8.1	8.5
Long-term loans and advances	49.0	121.6	59.5	128.8
Other non current assets	0.0	1.8	0.0	4.5
Total non-current Assets	5,153.1	5,235.6	6,371.0	6,543.1
Inventories	723.6	714.8	1,108.4	991.2
Trade receivables	1,171.1	1,383.6	1,753.7	2,152.6
Cash and bank balances	26.7	45.4	475.6	362.9
Short-term loans and advances	159.4	157.8	253.8	255.1
Other current assets	71.8	196.2	83.7	216.1
Total current Assets	2,152.5	2,497.7	3,675.2	3,977.9
Total Assets	7,305.6	7,733.3	10,046.1	10,521.0

About Us



India's largest steering systems manufacturer

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

Partnering global leader in steering

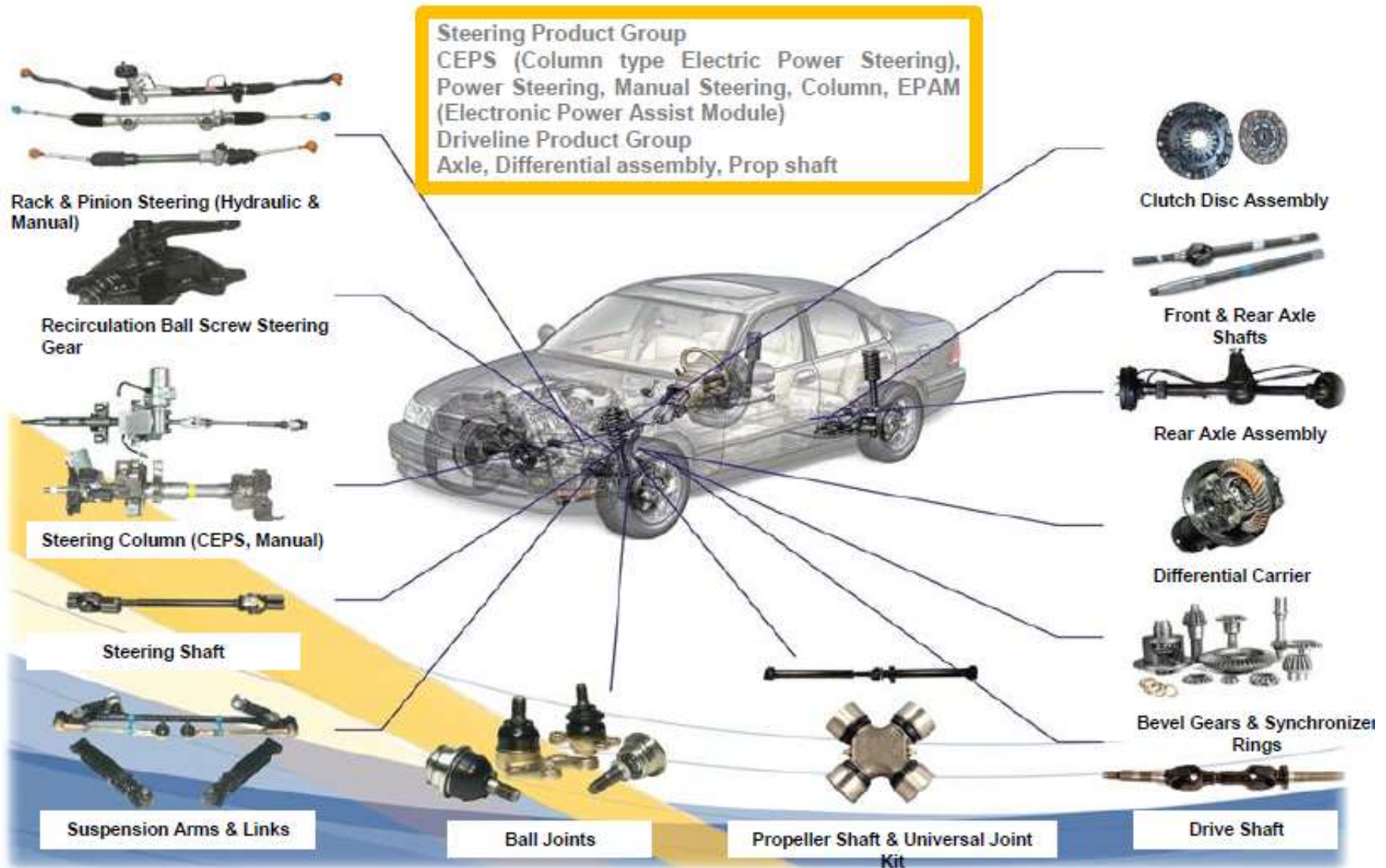
Technical partnership with world's leading steering manufacturer, JTEKT Corp, Japan

Resilient performance

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



Building comprehensive steering systems...



