2nd February, 2026

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 nine months ended 31st December, 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 5th January, 2026 and 29th January, 2026 respectively, we are enclosing herewith the transcript of the earnings conference call organized on Thursday, the 29th January, 2026 at 4.00 P.M. (IST) on the Unaudited Financial Results (Standalone & Consolidated) for the quarter and nine months ended 31st December, 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
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Date: 2026.02.02 16:50:58 +05'30'

Shainshad Aduvanni
**Company Secretary and Compliance Officer**

Encl: As above



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CIN NO:
GST NO:

# CRAFTSMAN AUTOMATION LIMITED

**Transcript of the Earnings Conference Call held on 29th January, 2026**
**for the quarter and nine months ended 31st December, 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. 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. I now hand the conference over to Mr. Srinivasan Ravi, Chairman and Managing Director of Craftsman Automation Limited. Thank you. And over to you, Mr. Ravi.

**Srinivasan Ravi:** Thank you. Good afternoon, everybody. Thanks for joining the Earnings Call. The presentation has been updated in the exchanges. So, I hope you had time to go through that. So, we are ready for the Q&A, please. Over to the queue. I think we can start Q&A.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question and answer session. Ladies and gentlemen, you may note that some of the statements which may be made by the management team during this earnings conference call may contain certain forward-looking information, which are not 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 confidential obligations. We kindly request that you avoid mentioning any customer names in your questions. We take the first question from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities. Please go ahead.

**Mumuksh Mandlesha:** Yes. Thank you, sir, for the opportunity. Sir, on the aluminium side, aluminium standalone margins, sir, this quarter, there is a dip sequentially Q-on-Q. I just want to understand what could be the reasons for the decline? Is it some aluminium higher cost impact? And also, sir, how do you see the aluminium standalone margins over a period of time, sir?

**Srinivasan Ravi:** For the annualized basis, I think the aluminium will be moderating at a higher level. Q3, I think there's a start up of a new plant in Shoolagiri. We have incurred operational losses in the first quarter to prove out all the parts totally. So as a consolidated, I mean, as a stand-alone, it affected the stand-alone because it's quite also a significant plant. So we have started production now, and I think production will ramp up by Q2 to a reasonable level.

I think it will be improving from Q4 onwards continuously. So, I don't see any big change in the aluminium business margins going forward. Optically, yes, the commodity prices have been quite violent in the upward surge, and it is quite significant in aluminium, and it has continued to remain that way. So, our margin will be on the gross margin or value addition, I would say. So optically, our margin may come down, but it will be quite intact as far as the margin is concerned.

The second point will be that the -- for the secondary aluminium, there is some volatility on the imports because of the sudden surge of the dollar or the rupee depreciation, I would say. All this has played out, but we have a pass-through with the customer. Some are immediate. Some are taking a month or two. So, there isn't the effect in the long term. But in the short term, yes, there has been minor corrections there, yes.

**Mumuksh Mandlesha:** Got it, sir. Sir, on the alloy wheel side, how we are seeing the utilization levels for the 5.8 million capacity? And also I want to check, have the alloy wheel margins moved to a normal range of something like high single-digit margin or still it's ramping up in terms of margins?

**Srinivasan Ravi:** So, we have not even touched 50% of the installed capacity, I would say, because of the high variety of parts, which are under -- is all subject to BIS approval also and the model developments and also customer validation. So the second thing is the -- because of the steep ramp-up and also addition of new plant, we are not in the double-digit margin yet or even high single digit. We are lower than that. But when the plant becomes optimal, I think by Q3, we should be reaching that level, Q3 of next year, I mean.

**Mumuksh Mandlesha:** And sir, next year, Q3, we should also be in a good 60%, 70% plus utilization levels for the plant, right, sir?

**Srinivasan Ravi:** Yes, correct.

**Mumuksh Mandlesha:** Got it, sir. Sir, on the....

**Moderator:** Mumuksh, sorry to interrupt you. Could you please join back the queue for follow-up questions? We take the next question from the line of Mukesh Saraf from Avendus Spark.

