

12th November, 2025

To

The Manager - Listing,
BSE Limited,
Rotunda Building,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001
Scrip Code: 543276

The Manager - Listing,
National Stock Exchange of India Limited,
Exchange Plaza,
Bandra Kurla Complex ,
Bandra (East),
Mumbai - 400 051
Stock Code: CRAFTSMAN

Dear Sir/Madam,

Sub: Transcript of the Earnings Conference Call on the Unaudited Financial Results (Standalone & Consolidated) for the quarter and half year ended 30th September, 2025;

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and our intimation and outcome letter dated 8th October, 2025 and 10th November, 2025 respectively, we are enclosing herewith the transcript of the earnings conference call organized on Monday, the 10th November, 2025 at 4.00 P.M. (IST) on the Unaudited Financial Results (Standalone & Consolidated) for the quarter and half year ended 30th September, 2025.

The transcript of the earnings conference call will be uploaded on the website of the Company at www.craftsmanautomation.com.

We request you to kindly take the aforesaid information on record and disseminate the same on your respective websites.

Thanking you.

Yours faithfully,
for CRAFTSMAN AUTOMATION LIMITED

Shainshad Aduvanni
Company Secretary and Compliance Officer

Encl: As above

CRAFTSMAN AUTOMATION LIMITED

Transcript of the Earnings Conference Call held on 10th November, 2025 **for the quarter and half year ended 30th September, 2025**

This document might contain forward-looking statements that involve a number of risks, uncertainties and other factors that could cause the actual results to differ materially from those in the forward-looking statements. We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Earnings Conference Call hosted by Craftsman Automation Limited.

You may note that some of the statements which may be made by the management team during this conference call may contain certain forward-looking information, which are non-guarantees of future performance and are subject to a number of risks and uncertainties. We encourage you to refer to the disclaimer in the investor presentation of the company. Further, the Management will not be addressing any customer-specific queries owing to confidentiality obligations. We kindly request you to avoid mentioning any customer names in your questions.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the opening remarks are concluded. Should you need assistance during this conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Srinivasan Ravi – Chairman and Managing Director of Craftsman Automation Limited. Thank you, and over to you, sir.

Srinivasan Ravi: Good afternoon, everybody. It gives me immense pleasure in welcoming you all for the earnings call for the quarter year ended 30th September, 2025.

Just a “Few Headlines on the Consolidated Financial Highlights for H1 FY26”:

Sales was at INR 3,786 crores against the previous year H1 sales of INR 2,365 crores. The Powertrain contributing INR 2,034 crores, Aluminum Products INR 2,275 crores and Industrial Engineering INR 476 crores respectively.

EBITDA stands at INR 582 crores with Powertrain contributing to INR 236 crores, Aluminum Products contribute to INR 351 crores and Industrial Engineering contribute to INR 32 crores. Unallocated expenses is around INR 37 crores.

Now on the “Financial Metrics”:

The net debt to EBITDA on the consolidated basis is 0.94. The net debt-to-EBITDA is 2.46, and EBITDA margins are around 15%, EBIT margins around 10%, and ROC annualized is 15%.

Now, I will leave the floor open to the Q&A. Thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Krupashankar NJ from Avendus Spark. Please go ahead.

