

Management Discussion and Analysis

INDUSTRY OVERVIEW

In calendar year (CY) 2024, global automobile sales continued their upward trajectory, albeit at a moderated pace following the strong recovery in CY 2023. According to S&P Global Mobility, total global light vehicle sales reached approximately 88.2 million units in CY 2024, reflecting a 1.7% increase over the previous year. This growth was primarily driven by stabilising supply chains and sustained consumer demand. Major markets, including North America, Europe, and Asia, exhibited mixed growth patterns while navigating challenges such as geopolitical uncertainties, elevated vehicle prices, and evolving electrification policies.

Despite persistent global headwinds, including the prolonged Russia-Ukraine conflict, the Red Sea crisis, elevated interest rates, and macroeconomic uncertainties, North America and Europe recorded modest sales growth. In North America, U.S. light vehicle sales volumes are estimated to have reached 16.2 million units in CY 2024, marking the strongest performance since the pre-pandemic era, supported by inventory restocking and improved production. In Europe, Western and Central markets delivered just under 15.0 million units, reflecting the impact of recessionary risks, tighter credit conditions, easing pent-up demand, sustained high car prices, and tapering EV subsidies. The Asian market, led by China, remained strong, fuelled by aggressive New Energy Vehicle (NEV) incentives and a trade-in scheme.

The global push for electrification persisted, with global EV sales reaching 17.5 million units, accounting for 22% of global light vehicle sales, according to the International Energy Agency (IEA). China led the charge, with NEV penetration rising to 48% of passenger vehicle sales, bolstered by tax exemptions and declining battery costs.

In India, the passenger vehicle market achieved a historic milestone in domestic sales. According to the Society of Indian Automobile Manufacturers (SIAM), domestic passenger vehicle sales reached an all-time high of 4.3 million units in FY 2024-25, driven by the launch of new models featuring advanced technologies and modern design, which resonated with evolving consumer aspirations. Conversely, the domestic commercial vehicle segment experienced a decline, with total sales of 0.96 million units. Tractor demand remained stable, despite challenges such as uneven monsoon patterns and a slight decline in export markets. The Tractor Manufacturers Association (TMA) reported consistent demand for agricultural equipment, supported by government subsidies and resilient rural markets.

Overall, the global automotive industry demonstrated resilience in 2024, overcoming affordability concerns, high interest rates, and geopolitical tensions. The normalisation of supply chains, coupled with strong NEV growth in Asia

and sustained demand in emerging markets such as India, supported the sector's continued recovery. However, the recent imposition of tariffs by the U.S. administration on automotive and component imports poses a potential risk to global demand recovery in 2025.

COMPANY OVERVIEW

Sona BLW Precision Forgings Limited (Sona Comstar) is one of the world's leading mobility technology companies. It designs, manufactures, and supplies highly engineered, mission-critical, high-quality, complex, and bespoke systems and components for global OEMs in electrified, personalised, intelligent, and connected mobility.

Incorporated in 1995 as Sona Okegawa Precision Forgings, a joint venture between Sona Group and Mitsubishi Materials, the Company pioneered precision-formed bevel gears technology in the Indian automotive market. It later acquired ThyssenKrupp's precision forging business, BLW, which was the inventor of this technology, and renamed itself Sona BLW Precision Forgings Limited. In 2019, the Company acquired Comstar Automotive, adding motor capabilities and established a new brand identity: Sona Comstar. In 2023, it further expanded its capabilities by acquiring a majority stake in NOVELIC, adding expertise in sensors and software.

Last year, Sona Comstar updated its vision statement to broaden its focus beyond the automotive sector, and since then, it has been exploring broader mobility areas. This year, it took a significant step in this direction by signing an agreement to acquire the Railway Equipment Division of Escorts Kubota Limited, marking its entry into the railway sector; transaction since then has been closed on 1st June 2025.

Headquartered in Gurugram, India, Sona Comstar is a leading supplier to the rapidly expanding global EV market, with 36% of its revenue generated from EV market. It is also a global supplier with 12 manufacturing and assembly facilities across India, the USA, Mexico, and China, and 71% of its sales are for international markets. Its revenue base is well diversified across geographies, products, vehicle segments, and customers.

