Dated: 17 Dec 2025

Sona BLW Precision (SONACOMS) - REDUCE

Company Update

Current Market Price (CMP)	Target Price
Rs.485	**Rs.480**

Rationale:

- We recently interacted with management; core business bottoming out.
- Differential gears: EU opportunity despite subdued near-term US CV outlook.
- Company has net order book of Rs23,600 cr, will be executed over next 10 years.
- We expect consolidated revenue to grow by 18-19% CAGR over FY25-28E, partly on account of consolidation of railway business.
- We expect EPS (earnings per share) to grow at 11% CAGR over FY25-28E.
- REDUCE stays with a revised FV of Rs480, valued at 35x December 2027E earnings.

Positives:

- Recovery in the differential assembly business expected from CY26E onwards.
- Traction motors: Primary growth driver led by order wins across segments.
- Railway: order book and new product additions provide strong visibility for growth.

Negatives:

- Order book ramp-up may see a delay pertaining to the US EV segment given the removal of subsidies, which can impact near-term demand.
- We have undercut realizations from the partnership with Equipmake, owing to their financing challenges.

(EU: European Union; CV: Commercial Vehicle; CAGR: Compound Annual Growth Rate; EV: Electric Vehicle)

The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY – We expect the stock to deliver more than 15% returns over the next 12 months

ADD – We expect the stock to deliver 5% - 15% returns over the next 12 months

REDUCE – We expect the stock to deliver -5% - +5% returns over the next 12 months

SELL – We expect the stock to deliver < -5% returns over the next 12 months

NR – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

SUBSCRIBE – We advise investor to subscribe to the IPO.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

NA – **Not Available or Not Applicable.** The information is not available for display or is not applicable

NM – **Not Meaningful.** The information is not meaningful and is therefore excluded.

NOTE – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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