FROM THE DESK OF THE MD & GCEO

THE THINGS WE CARRY

Dear Shareholders,

There are injuries that leave permanent scars. You never fully return to who you were physically or mentally. It could be the loss of a loved one, the full or partial loss of a limb, or one of the million other ways the world breaks us.

When it does, there are three things to remember. One, you will never fully heal, there will always be scar tissue, physical or mental. Two, in time, you will learn to live with it. The pain becomes background noise: always there but noticed only when it rises above the baseline. Three, if you are lucky, you will be stronger in all the broken places and may even become proud of your scars. Perfection looks the same on everyone— the perfect skin, the perfect strategy, the perfect year. Our imperfections alone are what we truly and fully own; the unique ways in which we were broken and remade. And in time, they become the badges of honour we carry.

> FY 2025-26 TESTED ME MORE THAN ANY YEAR I CAN REMEMBER. IT WAS, WITHOUT EXAGGERATION, THE MOST DIFFICULT STRETCH OF MY CAREER — AND YET, WE ENDED THE YEAR WITH 26% REVENUE GROWTH, 13.5% EBITDA GROWTH, AND AN ORDER BOOK OF INR 237 BILLION.

That is what last year was for me. We may have had better years in the past, and we will certainly have much better years in the future. But this year will remain special, because of all that we carried, and because of the scars we will wear going forward.

Leadership is performance. Not in the dishonest sense, but in the theatrical one. You walk into a room. You project certainty. The room of customers, or the room of shareholders, takes its cues from you and steadies. What these rooms don't see is what lies underneath the surface; the pressure, the doubts, and the exhaustion.

FY 2025-26 tested me more than any year I can remember. It was, without exaggeration, the most difficult stretch of my career — and I have seen difficult before. In 2015 and 2016, we faced something close to an existential crisis: debt-laden, cash-bleeding, and fighting for survival. That was a different kind of hard. The enemy was visible. You could fight it directly. This year was different. It was a hydra. Cut one head and two grow back. By the time we had named all the problems, three more had arrived.

And yet, we ended FY 2025-26 with 26% revenue growth, 13.5% EBITDA growth, and an order book of INR 237 billion. I am still not entirely sure how.

I need to begin where the year began. First came the shocking announcement of US Tariffs. Then soon after came the rare earth magnet ban by China. And then came the unkindest cut. Not a regulatory change. Not a market event. It was a phone call, in the middle of the night, in Tokyo, when I learned that Sunjay had passed away due to cardiac arrest.

Sunjay was my friend more than he was our Chairman. In a role like mine, where almost every relationship carries an agenda, where honesty is measured, where you must always be the most confident person in the room — genuine friendship is extraordinarily rare. Sunjay was that for me.

Ours was an unlikely friendship. He was a sportsman; I am a nerd. He was sophisticated and charming in the way that fills a room; I am, plainly, not. He was born into privilege; I am from a village in one of India's poorest regions. He was an eternal optimist who chose to see the best in everyone; I remain a realistic cynic or cynical realist, depending on the situation. In every way possible, we were different.

And yet, over a decade of rebuilding this company brick by brick, we became friends.

In 2016, when this company was fighting for survival, he put his faith in an untested thirty-five-year-old and asked me to stand beside him and rebuild. Three years later, after Blackstone became our majority shareholder and appointed me to take the wheel of this magnificent ship, his faith is what gave me confidence. He believed in me more than I ever believed in myself. That is a gift most people never receive. I received it from him, consistently and without condition, for a decade.

He left suddenly. Without warning. Without preparation. Without proper goodbye. In the days and weeks and months that followed, I found myself in board meetings, investor calls and customer negotiations, doing what the role requires — projecting confidence, making decisions, moving forward. Somewhere underneath that polished surface was a grief that had no place on any agenda. Just silence. A silence the world moved far more quickly than I could. A loss that felt, and still feels, like a piece of me has been cut away, in a way no one else can see. Sunjay, after a decade of walking with me, you left me to walk alone. I made you a promise then. I intend to keep it.

Then, of course, I had to deal with everything else.

