Company Name: **Sona BLW Precision Forgings Ltd.**

EASTERN FINANCIERS LTD
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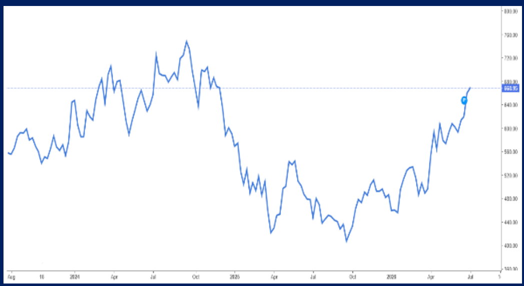
CMP: ₹671 (07 Jul, 2026)	M Cap: ₹41,552 Cr.	Target : ₹781

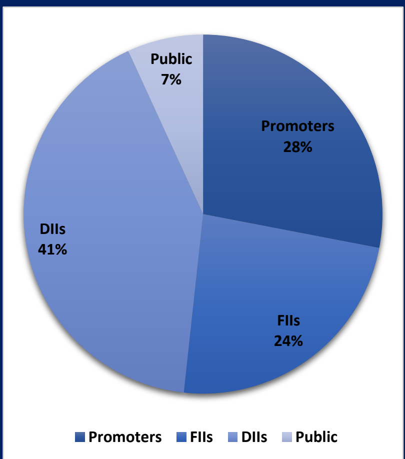
Key Information

NSE Code	SONACOMS
BSE Code	543300
Shares o/s (Cr)	62.2
FV (₹)	10
Latest EPS (TTM) ₹	10.4
Latest PE Ratios (x)	63.3
Latest BV ₹	93.9
52 Wk H (₹)	674
52 Wk L (₹)	402

Price Chart*



Shareholding Pattern Jun'26



Sona BLW Precision Forgings Ltd. is a leading global automotive technology company headquartered in India. Established as a premier manufacturer of highly engineered, mission-critical automotive systems and components, the company specializes in designing and supplying differential assemblies, precision forged gears, conventional and micro-hybrid starter motors, and EV drive motors.

It has 12 manufacturing facilities across India, Serbia, Mexico, the USA, Belgium, Germany, and China.

Investment Rationale:

Strong market position

As of CY25, it held ~8.7% global market share in differential gears and 4.2% in starter motors, while commanding ~80–90% of the domestic commercial vehicle and tractor differential gear market and 55–60% in passenger vehicles. Supported by strong relationships with leading global OEMs, advanced engineering capabilities, and an expanding Electric Vehicle (EV) focused product portfolio, the company is well positioned to sustain market share gains and benefit from the ongoing transition to electric mobility.

Order book provides revenue visibility

The company has a sizeable order book of ₹23,700 cr (5.3x FY26 revenue), supported by a steady pipeline of new product launches and the addition of the railway business (acquisition of railway division of Escorts Kubota, completed in FY26). The sizeable order book also provides strong long-term revenue visibility as it is scheduled to be executed over the next 10 years.

The order book is predominantly EV-led, with EV programs accounting for 70% of the total, followed by off-highway vehicles (OHV) at 11%, passenger vehicles (PV) at 8%, commercial vehicles (CV) at 5%, and the railway segment at 5%. This mix indicates the company's strategic focus on EV while maintaining a diversified presence across multiple mobility segments.

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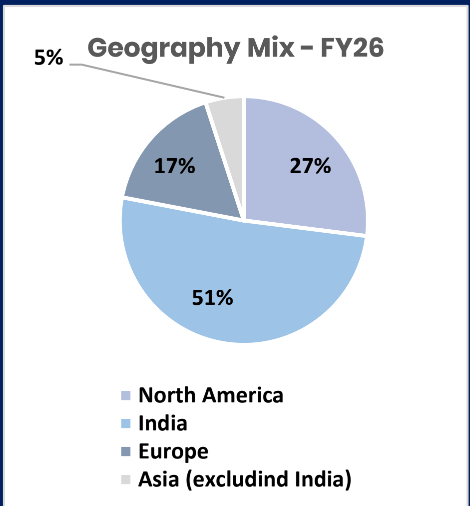

