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Subject: - Transcript of Investor Call pertaining to Financial Results for quarter ended on 30th June, 2025

Dear Sir / Madam,

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Investor Call held on Monday, 4th August, 2025 on the financial result of the Company for the quarter ended on 30th June, 2025.

The transcript will also available on the website of the Company at
<https://sonacomstar.com/investor/investor-presentations>

This is for your information and further dissemination.

Thanking you,
For Sona BLW Precision Forgings Limited

Ajay Pratap Singh
Senior Vice President - Group General Counsel,
Company Secretary and Compliance Officer

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SONA BLW Precision Forgings Ltd. (Sona Comstar)

Q1 FY26 Earnings Conference Call Transcript

August 04, 2025

The webcast recording and the presentation referred to in this transcript are available on the website of the Company and can be accessed through the following link:

<https://sonacomstar.com/investor/investor-presentations>

Moderator:

Good afternoon, ladies and gentlemen. Thank you, and welcome to Sona Comstar's Q1 FY26 earnings group conference call. Please note that all participant lines are in the listen-only mode as of now. There will be an opportunity for you to ask questions after the presentation concludes. Please note that this call is being recorded. We request that you place your lines on mute except when asking a question.

Slide 2:

Some of the statements by the management team in today's conference call may be forward-looking in nature, and we request you to refer to the disclaimer in the earnings presentation for further details. The management will also not be taking any specific customer-related questions or confirming or denying any customer names or relationships due to confidentiality reasons. Please refrain from naming any customer in your questions.

Now, I'll hand over the floor to Mr. Kapil Singh, Head of Consumer and Digital Commerce Research, India, and Lead Autos Analyst at Nomura. Kapil, please go ahead.

Kapil Singh:

Thanks, Deanna. Good day, everyone. To take us through Q1 FY26 results and to answer your questions, we have the management team of Sona Comstar led by Mr. Vivek Vikram Singh - MD and Group CEO, Mr. V. Vikram Verma - Whole time Director and CEO, Driveline Business, Mr. Sat Mohan Gupta - CEO, Motor Business, Mr. Rohit Nanda - Group CFO, Mr. Amit Mishra - Head, Railway Business and Investor Relations and Mr. Pratik Sachan - GM, Corporate Strategy and Investor Relations. I'll pass it on to you, Vivek, for the opening remarks on the presentation.

Vivek Vikram Singh:

Thank you, Kapil and welcome, everyone, to the earnings call for Q1. Before we discuss business performance, as most of you would be aware, we've suffered a great loss last quarter. So, I request all of us to observe a minute of silence in the memory of our late Chairman Emeritus, Sanjay Kapoor. Please join me in honoring his warmth, his friendship, his vision and his memory.

Slide 5:

While Q1 was personally one of the worst quarters of my life, even from a business performance perspective, Q1 was undoubtedly our worst quarter since our IPO. This is mainly due to the convergence of 4 adverse but, in our view, at least temporary factors.

First, there was the change in the supply terms with the EV customer in Europe, which affected our revenues last quarter. The supply terms changed from Ex-works to deliver to the customer, which added 60 days of extra time in the recognition of revenue, because of which revenue recognition has shifted from Q1 to Q2. This delayed revenue recognition is neither a loss of revenue nor does it have any impact on cash flow.

Second, one of our large global customers has seen a sharp decline in sales due to a slowdown in their demand. This EV customer has planned specific initiatives, which hopefully will lead to an increase in sales volumes in the quarters to come.

Third, all of you would be aware that since 8th April, China has stopped the supply of heavy rare earth magnets to India. This shortage of magnets has affected the production of EV traction motors in India. However, we've started working with alternative motor architectures that do not use heavy rare earth magnets, and we are also expecting a resolution soon on the heavy rare earth front. Hopefully, this should improve the availability of these magnets, but notwithstanding, we will have production using light rare earth magnets.

Fourth, the uncertainties surrounding US tariffs, particularly the frequent changes in both the rates and the implementation dates during the last quarter, have led OEMs and tier 1 customers to slow down their procurement processes somewhat and maintain low inventory levels. This situation, according to us, is not sustainable and should reverse fairly quickly in the coming quarters. So far as we see, it has remained what it was. Auto and auto components have been 25% since early April, and that's where it is even today.