- Krupashankar NJ:** Good evening and thank you for the opportunity. My first question is on the Kothavadi plant. Can you give us an update on the plant and how is the order book looking there? And further to that, any update on the revenue target of \$100 million in the next four to five years, anything you want to add on that?
- Srinivasan Ravi:** The Kothavadi plant is operational at phase-I level which is for engineering products. For the Powertrain portion of it which is the stationary engines, as I mentioned, the revenue stream will start in 2029. But the order book is of the \$100 million, I think \$50 million of the order book is on paper received with us and products are under development, rest of it is in final stage of discussions. As you know, the lead time for development of these products and validation of the products is three to four years' time, we are on track for the 2029 numbers. And we see a lot of traction in this business currently, owing to the no new capacities coming up anywhere in the world in general, because we started this a little earlier, we got some head start on this business going forward.
- Krupashankar NJ:** Got, sir, thank you. The second question was on the CAPEX. Can you give an update on the INR 280 crores CAPEX announced by DR Axion and when will it come on stream? This is for existing customers and any guidance of total CAPEX itself for the next two years?
- Srinivasan Ravi:** This question is specific to DR Axion and DR Axion you know that the current plant's capacity is full and we have only three customers and the current customers have increased their order position, #1, #2 is there is within the aluminum segment we are moving into now more into cylinder blocks. So, we have an order on hand for which we need to do a CAPEX, so we just taken a larger piece of land so that we have for the future. Chennai by itself is slowly become to be a global hub for the automotive as you are aware that many of the customers just announced large CAPEX in that region. So, we are gearing up for the new requirements. As far as we are concerned, I think this is the first stepping stone as far as DR Axion is concerned on addressing the global demands for the overseas customers as well as the growth in the domestic industry.
- Krupashankar NJ:** Any guidance you want to share about the overall CAPEX for the next two years?
- Srinivasan Ravi:** See, overall CAPEX for the next two years, you know very well the announcements are happening on a regular basis with multinational customers. In certain cases, we are in discussion with them for years together without an end in sight about when the order is going to be placed, when it is getting ramped up. But of late we see very intense engagements between all the customers and also new customers including customers looking for export requirements who are North America to Europe as well as they are setting up base within India for their sub-assembly or product export. So, as and when we are getting a firm requirement from the customer, then we are announcing the CAPEX, and we check on the return of capital employed, and the viability of such a project, and whether we are technically capable of executing the project, and whether the project is scalable or in line with our current strengths what we have in the market. So, you can understand that we were looking back last year whatever QIP we raised looks conservative in the current circumstances. As I mentioned also the aluminum products segment is still subscale in India overall whereas the global tier 1, tier 2 companies, the magnitude of those companies are at least 3x, 4x of the Indian tier 1 suppliers today. So, we will take it as it comes on the CAPEX.
- Krupashankar NJ:** Got it. Thank you for answering the questions.
- Moderator:** Next question is from one of Mithul Shah from DAM Capital Advisors. Please go ahead.
- Mithul Shah:** Thank you for the opportunity and congratulations for a very strong performance, strong top line margins. So, my first question is on aluminum products. Margins have improved meaningfully. Apart from operating leverage, what are the drivers, and is there anything one-time or what can be considered as sustainable margins?