**Mukesh Saraf:** Firstly, on the Powertrain segment, could you kind of give us some sense on the fact that commercial vehicle segment is looking better now? The outlook seems a lot more positive and so does tractors. So, how do we see this segment fare for us? We have seen numbers around this INR450 crores in our quarterly run rate. How can this kind of ramp up further?

**Srinivasan Ravi:** In the last -- I mean, mostly couple of years, commercial vehicle was quite muted and even tractor was muted. Now, tractor is doing very well in this financial year and commercial vehicle is showing green shoots of some marginal growth. The more interesting portion will come in the coming years when commercial vehicle moves to the higher engine capacities and gearbox capacities, which we expect the norm globally sort of heavy duty means and higher horsepower, 400-plus horsepower plus also on 700, 800 newton meter.

But we are seeing a little of ceding in the market by some of the OEMs in India, and the results have been quite positive for the -- they are only battling with the delta cost, rather the productivity and fuel efficiency are offsetting the initial investment. So, this will move just like any other product moves up the -- for the higher capability, which is more productive for the fleet owners.

This will happen. That will be the more interesting. So, absolute numbers growing will be growing at single digit, yes. At the same time, the growth in tonnage also will be at single digit. But I think the ability to turn around the fleet and the per vehicle cost, I think is set to move up as we move forward.

**Mukesh Saraf:** Right. So, we should kind of hence see that benefit for us flowing through?

**Srinivasan Ravi:** Yes. And the silver lining as far as Craftsman is concerned is this means new product development and at least we can really do the costing from scratch at the current capex. The capex is also very high related to any infrastructure and also import of machinery because of the exchange rates. And we have the new Labour Code, which is coming in very soon that also will -- we need more automation.

Craftsman has been preparing very well for the last 3 years on manpower productivity by investment into automation and better equipment, or I would say, more productive equipment, in line with the international level of operations -- the international competitors. So that -- in that sense, I think new products call for also high reliability from the suppliers and high capability from the suppliers also.

So that will help us to price the product right. And the end product of the OEM, which goes to the market, the product is so highly priced because of the technology it is packed in and also the productive nature, it will not impact them, but I think -- I'm not saying there's a price reset, but I think reasonable pricing compared to the legacy prices.

**Mukesh Saraf:** Got it. And secondly, if you could give some...

**Srinivasan Ravi:** Tractors, we are benefiting not only from the volume growth, but I think the horsepower -- average horsepower has increased.

**Mukesh Saraf:** Right. Understood, sir. And on Sunbeam, if you could kind of just take us through, I mean, where are we in that journey towards double-digit margins now that we've been running it now for a few quarters? So, do you kind of see that it's going to happen in the next 2 quarters, 3 quarters? How do you see that?

**Srinivasan Ravi:** Three headlines. One is the heavy weight lifting of Sunbeam is over, but we have crossed the most critical point of 50% and now it is a journey, which will continue to improve. So, we will be seeing margins from Q2 of next year improving. We'll end the year at 10% sort of EBITDA level from the current year of around 7% totally. So the exit run rate will be much higher.

That is the Q4 will be higher than the 10% is what we see. And we have not still taken any new business, which we will be starting in the coming quarters. Even on the 2-wheeler side, there are premium vehicles coming up. There is a shift towards outsourcing of machining activity, which the OEMs are doing in-house. And we are strategically placed in many geographic locations for the business.

So for Sunbeam, especially we are also having a plant in Gujarat, Ludhiana, and we can supply to Uttarakhand. And also in the South, we have not invested for Sunbeam, but it's possible to look at similar parts and maybe also invest in the future. But I would say that those set of family parts, Craftsman is doing as well as Sunbeam is doing for 2-wheeler.

