

FROM THE DESK OF THE MD & GCEO

Shaping Mobility. Strengthening Legacy.



▶ **Vivek Vikram Singh**
Managing Director &
Group CEO

Dear Shareholders,

"We suffer more in imagination than in reality."

Seneca's words ring loud and true as I look back upon the past year, when despite the reality of subdued demand and the clamour of an EV slowdown, our net profit grew by 16% year-on-year, and our revenue from Battery Electric Vehicles (BEVs) rose by 38%. We also made our largest acquisition to date: the railway business of Escorts Kubota Limited. This move aligns with our long-term vision of clean mobility and supports our strategy of diversifying across products, customers, and geographies.

We continue to develop new products, not only within the automotive sector but also in the emerging mobility categories such as humanoid robots, eVTOLs, and drones. With a strong order book and INR 26.7 billion in net cash at year-end, we remain optimistic and prepared to capture opportunities in a rapidly shifting global landscape.

Resilience in a time of global uncertainty

It is undeniable that businesses worldwide are grappling with uncertainties in demand and disruptions in supply chains, largely due to the unexpected and seemingly quixotic tariffs imposed by the United States. Tariffs and trade barriers will increase consumer prices, disrupt supply chains, and force industries everywhere to reimagine sourcing and manufacturing models, creating uncertainty.

For any global organisation, such challenges test resilience. We, being a global company, do not exist in a vacuum, and hence we too will be impacted; however we view these challenges not as setbacks but as springboards. Epictetus said, *"It's not what happens to you, but how you react to it that matters."* This is deeply embedded in our ethos at Sona Comstar. While we may not have control over external circumstances, our ability to analyse second-order impacts and our agility in responding to emergent opportunities continue to shape our path forward.

Nathan Furr writes in *The Upside of Uncertainty*, *"When you frame uncertainty as possibility, your ability to navigate it increases because your experience shifts from the fear of loss to the anticipation of gain."* We believe this trade war will be adverse for the entire global auto industry in the short term. However, we expect many opportunities to emerge from this chaos in the medium to long term. We firmly believe that strong players with technology moats and sound financial fundamentals - like Sona Comstar - will consolidate and grow.

With our global manufacturing footprint, scaled operations, diverse customer base, and proven record of delivering highly engineered and critical products at competitive cost, Sona Comstar is emerging as a strategic partner of choice in a reshaped global supply chain. This is a once-in-a-generation opportunity, and we intend to seize it with resolve and responsibility.

Celebrating 25 years of Sona Comstar

This year, we celebrated 25 years of our journey as a company. First and foremost, I thank our customers - we exist only because of them. I'm also deeply grateful to our employees, suppliers, advisors, shareholders, and former leaders like Dr. Kapur, Mr. T.K. Pal, Mr. Kiran Deshmukh, and many others who laid the foundation upon which we have built our edifice. The past 25 years have been remarkable and successful for the Company. However, as Heraclitus reminds us, *"No man crosses the same river twice, for it is neither the same river nor the same man"*. The people who came before us crossed a different river, and as we look ahead to the next 25 years, we must make our own crossings in different rivers.

So, what will Sona Comstar do or become in the next 25 years? Like all things in the future, our path and destination are unknowable. However, some things will remain ever constant. We will remain committed to our pursuit of growth. Over the last 25 years, we have achieved an average growth rate of 35%. While it may be challenging to replicate this success, we will strive to grow responsibly and as quickly as possible. We will tirelessly pursue technology to build an Indian engineering company that the world can be proud of. We will relentlessly seek global significance, competing in the U.S., China, Europe, India, and beyond. The Manusmriti says that *"धर्मो रक्षति रक्षितः"*, which translates to "Dharma protects those who protect it"; hence, our values will remain our compass, as they have always been. We will never compromise on integrity or respect for the individual.

This is our mission: to build something that truly matters in this world. This is our purpose, our promise, our duty — our Dharma.