An innovation-driven organisation, Sona Comstar develops and delivers mechanical, electrical, and electronic systems and components, as well as automotive software and semiconductor chip design services across diverse mobility applications. The Company aspires to become one of the world's most respected and valuable mobility technology companies, for its customers, employees and shareholders.

BUSINESS PERFORMANCE

In FY 2024-25, Sona Comstar reported a 12% year-on-year increase in revenue, with EBITDA and net profit

growing by 8% and 16%, respectively. This growth was primarily driven by the initiation and ramp-up of several new programmes. The existing business experienced marginal growth due to persistent global industry challenges throughout the year. The commercial vehicle segment was impacted by a slowdown in infrastructure activities, largely attributable to India's general elections and the subsequent government transition. Despite these challenges, the Company delivered a strong performance in the electric two-wheeler and three-wheeler segments, even after the discontinuation of the FAME-II subsidy scheme.

Sona Comstar's consistent growth reflects its disciplined execution of four strategic priorities: electrification, global market significance, diversification, and technology.

Electrification

Revenue from battery electric vehicle (BEV) programmes grew by an impressive 38% year-on-year, reaching nearly INR 12,235 million. BEV-related products now contribute 36% of the Company's total product revenue, up from 29% in the previous fiscal year.

During the year, Sona Comstar secured four new EV programmes and added two new EV customers. Notable programme wins included:

- A final drive differential assembly with intermediate gears and park gear for a North American new-age OEM of electric commercial vehicles
- The Company's first order for the in-cabin mmWave Radar Sensor (ACAM) from a new-age Asian EV OEM
- A differential sub-assembly and epicyclic gear train for a North American new-age OEM of electric passenger vehicles

These wins underscore the Company's technical capabilities in delivering advanced solutions across diverse mobility applications.

Global market significance

In CY 2024, the Company increased its global market share in legacy products, with differential gears rising to 8.8% and starter motors to 4.4% in CY 2024, up from 8.1% and 4.2%, respectively. Revenue growth during the year was largely driven by the execution of INR 31 billion worth of orders from the existing order book. Additionally, the Company secured 32 new programmes and onboarded seven new customers, contributing INR 47 billion to its ten-year net order book. Hence, after the net addition of INR 16 billion rupees, our ten-year net order book stands at INR 242 billion. *(Net order book means the aggregate revenue from awarded programmes, which are either yet to start production or fully ramp up in the next 10 years, after adjusting for the negative impact of all programmes expected to reach the end of life or be phased out. We have also applied a discount to accommodate any unforeseen delays or changes in programme launches that may happen in the future.)*

Diversification

Our revenue remains well-diversified across powertrain, geographies, products, and market segments. In terms of powertrain, during FY 2024-25, our revenue share from battery EV products increased further and stood at 36% of the product revenue, followed by power source neutral (34%), micro-hybrid/hybrid (21%), and ICE dependent (9%).

Our geographic revenue mix remained mostly similar to the previous year, with North America remaining our largest market, accounting for 41% of total revenue, followed by India (29%), Europe (24%), Asia (6%) and the rest of the world (0.3%).

In terms of products, the revenue share of differential assemblies and traction motors & controllers increased during the year. However, overall differential gears still remained the biggest contributor with 29% of revenue, followed by differential assemblies (27%), micro/plug-in hybrid starter motors (21%), conventional starter motors (9%), traction motors & controllers (8%). The remaining revenue came from other drivetrain parts, sensors and software, and miscellaneous products. We also commenced the production of Suspension Motor (Integrated Motor Controller Module) during the year, and it is expected to contribute increasingly to the revenue in the coming years.

In terms of market segments, the revenue distribution between automotive and non-automotive remained consistent with the previous year, with passenger vehicles remaining our largest market with 71% of our revenue, followed by commercial vehicles (11%), non-automotive (9%), electric two/three-wheelers (8%), and semiconductors & embedded software (1.3%).

Technology

On the technology front, during FY 2024-25, we made significant developments in our product portfolio, which aligns with our focus on the E.P.I.C. mobility landscape. During the year, we commercialised three new products. Two of these – In-cabin Sensors for child presence detection and Zone Monitoring Sensors for industrialised environments – were based on our mmWave Radar technology, and the third one – Steering Bevel Box for commercial vehicles – was based on our precision forging technology.