So, what has happened is the combination of the simultaneous convergence of all of these four factors in one go has significantly impacted our performance in the last quarter. In our view, all, maybe most, but hopefully all of them appear temporary in nature, and some of these issues have already started to reverse, and at the risk of sounding philosophical, I must observe that no matter how dark the skies, there are always a few silver linings at any time. So, we've ended Q1 with our highest ever orderbook, including the highest ever net orderbook for the automotive business. Last quarter, we received our single largest order in the past 2.5 years, and despite all the discussions around US tariffs and electric vehicles in North America, we've successfully secured this significant order from a legacy OEM for their coming EV platform. We believe that this new EV platform is likely to be one of the most significant and successful EV launches in many years.

We also completed the acquisition of the Railway business and successfully integrated it on June 1st. So, we have had, I would say, three weeks of revenue from the railway business in the current quarter also. As you would have also seen in the news and our release, we have recently signed a term sheet to form a joint venture with JNT in China to establish a local manufacturing facility for driveline systems in China. I will explain our strategic rationale for this JV in the next slide.

Slide 6:

So, as you would have observed and I have also written in our annual report, over the past 10 years, we have been primarily focusing on expanding our presence as well as market share in the western markets, particularly focused on North America. Today, we are the largest supplier of EV differential assemblies in North America and rank among the top suppliers in Europe as well. Now, while we continue to grow our market share in the West, we are also seeking to enter and expand our presence in Asian markets. Asian markets account for nearly 60% of global automotive production, and the fact that we have minimal market share there right now means there is a large area in which we could possibly expand. Our driveline manufacturing JV in China is aligned with this new look east and look west strategy. China, as you all know, is the world's largest automotive market, especially for electric vehicles. In 2024, annual EV sales in China reached 11 million. This is two-thirds of the global EV sales, so two out of every three electric vehicles that are sold in the world are sold in the Chinese market. It is essential for any company aspiring to be a global EV supplier to participate in the Chinese market as well as this robust supply chain. Our joint venture partner, JNT, operates a world-class foundry that utilizes patented technology to manufacture complex castings and moulds. JNT has a strong customer base that includes leading Chinese automotive OEMs as well as other global OEMs and tier one suppliers. Sona Comstar will hold a controlling stake of 60% in the JV. Operations are said to commence in the second half of the current financial year to start fulfilling orders from both EV and Non-EV automotive customers.

Slide 7:

Coming to the numbers, on a year-on-year basis, our revenue was lower by 5%, while EBITDA and net profit were lower by 19% and 12% respectively. Our margins contracted quite a bit due to the adverse impact of operating leverage, as well as significantly adverse product mix. Like I said, we have also added Railways, where margins are lower. We also had acquisition-related expenses, which have impacted Net Profit by 69 million. So, if you were to take out that impact of that extra 7 crores, almost, the decline impact would have largely mirrored the drop in revenue and not been so out of line. BEV revenue declined by 25% and the BEV revenue share was at 28% and this is mostly because of the factors I already enumerated.

Slide 10:

We move on to the update on our first strategic priority, which is electrification, as always. So, BEV revenue share has decreased from 33% in Q1 of last year to 28% and BEV revenue in rupee terms has declined by 25% to 2.1 billion rupees. This decline again, to repeat for those of you who may have joined late, was mainly due to the three reasons mentioned before out of the four, which is the change in supply terms with a EV customer in Europe, a shortage of rare earth magnets which is also as you all know all for EV traction motors and lower sales from one of our major EV customers. These issues seem to be temporary in nature, and we anticipate that most will be resolved in the coming quarters. We continue to build on our EV orderbook, and at the end of Q1, we have 31 EV programs in production, 15 of which have fully matured and have completely ramped up, and 16 are in the ramp-up phase. The remaining 29 programs out of the 60 you see on your screen are not yet in production and will start during this or the following years. We'll elaborate on our two new wins in the next slide.

Slide 11:

So, the first one, and this is fairly exciting for us, is the driveline program for electric passenger vehicles of an existing North American customer. This customer is a legacy OEM of passenger vehicles and electric vehicles. We will be supplying the differential assembly with the final drive gear for the customer's upcoming BEV platform from Q3 FY28. This is the largest single order win in 2.5 years and adds over 1,500 crores to our orderbook. We believe this new EV platform is likely to be one of the most significant and successful EV launches in many years.

The second one is the EV motor program. This is for electric 3-wheelers of an existing Indian customer. The customer is a legacy OEM of ICE as well as electric 2 and 3-wheelers. This program has added 260 crores to the order book and is expected to start quite soon, actually in Q4 of the current financial year.

Slide 13:

This neatly brings me to our net order book, with the addition of 28 billion worth of new orders last quarter, at the end of Q1 FY26, our net order book has expanded to ₹262 billion. And the EV portion remains high at 75% of the order book. As I mentioned in my opening statement, this is our highest ever net order book, even after excluding orders from the railway business. The order book, just for full transparency, now includes customer orders from our railway business, which are obviously of much shorter duration and are expected to be executed mainly within the next 12 months.

