NO GIFT COUPONS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING

NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Members of Sona Koyo Steering Systems Limited will be held as under:

Day : Tuesday
Date : 27th July, 2010
Time : 10:00 A.M.
Venue : Air Force Auditorium
Subroto Park
New Delhi 110 010.

to transact the following business:

ORDINARY BUSINESS

1) To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2010, the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.

2) To declare dividend for the year ended 31st March, 2010.

3) To appoint a Director in place of Mr. P.K. Chadha, who retires by rotation and being eligible, offers himself for reappointment.

4) To appoint a Director in place of Mr. Ramesh Suri, who retires by rotation and being eligible, offers himself for reappointment.

5) To appoint a Director in place of Lt. Gen. (Retd.) Shamsher Singh Mehta, who retires by rotation and being eligible, offers himself for reappointment.

6) To appoint M/s. S.P. Puri & Co., Chartered Accountants, as the Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

7) **To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT Mr. Kazuhiko Ayabe be appointed as a Director of the Company, liable to retire by rotation."

8) **To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the revision in the remuneration payable to Mr. Sunjay Kapur, Managing Director of the Company with effect from 1st May, 2010 for the remaining period of his appointment i.e. up to 21st October, 2011 on the terms and conditions as contained in the draft agreement to be entered into between the Company and Mr. Sunjay Kapur (a draft whereof was submitted to this meeting and initialled by the Chairman for identification) and the Board of Directors of the Company be and is hereby authorized to execute such agreement on behalf of the Company under its Common Seal on the terms and conditions and subject to such modifications as may be agreed to between the Board of Directors and Mr. Sunjay Kapur, Managing Director of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9) **To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:**

"RESOLVED THAT consent of the Company be and is hereby accorded under Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and / or charging by the Board of Directors of the Company of all or any part of immovable and movable properties of the Company, wheresoever situate, present and future, of every nature and kind whatsoever and / or the whole of the undertaking of the Company in favour of the Export Import Bank of India, Yes Bank, Tata Capital Limited and Standard Chartered Bank to secure:

AS AND BY WAY OF FIRST CHARGE

1) State Bank of India of its Corporate Loan of Rs. 400 million.

AS AND BY WAY OF SECOND CHARGE

1) State Bank of India of its Corporate Loan of Rs. 400 Million;
2) Yes Bank of its Pre-shipment Credit Facility of Rs. 100 million;
3) Tata Capital Limited for its Term Loan of Rs. 100 million; and
4) Standard Chartered Bank of its Term Loan of Rs. 100 million.

together with the interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, cost, charges, expenses and other monies payable by the Company to State Bank of India, Yes Bank, Tata Capital Limited and Standard Chartered Bank under the respective heads of agreement / loan agreement / subscription agreement / credit facility agreement / letter of sanction / memorandum of terms and conditions, entered into / to be entered into by the Company in respect of the said facilities.

RESOLVED FURTHER that mortgage / charges created / to be created and / or all agreements / documents executed / to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

Place : **Registered Office :** By Order of the Board
UGF-6, Indraprakash
21, Barakhamba Road
New Delhi - 110 001 Sudhir Chopra
Dated : 30th April, 2010 Company Secretary

NOTES:

1) **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll, to vote in his stead and such a proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.**

2) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business items to be transacted at the meeting is annexed hereto.

3) **For security reasons, briefcases, transistors, bags, tiffin boxes, cameras, binoculars, eatables etc. will not be allowed to be taken inside the Meeting Hall.**

4) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday the 20th July, 2010 to Tuesday, the 27th July, 2010 (both days inclusive).