Sunbeam has also got increased potential for the exports going forward. While we wait for the total restructuring of Sunbeam to happen thoroughly, we have more or less integrated the three teams on the working side of it. We have participated in the EUROGUSS exhibition just two weeks ago in Nuremberg, where all the key aluminium -- exhibition for aluminium suppliers and all three teams participated together.

We have exhibited the products together. We see a good response. The traction of being at least getting to a medium-sized aluminium company in the coming 2 years as a group will help Sunbeam to leverage that.

**Moderator:** We take the next question from the line of Abhishek Jain from AlfAccurate Advisors Private Limited.

**Abhishek Jain:** Congrats for a strong set of numbers, sir. Sir, in Industrial and Engineering segment, we have seen a very sharp jump in EBIT margin. So, just wanted to understand is it sustainable? And are we looking some improvement on the business and on the top line and the margin side, sir?

**Srinivasan Ravi:** Yes, it is sustainable. And with the operating leverage, which we have now started to generate, we will see margin expansion in the next financial year. And the demand for these products is increasing in India, and we are the second largest player in the country as far as the static racking. And we are among the two largest Indian players, I would say, on the automated storage and both are gaining traction.

The second important point is since the market is also growing and there's been consolidation of the supplier base, it is a very clear segregation, which has happened from the top five players and the other players. They have become regional players. And also on the top five players, I think the number one and number two where we are number two. And among the other three, there is also clear gaps which is there, just like in the passenger vehicle segment. This means the larger projects execution mostly lies on three of the suppliers.

So that way, I think there's no need to undercut each other on this matter. And we feel that we have made enough traction in the -- and also proved the product in the market. So, we need not also go on a cost cutting -- sorry, the sales price cutting strategy to win orders. So the optimum usage of the plant will come in, in the next two, three quarters, where we will be able to see margin expansion due to better operating leverage and also better purchasing power from the steel.

**Abhishek Jain:** Okay, sir. Got it. Sir, my next question on the operating margin side. From last 2 quarters, we have seen that operating margin is hovering around 15% to 15.3%. So, just wanted to understand what would be the margin level in quarter 4 and in FY '27? As you said that this quarter margin also impacted because of the addition of the new plants and that impacted to some extent the aluminium margin. So if we take the FY '27 number, what kind of the margin expansion we can build in our model?

**Srinivasan Ravi:** The model of percentage of revenue as the margin, I think it doesn't hold good for many reasons. For example, aluminium exports from China has been dropped by 8%. So, aluminium prices have jumped by around 16% from $2,800 to around $3,050, something like this and the highest level since April '22, which was the last peak. So, when the top line only increases with the same value addition, not margin, but value addition of absolute value, artificially, it looks like the margin reduces.

So, we have to look at it in relation with the commodity prices. So, I would kindly request you to look at the gross margin and the margin versus -- the EBITDA margins or EBIT margins versus the gross margins. That will be the right figure because aluminium again further increases, artificially, it look like our margins have come down.

**Abhishek Jain:** But in the third quarter, if I see that top line number of this aluminium business that was quarter-on-quarter flat, despite that, we have seen around 200 bps margin contraction. So if you can throw some light over there that what were the key reasons for that 200 bps of margin contraction on EBIT level and how these numbers will start to improve?

**Srinivasan Ravi:** See, the revenue, what you see on aluminium is some of the increased aluminium prices. So, you can say that the top line has been flat. It may be reduced for us as far as our contribution goes totally because it may be attributed that the top line being flat or growing or being stable maybe because of the increased aluminium prices.

So, you cannot just look at the top line and look at it. I said only one-time event about this new plant at Shoolagiri for the alloy wheel, which has impacted our margins. Yes, that will be there for a quarter or two, then it will go away just like we had in the past about when we started the Bhiwadi plant, if you remember. But otherwise, the top line are not strictly comparable between even Q2 and Q3 because aluminium prices are different.