Slide 15:

Moving on to our 4th KRA diversification. On powertrain diversification, we've taken a slightly backward step on BEV revenue. The share has decreased to 28%. The reasons have been discussed earlier. The ICE dependent revenue

share remains low at 9%, and we expect the BEV share to improve in the next few quarters.

Slide 16:

In terms of revenue segment, we'll spend some time on this slide because there are quite a few changes which are also integral to our strategy for the next decade. By geography, now India has already become our largest end market, accounting for 37% of our total revenue. North America follows as our second largest market, contributing 34% and to add, I mean it's a small number, but if you look at how much it has jumped, the share of Asia, primarily driven by China, has increased to 8% from 6% last year.

This quarter, our fastest-growing product segment was suspension motors, and second, it was hybrid starter motors. The railway business, which is consolidated just for 1 month and actually 3 weeks to be more precise, from the terms of when we actually started registering sales, because the first week was a transition period. It has contributed 8% to our overall revenue. When we look at market sectors, the revenue share from non-automotive sectors has increased from 10% to 20% compared to the previous quarter. The off-highway market has been a bit of a bright spot, which is another silver lining, if I could say. It has grown strongly in both North America and India, and we are expecting this to continue.

We are expecting further diversification in our revenue mix starting from next quarter itself. The share from Asia, including India, obviously, will likely exceed 50% in the coming quarters, and we expect non-automotive revenue shares to also increase to over 25%.

Slide 18:

Usually, our group CTO, Praveen, takes this slide, but because he is travelling to the US, I will provide the technology update in his absence. I hope I will do a good enough job. I won't do it as good as Praveen, but I'll try to do a good job.

So, you know that in each call we present our technology roadmap, and many of you are now familiar with our approach to technology development. For those of you joining for the first time, the light blue part in the center is an apex of a pyramid, while the outlying parts are more the base of the pyramid and we try to work upwards from components to systems. That's the way we have structured this. The black circles, the products with the black circles, are our legacy products that we have inherited, or the company already had when we took over. The blue ones are the ones that have been subsequently added, while the white ones are those that we want to add in the future.

This quarter, we've included our railway business products in this roadmap. We are the market leader in railway braking systems in India and supply

complete systems for various rolling stock. This is shown in the black circle in the middle, to the lower left. Additionally, we also are one of the leading Indian suppliers of couplers, dampers, and friction products. Friction products are again related to braking, which are shown in blue circle. We are also in the process of developing new products, including automatic plug door systems for metro and semi-high-speed trains. HVAC systems and electric control panels, also for metro train sets. This is part of our deliberate strategy to our product diversification, add more revenue streams, and target the upcoming semi-high speed and high speed and metro trains, and in that sense move away only from having Indian railways as the customer.

From a product perspective, our strategy is not very different from what we have always done. It will be the same as what we have historically achieved in the driveline business since 2015, in the motor business since 2019 and in our sensor business since 2023, which is to transform the business from being primarily a single product business to a multi-product business. Those of you who read our annual report will realize that our analysis has shown us that that is the single biggest growth lever that has enabled us to grow our revenue by 10 times and profit by over 20 times in the last 10 years, because we are, and will always remain, a product engineering business at our core.

Hence, developing new products is the only way that we can continue to grow and continue on our exceptional journey that we've had so far.

Now I'll hand it over to Rohit to cover the financial update.

Rohit Nanda:

Very good day to you all. It's my pleasure to share our first quarter results with you. So first we start with the financial summary.

Slide 20:

We clocked a revenue of 851 crores during the first quarter, which is lower by 5% than the comparable quarter last year. Lower revenue was largely attributable to 25% decline in BEV sales for the reasons which Vivek has already spoken about. Our EBITDA for the quarter was 203 crores, which is lower by 19% compared to the same quarter last year. The EBITDA margin declined by 4.3%. That's a combination of adverse effects of operating leverage and adverse product mix. Our adjusted profit after tax was 132 crores, which was lower by 7% compared to the first quarter of last year. There is a positive impact from net finance income in this quarter, which partially offsets the lower EBITDA and higher depreciation and amortization costs during the quarter. The adjustment to PAT is close to 7 crores. That's basically the post-tax exceptional expenses that we have debited in the P&L.