Sona Comstar made its debut at the Consumer Electronics Show (CES) in Las Vegas, where we showcased our mobility technology portfolio, including a breakthrough 180-degree field-of-view short-range radar sensor. The Company also achieved ASPICE Level 2 certification for its advanced suspension motor product during the year.

In line with its expanded vision from 'auto technology' to 'mobility technology,' the Company has acquired the Railway Equipment Division of Escorts Kubota Limited with effect from 1st June 2025. Sona Comstar also entered into a memorandum of understanding with the ePlane Company to co-develop powertrain systems for

eVTOL aircraft and drones and partnered with TiHAN-IIT Hyderabad to advance autonomous and electric mobility technologies.

The Company's revamped technology roadmap now includes products for drones, eVTOLs, AGVs/AMRs, industrial robots, and humanoid robots, along with the automotive products. This roadmap reflects a strategic evolution from components to sub-systems to full systems, enabling the Company to deliver greater value to customers and play a more prominent role in the rapidly evolving E.P.I.C. mobility ecosystem.

OPPORTUNITIES

As Sona Comstar continues its journey to enable E.P.I.C. mobility through innovative products and technologies, the Company remains focused on identifying and capitalising on emerging growth opportunities by leveraging its core strengths.

Over the past decade, the Company's growth has been primarily driven by the introduction of new product verticals within the automotive sector, particularly in the electrification domain, such as final drive differential assemblies and traction motors. This expansion was complemented by a growing presence in major Western markets, including North America and Europe. Looking ahead to the next decade, the Company aims to take bigger bets by diversifying into mobility segments beyond traditional automotive, make bolder moves by targeting various emerging mobility domains, and go beyond boundaries by broadening its global presence across both Western and Eastern markets.

New product verticals in mobility

Technological advancements and evolving consumer preferences are reshaping the mobility landscape, leading to a structural transformation in the movement of people and goods. According to S&P Global data, the global light vehicle market has yet to recover to its pre-pandemic peak of 95 million annual vehicle sales recorded in CY 2017. While the market has shown signs of recovery since the sharp decline in the pandemic year (CY 2020), long-term growth remains constrained by shifting consumer attitudes toward vehicle ownership and a global emphasis on sustainable transportation.

In response, Sona Comstar has adopted a strategy focused on increasing value-per-vehicle by introducing new product verticals such as final drive differential assemblies, reduction gears, traction motors, motor controllers, suspension motors, and in-cabin sensors, with plans to expand this portfolio further.

Beyond the automotive sector, the Company sees significant potential in other mobility domains, including railways, drones, electric vertical take-off and landing (eVTOL) aircraft, automated guided vehicles (AGVs), autonomous mobile robots (AMRs), industrial robots, and humanoid robots.

Railways represent one of the cleanest and fastest-growing modes of transportation. As per Invest India, the Indian railway sector, the fourth-largest globally, is projected to experience a 29% increase in passenger traffic from 2021 to 2031 and a 25% rise in rolling stock demand between 2026 and 2031. Sona Comstar has already taken its first step into the railway segment by acquiring the Railway Equipment Division of Escorts Kubota Limited on 1st June 2025.

Humanoid robots also present a compelling opportunity, driven by advancements in artificial intelligence, 3D perception, and control technologies. According to Bank of America, the humanoid robot market is expected to reach annual sales of 10 million units by 2035 [Source: Who Makes the Humanoid Robot? – BofA Global Research, 2025]. With its robust capabilities in gears, motors, controllers, and embedded hardware and software, Sona Comstar is well-positioned to target over 50% of the bill of materials for humanoid robots.

The eVTOL market has gained considerable momentum in recent years. Bain & Company projects that by 2035, small eVTOL aircraft will be used for passenger and cargo transport across urban and remote regions, with the global fleet expected to reach 12,000 units by 2035 and 45,000 by 2040 [Source: Advanced Air Mobility: What Electric Air Taxis Need to Take Off – Bain & Company, 2024].