**Moderator:** We take the next question from the line of Nikhil Rao from iThought PMS.

**Nikhil Rao:** So, I have a question on the order book for stationary engines. Can you provide the split for the 100 million between prime parcels and backup parcels?

**Srinivasan Ravi:** So, our customers do not tell us whether it's for prime power or backup power. So, we have no -- and these are fungible. At least the product what we make is fungible. They manufacture everything under one roof. So the second point is the order book. I think it is -- we are inching towards an annual level of around $60 million and then also for FY '29.

And now the balance $30 million, $40 million also will get tied up in the next year or so. So, we will be on track with the $100 million revenue for FY '29, FY '30, FY '29, possibly if the testing and acceleration. The demand for the products is quite high and the customer support on the product -- the order books as well as on the product development is quite significantly high. We will be touching a peak requirement in the market by 2030.All the OEMs are geared up towards that. So, we are on time for this to catch this upward curve.

**Nikhil Rao:** Okay. And from this Fronberg acquisition, do you see any demand coming in beyond data centers like from other industries? And also, what kind of steady-state margins are you expecting from this business?

**Srinivasan Ravi:** See, energy per se has been growing not significantly in the past, but these data centers or AI has driven the energy to be suddenly spike, I would say. But even if the spike is over and even at a larger base, we still see energy will -- demands will keep growing and backup requirements will keep growing. But it will not be as high as this what is happening. So once we are into this elite league of this supply of these critical parts, I think there is many -- a lot of validation required to onboard a supplier. We are through with the first phase. Second phase is on now. So, we will be starting to supply in a year, 1.5 years, the first invoicing will start. So, that is the most important point in our milestone so that we will continue to leverage this relationship with our customers for future products. India per se is also well poised for this -- taking advantage of this technological growth because there's not much of capacity in Europe, nor in North America.

Since Craftsman also owns a foundry for this large engines, Craftsman Fronberg Guss, which is near -- it is in Hamburg, which is near Nuremberg. We have an insight into whatever capacities are available in Europe also totally and what is really happening to those capacities. So, we are working hand-in-hand with the customer to see we align with their future requirements on volume.

**Nikhil Rao:** Okay. And one more question. What are the current debt levels of the company, both short and long term? Given that OEMs finished 2025 with like near optimal inventory days, has there been like a bullwhip effect on your working capital needs because of the recent surge in demand because of the GST reduction?

**Srinivasan Ravi:** No, on the Powertrain, I think there is no increased requirement of working capital per se. In aluminium, I think the delta price of the price increase will have that marginal 10% or 15% increase in the working capital requirement. So the question is net debt to -- I would rather look at debt to EBITDA. Debt to EBITDA on a consolidated level, we are at 2.55 on a 9-month figure, which is annualized.

**Nikhil Rao:** Okay. Thank you. That's all from my side.

**Moderator:** Thank you. We take the next question from the line of Ajox Frederick from Sundaram Mutual Fund. Please go ahead.

**Ajox Frederick:** Sir, in aluminium, are there products where we can benefit out of this aluminium price increase, meaning it is not on per tonnage basis and on more product level pricing?

**Srinivasan Ravi:** We never have ever quoted for per tonnage basis at all. Aluminium is a calculated material cost, and that is it. And that is anybody can calculate it, not only the customer. So it is a very clear engineering number, which nobody can dispute on the weight of the part, nor on the cost of the material. Cost of material, of course, there can be some dispute on plus/minus 3% on market prices.

That is it. So beyond that, whatever is the gross value addition, what we do on the casting side and the post casting process can be painting, can be some heat treatment and also can be also the machining side. So, we are an engineering company where we do a lot of machining per se as Craftsman stand-alone. But Sunbeam and DR Axion are more on the casting side. Sunbeam on the exports, yes, it is fully finished product. So, we never have ever quoted for per tonne basis on the matter. It is always component to component and this component, this price.