Slide 21:

This brings us to the final slide on our key ratios. Now there is quite a bit of change here, so all the ratios have the impact of the acquisition of the

Railway Business, and due to the different business dynamics compared to existing businesses, there are certain changes, but these are on the expected lines. I'll just explain a few cases here. So, working capital cycle, for example, working capital turnover has come down because the working capital cycle for the Railway Business is higher compared to other existing businesses. Similarly, the fixed asset turnover ratio also had an impact, which is because of the revaluation of Railway Business land as a part of the purchase price allocation, which is part of the acquisition accounting, that has caused the pull down in the fixed asset turnover ratio. Our VA over employee cost, still healthy at close to 5 times, had an adverse impact, mainly from change in sales mix and operating leverage. This also had a small degree of impact coming from the Railway Business integration because that's an assembly business with a higher material cost and therefore lower value addition. Our return ratios have largely been similar, in a similar range as previously, whereas negative net debt has reduced largely due to discharge of purchase consideration for the Railway Business.

This brings me to the end of the first quarter's earnings presentation. I'll now hand the proceedings back to the Nomura team.

Moderator: Thank you very much for your presentation. We are now at the Q&A portion of the session. Okay, we will go to the first question, raise hand from Aditya. Hi Aditya.

Aditya Jhawar: Yes, hi, good evening. Thank you for the opportunity. My first question is on the tariff. So now there has been a few months to what has been the discussion with the customer in terms of, you know, our ability to pass on or absorb and how are we placed versus our peers, global as well as domestic and while related to this announcement, are we considering scaling up of our facility in Mexico and attached to that any differential in costing you can indicate on India versus Mexico, two questions I understand on tariffs but that would be the first question.

Vivek Vikram Singh: Sure, Aditya. So, tariffs for automotive and auto components have been 25% from I think 5th or 6th April itself. So, we've had a full quarter of it. We understand the impact better, but our assessment is the same as before. Mute your line, please. I think there's something in the background. Yeah, maybe you're watching television while asking a question. We have nothing actually further to add from what we said last quarter that we see 3 to 4% of revenue impact could be there possibly, but as you know well, you've covered our sector for long enough to know that it happens in 12 to 18 months, even if it does happen, so hasn't yet happened. The plans for Mexico have been the same as they were before because they were for specific parts, so if you know the entire PPAP process and the process to go from planning to SOP is one that takes a lot of time, so there are no other changes. This new tariff that was announced a few days ago is relevant, but relevant only to the categories of auto components that are not already covered in the sectoral tariff, because this is the reciprocal tariff. So that impact we will know when those customers reach out. So far as you know, and I think I really said that the

importers pay tariffs, not the exporters, so if you are exporting, it's not on you. We haven't seen much change so far, how it is being absorbed is an answer better given by customers but I believe there has been a, there is a scheme for the next 2 years for automotive OEMs in the US that the government will support them in absorbing these extra costs. So, the same situation as when you asked me this question a quarter ago, not much has changed, actually.

Aditya Jhawar: Yeah, thank you for that. So the second question, Vivek, is on the China JV, so congratulations on the JV. So initially, will it be a situation where we will be exporting differential gears from India to China and then we will over a period of time, as the volume scales up, we will, you know, shift the manufacturing of the differential gears to China. Is that the thought process?

Vivek Vikram Singh: No, we will not manufacture the differential gears in China, so that is pretty certain. What we will start off with is supplying differential housings and other parts. We will, at the next phase, which is not yet part of the financial planning right now, but we will in the next phase export gears from here and assemble the final assembly there. If it does come with a final gear, we can do the final gear there, but differential gears will not be produced, at least in the next few years that we can see anywhere outside India.

Aditya Jhawar: Okay, thank you. The final question, if I can squeeze in, any you know, sense you can give us on NOVELIC business development in terms of any order wins, geographic color, OEM, EV versus ICE, any sense on NOVELIC?

Vivek Vikram Singh: Sure. So, I think we updated a few quarters back. Next year, the sensor production will start actually, so the hardware parts will start rolling out, and there'll be the first product supply starting. We are well on track. The product line will be in Chennai. We have a new SMT line set up where I will actually invite you guys to come visit. It is genuinely, genuinely world-class; you should come visit. The program is actually an in-cabin sensing, so it's agnostic to powertrain because this is an interior system product for sensing, but the first customer indeed is an electric vehicle customer, but that is not to do with the nature of the product. It happens to be an EV customer.

Moderator: Thank you. As a reminder to all participants, please keep your questions to a maximum of 2 questions. If you have any further questions, you can return to the queue later. I'll now go to the 2nd raised hand from Gunjan.