A near-40% revenue collapse from our largest driveline customer —the underperformance of a new model where we held 100% share of wallet — a INR 300 crore revenue hole almost

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overnight that no operational excellence could fill. Our newly acquired railway business saw its CEO depart shortly after deal closing. The ban on exports of heavy rare earth magnets caused significant production losses before our engineering teams could respond. US tariffs slowed order book additions from what had been our largest market. And through all of it, our deletion from the MSCI index triggered nearly USD 180 million of forced outflows, sending our stock to levels that bore no relationship to the underlying business. After a decade of building, that was perhaps the hardest part: watching the market marks us down for reasons that had nothing to do with the fundamentals of the business we had built.

And if that was not enough, in the last few months of the fiscal, the war in Iran has driven inflation to new heights. The cost of all major commodities, energy, freight, plastics and frankly anything made of petrochemicals has shot up at exactly the wrong moment.

That is the list. I have written it plainly, because plain truth is what this year deserves. No sugar-coating. No hiding challenges in footnotes. FY 2025-26 was not peacetime. It was wartime. And we acted accordingly.

Vikram. Sat. Rohit. Praveen. Amit.

WE CROSSED 500 MILLION DIFFERENTIAL GEARS AND 10 MILLION DIFFERENTIAL ASSEMBLIES MANUFACTURED SINCE INCEPTION. WE NOW HOLD 67 EV PROGRAMS ACROSS 35 CUSTOMERS IN FOUR GEOGRAPHIES — UP FROM 15 JUST FIVE YEARS AGO

What I witnessed in this leadership team this year was not the fluff of executive resilience you read about in business school case studies. It was quieter, and more human. People doing hard things without acknowledgment, in the middle of their own grief and their own pressures, simply because that is what the company needed from them. Not because it was easy. Because it was necessary.

The Railway business, written off by many observers before we even started, became our comeback story. Vikram and Amit steadied a leaderless but fantastic organisation, rebuilt confidence from the inside, and delivered healthy double-digit growth with a clear improvement in profitability. Sat's motor team navigated the rare earth magnet ban, re-engineered the entire product line to light rare earth alternatives without missing a single customer commitment, and turned traction motors into our fastest-growing segment. Rohit kept the financial engine steady through cash demands, commodity shocks, and inventory fluctuations, without losing composure and helped us end the fiscal with the strongest balance sheet we have ever had. Praveen's technology team kept building when most organisations would have slowed down, adding three new products to the pipeline. Our business development teams, through all this turbulence, went out and won 31 new programs, added 3 new customers, and brought INR 57 billion of new orders into the book. That is not crisis management. That is strength. That is ambition. To borrow from one of my favourite poems, Invictus, we are proud that under the bludgeoning of chance, our heads were bloody but unbowed. And the evidence is visible in the numbers. We crossed 500 million differential gears and 10 million differential assemblies manufactured since inception. We now hold 67 EV programs across 35 customers in four geographies — up from 15 just five years ago. Global market share in differential gears stands at 8.7% in CY 2025, up from 4.5% in 2019. India now constitutes 51% of our revenue, sharp shift from the North America concentration that once defined us. We have diversified and pivoted at scale and have done so without sacrificing growth or margins. We remain the "masters of our fate and the captains of our souls".

Now let me speak directly to our shareholders.

I have been asked many times what kind of company Sona Comstar is. My answer is always the same: we are building an Indian product engineering company, that the world can be proud of. That clarity of purpose is how we have achieved whatever little we have achieved in this world. But while we had absolute clarity on "what we are building", the difficult months of FY 2025-26 kept bringing me back to one question: "who am I really building for?". For a public company CEO, shareholders can easily become an abstraction. But over the last five years, I have learned that ours are not. I know who you are.

You are the retail investors in Pune, Jamshedpur, Coimbatore — who sent notes of encouragement when the share price was at INR 400 and went out of your way to vote for our shareholder resolutions. You are the employees who chose not to sell their ESOPs even when it would have been economically rational to do so. You are the early institutional investors who saw, before most people, that an Indian auto-components company could build technology that the world's best OEMs would trust with mission-critical systems. You are the families who set aside savings and invested because you believed in the mission.

And then there are our largest shareholders. Our top 25 non-promoter shareholders hold nearly 60% of our equity. Many of you think like promoters, with deep alignment with what we are trying to build. During the hardest months of this year, I spoke with several of you. I came away feeling something I did not expect — less lonely. You encouraged us to think long term and stay true to our strategy. I am deeply grateful for that. If you are reading this and own above 0.01% of our company, be assured that I know your name. And it is more likely than not that I have met you, and know you personally. There is absolutely nothing abstract in our relationship.

