

MITSUBISHI MATERIALS CORPORATION

SONA OKEGAWA PRECISION
FORGINGS LTD. (SOPL)



Company Background

Mitsubishi Materials Corporation, Japan is a producer of metals and ceramics. The company was established in 1950. Its businesses can be divided into the following:

- Automotive Products:
- Electronics Products
- Construction and Engineering Products
- Precious Metals

In 2004-05, the company had consolidated sales of US\$ 9.2 billion and a strength of 19,638 employees.

Mitsubishi Materials Corporation in India

Sona Okegawa Precision Forgings Ltd. (SOPL) is a manufacturer of bevel gears and pinions. SOPL has collaboration with Mitsubishi Materials Corporation, Japan. The company is a 60:40 joint venture with Mitsubishi Materials Corporation.



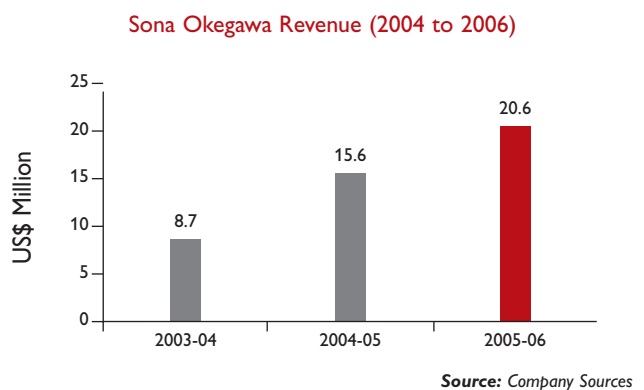
SOPL started its operations in April 1998. The company is a segment of Sona Group, India.

The company offers the following products:

- Precision Forged Bevel Gears and Pinions
- Assembly Differential case
- Synchroniser Ring

SOPL has a manufacturing plant located in Gurgaon, near Delhi. The company is in the process of expanding the capacity of the Gurgaon plant unit from 6 million units to 10 million units. The other manufacturing plant is in Pune for gears, which was inaugurated in 2005. The Pune plant has been setup to grow business in western and southern regions.

The company had revenue of US\$ 20.6 million in 2005-06. The company is targeting revenues of US\$ 65 million by 2009.



SOPL's domestic customers include passenger car majors Maruti Udyog, TATA Motors, Mahindra & Mahindra. TATA Motors, Mahindra & Mahindra, Eicher Tractors, Eicher Motors, Punjab Tractors, TAFE and International Tractors Ltd. are some of the clients in the tractors and commercial vehicle



segment. Presently SOPL is exporting to its partner Mitsubishi Materials Corporation, Japan and Case New Holland of USA.

Factors for Success

Support from Mitsubishi Materials Corporation

Joint venture with Mitsubishi Materials Corporation has facilitated the company to provide products that are cost competitive. Further, Mitsubishi Materials Corporation has a wide range of automotive products which acts as a technological backbone for Sona Okegawa's products.

Financial Support

Financial support is provided by the parent company for the expansion of their plants. The parent company is providing investments to commence the manufacturing of products in its new plant inaugurated in 2005.

Future Plans

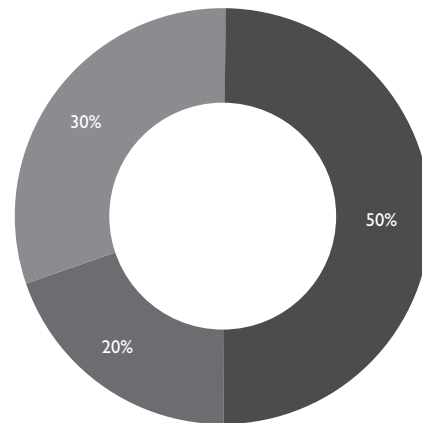
Target International Markets

The earlier restriction on the company on exporting to international markets has now been removed. Therefore, they plan to increase their exports. The company is targeting 50 per cent of their total sales from exports in the near future.

Future Investments

In 2006, Sona Okegawa plans to investment US\$ 131.1 million in India.

Division of Investment in various segments



- Export Oriented Unit in Pune
- New dye shop
- Gurgaon Plant

Source: Blonnet

Of this, US\$ 65.5 million would be invested towards putting up an export oriented unit (EOU) in Maharashtra, US\$ 26.2 million for a new dye shop and US\$ 39.3 million for expanding capacity of gears at its unit in Gurgaon. The EOU, which expected to be established in Pune would have a capacity of 10 million units and will start its operations by February 2007. As a result, the company's total production capacity of gears is expected to increase over the next year from the current 6 million units to 20 million units.