Gunjan Prithyani: Thank you, thank you for taking my questions and, deeply sorry for your loss, Vivek and lots of strength to the Sona family. From my side, I just wanted to hear from you on two things. I think both railways as well as the traction motor business. I think railways is now under your fold, so you know, it didn't really see much revenue growth last year, which is fiscal 25. If you can just sort of share a roadmap on how we should think about the growth of this business, both as you know, from Indian railways, as well as some of the new products that you, you know, you briefly touched upon. So what sort of growth we should be thinking from this business and secondly, again traction motor, you know, while you touched upon the shortages on the rare earth side, I mean,

you also have won a new program there, right, which is a little perplexing to me because we've seen a lot of delays in new launches coming through on the e-scooter side, so you know, is it that we are seeing the resolution to rare earth that the new launches finally will start coming through in the second half of this fiscal so some color on how should we think about the business ramp up both on railways as well as traction motor.

Vivek Vikram Singh: Thank you, Gunjan and thank you for the condolences. Also, I think we take your question literally every quarter, so you don't need to thank me for that. I will answer the traction motor question first. So the rare earth magnet shortage is real. It is an issue because the existing motor architectures that we have been supplying were all using heavy rare earth magnets. Now the heavy rare earth magnets are NdFeB magnets, but with a decent amount of Dysprosium (Dy) and terbium (Tb) that makes them heavy rare earth. Neodymium is a light rare earth. Can you substitute a heavy rare earth magnet with light rare earth magnet and develop a new kind of motor? It is possible there are some efficiencies/cost tradeoffs, but with increasing copper content, increasing the size of the light rare earth magnets, it is achievable, especially if it's, I would say, less than 15 kilowatts, it is achievable technically. The problem with the disruption was because it was so sudden. To have a new motor developed, you have to test it, validate it, homologate it, and only then can you launch it in a vehicle. Which is why this has been time taking, but you'll be happy to know that in July, we are back to our run rate of where we were in April, pre this crisis. There are still some motors that are being, that are troublesome to me, like I said, anything above 10 – 15 kW, as the power increases, the physics problem becomes more fundamental in nature and hence impossible to solve, but it is being resolved because let's say a new launch, which is coming in 2 - 3 quarters will be actually done with those kind of motors, right? So that's one. Second, there are alternative suppliers of light rare earth magnets in other countries who have developed magnets which are not very far in strength from HRE magnets. So we have explored those too, and we are starting to get those from other countries. Both of those tracks are on, so engineering solutions to a trade problem. But I will compliment Sat and his team on his agility in being able to solve it, and Sat, if you want to add some more color, please feel free.

Sat Mohan Gupta: No, Vivek, I think you covered very well. We are addressing all the possible solutions, working on design, HRE free magnets and different sources, so we are the only options available and we're exploring all those options and we're working on all those options.

Vivek Vikram Singh: Yeah, for the railway question, let me invite our new Railway Business CEO, Mr. Amit Mishra and kind of throw it to him rather than trying to answer it on his behalf, so Amit, over to you.

Amit Mishra: So in the Railway Business, as we have discussed earlier, we are market leaders in brake systems in India. Other product areas that we have are couplers and suspension systems. All of them are complex and technology-intensive products with strong entry barriers. So while we are starting with this

position, we have identified opportunities to add products within these three core segments as well. We can go further deep into these segments and add more products. At the same time, as Vivek explained in the Technology Roadmap, we are working on several new products as well, which are at different stages of development. So these products will come into production over the next few years. So we have a roadmap for the next 5 years where new brake systems as well as the new products that we are working on should come into revenue. In terms of end market, if you have tracked rolling stock production projections by the government, I think there is growth projected for the next few years, which should be a tailwind for the business. At the same time, we are actively working on increasing our presence in the metro segment and also in selected export markets. So yeah, we do expect the business to grow well over the next few years, but as you know, we don't give any further guidance in terms of revenue, etc., but we do expect growth given what we are doing on the products as well as tailwinds in the industry.

Vivek Vikram Singh: Thank you, Amit. First earnings call question that Amit has answered. Congratulations.

Moderator: We'll go to the next raised hand, Amyn Pirani. Please go ahead with your two questions. Yeah. I think the audio connection, Amyn, can you hear us? Can you speak up?

Amyn Pirani: Yes, thank you. Thanks, thanks for that. Just, you know, just a clarification on the rare earth comment that you made. So, you mentioned that in July, you know, we are already back to the April level so are you saying that this is because of the, you know, the light rare earth magnet, because of that we have been able to do that or we have been able to figure out some solutions to the availability of the heavy rare magnets.

Vivek Vikram Singh: No, mostly it's light rare earth magnets and so we do not have any HRE magnets supply since 8 April. Zero.

