



SONA COMSTAR

Date: - 23rd October, 2024

BSE Ltd. Regd. Office: Floor - 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001. BSE Scrip Code: 543300	National Stock Exchange of India Ltd. Listing Dept., Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 NSE Scrip: SONACOMS
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Sub: Press Release - Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)

Pursuant to Regulation 30 and other applicable provisions of the SEBI Listing Regulations, please find enclosed press release on acquiring of Railways Equipment Division of Escorts Kubota Limited.

Kindly take the same on record.

Thanking you,

For SONA BLW PRECISION FORGINGS LIMITED

Ajay Pratap Singh
Vice President (Legal), Company Secretary and Compliance Officer

Enclosed: As above



Sona Comstar is set to enter the Railways components sector with the execution of agreement to acquire Escorts Kubota Limited's Railways Equipment Division

Gurugram, India, October 23rd, 2024: Sona BLW Precision Forgings Ltd. (**Sona Comstar**), a leading global provider of mobility technology solutions, has entered into an agreement (**Agreement**) with **Escorts Kubota Ltd. (EKL)** to acquire the **Railway Equipment Division** of EKL (**RED**), as going concern, on slump sale basis, for an enterprise value of INR 1,600 Crore (Rupees one thousand six hundred crore), subject to the terms of the Agreement. RED is a leading supplier of critical components for Railways, such as brakes and suspension systems for various rolling stocks. RED reported revenue of approx. INR 950 crore and approx. EBIT of INR 179 crore in FY24. The proposed acquisition of RED is expected to be **earnings accretive** for Sona Comstar right from the first year and offers significant growth opportunities.

Commenting on the proposed acquisition of RED, **Mr Vivek Vikram Singh, MD & Group CEO of Sona Comstar**, said: "We are delighted to step into railways components sector with the signing of the agreement to acquire Railway Equipment Division of EKL. The proposed acquisition of Railway Equipment Division aligns with our vision statement as we expand into the broader mobility sector. Once completed, the 'Railway Equipment Division' acquisition will enhance our clean mobility product offerings by adding a market-leading railway components business. The railway industry presents long-term growth opportunities, and with the 'Railway Equipment Division' business, we see significant potential to broaden our product range by incorporating advanced technology and engineered products."

The Indian Railways market presents a compelling opportunity, driven by several long-term growth factors and significant entry barriers. India's extensive railway network, rapid urbanisation, and increasing investment in rail infrastructure are likely to drive demand for technologically advanced and engineered components.

Aligned with our strategic goal of promoting clean mobility, railways stand out as the most environmentally friendly mode of motorised transport. Increasing railways' share in passenger and goods transportation is crucial for India to meet its net-zero emissions commitment. With the proposed acquisition of RED, Sona Comstar not only enters the railway component market but also contributes to greener mobility solutions.

Indian Railways imposes high barriers to entry for component suppliers due to a strict vendor approval process. RED has over sixty years of experience in the railway component industry and has been a long-term partner of Indian Railways and major private railway OEMs. It is one of the few companies to have multiple products approved by Indian Railways. RED is the only domestic player of scale in India to have received Silver-grade International Railway Industry Standard (IRIS) certification for brake systems. It operates a 600,000-square-foot manufacturing plant in the National Capital Region (Faridabad), equipped to design, develop, assemble, and test a wide range of products.

RED has one of the most extensive product portfolios amongst railway component suppliers in India. It is amongst the leaders in brakes, couplers, suspension systems, and friction and rubber products. Additionally, RED has a strong pipeline of new products, which includes HVAC systems, electrical control panels, vacuum



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evacuation systems, and automatic plug doors. RED has a long growth runway as new products move across the R&D chain. Over the last five years, RED has grown revenue at 19% CAGR and EBIT at 18% CAGR.

The acquisition of RED is subject to customary closing conditions, including the receipt of regulatory approvals.

Ernst & Young LLP is the financial advisor to Sona Comstar on this transaction. Shardul Amarchand Mangaldas & Co. is the company's Legal Counsel, while KPMG is the financial diligence and tax diligence advisor.

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About Sona BLW Precision Forgings Limited

Sona BLW Precision Forgings Limited (**Sona Comstar**) is one of **the world's leading mobility technology companies**. Founded in 1995, Sona Comstar is headquartered in Gurugram, India. It is a global supplier with manufacturing and assembly facilities, R&D centres, and engineering capability centres across India, the USA, Serbia, Mexico, and China.

Sona Comstar designs, manufactures, and supplies highly engineered, mission-critical systems and components to mobility OEMs. It is a leading supplier of driveline and traction motor solutions to the fast-growing global electric vehicle (EV) market. The company has strong R&D, engineering, and technological capabilities in precision forging, mechanical and electrical systems, radar sensors, and base and application software development. It is diversified across geographies, products, vehicle segments, and customers.

Sona Comstar is listed on BSE Ltd (**BSE**) (Code: SONACOMS/543300) and the National Stock Exchange of India Ltd. (**NSE**) (Symbol: SONACOMS). To learn more about Sona Comstar, please visit www.sonacomstar.com.

For more information about us, please visit www.sonacomstar.com or contact:

Sona BLW Precision Forgings Ltd.

Archetype

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Certain statements that may be made or discussed at the conference call may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government



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actions, local, political or economic developments, technological risks, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Sona BLW Precision Forgings Ltd. will not be responsible, in any manner for any reason whatsoever, for any action taken based on such statements and discussions; and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.