5) Pursuant to the approval of the shareholders at the twenty fourth Annual General Meeting, the Equity Shares of the Company have been sub-divided from one Equity Share of the Face Value of Rs. 2/- each to two Equity Shares of the Face Value of Re. 1/- each. **The members, who are still holding Equity Shares of the Face Value of Rs. 2/- each, are requested to surrender the respective Share Certificate(s) to the Company or to its Registrar and Transfer Agent viz. M/s. Karvy Computershare Private Limited, to enable the Company to issue fresh Share Certificate(s) pertaining to Equity Shares of the Face Value of Re. 1/- each.**

6) i) The unclaimed dividend upto financial years 1994-95 have been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those shareholders who have so far not claimed their dividend for the financial years upto 1994-95 may claim their dividend from the Registrar of Companies, NCT of Delhi and Haryana, by submitting an application in the prescribed form.

ii) The unclaimed dividend for the years from 1995-96 to 2001-02 have been transferred to the Investor Education and Protection Fund (the Fund) established by the Central Government in terms of the provisions of Section 205C of the Companies Act, 1956.

iii) Those members who have not encashed dividend warrants for the financial year 2002-03 to 2007-08 may return the time barred dividend warrants or write to the Company to issue fresh demand draft.

iv) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year 2002-03 and thereafter which remain unclaimed for a period of 7 (seven) years will be transferred to Investor Education and Protection Fund (the Fund) established by the Central Government under Section 205C of the Companies Act, 1956. **Unclaimed Equity Dividend for the financial year 2002-03 will fall due for transfer to the Fund on 17th August, 2010.**

It may kindly be noted that once the unclaimed dividend is transferred to the abovesaid Fund of the Central Government, no claim shall lie in respect thereof.

7) Members holding Equity Shares in physical form are requested to notify promptly change in their address / bank details, if any, to the Company's Registered Office or M/s. Karvy Computershare Private Limited, 105-108, Arunachal Building, 19, Barakhamba Road, New Delhi – 110 001, the Registrar and Transfer Agent, quoting the Folio Number.

Members holding Equity Shares in electronic form are requested to notify promptly change in their address / bank details, if any, to the respective Depository Participants.

8) All the queries related to Accounts must be sent to the Company before 20th July, 2010.

9) As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members / Proxy holders are requested to bring their attendance slip along with copy of the Annual Report to the meeting.

10) Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Resolution No. 7

Mr. Kazuhiko Ayabe was appointed as a Director of the Company on 30th January, 2010 to fill the casual vacancy caused due to the vacation of the office of the Director by Mr. Noriyuki Fujita, pursuant to Article 107 of the Articles of Association of the Company. Mr. Noriyuki Fujita would have been due to retire by rotation at this Annual General Meeting, had he been continued in the office of the Director of the Company. Since Mr. Kazuhiko Ayabe was appointed to fill the casual vacancy caused due to the vacation of the office of the Director by Mr. Noriyuki Fujita, he shall, pursuant to the provisions of Section 262 of the Companies Act, 1956, retire at this Annual General Meeting.

The notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the candidature of Mr. Kazuhiko Ayabe for his appointment as a Director of the Company. Having regard to his knowledge and experience in automotive sector, the Board considers that the appointment of Mr. Kazuhiko Ayabe as a Director of the Company will prove beneficial to the Company.

The brief resume and disclosure of shareholding of Mr. Kazuhiko Ayabe have been given in the section of Corporate Governance of the Annual Report.

Except Mr. Kazuhiko Ayabe, none of the Directors of the Company is in any way concerned or interested in the proposed resolution. The resolution is accordingly recommended for members' approval.

Resolution No. 8

Mr. Sunjay Kapur was appointed as Managing Director of the Company by the Board of Directors with effect from 22nd October, 2008 for a period of 3 years. The said appointment of Mr. Sunjay Kapur as the Managing Director was also approved by the Shareholders of the Company in their Annual General Meeting held on 31st July, 2009.

Keeping in view the increased operations of the Company and the contributions made by Mr. Sunjay Kapur as well as the recommendation of the Remuneration Committee of Directors, the Board of Directors in their meeting held on 30th April, 2010 have revised the remuneration payable to Mr. Sunjay Kapur with effect from 1st May, 2010 for the remaining period of his appointment i.e. up to 21st October, 2011. Accordingly, the members' approval is now being sought under the Companies Act, 1956 to the revised terms and conditions relating to the remuneration to which Mr. Sunjay Kapur would be entitled, which are set out below :

I) **Remuneration**

Mr. Sunjay Kapur, Managing Director shall by way of Salary, allowances, perquisites and commission, be entitled for the following remuneration :

(a) **Salary**

Rs. 3,50,000/- (Rupees Three Lac Fifty Thousand only) per month.