Similarly, the increasing adoption of industrial automation is driving demand for AGVs and AMRs. According to Q4 Web Systems, these markets are anticipated to grow at compound annual growth rates of 18% and 30%, respectively, between 2024 and 2030, with a combined installed base exceeding 3 million units [Source: News Release – Q4 Web Systems, 2024]. Sona Comstar has already commenced technology development initiatives to address these emerging segments.

Growth in eastern world markets

Following the successful establishment of its presence in the Indian market during the first half of its 25-year journey, Sona Comstar started expanding into Western markets such as North America and Europe. In FY 2024-25, these regions accounted for 65% of the Company's revenue, and the Company is positioned among the leading suppliers of its key products in these geographies.

The Company's analysis of Nomura Global Market Research data for the past decade indicates that both Western and Eastern markets exhibited similar growth rates of approximately 1% annually between CY 2014 and CY 2019. However, in the post-pandemic period (CY 2019-2024), Eastern markets have maintained this growth trajectory, while Western markets have experienced a decline of nearly 2%. In terms of annual sales volumes, Eastern markets have now surpassed their Western counterparts.

In the electric vehicle (EV) segment, China, an Eastern market, has emerged as the global leader, accounting for

over 60% of global EV sales in CY 2024, as reported by the International Energy Agency (IEA). Eastern markets also hold significant positions in other mobility domains, including railways, industrial robots, and humanoid robots. For instance, a Morgan Stanley report indicates that 77% of humanoid robot integrators are based in Asia [Source: The Humanoid 100: Mapping the Humanoid Robot Value Chain – Morgan Stanley, 2025]. While continuing to strengthen its market share in Western regions, Sona Comstar is intensifying its focus on Eastern markets to tap into both automotive and non-automotive mobility opportunities.

Emerging mobility trends – Electric, intelligent and connected

Despite recent uncertainties in the automotive industry, the electrification of powertrains has gained substantial momentum. According to the IEA's Global EV Outlook 2025, global electric car sales – including battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs) – reached over 17 million units in CY 2024, a 25% increase from the previous year. The share of electric cars in total vehicle sales increased from 17% in CY 2023 to 20% in CY 2024. China led the market with a 60% share, followed by Europe and the United States. Under the IEA's Stated Policies Scenario (STEPS), electric vehicles are projected to constitute 42% of global car sales by CY 2030.

Sona Comstar has proactively aligned its product and technology roadmap with the electrification trend over the past decade. Looking ahead, the Company anticipates rapid advancements in intelligent and connected mobility.

Intelligent next-generation vehicle architectures are being redefined by scalable central computing clusters embedded with artificial intelligence. The transition to zonal and centralised architectures, where powerful central CPUs replace multiple electronic control units (ECUs), is transforming vehicles into mobile data centres, enabling seamless integration of AI and autonomous driving systems. Modern vehicles are increasingly equipped with a wide array of sensors to monitor road conditions, driver and passenger well-being, and overall vehicle performance.

The evolution of assisted and autonomous driving is driving exponential growth in software content, with codebases expected to reach up to one billion lines. According to Goldman Sachs, by 2030, Level 3 autonomous vehicles, capable of hands-free, eyes-off driving in specific conditions, could account for up to 10% of global new car sales, while Level 4 and above fully autonomous vehicles may represent 2.5% of total sales [Source: Partially autonomous cars forecast to comprise 10% of new vehicle sales by 2030 – Goldman Sachs, 2024].

Connectivity is poised to become a cornerstone of future mobility, enabling seamless interaction between vehicles, infrastructure, networks, and pedestrians. Vehicle-to-Everything (V2X) communication, including Vehicle-to-

Customer (V2C), Vehicle-to-Vehicle (V2V), and Vehicle-to-Infrastructure (V2I), is expected to enhance safety and efficiency, paving the way for smart cities. A McKinsey survey found that 69% of respondents preferred more connectivity features in their next vehicle [Source: Spotlight on Mobility Trends – McKinsey, 2024], while BCG projects that by 2035, connectivity will be embedded in over 100% of new vehicle sales [Source: What Will AI Do for Mobility? – BCG, 2024].