Amyn Pirani: And again for the light rare magnet availability, are there risks to that also, or because it's quite commendable that you're already back to April levels, which is great, so, or now it's a steady state from here or even on the light rare earth magnets, there could be some challenges in the foreseeable future.

Vivek Vikram Singh: I hope not, man, but these days, you know, every day I think this is the last challenge that I'll have. Next day is a new one, so I hope they don't because the ban is specifically for HRE magnets, because even the light rare earth magnets, the source is China, so I hope they don't now come after this. I hope they go the other way. I like, you know, start giving out export licenses for heavy rare earth magnets that will solve a lot, but there is a constraint. See, we are back also because we had new orders also. Bigger motors are still a challenge. It is only our fortune that most of our business is a two-wheeler, and even in two-wheelers, less than 5 kilowatt motors, which has been helpful. As you go up, it gets harder and harder. That's basically the situation.

- Amyr Pirani:** Thank you, and just, on the China JV, so first of all, congratulations, you know, on that. Is there any broad idea that you can provide as to, you know, what is the order book, because obviously right now it's a JV you're just starting off, and you said that you'll be supplying EV and non-EV? I'm not sure if you can name the customer or customers, and I guess that would be difficult, but any broad sense of what the order book is, which is there that you've started supplying?
- Vivek Vikram Singh:** It's a good question. It's a brownfield. We wanted to move with agility. Agility, as you know, is one of our core values, which is perhaps the reason that in 3 months we've been able to come back and bounce back in EV traction motor production. So it would have taken a long time to do this greenfield. Second, China's supply chain, while it is one of the most diverse and widespread supply chains, is hard to navigate on your own, which is why you need a partner. So it serves both purposes. That's why we went into it. We have not yet started adding the order book, nor will we guide on it. I'll tell you the reason because right now it's a term sheet. Till we sign all the binding documents and all the stuff is done, we don't want to start adding to our order book. The day we do it, we will start adding.
- Amyr Pirani:** Understood. Okay, great. That's helpful. I'll come back in the queue.
- Kapil Singh:** There are some questions in the Q&A box, so I'll just take those, Vivek. So one question is from Dinesh. Can you talk about the driver of increasing revenue share from China?
- Vivek Vikram Singh:** Yeah, suspension motors, that was the fastest growing product, as you well know, there, that is literally the one product in which the customer is also publicly known, so that is the Chinese EV customer, Nio, and that's where the growth came from.
- Kapil Singh:** Vivek, on this if I may ask, how far are we from the peak revenues that we are projecting, and how is this ramping up?
- Vivek Vikram Singh:** Sat, do you want to take this?
- Sat Mohan Gupta:** We are still in a launch phase, Kapil, and we just launched the product. It's too early.
- Vivek Vikram Singh:** I think this quarter was literally the, or last March was the first, yes, so we are still in the early days. We will see.
- Kapil Singh:** The Second question is, can you talk about the potential revenues from the China investment, the China JV investment? Would the Chinese opt to end to end manufacturing, or would there be supplies from India? How would be the margin profile of this JV on full ramp up?
- Vivek Vikram Singh:** So we can't, as you well know, we just signed a term sheet, till an acquisition is complete, it's too premature to start talking about the revenue addition or orderbook, right? Like, if you realize railway order books, we announced it in

September or October. We closed it now, and for the first time, we've added something to the order book because it's premature to do those things. We will once it is final and everything is done. The modality, I think I've already, when Aditya asked me, I think I explained that first, it will do mostly machined housings and some other parts. In the second phase, we will try to do full differential assembly, but I will invite Vikram if he wants to add anything non-number to this.

V Vikram Verma: No, I think you answered it with the very idea of getting a good casting supplier and one who has a good connection with customers already is where we targeted, and that's why this brownfield.

Vivek Vikram Singh: On the margin profile, it is not going to be the margin profile of our business. That, that I can guarantee you, China is a very, very competitive market. It will be lower, but it is a large market, and as you all know, we are not obsessed with margin as a percentage; absolute profit growth is what we want, and that's what we will change. For the largest EV market in the world, even if you get a small market share, it can be a significant one.

Kapil Singh: And one question is, you know, is our company participating in the development of humanoids by Tesla?

Vivek Vikram Singh: We never comment on customer-specific questions as usual.

Kapil Singh: Okay. Then some questions are answered, so I'll read just the part which is unanswered. Is the existing customer base part of the order book from the JV?