(b) **Perquisites**

a) In addition to the above Salary, Mr. Sunjay Kapur, Managing Director of the Company shall be entitled to rent free furnished accommodation (including gas, electricity, water etc.) to be provided by the Company.

b) Mr. Sunjay Kapur, Managing Director shall also be entitled to perquisites like Medical reimbursement, Leave Travel Concession for self and family. The value of these perquisites shall be restricted to an amount equivalent to Rs. 7,250/- (Rupees Seven Thousand Two Hundred Fifty only) per month.

Explanation: 'Family' means the spouse, the dependent children and dependent parents of the Appointee.

c) Provision for use of chauffeur driven Company Car for official duties and telephone(s) at residence (including payment of local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling of perquisites.

d) Provision for payment of Club Membership Fee equivalent to Rs. 5,200/- (Rupees Five Thousand Two Hundred only) per annum.

e) Company's contribution to Provident Fund and Superannuation Fund.

f) Gratuity payable will not exceed half month's salary for each completed year of service.

g) Encashment of leave as per Company's policy.

In the absence or inadequacy of profits in any financial year, the Managing Director may be paid by way of salary, perquisites and other allowances an amount not exceeding Rs. 4,00,000/- (Rupees Four Lacs only) per month or Rs. 48,00,000/- (Rupees Forty Eight Lacs only) per annum and in addition thereto the perquisites not exceeding the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956, including the following:

a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these either singally or put together are not taxable under the Income Tax Act, 1961;

b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and

c) Encashment of leave at the end of the tenure.

(c) **Commission**

In addition to the above salary and perquisites, Mr. Sunjay Kapur, Managing Director of the Company shall be entitled to commission equivalent to 3% of the net profits of the Company calculated pursuant to the provisions of Section 349 and 350 of the Companies Act, 1956.

II) The terms and conditions of the above appointment / agreement / remuneration may be varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Managing Director in accordance with Schedule XIII to the Companies Act, 1956, or any amendments / re-constitution hereafter in this regard.

III) The Agreement is w.e.f. 1st May, 2010 for the remaining period of his appointment i.e. up to 21st October, 2011 which may be terminated by either party giving the other party three months' notice or salary in lieu thereof.

IV) The Managing Director shall not be liable to retire by rotation.

The information required in terms of Clause (B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 is as under:

I. **GENERAL INFORMATION**

(1) **Nature of the Industry**: The Company is a part of Indian Auto Ancillary Components Manufacturing Industry and is engaged in the business of manufacturing Steering Systems, Propeller Shafts, Axle Assemblies and other automobile components for its various customers viz. Maruti Suzuki India Limited, Hyundai Motors (India) Limited, Toyota Kirloskar, TELCO Ltd., Mahindra & Mahindra, Hindustan Motors Limited and JTEKT Corporation, at its Plants located in Gurgaon, Dharuhera and Chennai. The Auto Ancillary Industry is a high technology industry with continuous advancement of technology.

The Company has technological advantage over its competitors due to Technical Collaborations with JTEKT Corporation, Japan, the global technology leader in Steering Systems and Mando Corporation, Korea.

(2) **Date of Commercial Production**: The Company commenced its commercial production on 1st October, 1987.

(3) **Financial Performance**: The financial performance of the Company (audited) during last five years is as under:

(Rs. in Lacs)

Financial Parameters	Year ended 31st March, 2005	Year ended 31st March, 2006	Year ended 31st March, 2007	Year ended 31st March, 2008	Year ended 31st March, 2009
Turnover	36594.09	41244.98	70687.28	83337.74	81382.38
Net Profit (As computed under Sec.198)	2666.57	2646.91	4375.49	4190.91	(4480.74)
Net Profit as per Profit & Loss Account	1666.67	1625.91	2771.27	2519.48	(3103.11)
Amount of Dividend Paid	439.67	439.67	678.63	695.60	Nil
Rate of Dividend Declared	50% [F.V. Rs.2/-per share]	50% [F.V. Rs. 2/-per share]	35% [F.V. Rs. 2/- per share]	35% [F.V. Rs. 2/- per share]	Nil

(4) **Financial performance based on given indicators**: The Company's sales are increasing corresponding to growth of Indian Auto Component Industry.