- Srinivasan Ravi:** Mr. Mithul, I will answer the second part of the question. These are sustainable margins, earlier the base was small when we tried to do the new Bhiwadi plant and that start-up operations cost actually really affected the equation of profitability for say a couple of quarters that is behind us now and now as soon as we start the new project in Hosur, we are more prepared and the base is bigger, so the whatever expenses or the start-up cost which we are incurring more or less it is becoming smaller in the context of the entire aluminum products business. So, what current margin trend you are seeing, this will continue in the future also. So, as we speak, the Hosur plant also started operations, which we have already intimated the domain. I think the Q4 we will see some reasonable sales. This phase-I of the project is through. So, we will see incremental revenue coming quarter-on-quarter on the aluminum products as a whole, not only from the Hosur plant, but also from the Bhiwadi plant, as well as the original business of Craftsman where some of the orders are maturing to higher levels.
- Mithul Shah:** So, second question, can you help with some key ballpark numbers of Powertrain break-up between CV, PV, tractor, off-highway, and similarly revenue break-up like Sunbeam, DR Axion etc.?
- Srinivasan Ravi:** So, it is already there, I mean if I remember, I think it is, we have put it up in the presentation very clearly, the break-up between all the segments, I think I will read out from that slide itself, I think we uploaded it today.
- Mithul Shah:** If it is there in PPT, I will take down, no problem, sir. Sunbeam, DR Axion, all these details are there, sir, in the presentation?
- Srinivasan Ravi:** Everything is there... the break-up between all the three is there.
- Moderator:** Next question is from Abhishek Kumar Jain from AlfAccurate. Please go ahead.
- Abhishek Kumar Jain:** Thanks for the opportunity and congrats for a strong set of numbers. First question is on the Sunbeam business. So, quarterly run rate is now INR 330 crores. And just wanted to understand that how is the progress in the EBITDA margin, and what is your target EBITDA margin for FY27 in the Sunbeam project?
- Srinivasan Ravi:** I think we are looking at double-digit EBITDA margin for the financial year '27. We had the union settlement done only on the last day of May, that is the 31st. So, really speaking we started the restructuring of Sunbeam and all the shifting of the operations from the Gurgaon plant to the new plant in Bhiwadi, all that was an ongoing process for three months. Now it is complete, but we had the festive season going on, so we really did not concentrate on the cost reduction or rationalization of the operations. Now, we started the operations and we will take around next two quarters, I would say, to come to a level of better operational efficiency. So, we will get the benefit for the full financial year. So, we are expecting a 10% or double-digit EBITDA for the next financial year. Revenue being more or less around the same region at what it is.
- Abhishek Kumar Jain:** Okay. And your net debt has gone up to INR 2,800 crores. So, what is your plan to reduce debt as you are looking to sell some land and pay the debt of around INR 350 crores, so, what is your plan for FY27?
- Srinivasan Ravi:** December 31st will be the last date of the closing of the plant in Gurgaon. We had to keep the plant, because the overseas customers, mainly the North American customers of Sunbeam, could not do the validation at the new plant in a short period of time. So, we had to keep that license going. So, now that it is over, we have vacated the plant in total. So, from January onwards, the land can be put up for sale. So, we are in contact with the key people and large organizations to look at the land sale. This will be a process which will go more through the middle of the next financial year and that will reduce the debt of Sunbeam and Craftsman Group as a whole.

- Abhishek Kumar Jain:** Okay. So, how much expected debt is in FY27 and it will go down to the INR 2,800 crores to INR 2,200 or INR 2,300 crores?
- Srinivasan Ravi:** See, the net debt-to-EBITDA currently is on H1. When you look at an annualized number, it is around 2.46 totally for the consolidation, I think we will be closer to the number of two net debt-to-EBITDA for the consolidation for FY27.
- Moderator:** The next question is from the line of Joseph George from IIFL Capital. Please go ahead.
- Joseph George:** Thank you. So, I had two questions. One is, on CAPEX, you mentioned that it is a fluid thing because new orders keep coming. But would you be able to indicate the CAPEX guidance for FY26 given that we are almost seven months into the year?
- Srinivasan Ravi:** It will be around closer to INR 1,000 crores for Craftsman and DR depends on how much land we buy. So, we are just waiting to see any more new customers are willing to add up whether to buy a bigger piece of land or smaller piece of land. So, for Sunbeam, CAPEX is negligible.
- Joseph George:** Understood sir. And the second question that I had was on your ROCE target. So, you mentioned that when you are taking new orders or thinking of investment into new plants, you have set some ROCE targets and based on passing that threshold you think of further investment. So, would you be able to indicate what is the minimum ROCE threshold that you have in mind while considering new CAPEX?
- Srinivasan Ravi:** The new CAPEX, the minimum threshold level will be a pre-tax ROC of 20%. We do all the vetting on this matter. Generally, there can be a possibility that the existing business may be slowing down or the model is getting changed. We take that into factor which may affect the numbers going forward. But the new CAPEX is based on minimum 20% ROCE. Now, coming to when will we reach the 20% minimum ROCE for the new businesses, on the automotive side, from the time the business awarded to the investment, to the time of the PPAP and to the actual revenue generation and the peak revenue generation, there is a lag of around three years totally, from the start of investment to coming to a peak revenue generation is anywhere between three to four years. So, what happens in new projects when you are growing at around 30% overall as a company, Craftsman now standalone is at a run rate of very close to 30% growth. The new CAPEX actually spoils the old return of investment, but the new CAPEX when it starts to mature, then and we slow down investment, I think we will breach even the 20% ROCE levels.
- Joseph George:** Understood sir. Very clear. Thank you.
- Moderator:** Next follow-up question is from the line of Mithul Shah from DAM Capital Advisors. Please go ahead.
- Mithul Shah:** Sir, earlier I asked for that break-up and that was like a broader break-up is already there in PPT, which I have seen. My question was break-up within Powertrain, if you can highlight that?
- Srinivasan Ravi:** I think broadly, the commercial vehicle is around 46%, off-highway 21%, tractors 19%, and others like passenger vehicles and SUVs is around 14% and this is the broader break-up. It is almost in line with the previous years. Only thing the CV has shown a decline and tractor has shown a small increase. But going forward, the tractor is having more traction now currently, when CV comes back, I think the numbers will also come back. Today, we are dependent less than 50% on the commercial vehicle segment and within the country it is also lesser now currently. So, I think the changes in the or the slowdown in the commercial vehicle segment is really not affecting us to a level where it affects our profitability.