**Ajox Frederick:** Okay. So I mean, despite quoting at those levels, you're saying the spread is what we compute as value add. So always when prices increase, there will be an optical reduction in margins. So, that will always happen?

**Srinivasan Ravi:** Yes, correct. See, suppose a tailor is getting INR1,000 for stitching and the garment is INR2,000, the margin is on -- say, it has got INR300 margin. So the material cost goes up. We have no -- it is a pass-through. So it will only optically increase the top line revenue.

**Ajox Frederick:** Yes. Got it. So sir, secondly, on this Euro FTA, can there be better opportunities than earlier envisaged in Kothavadi from Europe?

**Srinivasan Ravi:** No, I think the Kothavadi project is based on a very special product where there's a unique once-in-a-lifetime sort of requirement coming up for the OEMs who are manufacturing those products, which are hardly less than 10 companies all over the world. So, this is driving that. They are going to lose their customer base if they don't ramp up on that matter. So, everybody is in a race to create capacities. Nobody is worried about this FTA per se.

I think I mentioned in the previous earnings call, the engine or the generator, generator costs anywhere between $1 billion -- sorry, $1 million to, say, $1.5 million per generator, whereas our product may be around $20,000, $30,000 depending on the configuration and size of the engine, things like that. So, we are not any significant game changer as far as their bill of material or the cost goes in.

So it more is driven by the capability of the supplier, in this case, Craftsman and also the reliability of quality is extremely important for the customer to take a decision. This was normally made in-house. So the trust to give the orders outside to a supplier itself is a big, big step for these OEMs.

If you ask for the other -- not the bottom of the pyramid, at least the middle of the pyramid products where we are somewhat present a little, but on the top of the pyramid products, this is not the criteria. FTA is not the criteria. But middle of the pyramid products, there is an -- earlier it was, we need to be 30% cheaper than what they develop in Europe.

Now, Europe costs have gone up and now they're feeling the pinch. Now, they're looking at 20%, we should be cheaper than Europe to get the order. We don't really engage on those sort of businesses. But with this FTA coming in, I think the gap will be further reduced totally. And the trust on Indian supplier base has to improve because of infrastructure for shipping, logistics, reliability of quality and delivery.

Once it improves, we can come at even at a 10% leverage we have on the pricing is we have lesser pricing than the European counterparts, we can easily win the order. But for the aluminium, the other things are happening. Now, I'm switching over to aluminium. Sorry about that. But I would say that I want to clarify, aluminium there is a lot of distress in the aluminium supplier community vendor base, especially in the auto ancillary, both in North America as well as in Europe.

They all invested heavily for Europe and many of them are getting insolvent or they don't have the ability to invest further. So when the swim back is happening to hybrid and ICE in a bigger way, these companies are not able to adopt at all and the products have to be outsourced to other regions. So, we are still competing with our Asian partners and other regions also. So, I think between -- we are not really competing now with the European supplier base or the American supplier base on the products what we manufacture.

**Moderator:** We take the next question from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities.

**Mumuksh Mandlesha:** Yes. Sir, on the capex side, what is the capex for the 9 months? And what is expected for the full year, sir? And can you again indicate the debt level? What is the debt gross and net currently, sir?

**Srinivasan Ravi:** I think this can be taken offline on this subject. So, we'll be reading out lot of numbers for various subsidiaries also. As I mentioned, consolidated net debt to EBITDA, you know the EBITDA levels. It is 2.55 as of now. And today, the return of capital employed is -- pre tax is around 16% totally.

ROE is around 12% annualized. So the -- we look at it now, there is a big upsurge in orders as we speak also. So, we are looking at stand-alone capex for Craftsman around close to INR1,000 crores this year because we have added quite significant revenue. If you recall, our IPO value were when the turnover was around, say, INR1,300 crores, INR1,400 crores range. And now this year alone, we added -- we are adding around INR1,000 crores to the top line overall.