(5) **Export performance and net foreign exchange**: The exports done by the Company, during the previous five (5) years, are as under:

i) For the year ended 31.3.2005 : Rs. 2539.37 lacs
ii) For the year ended 31.3.2006 : Rs. 5002.32 lacs
iii) For the year ended 31.3.2007 : Rs. 5465.78 lacs
iv) For the year ended 31.3.2008 : Rs. 6303.68 lacs
v) For the year ended 31.3.2009 : Rs. 6892.76 lacs

(6) **Foreign investment or collaboration, if any**: The Company has entered into a Technical Collaboration Agreement with JTEKT Corporation (Formerly: Koyo Seiko Co., Ltd., Japan), the global technology leader in Steering Systems (hereinafter referred to as "JTEKT") for the manufacture of Manual Steering Systems in the year 1985, which has been extended from time to time. In order to cement the relationship between the Company and JTEKT, in the year 1992, the Company had allotted 6,00,000 nos. of Equity Shares of Rs. 10/- each at a premium of Rs. 22/- per share to JTEKT, on preferential basis, contributing to 7.8% stake in the Equity Share Capital of the Company.

In 1996, the Company had also acquired technology for manufacture of Power Steering Systems from JTEKT. In order to further strengthen the strategic alliance with JTEKT, the Company had allotted additional 12,00,000 nos. of Equity Shares of Rs. 10/- each for cash at a premium of Rs. 82/- per share to JTEKT, on preferential basis, in 1997.

In 1998, in order to keep pace with the competition and entering into new markets, the Company has set up a Plant at Chennai, wherein, the necessary technology was extended by Mando Machinery Corporation, Korea. The Chennai Plant has commenced commercial production in December, 1998 and is meeting the OE requirement of Hyundai Motors (India) Ltd. for Steering Gear, Steering Column and Universal Joints.

With the increasing demand of Electric Power Steering in the car market and to meet the requirement of the car manufacturers in this regard the Company negotiated with JTEKT to obtain the technology for Electric Power Steering and executed a technology transfer agreement for this purpose.

During the financial year 2006-07, the Company allotted additional Equity Shares and Convertible Warrants to Promoter Group including JTEKT Corporation. Consequent upon this, presently JTEKT Corporation holds 20.10% stake in the Equity Share Capital of the Company.

II. INFORMATION ABOUT THE APPOINTEE

(1) **Background Details**: The appointee is a graduate in Business Administration from Buckingham University, U.K. and has a working experience of over 13 years.

(2) **Past Remuneration**: The appointee had worked as Managing Director of Sona Management Services Limited from 15th April, 2008 up to 31st March, 2009. During this period his remuneration was as under:

(a) Basic Salary - Rs. 1,20,000/- (Rupees one lac twenty thousand only) per month.

(b) House Rent Allowance: 60% of the Basic Salary.

(c) Perquisites:

i) Medical reimbursement, leave travel concession for self and family etc. restricted to an amount equivalent to Rs. 8,000/- (Rupees Eight Thousand only) per month.

ii) Chauffeur driven Company Car for use on Company's business and telephone at residence.

iii) Company's contribution to Provident Fund, if any.

iv) Encashment of leave at the end of the tenure.

(3) **Recognition or awards**: Mr. Sunjay Kapur has been given "Most Promising Entrepreneur Award for Outstanding & Exemplary Achievements in Entrepreneurship" in December, 2009 by Enterprise Asia & the organizing committee of the Asia Pacific Entrepreneurship Awards 2009.

(4) **Job profile and his suitability**: The appointee is the Managing Director of the Company and is responsible for the management of the whole of affairs of the Company. Keeping in view of his experience and knowledge, he is best suited for the position.

(5) **Remuneration Proposed**: The detail of the remuneration proposed is mentioned hereinabove.