THREATS, CONCERNS, AND RISKS

Sona Comstar has established a robust framework for anticipating, monitoring, and mitigating risks. The Company's comprehensive systems, processes, standards, code of conduct, organisational structure, and review mechanisms enable it to conduct operations with resilience and agility in the face of evolving uncertainties.

The Company's business is subject to certain risks and uncertainties arising from the following key factors:

Geopolitical uncertainty

The Company's performance is closely linked to the global automotive sector, including key markets such as North America, Europe, India, and Asia (excluding India). With operations spanning multiple countries, the Company is exposed to both expected and unforeseen changes in legal and regulatory environments. Geopolitical instability in any of these regions could adversely impact operations and the overall performance of the Company.

Volatility in raw material prices

Fluctuations in commodity prices can significantly affect the Company's manufacturing costs. While mechanisms are in place to monitor and manage market risks, it is not always possible to fully predict, hedge, or offset the impact of price volatility through cost pass-throughs or operational efficiencies to eliminate the impact on the Company's overall profitability.

Pandemic and similar disruptions

The COVID-19 pandemic demonstrated the potential for global crises to disrupt business operations. Such events can lead to economic downturns and curtailment of business activities. There remains a possibility that this crisis or a similar public health threat could substantially affect the Company's financial condition and operations.

Change in regulations and industry trends

The mobility industry is subject to stringent environmental and regulatory standards. Any adverse issues or changes in these regulations, or their impact on the Company's customers, could affect business performance. Additionally, the ongoing transition from internal combustion engine (ICE)-based vehicles to electrified alternatives poses a risk to the Company's ICE-dependent product lines.

Risk mitigation and internal controls

The Company believes that effective risk management is essential to achieving its strategic objectives. A multi-tiered risk management framework is in place, supported by regularly tested internal control systems that ensure design integrity, implementation effectiveness, and operational reliability. This framework enables the Company to manage and report on both existing and emerging risks proactively.

Resilience

In FY 2024–25, Sona Comstar demonstrated exceptional resilience and adaptability in the face of significant macroeconomic and geopolitical challenges. The Company effectively navigated disruptions stemming from global tensions, evolving government policies, and inflationary pressures on raw materials.

Amid geopolitical instability and global trade restrictions, including the Red Sea crisis that threatened global supply chains, the Company swiftly activated contingency plans to ensure operational continuity. It diversified sourcing and logistics strategies, established alternative shipping routes, and mitigated potential production delays, thereby maintaining business momentum.

Despite the volatility in the Indian electric two-wheeler market following the discontinuation of the FAME-II subsidy scheme, the Company continued to perform well in this segment. It achieved this by advancing product development and securing Production Linked Incentive (PLI) certifications for its electric two-wheeler portfolio.

Throughout the year, Sona Comstar remained focused on its long-term strategic objectives. It continued to invest in innovation, secured new customer programs, and expanded its client base. These efforts underscore the Company's ability to remain agile and forward-looking, even in uncertain environments.

Through its proactive risk management, strategic foresight, and unwavering commitment to innovation, the Company successfully overcame the challenges of 2024 and is well-positioned for sustained growth in the dynamic global mobility landscape.

OUTLOOK

FY 2024–25 marked a period of steady growth and strategic advancement across the global automotive industry, driven by technological innovation, evolving consumer preferences, and dynamic regulatory frameworks. The sector demonstrated remarkable resilience, effectively navigating macroeconomic headwinds and capitalising on emerging opportunities in a rapidly transforming environment. A notable development during the year was the increasing integration of artificial intelligence (AI) and large language models into automotive systems. However, the industry also faced new challenges,

including ongoing geopolitical tensions in Europe and the Middle East, disruptions to global supply chains, rising interest rates, inflationary pressures, and the impact of the Red Sea crisis.

According to S&P Global Mobility, global light vehicle sales are expected to reach 89.6 million units in CY 2025, reflecting a 1.7% year-on-year increase. Their forecast outlook incorporates several factors, including improved supply, tariff impacts, still-high interest rates, affordability challenges, elevated new vehicle prices, uneven consumer confidence, energy price and supply concerns, risks in auto lending and the challenges of electrification. However, the new automotive tariffs announced by the USA have increased uncertainty in the global supply chains and are expected to adversely impact this forecast.