And we are seeing that this growth is going to continue in the coming quarters, also in the coming years. So, we are incurring capex at that level. So, I would not like to comment on closing debt or this. But I think we have seen the higher level of net debt to EBITDA at 2.55. This will keep improving.

**Mumuksh Mandlesha:** Got it, sir. And sir, finally, sir, on this recently, Sunbeam has sold its aluminium piston asset to Shriram Pistons. Just want to understand, I mean, what kind of business was that, sir?

**Srinivasan Ravi:** It was generating around INR30 crores revenue approximately with 2 customers there, both on the 2-wheeler side in the NCR region, totally these customers. And historically, I think earlier it was a slightly higher number, but the products have migrated and moved during the Sunbeam's troubled period, they have not developed the new products. So it doesn't make any material change to have this INR30 crores revenue with the variety of products. And we are not a key market player also, Sunbeam there.

So, we are simplifying the business model of Sunbeam to its core competencies overall on the strategies. In fact, not only that particular business, the number of customers also we have are on the exit mode. We have given 3 months, 6 months' notice for that. These customers, I think, numbering around 10 contribute to 5% of our revenue. So, this means that we'll become more and more efficient as we move on.

Now as we speak, I think 97% or 95% of the revenue is coming from 4, 5 customer groups, I would say, in total. So we want to focus on that, stabilize that and then add more customers, which are sizable value. Here after adding a customer on value, I think at threshold level, I think the initial orders itself, we are looking at $10 million, going all the way to $30 million, even for a smaller company like Sunbeam because of the new cost of, I would say, labor, the infrastructure, the capex.

The equipment cost has gone more, and the demand from the customer also are quite high because of the new requirement of quality and things like that. Also, as we speak, the increased requirements for all sort of tax and other compliances, software, all these things are also going up. So, we cannot really add retail business. This is why we are rationalizing Sunbeam's business.

**Moderator:** We take the next question from the line of Vignesh SBK from Ksema Wealth. Please go ahead.

**Vignesh SBK:** I just want to know, how do we see the revenues across the segments growing in the next couple of years? Do we see like industrial engineering like ramping up? What's your view on that?

**Srinivasan Ravi:** Yes. Industrial Engineering, I think high single digit or low double digit will be there. On Powertrain also, we see the similar number. Aluminium products will be in the high teens.

**Vignesh SBK:** Okay, sir. And how do you see like from ICE to electric vehicle shift and the benefiting or the usage of aluminium products more towards the EV? Is that happening?

**Srinivasan Ravi:** Can you please repeat the question?

**Vignesh SBK:** The demand for the aluminium products, is it increasing as we slowly move to the EV side because of light weighting and something like that?

**Srinivasan Ravi:** I would answer that in two different ways. First, I will answer it for ICE, which is applicable, and then we'll talk about hybrid ICE and then the EV. All the three segments will benefit from light weighting very clearly because it means lesser carbon footprint, lesser cost of the vehicle in engine size and better.

Even the passenger car segment, you might have noticed slowly but surely that now 1.5 liter is becoming predominant, even though the 1.5 liter of the current passenger cars are pumping out more power than the 2 liters of the gasoline earlier. So, now earlier the 1.5 liter power was being used for 1.2 liter also. The engines have become more powerful and more smaller. So even in spite of all that, I think the engine capacity is moving in India from 1.2 to 1.5 liter.

So, this means that the other amenities or other features which the customers want, they will need some sort of engine power or a hybrid to supplement the activity. So, all this or the CAFE norms will drive them, drive the OEMs to have lesser emissions in total to meet the CAFE norms. So for that, light weighting is the best way.

And yes, on EV, it becomes more predominant because the more lighter the vehicle, the same battery will give a higher range or the -- we can reduce the size of the battery to give the same range. That means the cost of the battery in relation -- decrease in cost of the battery in relation with the increased content of aluminium, it is quite similarly advantageous for the OEM to move towards aluminium.