- Mithul Shah:** Sir, how this compares with the last quarter QoQ?
- Srinivasan Ravi:** Commercial vehicle from 49% has declined to 46%, off-highway has increased from 20% to 21%, tractor has increased from 17% to 19% and the SUV segment is flat at 14%.
- Mithul Shah:** So, the second question is on utilization. If you can help with the various segmental utilization? This time seems to be aluminum must have improved significantly. So, how is the overall utilization for aluminum, for powertrain and for others?
- Srinivasan Ravi:** Aluminum, still we are on the ramp up phase in the Bhiwadi plant and the Hosur plant is brand new and we just started commercial production a week ago. So, these are the two things which are changing. On the current capacities of DR Axion it has been stable. It is linked with two of the passenger vehicle manufacturers or three passenger vehicle manufacturers which were available in the public domain. And on Craftsman per se, some export to Europe has increased marginally, yes. So, the capacity utilization has improved in the aluminum business. But whatever the new segments where we have invested, we are still waiting for customer approvals to ramp up. So, the capacity utilization still there is headroom, but that does not mean that we do not need investment because the capacities on, say, one particular size of press may be available, but some other size of press we might have received orders and more lines need to be set up. So, we cannot say that we will not need CAPEX even though there is some unutilized plant capacity and sometimes the peak demand of the customers are also keeping changing on a seasonal basis. It is also depending on market share. Some of the customers whom we are engaged with in the aluminum business seem to be doing very well both on the passenger vehicle segment as well as on the two-wheeler market and that shows a larger capacity utilization. Also, the trend towards both on the passenger vehicle but more so on the two-wheeler side is to increase outsourcing rather than insourcing. So, what we see is in the future that customers will be outsourcing whatever they are currently doing inside the plant as they gain more confidence in the supply base.
- Mithul Shah:** On the Powertrain side, sir?
- Srinivasan Ravi:** Powertrain more or less it is the same. We have not added any product per se to the Powertrain business. You are aware that each of the plants are having a set of customers in Jamshedpur, in Faridabad, in Pune, in Chennai, and also in Coimbatore. It is more of status quo. Nothing has changed there.
- Mithul Shah:** Thanks and all the best.
- Moderator:** Thank you. Next follow-up question is from line of Abhishek Kumar Jain from AlfAccurate Advisors. Please go ahead.
- Abhishek Kumar Jain:** Thank you, sir, for opportunity again. Sir, in data center, what kind of the potential opportunity are you looking for your company? What is your plan for that?
- Srinivasan Ravi:** I stick to the same number from India, \$100 million, going into 2029 or 2030, as the case may be. It depends on product approval cycles. So, this is the first stage of revenue. After that, for this, more than 50% is orders on hand, and the balance 50% is already in advanced state of negotiation with the customer. As I mentioned, it takes around three years from the time of order to seeing some revenue start, so we are on track for the \$100 million.
- Abhishek Kumar Jain:** And as you are mentioning that around INR 1,000 crores kind of the CAPEX in the standalone business and INR 280 crores in the DR Axion, so when are all these numbers will start to yield the results, I mean to say that this INR 1,200 crores CAPEX will be in FY27 and revenue will start from FY28?