THE TRUE MEASURE OF A LEADERSHIP TEAM IS NOT WHAT THEY DO IN THE GOOD YEARS. IT IS WHAT THEY CARRY TOGETHER IN THE YEARS THAT ASK TOO MUCH. BY THAT MEASURE, THIS TEAM HAS EARNED SOMETHING THAT NO FINANCIAL STATEMENT CAN CAPTURE

When we do well, I feel your joy. When we do not, I feel your disappointment, and I carry the weight of it. You trusted us with something real. Not just capital, but faith. We do not take that lightly. Nor will we ever.

When I look at my team and our business at the time of writing this, I see a company strengthened — in its resolve, in its diversification, in its business development pipeline, in the progress on its technology roadmap, — precisely because of what it was asked to endure.

I thought several times about writing this section of the annual report this way. Annual reports are on strategy, numbers, governance and outlook. Investors are entitled to all of that, and it follows in the pages ahead. But the people who trust us with their capital, and the people who give us their working hours, deserve more than a curated performative version of leadership. You deserve the real and raw one. That is what I have tried to do. And it comes from a simple belief: the true measure of a leadership team is not what they do in the good years. It is what they carry together in the years that ask too much. By that measure, this team has earned something that no financial statement can capture.

But regardless of how this or any year goes, our strategic priorities remain our true north. And I hold myself accountable to them. What follows is my honest scorecard — written not because the format demands it, but because you deserve to know exactly where we delivered, where we fell short, and why.

FROM THE DESK OF THE MD & GCEO

FINANCIAL PERFORMANCE

Given everything I have described above, the financials feel almost improbable. Revenue, EBITDA and Adjusted PAT grew by 26%, 13.5% and 11% year-on-year, respectively, with performance improving sequentially from the difficult lows of Q1 to our strongest-ever quarter in Q4. Revenue growth was driven by new products, customer wins, and railway consolidation. Despite cost-headwinds, EBITDA margin remained resilient at 24.7% for FY 2025-26. We also ended the year with our strongest ever balance sheet, with INR 12.7 billion in cash and equivalents, providing us the optionality to invest in organic and inorganic growth opportunities.

Note: Adjusted FY 2025-26 PAT excludes a one-time impact of INR 301 mn due to new labour code.

ELECTRIFICATION

Electrification is our central strategic bet, and this year it was tested hard. FY 2025-26 began with weak EV performance due to multiple factors, including weakness in a specific customer model, rare-earth magnet restrictions, a change in supply terms with one European customer, and tariff-related uncertainty. However, BEV revenue recovered after Q1, with Q4 being our best-ever quarter and BEV share reaching a record high of 39%. For the full year, BEV mix was 35% of automotive revenue (vs 36% in FY 2024-25). Despite weakness in our anchor EV customer and a 16% decline in US BEV sales, our BEV revenues fell only by 5.6% year-on-year, reflecting greater diversification across customers, programs, products and geographies. During the year, we won 9 new EV programs and added 3 new EV customers, including important wins across Europe, North America and India, taking the total number of EV programs to 67 across 35 customers.

GLOBAL MARKET SIGNIFICANCE

Global market significance is how we measure whether we are genuinely building a world-class business, or just an Indian one. Our global market shares broadly held steady at 8.7% in differential gears for CY 2025 (vs 8.8% last year) and 4.2% in starter motors (vs 4.4% last year). The marginal movement in global market share was mix-driven, with incremental light-vehicle growth disproportionately led by China. Excluding China, we gained market share in differential gears in CY 2025. During the year, we secured orders worth INR 57 billion, taking our net order book to INR 237 billion, with 70% from EV programmes.

We also crossed two significant production milestones — 500 million differential gears and 10 million differential assemblies in FY 2025-26. These achievements reinforce our position as one of the world's most trusted and scaled suppliers of precision driveline systems.

DIVERSIFICATION

Concentration risk is what nearly broke us in FY 2025-26. Diversification is what saved us. Geographically, India became our largest end market at 51% of revenue (vs 29% in FY 2024-25), while Eastern markets contribution rose to 56% of revenues (vs 35% last year). For the first time since listing, Eastern markets accounted for the majority of our revenue. When I wrote about our 'Look East' strategy in the previous Annual Report, it was not merely a theme. In FY 2025-26, it showed up in the numbers.

