GCFO's REVIEW

INVESTING FOR TOMORROW

Dear Shareholders,

Global trade underwent an upheaval during the last year, on a magnitude not witnessed in decades. If that was not enough, the world is now facing its worst oil supply crisis since the 1970s oil embargo, triggered by the closure of the Strait of Hormuz. While the oil prices have risen sharply from last year's lows, they have been relatively well behaved so far, perhaps reflecting the expectations of an early resolution to the problem. As is the case with any large disruption, the ability to absorb the economic pain is inversely correlated with the duration of the crisis and a prolonged one is likely to impact disposable income and spending adversely.

REFLECTING BACK AT THE FINANCIAL YEAR 2026

The past year was one of mixed emotions for us. We acquired the Railway business with effect from 1st June 2025 and successfully integrated it with the Company. At the evaluation stage we had anticipated operational challenges during the initial transition period, particularly because the transfer of product approvals from RDSO was expected to be a time-consuming process. However, thanks to the efforts of the Railway business team we got these approvals ahead of our estimated timelines and also managed to transition the business in a smooth and uninterrupted manner. Not only was the first-year performance better than our estimation, its assessed potential has also been highly encouraging.

The year was also marked by profound sorrow due to the sudden and untimely demise of our Chairman Sunjay Kapur shortly after the completion of the Railway Business acquisition. His loss was deeply felt across the organisation and remains the saddest moment of the year for all of us.

FINANCIAL SUMMARY

During the year under review, our revenue grew by 26% to INR 4,475 crore, supported by ten months numbers for the newly acquired Railway Business. Earnings before interest, tax, depreciation and amortisations (EBITDA) grew by 13% to INR 1,107 crore. While Profit After Tax for the year grew by 6.5% to INR 640 crore, it had a one-time impact due to introduction of Labour Code. Adjusted for this one-time impact, Profit After Tax would have grown by 11% to INR 670 crore. We generated free cash flow of INR 290 crore, during the year, after incurring capital expenditure of INR 369 crore.

As of the end of FY 2025-26, we had a net cash position of INR 1,026 crore (net of short-term borrowings) which was mostly deployed in short-term investments. We expect FY 2026-27 to be net cash accretive, further strengthening our Balance sheet.

We are dutybound to deploy this capital in the most productive and prudent manner to support sustainable long-term growth of the Company. For the existing and prospective investors 'The Technology Roadmap' which we publish in our quarterly earnings presentation should be viewed as a leading guide to the products that we intend to invest in. So, besides capex required for executing our existing orderbook, expect us to allocate capital towards R&D and capability building to develop these products organically with or without technology partnership(s). Capital will also be allocated towards strategic initiatives which help us commercialise our target products faster to the market. Finally, capital will also be deployed to add to our growth through inorganic route by doing acquisition(s) which offer us new products and/or new capabilities in the mobility space or accelerate our progress in the technology or products of our interest. We would continue to pursue opportunities which offer us the above attributes at an attractive price.

ENHANCING THE QUALITY OF FUTURE GROWTH

We feel that in the last five years since our listing in 2021, our strategy to consciously reduce concentration across customers, products, geographies and end markets has laid a solid foundation for sustainable long-term growth and value creation for the Company's shareholders. The integration of the Railway Business has further strengthened this effort by expanding our presence beyond automotive applications into other forms of mobility. In parallel, our investments in electric mobility, software, sensors and adjacent technologies have created multiple avenues for future growth. As a result, our revenue base today is more diversified, balanced and resilient than five years ago. In FY 2020-21, we were largely dependent on four product categories, which contributed 96% to our revenue. By FY 2025-26, our portfolio has expanded to eight product categories, with the top four now contributing 66% to our revenue, though these four categories are also not the same as they were in FY 2020-21. Similarly, the number of products we could manufacture has increased from 10 in FY 2020-21 to 29 in FY 2025-26 while the Indian market contributed 25% of revenue back then, it accounts for 51% of the revenue now.

SUSTAINABILITY

The integration of Railway business has also helped us achieve one of our most important sustainability goals. Nearly all our supplies from Railway Business go towards electrified part of the Indian rail network, thus, together with the revenue from supply of auto components and systems for EVs, more than 45% of our FY 2025-26 revenue came from supplies for Low Carbon Mobility exceeding our target to reach 45% revenue share from Low Carbon Mobility by 2026. In addition to this, we continue to improve the environmental efficiency of our operations during the year. On an equalised revenue unit basis (per rupee of revenue basis), our energy consumption intensity improved by 13%, water consumption intensity by 25%, waste generation intensity by 19%, and emissions (Scope 1 and 2) intensity by 17% over the previous year.

OUTLOOK FOR FY 2026-27

The near-term macroeconomic outlook remains uncertain. Inflationary pressures are likely to remain a key risk, particularly if input prices stay elevated. This could delay monetary easing and keep interest rates higher for longer across major economies. In this uncertain environment, tariffs, trade barriers and volatile energy markets are creating cost pressures across industries and this could put pressure on margins in the near term.

At the same time, periods of disruption also tend to accelerate structural changes. The case for electrification has become stronger due to higher oil and gas prices. As countries look to improve energy security and reduce dependence on fossil fuels, electric mobility and railways are likely to become more important parts of the mobility landscape. This is consistent with the areas where we have invested over the last few years. Our order book remains healthy at INR 237 billion, with a 70% share linked to electric mobility. We expect order book execution to be the key driver of growth in the short term.

For our medium to long term growth outlook, one should also look at the products on our technology roadmap in the white circles. These include components meant for industrial and advanced robotic applications, high-voltage traction motors and inverters, and railway products which are under development. We have identified these products to help us propel our long-term growth and we will be allocating capital prudently towards making these products happen. This technology roadmap is dynamic and evolving as we keep reviewing and adding new products to this list from time to time. These products are mission critical and require advanced engineering capabilities to develop and manufacture. We believe that the intersection of these two qualitative attributes lends a solid foundation for a sustainable growth business to create value for our shareholders.

Warm regards,

Rohit Nanda
President and Group Chief Financial Officer