Srinivasan Ravi: Okay. So, I just want to step back a little. When we became a public company of revenue, now every year we seem to be looking at additional revenue equivalent to the number what we were at the time of the IPO. And today we have to put in the investment much earlier when compared to the actual revenue generation. And today, land cost has really gone up quite high. And when the plant becomes saturated, we have to have a step changed for the investment. The new campus will allow us to grow further with marginal investment going forward in the future. But as you are aware that setting up any new campus for the infrastructure, not only land and building, but also other compliances is quite expensive. So, this is a step change of what we are in the current situation.

Abhishek Kumar Jain: Okay. So, the total CAPEX will be around INR 1,400 crores, that will be in FY27 only?

Srinivasan Ravi: So, I mentioned that the Craftsman CAPEX is around INR 1,000 crores. All this will start yielding results two, three years down the line only. It is not the CAPEX for the current situation. These customers are quite large in nature. So, when we commit for the orders and we quote for the orders, it is obvious that we are interested to invest and grow the company going forward in the future. And we have not taken any large bets at all and more so we shied away from most of the EV projects, because we are unsure of that. Whatever we have taken is more solid in nature, and we are very confident about the revenue coming in.

Abhishek Kumar Jain: And my last question on that, your total sales should be around INR 7,700 crores in FY26, and in FY27, it is expected to cross INR 9,000 crores as you are mentioning. So, I just wanted to understand, what is your long-term target for the revenue by FY30 including the data center and others?

Srinivasan Ravi: In the global market, Craftsman is not an expert here, but I will just touch upon that. The entire community is waiting for the inflection point of \$4,000 per capita GDP, which according to all the experts seems to be not far off totally. After that, I think the growth will be sustained for a longer period of time according to the data shown on all developed countries in the past. So, the government has announced first the income tax reduction, then the GST portion of it, and now the bank interest also has reduced, encouraging more debt to be drawn by not only the manufacturing community but also the consumers are willing to take up higher cost products because more cash is available there. So, when this comes, we are seeing large commitments from OEMs themselves for the new plants across the country. I am privy to certain discussions with certain customers because of confidentiality I cannot talk about it, but we are going to see the capacity of manufacturing with our existing customers growing around 50% in the next three years totally. So, whether we are going to satisfy these customers with the number by also matching the investment or letting go new orders is a choice which we should not be taking the negative point that we are not willing to invest. This means that the end customer requirement which drives the demand, we have to follow the demand. So, we are confident about the payback with the 20% ROCE on a mature level and you are aware that when the aluminum business when we started long back, it was showing a very minimum traction and in fact there are many questions asked whether it is profitable or why we are investing in the aluminum business when powertrain is more profitable. So, the answer is now available that the aluminum business is growing multifold. The demand is only the tip of the iceberg on the aluminum business today. So, we are seeing traction that either we invest as the Indian companies or we will have multinational companies investing into India for this sort of businesses. So, we are confident about our ability to deliver to the customer and we are confident our shareholders will support this sort of large CAPEX. I want to draw a parallel there. China is years ahead on the investment cycle and we are only making a marginal investment and when you call China Plus One policy without investment, we really cannot even think of even quoting for an order. So, I think we have decided to take the growth path.

Abhishek Kumar Jain: Yes, sir, that is all from my side. Thank you.