On the ICE and hybrid, the challenges are slightly different. The new platforms have to take the -- they have to bring out the new designs, which the Western world has already adopted in the last 10 years. And only then the aluminium content will increase. But as OEMs build new plants, it is only then possible for them to make this big change.

Always they say platform. I mean, we have to develop a new platform because the existing platform will not meet the safety norms or will not meet the new requirements which have come up. So when they invest for a new platform, which is much more than the Powertrain investment, they build in features which can take in more aluminium, I would say.

So, that is the time aluminium content will dramatically increase. We have got a long way to go for the increase of aluminium content in the passenger vehicle when compared to the Western world. So it is happening, but it's not happening at the pace what we want to happen.

**Moderator:** We take the next question from the line of Abhishek Jain from AlfAccurate Advisors Private Limited.

**Abhishek Jain:** Sir, my next question is on debt side. So, what's your plan to reduce your debt? As you were earlier indicated that you will sell one of your land and you will start to reduce debt in FY '27. So, just wanted to understand how much debt reduction will happen in FY '27 onwards? And what is your target for the medium term?

**Srinivasan Ravi:** See, we have already told anything debt below -- debt-to-EBITDA below 2 is comfortable, and we'd like to stabilize at 1.5 when we have gone through this big growth cycle. So as we speak, it is 2.5 in spite of the land not getting sold. Land has become very -- and very hot property, I would say, in that region. And while we're waiting for the best price, we are engaged with multinational companies who are in the business of selling this land.

Various advertisements have come in. Offers have come in. So, we are evaluating these offers for the best possible price. We are carrying around INR350 crores worth value in the books, which was at the last year when we had done the evaluation. So, we are seeing what best we can do for shareholders. So, that will surely reduce the debt. But we are not in such a hurry that we have to sell the land at a lower price to reduce the debt.

**Abhishek Jain:** You mentioned that your debt-to-EBITDA reduction to be around 1.5 from the 2.5 now. So, how much time it will take?

**Srinivasan Ravi:** Sir, I think I need to be very honest. If we grow at 5%, it will take only 2 years to get to debt-to-EBITDA of 1:1. And another 2 years, we grow at 5%, the debt will be gone totally. There will be no new customers. So, we are balancing that act on the matter. So at a steady state at a lower growth at around 8%, 10%, I think we can have a debt-to-EBITDA anywhere between 1 to 1.5 totally.

So, there will be -- today, we have grown the business from INR1,500 crores to INR7,000 crores. The very fact that India and our Asian neighbor, we have not kept paces. All our customers are disappointed that we don't have the capacity, nor infrastructure to handle those big orders totally.

So for that, I think without building bridges, I think the infrastructure will not grow in the country, nor we invest for -- we cannot have the multi-national customers to place single orders of $50 million, $100 million with us unless we have the capability to deliver that. So with a smaller base, yes, it looks like as if the capex is high. But I think we are looking at even in the aluminium space, competitors who are having $8 billion only in aluminium revenue.

And all the top 10 aluminium players are between $3 billion to $8 billion. And you know that the stated fact is we are less than $0.5 billion in aluminium revenue. So unless we scale up capacity, we cannot even bid for the orders. On one side, we want to broad base the customer. We want to export. We want to be one among the players who are capable of going to the next 10, 15 year cycle of this sort of not only growth phase, I would say, sustainability. So, I think we are doing capex to sustain the company for -- with getting new orders at the new technologies.

**Abhishek Jain:** Got it, sir. Sir, in the Powertrain business, you are also adding capacity. So, just wanted to understand when it will be completed and how much incremental revenue would be generated on this capacity, sir?

**Srinivasan Ravi:** I hope we'll continue to invest for the Powertrain for the first next 5 to 10 years. And this was a stated fact that we bet on ICE rather than on EV. And now we see that it is paying off. So, there is a lot of consolidation happening within India as well as rest of the world in the number of supplier base because, again, of the technological change and the new demands on the emission norms, I would say. So, we are becoming -- getting more inquiries as we speak. So as long that demand keeps going, we'll continue to expand and invest in capacities.