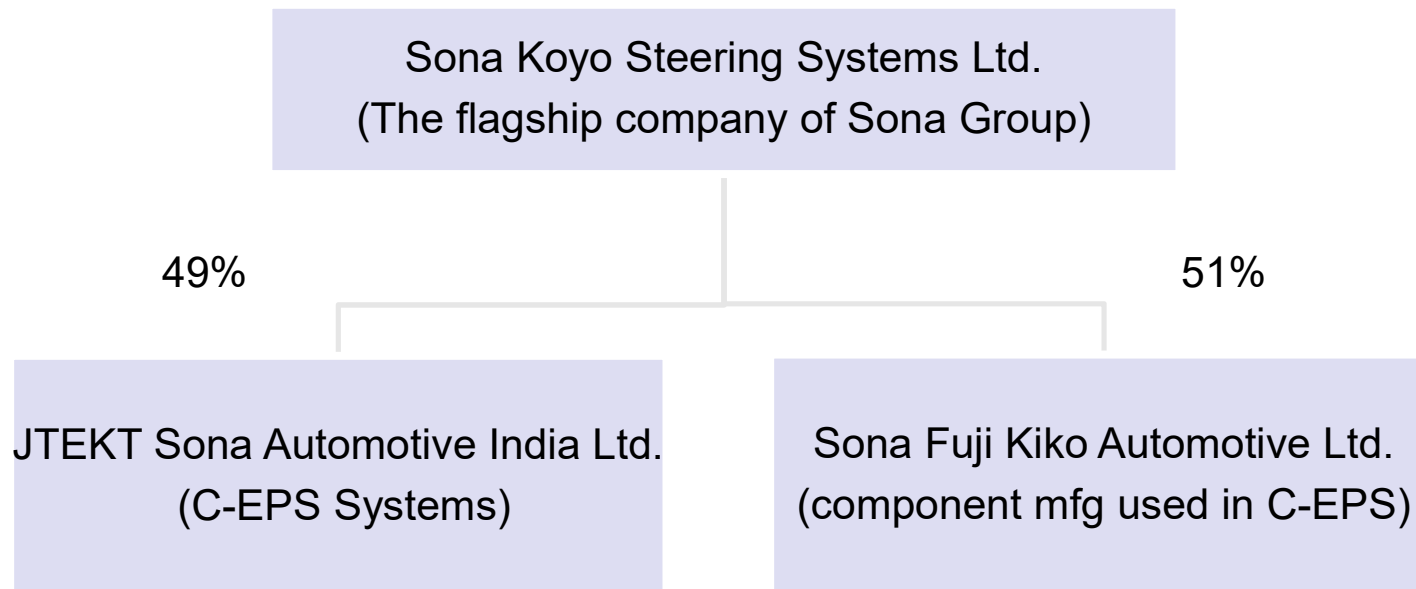
..... For all major domestic and global OEM brands

Domestic



Global



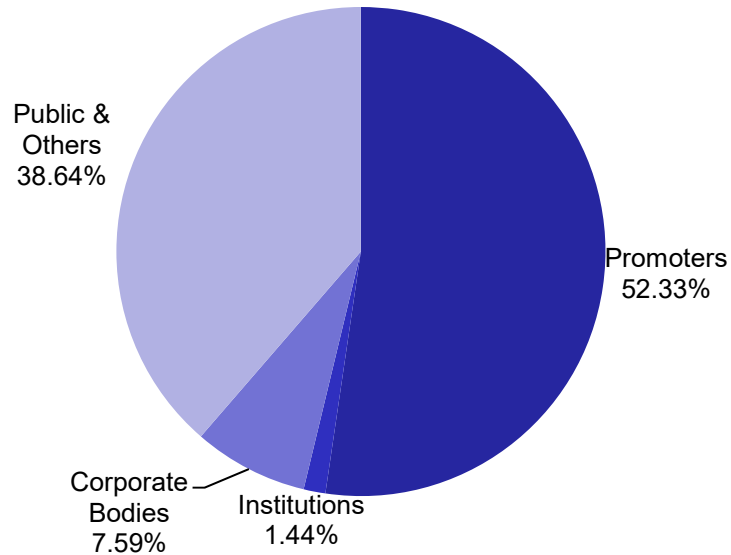


Equity holding structure

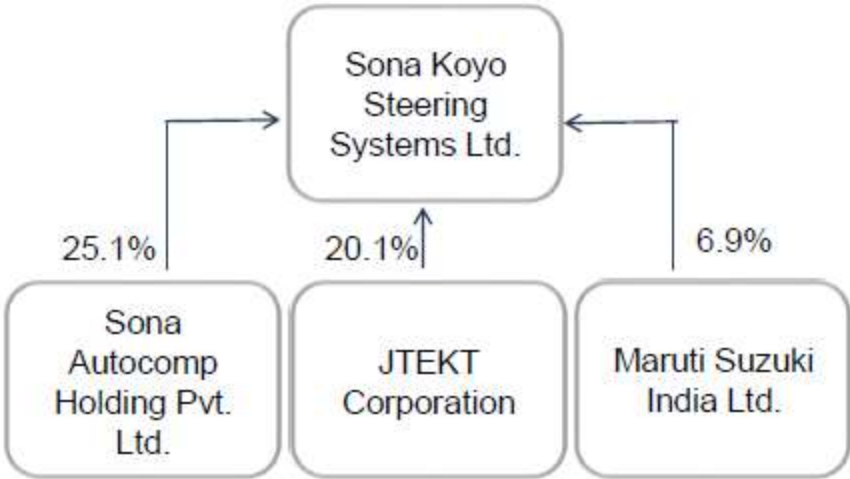


Shareholding pattern (As on 30th Sep, 2016)

Equity Shares Outstanding-198,741,832



Promoter and Promoter Group Shares outstanding – 103,999,041



For any Investor Relations queries please contact:

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Sona Koyo Steering Systems Ltd

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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.