- Moderator:** Next question is from the line of Vignesh from Ksema Wealth Management. Please go ahead.
- Vignesh:** I just want to understand how is the German subsidiary doing and any idea on like how the European market is shaping up and opportunities from that?
- Srinivasan Ravi:** The German subsidiary is catering 90% of the revenue towards large engines for the power generation which is again predominantly getting into the data center business. Predominantly means majority. I will not say predominantly, but overall the capacities in this segment as a supplier base, it is much lower than the actual demand. So, the plant is running very effectively I would say. The order book is full. Even the revenue has increased. The H1 revenue is around INR 158 crores and we had an EBITDA of around INR 14.87 crores, EBIT of around INR 11.4 crores. So, our PAT itself for the first half of the year is almost INR 8 crores totally on this matter. So, we see a trend like this going on for a few more years surely on this matter. So, we are not seeing any challenges in the company as far as the order position is concerned.
- Vignesh:** Is there any expansion plan in Europe as such?
- Srinivasan Ravi:** No, the teams of Craftsman, Fronberg Guss and, the Kothavadi foundry team are working together with the various customers which are common and some customers are unique as of now to Fronberg and some customers are unique to Craftsman per se. So, all the development is now taking place in Germany mainly and some in Spain and it is coordinated with Craftsman Fronberg Guss. The parts will be proved out in the German foundry before the toolings are shipped to us in India. This is giving a lot of confidence to our customers that we will get it first time right because the products are very expensive and the data center customers are also very sensitive for any sort of quality issue. So, we are on the right track as far as that is concerned. We have gotten to that league of the large engine block manufacturing, thanks to the acquisition of Fronberg Guss and support from our customers.
- Vignesh:** Sir, if there is any implication or the engine cost or something like that, how large it will be, the amount, approximate, etc.?
- Srinivasan Ravi:** Can you clarify this question once more? I did not understand the nature of the question, please.
- Vignesh:** Just want to understand how large the engine and what will be the approximate cost, like how much will it be?
- Srinivasan Ravi:** I think the generators are a million dollar or a million euro or something. It depends on the size. It may be more or slightly lesser. It can be much more also depending on whether it is a 10 megawatt, 5 megawatt, 6 megawatt, it can be of different sizes. But the technology of a normal generator and a generator or the backup generator or a main power source for a data center is totally different. It is very, very sensitive to quality of power. Any small fluctuation in the generator which all the normal equipment run, even computers run, the data centers will not run. So, the technology of an engine as well as the controls on the engine, only around eight or nine companies in the world have mastered it and four companies are having maybe 70% of the market share and we are with three of the four companies at least. So, we are in the right track as far as this in-segment use goes on.
- Vignesh:** Okay, sir. Thank you very much.
- Moderator:** Next question is from the line of Jinesh Gandhi from Oaklane Capital Management. Please go ahead.

- Jinesh Gandhi:** Ravi, a clarification on Kothavadi plant. So, are we indicating that plants will start operations in FY29 and ramp up to \$100 million revenue three years after that?
- Srinivasan Ravi:** We have planned this business during the COVID time of FY20 and in FY21, we started investing for the machine shop in the Arasur plant and from FY23 onwards, we started investing for the foundry in a small way, but '24 was the major investment where publicly also we said yes, we are going to go into this market. So, the time taken for product development being so long, the phase-I of the foundry has been more targeted towards industrial engineering products. So, the Kothavadi foundry which is operational now is for the industrial engineering casting segment of the business. What follows is the phase-II which is towards the large engine block manufacturing which is work-in progress.
- Jinesh Gandhi:** Okay. So, that phase-II will start in FY29?
- Srinivasan Ravi:** No, phase-II will start much earlier. The validation of the engine takes around one and a half years. Once you supply the samples for the customer, they have to test the product because a million dollar product it is not as bad as defense which takes almost eight to 10 years for prove-out. This is three-four year prove-out and certain customers we are halfway through the cycle and certain customers we are just starting now for their validation of the project. So, we are confident about the generation which is coming.
- Jinesh Gandhi:** So, commercially that would be in '29?
- Srinivasan Ravi:** Really speaking, this is one of the key entry barriers also for any supplier. So, it is not easy to start this business nor ramp up.
- Jinesh Gandhi:** Right. And with respect to industrial casting plant which has started, how should one think about ramp-up there and revenues coming from that business?
- Srinivasan Ravi:** That is quite marginal, and we have those customers like windmill customers which are already there for us. This is the base business where we are looking at foundry which we are trying to broad base the new campus which is quite having a large potential. So, it is not as remunerative as the high-end business for the engine block business, but that keeps our foundry running and operational going forward while we continue to increase our capacities for the engine block manufacturing.
- Jinesh Gandhi:** Okay. And lastly, with respect to our Sunbeam business, so can you talk about what were margins in 2Q, and what it will take from our side for margins to reach double digit in FY27, and is it possible for us to take it to the level of margins in standalone engineering business at Sunbeam?
- Srinivasan Ravi:** Unlike DR Axion, it is not a single plant operation, there are five plants which are there and the product is more oriented towards two-wheeler than the passenger vehicle, #2. Number three, the new business has not come in the past few years because of their financial condition. So, we are starting with next year on the double-digit EBITDA, and with the synergy which is happening with DR Axion as well as Craftsman's business, we will be at some particular point of time on a level which almost equivalent because we have shared resources. In fact, acquiring Sunbeam is also helping Craftsman to acquire more customers and also to reduce the overhead burden on each of the companies.
- Jinesh Gandhi:** What is the margins in 2Q for Sunbeam?
- Srinivasan Ravi:** It is around 6%. This is for 2Q.
- Jinesh Gandhi:** Got it. Great. Thanks and all the best, Ravi.