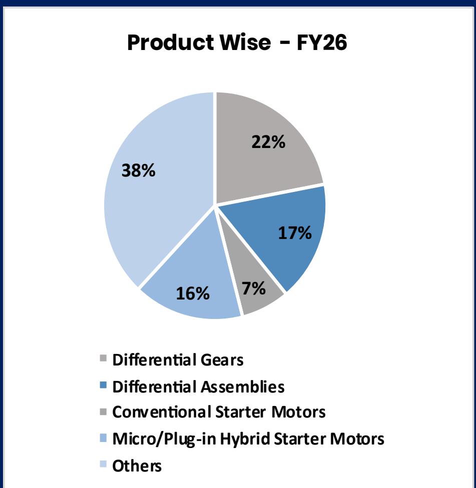

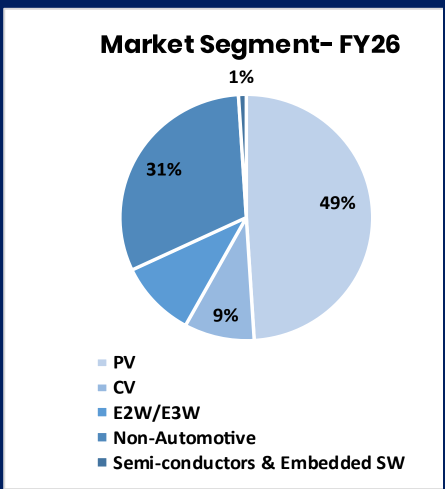

EV-led value chain expansion

The company's future growth is driven by its transition from a precision mechanical component maker to an integrated EV systems provider. Backed by a ₹23,700 cr order book, with ~70% linked to EV programs, the company is expanding into higher-value products such as e-drive systems, traction motors, and motor controllers, significantly increasing content per vehicle. With BEVs already contributing 39% of automotive revenue and 67 active EV programs across 35 global customers, Sona BLW is well positioned to grow faster than the broader automotive industry.

Acquisition of railway components business

The company expanded into the Indian railway component sector through the ₹1,600 crore acquisition of the Railway Equipment Division (RED) of Escorts Kubota (successfully completed in 2025). Leveraging this acquisition, it aims to capitalize on the growing urban rail infrastructure opportunity and expects the railway business to contribute 20–25% of its total revenue by FY27, translating into annual revenue of ~₹900–1,100 cr.

India & Europe: Sona BLW's key growth drivers

The company's growth is being driven by a balanced mix of domestic expansion and market share gains in Europe. India, contributing over 50% of consolidated revenue, provides a resilient earnings base, supported by the newly acquired railway equipment business and rising demand for EV traction motors, suspension motors, and differential assemblies.

In Europe, the company is benefiting from competitor (Neapco Europe and AIMS) exits to secure new business, with Q4 FY26 order wins including a ₹1.4 billion luxury EV assembly program and a ₹1.2 billion hybrid platform program, reinforcing its ability to gain market share despite a subdued EV environment.

Risks:

Near term cost pressure

Management highlighted broad-based inflationary pressures across steel, aluminium, copper, freight, packaging, and energy costs, noting that although a significant portion is expected to be passed through to customers, the lag in cost recovery is likely to keep margins under pressure in the near term. The recent margin moderation was primarily driven by commodity inflation, an unfavourable product mix resulting from faster growth in lower-margin traction motors, and the consolidation of the relatively lower-margin railway business (pre-acquisition EBIT was ~18-19%). Reflecting these factors and the increasing contribution of traction motors, management has revised its EBITDA margin guidance downward to 23–25% from the earlier 24–26% range.

High customer concentration risks

In FY26, the top five customers contributed approximately 50% of the company's consolidated revenue, unchanged from FY25. While it continues to secure new business wins and expand its customer base, which is expected to gradually reduce customer concentration, dependence on a limited number of key OEMs is likely to remain relatively high over the medium term. This risk is partly mitigated by the company's strategic diversification into the railway equipment segment, reducing reliance on the automotive business, as well as its long-standing relationships with leading global customers, supported by high product qualification requirements, deep engineering integration, and long-term supply agreements that enhance customer stickiness.