👉 *Over the last 25 years, we have achieved an average growth rate of 35%"*

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A new strategy for the next decade

Please allow me a few moments of seeming self-indulgence. Along with the Company's 25-year milestone, I too, reached a personal milestone of 10 years of association with this wonderful company. When I joined the Company in 2015, we were a small, primarily domestic auto components business facing financial headwinds. Today, we are a global technology leader in driveline products and the market leader in BEV motors in India. Over the last decade, our revenue has grown 10x and net profit over 20x. While the outcome may suggest a journey of uninterrupted success, we have encountered a fair share of failures and challenges and have benefited from an enormous amount of luck. As I examine the past decade, I do ask myself if there was anything I actually did or was I merely there when things happened.

The true answer is hard to determine because several factors have contributed to our success, such as consistent investments in technology, strong customer relationships, a talented workforce, and our Company culture. However, careful and dispassionate analysis revealed that three critical decisions have contributed to over 85% of our growth in the last decade.

The fact that a career of ten years of toil and turmoil can be distilled down to only three important decisions, is simultaneously humbling as well as enlightening.

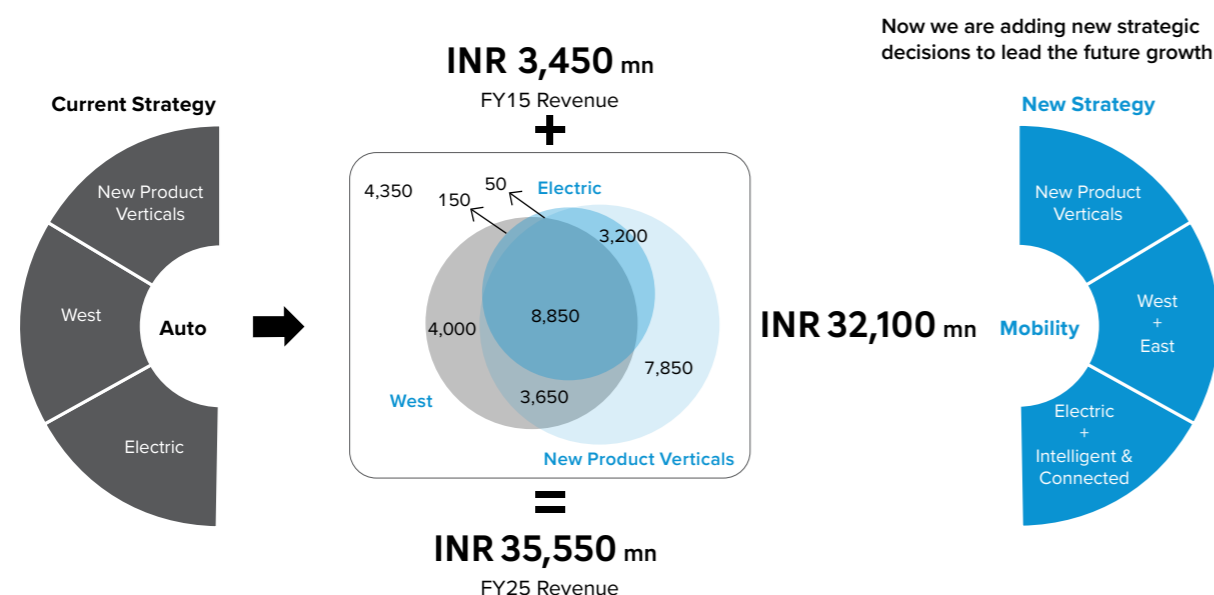
Our first and most significant decision was prioritising new products and technology verticals. We were primarily a single-product company in 2015, and today, we offer 22 products across three technology verticals: driveline, motors, and sensors.

Our second important decision was geographical diversification by expanding to Western markets. Today, we are among the largest suppliers of BEV differential assemblies, differential bevel gears, and starter motors to the North American market, and more than 70% of our revenue comes from markets outside India, with North America alone contributing 40%.

Our third key decision involved recognising the electrification trend early and acting decisively. Back in 2015, EVs were barely on the horizon - but we committed to them, and today we are a leading provider of electrified powertrain solutions globally. We anticipate that EVs will remain one of our key growth drivers over the next decade as well.

We are expanding our strategy to add new growth areas

We have grown 10x in the last 10 years by focusing on three key strategic decisions



Note: Revenue numbers are rounded off to the nearest multiple of INR 50 million for better readability.