Moderator: Next question is from the line of Shubham Bhatra from Ambit Asset Management. Please go ahead.

Shubham Bhatra: Hi, sir. Thanks for taking my question. Congratulations on a strong set of numbers. Could you speak briefly on how the alloy wheel plant both at Bhiwadi and Hosur are ramping up and what kind of numbers should we see from them in the current year?

Srinivasan Ravi: You are looking at revenue? I think we are not breaking the revenue on the alloy wheel, but the plant capacity the installed in total will be 5.8 million between Bhiwadi and Hosur as of now, another 2 million will go to phase-II which is to be installed in the coming couple of quarters at the Hosur plant. With that we are having order of the customers above 6 million and we are putting capacity of 7 million because of the seasonality of the business. So, that will be in full operation by Q2 of next year.

Shubham Bhatra: So, currently only Bhiwadi is contributing to our top line, right?

Srinivasan Ravi: Yes, we have started commercial sales only last week at Hosur.

Shubham Bhatra: Got it. Secondly, sir, I wanted to clarify, our standalone aluminum segment EBIT margin, they have expanded quite a lot on a QoQ basis. This is largely because of the ramp up of the alloy wheel plant. Is my understanding right?

Srinivasan Ravi: No, this is better operating leverage with better absorption of fixed cost. When we are having a campus, for example at Bhiwadi, it is not only we have shifted the Gurgaon facilities into Bhiwadi, Sunbeam's plant is operational as one unit inside the Craftsman Bhiwadi area. So, all this synergy is helping us to average our cost. And the incremental revenue, the fixed cost does not proportionally increase. So, that is the reason we are seeing some margin expansion.

Shubham Bhatra: Got it sir. Thank you.

Moderator: Next question is from the line of Vinay Nadkarni from Hathway Investments. Please go ahead.

Vinay Nadkarni: Thank you very much. Just two questions from my side. One is on, can you give me –

Moderator: Can you speak a little louder please?

Vinay Nadkarni: Just wanted to understand from the four verticals that you run, sector-wise, if I have to work out which sectors contribute your maximum, say, 70%, 80% of your business, your customer sectors, I mean?

Srinivasan Ravi: Customer sectors, you mean? I think the automotive-related business is contributing to 80% of the revenue, it is quite obvious. On a consolidated basis it may be even more I think.

Vinay Nadkarni: And secondly, the cost of your Kothavadi development that is going on, will that be expensed out or will that be capitalized?

Srinivasan Ravi: No, no, there is no more capitalization, already the plant is under operation now.

Vinay Nadkarni: So, the large engines development that happens for the three years?

Srinivasan Ravi: No, see since the phase-I of the plant is operational, we cannot be capitalizing anything. So, we are incurring cost as of today and we are expensing only.

Vinay Nadkarni: So, the revenues will come only three years later but the cost will be incurred during this period of three years?