Sona Comstar has strategically diversified its product portfolio to align with the accelerating shift toward electrification and the growing demand for intelligent and connected mobility solutions. The Company remains committed to expanding its presence across the broader mobility landscape.

In the EV sector, 2024 witnessed a decline in battery material costs, while OEMs and suppliers intensified their focus on affordable electric vehicles and efficient component systems. The Company is well-positioned to capitalise on this megatrend, supported by its robust capabilities in EV technologies. The rise of autonomous vehicles is also driving demand for diverse sensor technologies and advanced perception software. These developments, along with increasing digitalisation and connectivity, are expected to deliver safer, cleaner, and more personalised mobility experiences.

To strengthen its research and development capabilities, the Company has built a highly skilled team with deep expertise in these emerging domains. The Company continues to serve large global OEMs and Tier-1 suppliers, with a strong track record of delivering high-quality systems and components for both electric and conventional powertrains.

Looking ahead, the Company is focused on making bold strategic moves in the evolving mobility ecosystem. Its growth strategy is anchored in four core priorities: electrification, global market significance, diversification, and technology.

Sona Comstar is also advancing its strategic roadmap to integrate artificial intelligence (AI) and machine learning (ML) capabilities across its operations. This includes the development of fully automated data pipelines and seamless cloud integration, ensuring scalability and long-term sustainability.

Overall, the Company remains confident in its ability to meet future challenges and deliver sustainable, long-term value to stakeholders by making bigger bets, bolder moves, and expanding beyond traditional boundaries.

FINANCIAL OVERVIEW

Consolidated income statement summary

Particulars (INR million)	FY 2024-25	FY 2023-24	YoY Change (%)
Net Revenue from Operations ¹	35,460	31,848	12%
Total Expenditure	28,638	25,287	13%
EBITDA	9,753	9,021	8%
Other Income	1,269	239	431%
Finance Cost	302	258	17%
Depreciation	2,544	2,202	16%
Adjusted PBT ²	8,176	6,800	20%
PBT	7,983	6,713	19%
Tax	1,986	1,535	29%
PAT	6,012	5,173	16%
EPS (Diluted)	9.92	8.83	12%

¹Includes Foreign Exchange Gain (net)

²Adjusted PBT is PBT plus exceptional expense or minus exceptional income

Revenue from operations

The consolidated revenue in FY2024-25 grew by 12% over FY 2023-24. The BEV revenue registered a growth of 38%. Moreover, the growth in BEV revenue was more than 25 times the growth in non-BEV revenue. BEV revenue growth was primarily driven by ramp-up of sales volume for EV programmes in North American, European and Indian markets.

Expenditure

The total expenditure registered a year-on-year increase of 13% at INR 28,638 million in FY 2024-25 compared to INR 25,287 million during FY 2023-24.

Expenditure Breakup (in INR million)	FY 2024-25	% of Total Income	FY 2023-24	% of Total Income	YoY Change (%)
Material Cost ¹	15,447	43%	13,742	43%	12%
Employee Cost	3,150	9%	2,501	8%	26%
Finance Cost	302	1%	258	1%	17%
Depreciation	2,544	7%	2,202	7%	16%
Other Expenses	7,195	20%	6,584	21%	9%
Total Expenses	28,638	81%	25,287	80%	13%

¹Material cost includes the cost of materials consumed and changes in inventories of finished goods and work-in-progress

Material Cost

The cost of materials consumed primarily includes the cost of raw materials, such as special steel alloy bars, iron castings, steel blanks and bolts, for the manufacturing of differential gears, differential assemblies, steel forgings, copper enamelled wires, machined aluminium pressure die castings, bearings, magnets, plastic moulded components and other proprietary parts for manufacturing starter motors and traction motors. Material cost accounted for 43% of total income in both FY 2024-25 and FY 2023-24.

Employee benefit expenses

Employee benefit expenses primarily include salaries, wages, bonuses paid to employees and employee welfare expenses. This increased by 26% to INR 3,150 million in FY 2024-25, from INR 2,501 million in FY 2023-24, due to the increase in the number of employees supporting increased scale of operations, additional cost for new ESOP scheme, and increments to employee salaries.