The modern poet C. P. Cavafy wrote a piece in 1915: *"For the gods perceive things in the future, ordinary people in the present, but the wise perceive things about to happen."* We are not gods, nor do we claim to be, but wisdom (or विवेक) lies in being able to hear that which does not yet make a sound. This mindset underpins our new growth strategy.

As we look ahead to the next decade, three strategic imperatives will guide us:

Adding new product verticals

We will focus most on adding even more new product verticals. The acquisition of the railway business and our recent ventures into humanoid robots, eVTOLs, and drones are steps in this direction.

Increasing focus on Eastern markets

In addition to growing market shares in North America and Europe, we will also increase our focus on Eastern markets, particularly India, China, Japan, and Korea. This may necessitate adaptations to our operating model, including the possibility of forming joint ventures or alliances.

Aligning with new mobility trends

Electrification will remain a key driver for our growth, while we will also introduce products that align with major trends towards vehicles and systems becoming increasingly intelligent and connected.

Singhavalokana: The year in retrospect

As this letter also serves as a performance report from the Manager to the Company's owners, I am presenting our scorecard based on five Key Result Areas (KRAs): financials, electrification, global significance, diversification, and technology.

Financials

Our focus on innovation, customer centricity, and financial discipline has delivered solid results. Revenue, EBITDA, and PAT grew 12%, 8% and 16% year-on-year respectively. New products and business wins from existing and new customers continue to drive our revenue growth. The strong operating performance resulted in a free cash flow of INR 3.6 billion. Combined with the equity capital raise of INR 23.7 billion, we concluded the year with a robust total of cash and investments of INR 26.7 billion.

Electrification

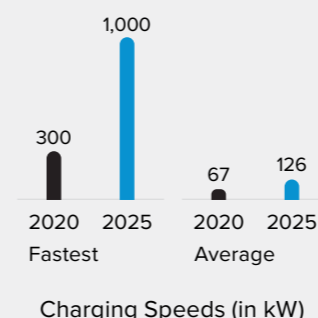
Recent technological advancements further affirm the inevitability of electrification. Average battery

charging speed has nearly doubled over the last five years. For instance, BYD's Super E-Platform enables charging at a remarkable speed of 1000 kW, allowing a battery to gain 400 km of range in under five minutes. These improvements in charging speeds address three major challenges to battery electric vehicle (BEV) adoption: affordability, range anxiety, and long charging times.

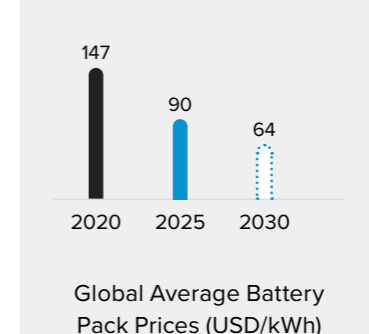
Simultaneously, battery pack prices have been declining due to innovations in battery chemistry and economies of scale in manufacturing. The global average price of battery packs has decreased by 35% in the past five years and is projected to drop by another 30% in the next five years.

Faster charging times also allow automakers to utilise smaller battery packs in vehicles, like the trend observed in internal combustion engine cars during the 1970s and 80s, which featured smaller engines and fuel tanks. This trend and the decrease in battery pack prices suggest that BEVs will achieve price parity with ICE cars in key markets by 2030.

EVs with ultra-fast charging technology can be charged faster, as fast as 5 minutes in some cases



Innovation in battery chemistry and economies of scale in manufacturing has led to reduction in battery prices



Price parity between EVs and ICE vehicles is expected to reach by 2030 in all major markets



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We have embraced this change and established ourselves as a leading provider of electrified powertrain solutions for major automobile manufacturers in India and around the globe. Our BEV revenue increased 38% to over INR 12.2 billion in FY 2024-25, increasing our BEV revenue share from 29% last year to 36% in FY 2024-25. We won four new EV programmes and added two new EV customers, taking the number of EV programmes to 58 and the number of EV customers to 32.

Global significance

We have grown our global market share of differential gears from 8.1% in CY 2023 to 8.8% in CY 2024 and of starter motors from 4.2% to 4.4%. In the last year, we secured orders worth INR 47 billion, thus increasing our net order book to INR 242 billion or USD 2.8 billion. Remarkably, 77% of the net order book is from various EV programmes.