Vivek Vikram Singh: That's interesting. Yeah, I guess there will be some customers that would be our customers existing, but the orders would obviously be different because the product would be different, and the supply location would be different. Yeah, some customers will be common, but automotive, if you take all the OEMs and all the major driveline tier-1s, it's not that large a number; you will always have the same customers everywhere. And all the large OEMs and all the large Tier-1s are already there in China.

Kapil Singh: Okay. Then the other question has come on Equipmake. Are we planning to start commercializing in 2025 as per plan, considering rare earth magnet capacity?

Vivek Vikram Singh: No, that big a motor without magnets, no chance. I mean, I was talking about 10 kilowatt, talking about 350 kilowatt without heavy rare earth, no, next to impossible to solve that problem.

Kapil Singh: Okay, I think NOVELIC we have answered, but anything on the order inflow that you want to mention here?

Vivek Vikram Singh: No. anything, I mean, there, of course, have been smaller order wins, but mostly in services or small POCs. Any large product win, we would obviously share in our earnings presentation.

- Kapil Singh:** And then there's a question asking what will be your new EBIDTA and PAT margin guidance after incorporating the new divisions?
- Vivek Vikram Singh:** Good question. So, let's just do the math. Our range earlier was 25 to 27% was the range we've reiterated many times. How much as a percentage, Amit, would we expect the railway to be? Since you're the CEO, you should tell me.
- Amit Mishra:** So, if we look at last year, full year numbers, Railways would be about 18 to 20% of consolidated.
- Vivek Vikram Singh:** Good. So 20% is at 18% EBIDTA, and 80% is in the 25 to 27 range. So if you do the math, you will get your answer, which is 23.6% and 27 into 80 is. So 24.6. So yeah, 24 to 25 or 23.5 to 25 will be the new EBIDTA rate, but it's just mathematically, just do the arithmetic, we'll get to the numbers.
- Kapil Singh:** Vivek, one question has come that could you provide some insight into the succession planning following the unfortunate passing away of Sanjay.
- Vivek Vikram Singh:** Whose succession planning, mine? What is the question towards because Sanjay was a non-executive chairman. He has already been succeeded by Jeff Overly, who is our lead independent director, so he is now the non-executive chairman. If it's about the management or executive role, I can answer because that is my purview. I don't choose board successors, so that's not a question I can answer.
- Kapil Singh:** Sure. I think that's all the questions we had. The question is also on who is having the ownership of the company. That question has also come.
- Vivek Vikram Singh:** So, the ownership of the company as a publicly listed company, I think it should be clear that the public is the owner. 72% of the company is held by our public shareholders, various FIs, large domestic mutual funds, and a small bit even with retail shareholders. I don't know the exact percentage, but 5 to 6%. 28% is held by a promoter entity called Aureus Private Limited. That is a fact since our IPO, which has also not changed. Yeah, who owns Aureus, according to the documents that have been filed with the exchanges, with the registrar of companies, it was held by RK Family Trust, of which there was one single beneficiary, which was Sanjay Kapoor. We have not had any information after that from Aureus, but there was no direct shareholding of anybody else in the company from any promoter entity. If the person who is asking the question, these are all very well-disclosed numbers. You can go to ROC, or you can go to our website every single quarter, the company is legally obliged to disclose its official shareholding. It's called the beneficial position of ownership, as well as the ultimate beneficial owner. So that's what it is, and I think more than that, there is a far more sensationalism around it than it affects anything. But just for actual, genuine investors, this is the answer. Whoever controls the 28% doesn't really have that much. So let's say Aureus controls 28%, they can nominate, like any large shareholder can, a member to the board, the board, in its discretion, can choose to either reject or accept that nomination. If the nomination is accepted, then it has to be

further ratified by public shareholders, and only if 50% or more of the shareholders approve, could that person take that board seat, which is of an additional non-executive director. How one director's appointment out of a 9-member board with 6 independent directors makes a difference to the running of the company is very bizarre to me, but for some reason, the press of India thinks it is a very pertinent question to answer. I don't know how it affects the company's growth, the company's operations, or the management.

Kapil Singh:

Thank you, Vivek. I have a few questions from my side as well. Firstly, on the EV industry globally and particularly in the US market, you know, we are seeing some pullback of subsidies and, you know, some changes in regulations as well. At the same time, you know, there are markets like China where probably there may not have been that much support, but still, you know, electrification is growing quite rapidly. So do you think, you know, that kind of move will come in markets like the US, Europe, and India, is there a line of sight now to that?