Diversification was not limited to geography. Our product revenue base has also become broader. Last year, our top four products contributed 86% of revenue. This year, the same 86% was spread across our top eight products — effectively doubling the number of meaningful revenue contributors.

On the market segment front, Non-automotive segment revenue increased from 9% in FY 2024-25 to 31% in FY 2025-26, driven by the railway acquisition and off-highway growth. Taken together, these developments show that our revenue base is becoming broader and less dependent on any single geography, product, customer, or end market. We are becoming anti-fragile.

TECHNOLOGY

Technology is not a department at Sona Comstar, it is the reason we exist, with new product development at the core of our growth.

Over the past five years, our product portfolio has almost tripled — from 10 products to 29. The railway acquisition expanded our offering from 22 to 26 products, and during FY 2025-26, we added three more: hydraulic motor controller, HVAC and electric panels. This expansion reflects both our continued investment in R&D and our ability to scale new growth platforms.

During the year, we continued to make progress across our existing and new technology roadmaps. In the motor business, we responded to rare-earth constraints by shifting to alternative designs and developing rare-earth-free solutions.

In the railway business, we re-engineered the R&D roadmap, strengthened the team, and embedded Sona's R&D-first culture. We added air springs and automatic doors to the roadmap and received approvals to supply HVAC and electric panels in FY 2025-26. This significantly expands our addressable market in rolling stock in India. Our offering has expanded beyond safety-critical brake systems and couplers to include passenger comfort products.

We also collaborated with Neura Robotics to jointly develop advanced components, focused on industrialising robots, cobots and humanoids in India and other markets. As I have written before, our ambition is to expand from automotive to the broader mobility space. All mobility — whether cars, trains, drones, robots, eVTOLs, AGVs or humanoids — depends fundamentally on motion, actuation, control and power transmission, where Sona Comstar has patiently built capabilities over many years.

THE WAY FORWARD

FY 2025-26 was not a victory lap. In a year when we closed a sizable acquisition, we should have grown more. I know it. The team knows it. And yet — if you saw where we stood at the end of Q1 and where we ended the year, you would understand why I am proud. We have fought better and more valiantly in this defeat than in several of our victories. Because this year, we did not fight a competitor or a market. We fought the wind itself.

The world ahead does not look simpler. Tariffs, trade barriers, commodity inflation, energy insecurity and geopolitical volatility may not recede quickly. Margin pressure may continue. The global order is being rearranged, and every company must decide whether it wants to protect the past or build for the future. We intend to do both where necessary. But our instinct will remain to build. That is who we are.

At the same time, I am genuinely optimistic — electrification has returned to focus with real urgency, and the very geopolitical forces creating today's turbulence are accelerating the energy transition in ways policy alone never could. And we have spent years building exactly for this moment, for this specific tailwind.

IN THE RAILWAY BUSINESS, WE RE-ENGINEERED THE R&D ROADMAP, STRENGTHENED THE TEAM, AND EMBEDDED SONA'S R&D-FIRST CULTURE. WE ADDED AIR SPRINGS AND AUTOMATIC DOORS TO THE ROADMAP AND RECEIVED APPROVALS TO SUPPLY HVAC AND ELECTRIC PANELS IN FY 2025-26

We will maintain war-time discipline on cost, cash and execution — while continuing to invest in the technologies and businesses that will define our next decade. We do not get to choose whether the environment is difficult. We only get to choose how we respond. We are a growth company, but we are not a 'grow at any cost' company. That distinction matters, especially in an uncertain environment. Revenue growth can always be bought — by compromising margins, deploying capital with weak return threshold, or non-strategic expansion. That is not the kind of growth we seek. Every opportunity must answer a simple question: does it create sustainable value for our customers, our people and our shareholders? If not, we must have the discipline to walk away. For us, true growth is not measured by topline or geographic footprint, but by the respect we earn and the value we create.

We have walked through the fire this year. We did not look for shade. We did not turn back. We are stronger in every broken place. And we remain committed to the only purpose that has ever mattered to us: to build an Indian engineering company that the world can be proud of.

The work is hard. The opportunity size is real and massive. And the best for Sona Comstar is yet to come.

Warm regards,

Vivek Vikram Singh
Managing Director & Group CEO