(6) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person**: The appointee is a graduate in Business Administration from Buckingham University, U.K. and having a working experience of over 13 years. The present job responsibilities of the appointee are to manage the whole of the affairs of the Company. Accordingly, keeping in view the present scenario of high pay package being offered by MNC / Class 'A' Indian Corporate(s), the proposed remuneration package of the appointee matches to the prevailing remuneration package in the concerned industry, size of the Company, profile of the position etc.

(7) **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any**: Except to the extent of his employment with the Company and being relative of Dr. Surinder Kapur and Mr. J. M. Kapur, Directors of the Company, Mr. Sunjay Kapur does not have any pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel.

III. OTHER INFORMATION

(1) **Reasons of loss or inadequate profits**: Not applicable, since the Company has earned adequate profits for the year ended 31st March, 2010.

(2) **Steps taken or proposed to be taken for improvement**: The Company has earned adequate profit during the financial year ended 31st March, 2010 but the Company has taken various steps to improve the profitability to a further level. These steps included reduction in manufacturing expenses, reduction in other miscellaneous costs, increase in selling price of the products manufactured by the Company, localization of imported materials etc.

(3) **Expected increase in productivity and profits in measurable terms**: As a results of the steps taken by the Company, it is expected that the profitability will improve further during the future years.

A brief resume and disclosure of shareholding of Mr. Sunjay Kapur have been given in the section of the Corporate Governance of the Annual Report.

Except Mr. Sunjay Kapur, Dr. Surinder Kapur and Mr. J. M. Kapur to the extent that they are the relatives of Mr. Sunjay Kapur, none of the Directors of the Company is concerned or interested in this resolution.

The above may also be treated as an abstract of the terms and conditions of the draft agreement to be executed between the Company and Mr. Sunjay Kapur pursuant to Section 302 of the Companies Act, 1956.

The resolution is accordingly recommended for members' approval.

Resolution No. 9

The Institutions / Banks referred to in the resolution have granted the Term Loans as contained in the resolution. As per the Loan Agreements entered into with them, the Company has to agree to create mortgage and / or charge in favour of the concerned Lenders on the properties of the Company. This attracts the provisions of Section 293 (1)(a) of the Companies Act, 1956.

None of the Directors is concerned or interested in the proposed resolution. The resolution is accordingly recommended for members' approval.

Inspection of Documents

The material documents referred to herein above will remain open for inspection for the Members at the Registered Office of the Company from the date hereof up to the date of the ensuing Annual General Meeting during 3.00 PM to 5.00 PM on working days.

Place : **Registered Office :**
UGF-6, Indraprakash
21, Barakhamba Road
New Delhi - 110 001
Dated : 30th April, 2010

By Order of the Board

Sudhir Chopra
Company Secretary


sona
Driving Tomorrow
SONA KOYO STEERING SYSTEMS LTD.
ANNUAL REPORT 2009-10



Contents

Chairman's Letter	2
Vice-Chairman & Managing Director's Letter	4
Board of Directors	6
Management Discussion & Analysis	8
Corporate Governance	17
Additional Shareholder Information	30
Directors' Report	37
Auditors' Report	41
Financials	44
Auditors' Report (Consolidated)	67
Financials (Consolidated)	68

Chairman's letter



Dear Shareholders,

Let me start out by thanking you for your continued support and faith in the management of your Company. When writing to you this time last year, we were all surrounded by a sense of despondency and gloom. The shadows of doubt were crossing all of our minds. We had no idea what the future had in store for us – both around the world and in India. But we had the resolve to keep going and to make the best out of a bad situation. I am happy to report that the year 2009-10 turned out quite well for India and of course for Sona Koyo Steering Systems Ltd.