- Srinivasan Ravi:** No, already it has been incurred, even last year I think we have started to incur and every quarter we are incurring a few crores there. So, this is always the case when you are putting up a new plant. So, before the plant started commercial production, we have capitalized a little. But once commercial production has started for the plant, we cannot do anything on this matter. This is the right accounting approach and we follow that.
- Vinay Nadkarni:** Okay. Roughly, it would be how many crores every quarter, the cost on account of this?
- Srinivasan Ravi:** No, that I cannot declare because the amount of overseas travel and the amount of samples being made and that it is quite very high on the proto-tooling, the communications and hiring consultants for the technical evaluation of the products is all very high. So, I will not be able to break it down to that level.
- Vinay Nadkarni:** Thank you very much.
- Moderator:** Next question is from the line of Chirag Jain from Emkay Global Financial Service. Please go ahead.
- Chirag Jain:** Thank you so much for the opportunity, sir. Just wanted to clarify, so you mentioned that some of your customers are looking to expand capacity by almost 50% over the next few years, and we may choose to expand our capacity. So, do we see a possibility of further M&A, or you believe that over the last few years the kind of expansion that we have done, both organic and inorganic, we have a reasonable foundation in place to largely grow through organic efforts, I mean, any thoughts you can share on this one?
- Srinivasan Ravi:** Currently, in the next 18 months, we are not looking at any large inorganic subjects. It may be a few crores here and there for some slump sale for taking over some technological area somewhere, it can be possible, but I would rule out any M&A in a big way in the next 18 months. And I do not see any merit going forward because our traction as a standalone as well as on a consolidated basis we are seeing close to 20% even more maybe I would say that the order book is showing CAGR growth of around 20% in the coming years. So, no need for any M&A going forward. But yes, looking at 2029 or 2028, there is always a possibility if something good comes up.
- Chirag Jain:** Understood. And this capacity expansion, you are largely referring to the aluminum casting business or you see similar opportunity on the powertrain side as well on the domestic side?
- Srinivasan Ravi:** Powertrain, there was a lull for two, three years which I have been also vocally communicating I would say. All the multinationals from Japan and Europe and US are setting a base here with the eye for export and some have started to ramp up, some are very slow in ramp up because they have shut down their plants in their respective countries. You are aware that Japan needs workers to be imported into the country, otherwise they do not have people to operate there. Similarly, it is the situation for the other Asian countries like Korea also. And even in Europe, we are having a shortage of skilled manpower going forward for any large projects which are not going to come. So, India is the best place outside our large Asian neighbor to really grow the business. So, outside China, I think India is very surely becoming the largest manufacturing hub with eye for the Indian market growth as well as the Middle East, Asia Pacific, the African markets and South Asian markets which are more or less similar to the Indian markets. For these markets, India is the right place to manufacture, and this has been recognized by all the multinational firms which are investing heavily in India. It started a little way in tractors, you know the big names have come there here and also the engine manufacturers have also come from Japan who are also supplying engines for tractor. Then we are seeing two-wheeler export happening. We will have Japanese companies expanding their base in India for two-wheeler as well as passenger car with an eye for export. The construction equipment manufacturers also are coming here. And now, last but not least, even for the power generation, the American companies are thinking with the tariffs there, they being a net exporter, why they should import products with tariffs

into the country and export their products into other countries like Middle East or even the African market and South American market. So, they are shifting their manufacturing base for the products suitable to India. So, this is the first shift which is visible now. What happened 15-years ago with our Asian neighbor is starting to happen now.

Chirag Jain: Understood. Thank you so much, sir, for the elaborate answers. Thank you and all the best.

Srinivasan Ravi: Thank you.

Moderator: Thank you very much. As there are no further questions, I would now like to hand the conference over to Mr. Srinivasan Ravi for closing comments.

Srinivasan Ravi: Thank you very much for joining and also the confidence in the big step change we have done in the past one year. We are in for a lot of challenging as well as exciting times. The opportunity for growth is quite phenomenal and we are getting very strong enquiries and a lot of information is floating in the public domain also with most multinationals expanding their base in India. So, we are very confident about the future of Craftsman and thank you very much.

Moderator: On behalf of Craftsman Automation Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

(This document has been edited for readability purposes)