Finance costs

Finance costs increased by 17% to INR 302 million in FY 2024-25 from INR 258 million in FY 2023-24. The increase is primarily due to additional leases taken during the year for the expansion of business.

Depreciation and amortisation expense

Depreciation and amortisation expense increased by 16% to INR 2,544 million in FY 2024-25 from INR 2,202 million in FY 2023-24. Increase in depreciation was on account of addition of property, plant and equipment, primarily for expanding production capacity of differential gears, differential assemblies, and traction motors, as well as additional leases taken during the year for business expansion.

Other expenses

Other expenses primarily comprise manufacturing, administrative, selling and distribution expenses.

Manufacturing expenses mainly consist of sub-contracting costs, stores and spares consumed, power and fuel, repairs and maintenance of plant and machinery, and contract manpower hiring.

Administrative expenses mainly consist of legal and professional charges, travel, conveyance and vehicle expenses, insurance, repair and maintenance, among others.

Selling and distribution expenses primarily comprise freight, clearing and forwarding charges and consumption of packing material.

Other expenses decreased to 20% of the total income in FY 2024-25 from 21% in FY 2023-24. This decrease was primarily due to favourable product mix, operational efficiency gains, and lower input cost.

Exceptional items

Exceptional Item of INR 193 million during FY 2024-25 and INR 87 million during FY 2023-24 represent cost incurred in relation to various acquisition opportunities.

Tax expense

Our tax expense was INR 1,986 million (ETR 24.9%) in FY 2024-25, compared to INR 1,535 million (ETR 22.9%) in FY 2023-24. The effective tax rate in FY 2023-24 was lower primarily due to a certain one-time impact.

EBITDA, PBT and PAT

As a result, EBITDA for FY 2024-25 increased to INR 9,753 million from INR 9,021 million in FY 2023-24, and adjusted PBT for FY 2024-25 increased to INR 8,176 million from INR 6,800 million in FY 2023-24. PAT for FY 2024-25 increased to INR 6,012 million from INR 5,173 million in FY 2023-24.

The table below reflects the cash and debt position of the Company.

Description – Borrowings (INR million)	As on Mar 2025	As on Mar 2024
Long-term Borrowing	80	292
Short-term Borrowing	55	2,039
Total Debt	135	2,331
Cash & Cash Equivalent and Other Bank Balances	13,016	2,742
Current Investment	8,185	316
Fixed Deposits (part of other financial assets)	5,525	-
Net Debt/(Cash)	(26,591)	(727)

Net Cash increased due to the QIP funds of INR 23,695 million (net of issue expenses) raised during the year. Part of these funds has been used for the acquisition of the Railway Equipment Division of Escorts Kubota Limited, upon closing of the transaction on 1st June 2025.

Key financial ratios

The key financial ratios of the company are given as below:

Key Financial Ratios	FY 2024-25	FY 2023-24
Operating Profit/EBITDA Margin (%)	27.4%	28.3%
Net Profit/PAT Margin (%)	16.9%	16.3%
Net Debt to Equity ¹	(0.48)	(0.03)
Net Debt to EBITDA ¹	(2.73)	(0.08)
Return on Equity (%) ¹	17.7%	28.5%
Return on Capital Employed (%) ¹	18.4%	31.0%
Working Capital Turnover	5.0	4.6
Current Ratio ¹	6.9	2.1
Receivables Turnover	5.2	5.1
Inventory Turnover	10.2	9.5
Interest Coverage Ratio	27.5	27.0

¹These ratios were impacted primarily due to the increase in Equity from the QIP funds raised during the year

Basis of calculation of the ratios

- Net Debt to Equity is calculated as short-term and long-term debt less cash, bank balances and mutual fund investments / Equity
- Net Debt to EBITDA is calculated as short-term and long-term debt less Cash and bank balances and mutual fund investments / EBITDA
- ROE (%) is calculated as PAT/ Average tangible net worth
- ROCE (%) is calculated as EBIT/ Average tangible capital employed
- Working Capital Turnover calculated as Revenue / Average net working capital
- Current Ratio is calculated as Current Asset / Current Liabilities

- Receivables Turnover is calculated as Revenue from Operations / Average Receivables
- Inventory Turnover is calculated as Revenue from Operations / Average Inventory
- Interest Coverage Ratio is calculated as EBIT/ Interest Expense

SUSTAINABILITY

Sona Comstar remains deeply committed to sustainable practices, strong corporate governance, and social responsibility. In FY 2024–25, the Company published its third sustainability report, outlining ambitious environmental, social, and governance (ESG) targets. These targets span energy and emissions management, water conservation, waste reduction, air quality improvement, afforestation, employee health and safety, women's empowerment, community development, and governance excellence.