**Abhishek Jain:** And what would be the near-term capacity additions in the Powertrain business? How much that would be?

**Srinivasan Ravi:** I think 10% capacity is -- 5% to 10% is what we are looking at in the next 12 months starting from even this January, yes.

**Moderator:** We take the next question from the line of Nikhil Rao from iThought PMS. Please go ahead.

**Nikhil Rao:** Yes. Thanks for the opportunity. So DR Axion's EBITDA margins are at 20% I think currently. So, just wanted to know if this is the peak or .. in the coming year? And how can we achieve this good growth?

**Srinivasan Ravi:** See, we are putting up one more plant for DR Axion. We have done the disclosures in the stock exchange. You may be aware that we have received some orders. And it's quite significant this plant investments and capacities as we move on. So as we move on, when the new plant comes into operation, two quarters, we'll have a hit on the margins because there will be preoperative cost, which is there and suboptimum utilization of the plant.

But as we move forward, again, it will normalize. And when that plant comes in at full operating capacity in the coming 3, 4 years, we will see that margin expansion will happen because the older projects come down. Again, margin expansion, I put a caveat here or I put a disclaimer here, which is a very strong disclaimer. Our margins are related to only gross margins compared -- on percentage of the gross margins or the -- after the material cost is removed from the top line. So otherwise, it is not an apple-to-apple.

Today, aluminium is around INR230, INR240 or INR280 on the special alloys. No, no, sorry, on special alloys, it is more than INR280. Tomorrow it may be INR500. So if we calculate margins on that, it will be wrong. So, I would rather say it will come on operating leverage and how well we control our costs and how well we are controlling our -- I mean, the product mix and our strategies going forward.

**Moderator:** We take the next question from the line of Himanshu Singh from Baroda BNP Paribas Mutual Fund.

**Himanshu Singh:** Sir, so just wanted to understand what is our exposure by segment? Can you give any rough figure like CV, passenger vehicle, 2-wheelers?

**Srinivasan Ravi:** Only in the Powertrain, you are talking about as a whole as a company. I think you're talking about as a whole as a company. As a consolidated revenue per se across all the subsidiaries also, passenger vehicle contributes to 34% revenue, 2-wheeler is 24%, commercial vehicle is 12%, storage is 9% and balance is -- tractor is around 4%, and all other products, I mean, off-highway is around 5%. Other Powertrain is 4%. So it is quite a long tail.

**Himanshu Singh:** Okay. Sure, sir. And sir, next question is on the stand-alone aluminium performance. So, we have seen the revenues also coming down and margins on the EBIT level falling sharply, almost like 500 basis points. Any particular reason? How should we see this going ahead?

**Srinivasan Ravi:** See, there are OEMs who shut shop for the annual maintenance and post the festive season, inventory correction, the product mix would have changed. Maybe our revenue would have been flat because of aluminium prices or because of new products we have brought into line, which are suboptimum and the existing product lines will not be utilized properly in December because customers will not invert material in the last two weeks of the month because the year of manufacture and a lot of other things which are there.

We also have increased our capacities quite significantly, and we carried those costs in December, which it is below optimum level for December usage. So, this will continue. As we ramp up, it will not be a stable level. There will be fluctuations from one quarter depending on festive season, depending on how the customer performs, how that particular product segment is contributing. So, we will have that. But as on an annual basis, I don't see any big change.

**Moderator:** Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Mr. Srinivasan Ravi for his closing comments.

**Srinivasan Ravi:** Thank you very much for joining. And what I wish to tell our shareholders and investors, I would say thank you for staying with us during this large change, what we have brought about the company from a stand-alone to with the subsidiaries and things like that. We have more interesting things to do in the -- to make the company more strategically aligned in line with the global requirements. So, we are working on that. And thank you for your support.

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

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*(This document has been edited for readability purposes)*