Recently, we celebrated the significant production milestone of 40 million starter motors, 8 million differential assemblies, and 0.5 million EV traction motors. These achievements are a testament to our customers’ trust in our products and engineering capabilities.

Diversification

We recognise the importance of maintaining a balanced mix of customers, end markets, and products. Our revenue mix diversification by powertrain, with the share of ICE-dependent products declining from 25% in FY 2024-25 to just 9% in FY 2024-25, exemplifies our proactive approach to risk management and strategic planning.

We are in the process of diversifying our business from automotive to a broader mobility sector. With the acquisition of the railway business, we have made significant progress, as more than 25% of our revenue will now come from non-automotive segments, and India will become our largest end market in revenue, followed by North America and Europe.

Progressing on our technology roadmap

New product development is the bedrock of our growth strategy. Over the past four years, we have successfully added ten new products to our offerings, including two in FY25, doubling our total to 19.

Our subsidiary, NOVELIC, secured its first product order to supply ACAM in-cabin sensors for electric vehicles. In January at CES 2025, it introduced a new affordable 180° field of view radar module. The latest development, ASPER200, is a 79 GHz short-range exterior radar module that covers an entire side of the vehicle with a single chip. These advancements indicate we are successfully transitioning NOVELIC from an engineering services business to a product and semiconductor chip design firm.

We strengthened our relationship with ClearMotion Inc. by investing \$ 4.0 million in their latest fundraising round. Their active suspension technology, powered by our motor-controller actuator, is already in production in China. As both a supplier and an investor in ClearMotion, we are well positioned to benefit from this advancement. We also partnered with ePlane Co. to develop powertrains for eVTOLs and drones, including gearboxes, motors, inverters, and related components.

Bigger bets on new mobility

“विकासस्य मूलं साहसम्।”:
The root of growth is courage.

We are putting this into action with every new frontier we explore. I often remind my team that “chaos is a ladder”. In uncertain times, while others pull back, we lean forward. We did this by betting big on electric vehicle systems in 2016, long before EV was a buzzword; we did that in 2019 by acquiring a company almost our size when people were avoiding M&A; and by doubling R&D expenditure during the Covid years. In 2025, we once again embrace uncertainty with boldness.

We are expanding our market focus beyond automotive to the broader mobility segment, including railways, drones, eVTOLs, AGVs, AMRs, industrial robots, and humanoid robots. All forms of mobility fundamentally depend on two core systems: a prime mover (usually a motor or engine) and a transmission mechanism, which includes gears for torque conversion and power delivery. Sona Comstar possesses strong competencies in these areas, positioning it well to meet the evolving needs across various mobility segments.

We are leveraging our core technologies and knowledge of materials, systems engineering, and embedded software and hardware to become a full system supplier for multiple applications and diverse mobility segments.

Looking forward

In a world full of doubt, strength is a necessity. And strength is not only an individual trait; at Sona Comstar, our strength lies in our collective spirit. It’s in the way we lean on each other and push forward as one.

When you are smaller in size, as our Company is relative to our twenty to thirty times larger global competitors, timidity is not an option. Ambition and aggression are not only important, but they are also, in fact, essential. Our teams in research and development, manufacturing, engineering, and corporate functions exemplify our core values and ambitions every day. I am ever grateful for their drive, discipline, and creativity. I would also like to thank our customers, partners, suppliers, and especially you - our shareholders - for your trust, support, and confidence in our long-term vision.

Organisational theorist Karl E. Weick once posited, "In a fluid world, wise people know that they don’t fully understand what is happening right now." This underscores the need for humility and adaptability in facing new challenges. At Sona Comstar, we embrace this mindset, viewing each development as a chance to learn and innovate.

We are making bolder moves and expanding our horizons, recognising that while change may be unpredictable, it also brings opportunity. As Taleb reminds us, “If you want to become antifragile, put yourself in the position to benefit from volatility.” We are trying to build just that — an antifragile company, engineered for resilience and designed for the future.

Warm regards,

Vivek Vikram Singh
Managing Director & Group CEO