As was anticipated, India and China have been at the helm of the global economy – helping it pull out of recession. While the world economy shrunk to 3.75% the Chinese and Indian economies grew by 11.9% and 7.4% respectively. Several governments around the world announced stimulus packages to help their economies. The pumping in of money, fiscal packages and bail outs all helped slowly turn around markets and consumer sentiment. However, there are still differing views on what the outcomes of these measures are going to be. Thinkers like Prof Joseph Stiglitz (Nobel Laureate and faculty at Columbia University) say that the world economy is still not out of the woods and that another shock is in the offing, while others dismiss these as random thoughts. Unemployment figures in the US, Europe and Japan are still considerably high – even though some of their governments have declared that their countries are out of recession. Time will tell us which of them is right. The recent Greek economic crisis serves as a reminder of what prudent governance and fiscal policy ought to be. The US Government is faced with one of its largest deficits ever. Austerity measures seem to be the order of the day for many governments. The days ahead are going to see demands for greater transparency, accountability and good governance. Elements that we here in India are very familiar with. Coming back to the Indian market, there are growing voices for removal of some of the fiscal stimulus measures put in place by the Government. The outcome of such steps needs to be gauged and measured. There will be an impact on industry, and we need to rise to the challenge.

The world automobile market has seen several interesting developments. The US Government's "Cash for Clunkers" scheme has had a direct impact on their automobile industry. Funding clubbed with environmental consciousness has propelled the market for small and midsized vehicles both in the US and across the globe. A leaner meaner and more competitive General Motors has emerged after its bankruptcy proceedings. Ford Motor Company which teetered on the brink of bankruptcy has pulled itself together. These companies are looking at their global subsidiaries to bring smaller and more fuel efficient cars to the US. The Volkswagen – Suzuki combine has turned into a power house in the small and midsized automobile market – which could turn into a great opportunity for India and Sona Koyo. The other European players are also slowly showing signs of recovery and growth even though in small numbers. The Toyota Motor Company has declared that it will return to profitability in 2011. Much of this growth is expected on the back of frugal engineering, efficiency and technological excellence. The world is therefore looking at small cars and India in a different light and herein lies the opportunity.

While it is my dream to see your Company partnering a global platform of over a million vehicles in the mid to long term future, the opportunities around us today are of sufficient value. We have seen several new models being introduced in the Indian market by Maruti Suzuki, Ford, VW, GM and the Toyota small car is waiting in the wings. The emergence of small utility vehicle segments with players such as Ace & Gio have opened up a whole new array of opportunities. Though an entry into the current commercial vehicle market still eludes us, we are making progress. We are part of projects for much larger new generation commercial vehicles. A segment that we believe is bound to grow and flourish, on the back of greater demand for goods & passenger movement and an improving infrastructure.

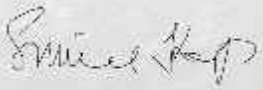
The year 2009-10 has been good at Sona Koyo Steering Systems Ltd. and its subsidiaries. We have witnessed a consolidated top line growth of 23.2 % from 6920 Million to 8528 Million and consolidated PAT stands at Rs. 158 Million as against a loss of Rs. 316 Million last year. While at Sona Koyo the growth has been from Rs. 6931 Million to Rs. 8503 Million a 22.7% growth in the top line while PAT stands at Rs. 216 Million up from a loss of Rs. 310 million last year. This turn around in a short period has been driven by the new management team in place, led by Mr. Sunjay Kapur, your Vice Chairman & Managing Director. Under my Chairmanship, a "Management Board", has been created, led by Mr. Sunjay Kapur and the other members being Mr. Kiran Deshmukh, Deputy Managing Director, Mr. Sunder Rajan, Chief Executive Officer, Mr. Sudhir Chopra, President – Legal and Mr. Akio Fujimoto, Senior Vice President. The JTEKT representative Mr. Waichiro Ijiri is also invited to participate in weekly meetings of the Management Board.

Your Company also has the unique distinction of having received a patent in USA for "Torque Sensor for Electric Power Steering System". The Electric Power Steering, which represents 60% of our revenues, is a product which saves 4% of fuel when compared to the earlier Hydraulic Power Steering System. This amounts to 16 Million Gallons of fossil fuel savings in 2009-10 alone.

In view of returning to profitability, your Board of Directors have recommended a dividend of Re. 0.30 per Equity Share.

I thank you once again for your unwavering support and trust in the management of your Company and I am happy to be able to reward our shareholders.

Let me take this opportunity to thank our partners and customers for their continued support, and to all our employees for their dedication and hard work. And please allow me to express my heartfelt thanks to you, the shareholders, for your continued faith in the Company.



Dr. Surinder Kapur
Chairman