Valuations & Recommendation

Sona BLW is well-positioned to benefit from the long-term global transition towards electrification, autonomous mobility, and advanced transportation infrastructure. Backed by strong technological capabilities, a diversified global customer base, a robust EV-focused order book, and a healthy financial position, the company has established itself as a key player in the global automotive technology ecosystem. Its strategic expansion into integrated EV systems, ADAS technologies, and railway equipment further strengthens its long-term growth potential.

While in the near-term margins may see some moderation due to product mix changes and business integration, these investments are expected to enhance future profitability and competitiveness. Additionally, the expected full utilisation of QIP proceeds by FY27 should improve return metrics, making Sona BLW a compelling long-term investment story supported by strong execution, innovation, and favourable industry tailwinds.

We value the company based on FY27E EPS of ₹14.51 and assign a forward P/E multiple of ~53.42x, arriving at a target price of ₹781.

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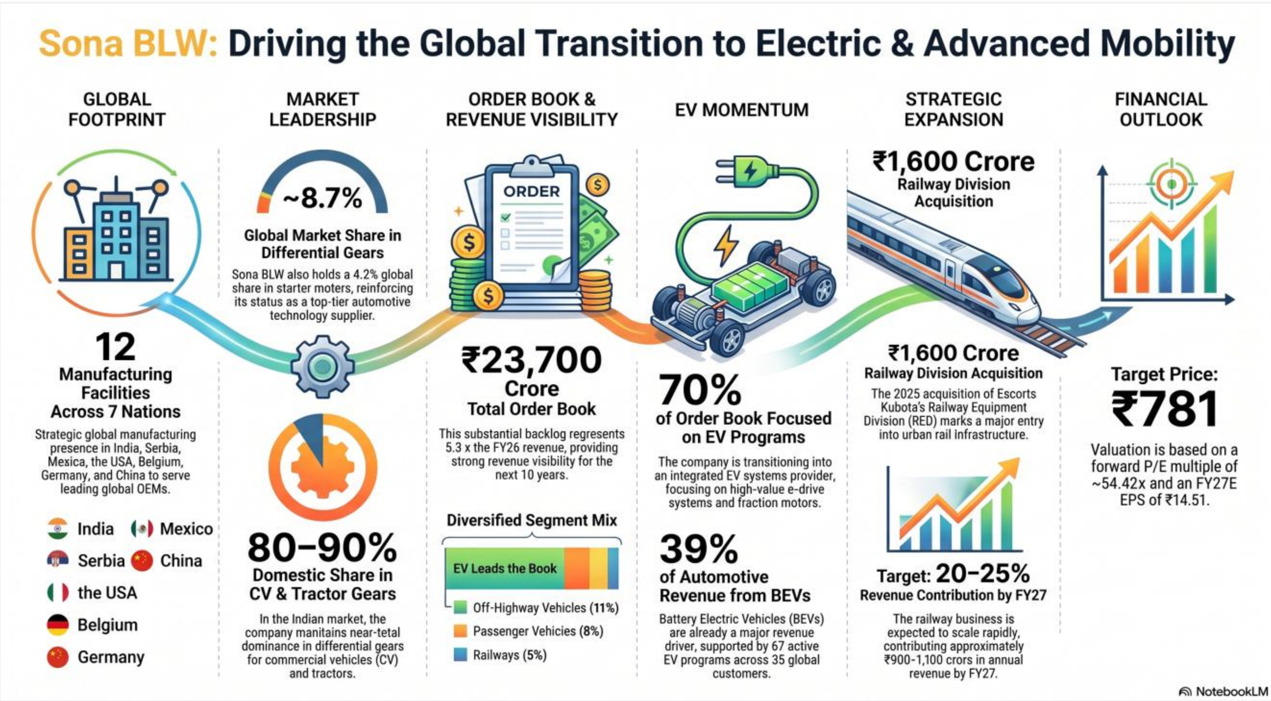
Financials

(in Rs cr.)	Q4 FY26	Q4 FY25	YoY	FY26	FY27E	FY28E
Operating Revenue	1258	865	45.4%	4449	5161	6039
EBIDTA	296	231	27.9%	1081	1275	1510
EBIDTA Margin	23.5%	26.7%	-	24.3%	24.7%	25.0%
Profit for the Period	187	164	14.2%	629	769	902
Diluted EPS (in Rs)	3.09	2.64	17.0%	10.29	12.36	14.51

Sources: NSE, EFL Research



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