Vivek Vikram Singh:

So, Kapil, good question. My opinion, as you know, has not changed for the last 10 years. I think electrification is inevitable. The pace and things in the interim, where it kind of goes slow, are almost impossible to predict. There is a lot of policy play here. This is the same thing when it happened with renewable energy. Remember, it used to be a million dollars per megawatt back in the day, and nobody would put up a solar farm, and it was only regulation that was pushing it. And then it changed as production increased, the cell cost came down. I'll take the same analogy, same analogy for cell phones also, by the way. When cellphones first came out, people were like, who will buy it, it's too expensive, batteries are too expensive, and it's almost always battery cells, which is the problem or the bottleneck of the whole growth area. I think battery prices will keep coming down. We are already at a stage where China has overcapacity and will have no other option but to start exporting this overcapacity into other markets, making batteries smaller. The second trend that we are seeing is that battery packs themselves are becoming smaller. Actually, range anxiety is fading quite fast. I was having this, and this is anecdotal. I was having this conversation with a friend of mine who just bought a battery electric car. So I asked him which model did you go for? He went for the lowest range model, and I asked him why. He said the lowest range is 400. When have I ever driven 400 kilometers in a day? I don't need it. I anyway put it to charge at night. If they made one with 250, I would go with that. This, if you were to take as analogous to the small engine revolution that came in the 1960s, 1970s with the Japanese cars, suddenly the auto market grew manyfold because people could buy much cheaper cars with much smaller engines when people realized everybody doesn't need a massive engine with 70 - 80 L in the tank at all times because you don't actually use it. Asset utilization of passenger vehicles historically has been about 8 - 9%. As this trend increases and customer awareness increases, I think EVs will become cheaper and cheaper to a point, and I think we covered it last quarter. They will be cheaper to manufacture, service, and

support than ICE vehicles. At that point, economics will start playing its part, and then, subsidy, no subsidy, nothing will make any difference. China has already passed that point of no return. I think it's going to go 100% even. Europe will follow, and America will be last because of maybe 4 years of policy, direction change, but it will inevitably come. I mean, the legacy OEM who's announced this and who's given us this award, if you read what they're saying, they're saying after 2028, 2029, they will do this, and it will be a pivotal moment for their entire company's history. Timing, like I said, may be slower, but the inevitability is undeniable. It is going to happen.

Kapil Singh: And what about the Indian market? What, what are you seeing there?

Vivek Vikram Singh: India's obviously going to be slower. Our views of, I mean, we've answered this many times. We always believe three-wheelers, buses, 2 wheelers, followed by passenger cars. That's the order of electrification. There is a significant challenge because of the way our country is. Urban density is a challenge. Actually, we have a first-mile mobility problem, rather than a last-mile mobility problem, and the first mile is actually the hardest to electrify. So I would still say it would be the slowest, but I think all of us can say we are impressed by how fast two-wheeler, three-wheeler, and buses have grown.

Kapil Singh: And Vivek, the second question is we have quite, quite a bit of order being for a very large percentage of the order book coming from electric vehicles. Now, in between, we've had this problem, which seems to be resolving to a large extent. Do you see a much stronger launch pipeline happening in India? And even maybe the global market now disparity is coming maybe ex of US, but how do you see the launch pipeline?

Vivek Vikram Singh: I see the launch pipeline is pretty good. The magnet issue may delay it by 2 to 3 months in this calendar year, but in 2026, 27, and 28, these three years, we have a lot of new launches in and not small ones, actually, all of them are massive ones. There will be a lot of small ones in the interim, but the big ones, they are over the next three years, there should be quite a few, which are genuinely that size, 200-300 crore per year type of sizes for each program. There are quite a few of those coming in the next 3 years. Like I keep saying, the battery cost is going down every year, and the battery pack size constraints are going down. The problem was always only solvable if you had cars between \$20,000 \$25,000, which are required to make electrification truly mass. China has been able to do it because of that price-point car. Same thing will happen for the US and Europe. India, too, will follow. I mean, India again has that problem that they do not have enough inexpensive or economical battery-making capacity yet in India. I think that too will change.

Kapil Singh: So, and some of the major order ramp-ups this year, when do you see that, which quarter this year, you would start to see that happening?

Vivek Vikram Singh: I would say Q4 would be the one in which it will happen because a lot of them for this year were more around motors, where there is a month or two of delay already, now there may be a little bit more delay because of that.

Kapil Singh: Sure, Vivek. That was the last question for today, given the time constraint. So, Deanna, I'll hand you back to close the call, please.

Moderator: Thank you very much, ladies and gentlemen, for joining today's Sona Comstar call. If you have any further questions, do feel free to reach out to Kapil Singh or the corporate management. Thank you and have a good day. You may drop off the line now.

Vivek Vikram Singh: Thanks, everyone. Thank you. Good evening.

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