The Company recognises the importance of addressing climate change and is actively working to reduce its environmental footprint. Its commitment to diversity, equity, and inclusion is unwavering, and it continues to uphold the highest standards of governance. As of December 31, 2024, Sona Comstar was categorised as “low risk” with a score of 14.3 in the Sustainalytics ESG Risk Rating (Core), placing it among the top 9% of 15,104 companies globally.

Environmental stewardship

A key pillar of the Company's environmental strategy is the development of advanced products for electric mobility, with a target of achieving 45% of revenue from EV-focused products. In FY 2024–25, the Company improved its energy intensity and water intensity further compared to the previous year. Its targeted efforts toward emission reduction led to a 5% reduction in nitrogen oxide (NOx) emissions and a 42% reduction in particulate matter (PM) generation compared to the previous year, contributing significantly to improved air quality and employee health.

During the year, Sona Comstar partnered with the Catch Foundation to implement a Miyawaki-method dense forest project, planting over 45,000 trees. This initiative aims to create a thriving urban forest using native species to rapidly establish a dense, biodiverse ecosystem. The plantation site was carefully selected and planned to ensure optimal growth and long-term ecological benefits. The chosen species, including native trees and Beema Bambusa Balcooa, were selected for their environmental benefits, such as improved soil quality and enhanced biodiversity.

Through innovative technologies and continuous monitoring, the Company is actively working to lower its carbon footprint, contributing to global climate change efforts while ensuring a sustainable future.

Nurturing human resources

The Company places its people at the centre of its success. It fosters a safe, inclusive, and empowering workplace where employees can realise their full potential. In January 2025, Sona Comstar was recertified for the third consecutive year as a ‘Great Place to Work®’, with an improved score over the previous year.

The Company promotes workforce diversity across gender, age, region, and background. As of the end of FY 2024–25, it employed over 5,000 individuals, with more than 6% representation of women. Continuous learning is a core value; the Company regularly trains its employees to enhance their technical, compliance, and behavioural competencies. To enhance workplace safety, the Company introduced a three-stage air purification system in its Tool & Die shop, resulting in a 98% reduction in carbon monoxide levels.

Social impact

Sona Comstar is committed to uplifting communities through its CSR initiatives. In partnership with FITT, IIT Delhi, the Company supported four early-stage mobility tech startups, potentially creating over 100 jobs, particularly in Tier II and Tier III cities. It also partnered with CIIE, IIM Ahmedabad, to support two startups focused on innovative technologies.

Additionally, the Company supported women's education through a scholarship programme with Ashoka University, offered training programmes through a skill development centre in partnership with Tata Strive, supported education and digital literacy through partnerships with ISKCON and Youthreach Foundation, and improved infrastructure in various schools in Tamil Nadu to benefit students.

Governance excellence

Sona Comstar is committed to maintaining the highest standards of corporate governance, which it views as the foundation of a sustainable and resilient organisation. The Company has also aligned its governance goals with the United Nation Sustainable Development Goals (UN SDGs).

The Company conducted various training and orientation sessions for its employees and directors on ethical issues, e.g. anti-bribery and corruption, anti-money laundering, anti-trust and trade sanctions, delivered by domestic and international reputed law firms/counsels.

During the year, the Company implemented mandatory e-module training on the Code of Conduct, Prevention of Sexual Harassment, Prohibition of Insider Trading, Competition/Anti-Trust Law and Health & Safety, followed by an assessment test for all employees. In recognition of its governance practices, the Company was conferred a Certificate of Appreciation for Excellence in Corporate Governance by the Institute of Company Secretaries of India (ICSI) and received the CSR Times Bronze Award. The detailed Corporate Governance Report is attached to this Annual Report as Annexure-B.