

2<sup>nd</sup> June, 2026

The Manager,  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001

The Manager,  
National Stock Exchange of India Limited,  
Exchange Plaza, Bandra-Kurla Complex,  
Bandra (E),  
Mumbai - 400 051

BSE Scrip Code: 544320

NSE Symbol: CARRARO

**Sub.:** Transcript of the Earnings Conference Call held on Wednesday, 27<sup>th</sup> May, 2026 in respect of the Company's Audited Financial Results for the quarter and financial year ended 31<sup>st</sup> March, 2026

**Ref.:** 1. Regulation 30 and Regulation 46(2) (oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations");  
2. Intimation of Earnings Conference Call dated 16<sup>th</sup> May, 2026 (Earnings Call Intimation"); and  
3. Intimation of Audio recording of Earnings Conference Call held on 27<sup>th</sup> May, 2026 dated 27<sup>th</sup> May, 2026 ("Audio Recording Submission").

Dear Sir/Madam,

Pursuant to above-referred Listing Regulations and in continuation to Earnings Call Intimation and Audio Recording Submission, we are pleased to submit transcript of the Earnings Conference Call held on Wednesday, 27<sup>th</sup> May, 2026 in respect of the Company's audited Financial Results (both standalone and consolidated) for the quarter and financial year ended 31<sup>st</sup> March, 2026

The transcript has been hosted on the Company's website at:

<https://www.carraroindia.com/investors/investor-information/announcements-and-notices>.

You are requested to take this intimation on record.

Thanking you,

Yours faithfully,

**For Carraro India Limited**

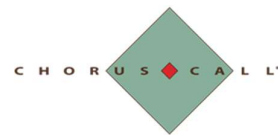
*Mohith Kumar Khandelwal*  
*Company Secretary and Compliance Officer*  
*Membership No.: F11243*

Encl.: As above.



“Carraro India Limited  
Q4 FY ‘26 Earnings Conference Call”  
May 27, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the Stock Exchanges on 27<sup>th</sup> May, 2026 shall prevail.



**MANAGEMENT: DR. BALAJI GOPALAN – MANAGING DIRECTOR –  
CARRARO INDIA LIMITED  
MR. DAVIDE GROSSI – WHOLE-TIME DIRECTOR &  
CHIEF FINANCIAL OFFICER – CARRARO INDIA  
LIMITED  
MR. SUDHENDRA MANNIKAR – WHOLE-TIME  
DIRECTOR & CHIEF OPERATING OFFICER – CARRARO  
INDIA LIMITED  
MR. ASHOK RAI – DIRECTOR, SALES & BUSINESS  
DEVELOPMENT – CARRARO INDIA LIMITED**

**Moderator:**

Ladies and gentlemen, good day and welcome to the Q4 FY '26 Earnings Conference Call for Carraro India Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements do not guarantee the future performance of the company and it may involve risks and uncertainties that are difficult to predict.

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 presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Dr. Balaji Gopalan, Managing Director. Thank you and over to you, sir.

**Balaji Gopalan:**

Thank you and a very good morning to all of you. And thank you for joining us today for Carraro India Limited's Q4 and FY '26 earnings conference call. I am Balaji Gopalan, Managing Director, Carraro India Limited, and I am joined today by Mr. Davide Grossi, our Whole-time Director and CFO; Mr. Sudhendra Mannikar, our Whole-time Director and COO; Mr. Ashok Rai, Director, Sales and Business Development, along with other members of our leadership team and our Investor Relations Advisor, Strategic Growth Advisors. We appreciate your continued interest and participation.

FY '26 was an encouraging year for the Indian off-highway industry, particularly for the agriculture equipment segment. The Indian tractor industry crossed the 1 million unit milestone during the year, supported by favourable monsoon conditions, improved rural cash flows, healthy reservoir levels, and continued momentum in farm mechanization. The GST-led narrowing of the price gap between two-wheel drive and four-wheel drive tractors further accelerated the structural shift towards higher value four-wheel drive platforms.

On the construction equipment side, the domestic market remained relatively soft, with industry volumes declining by approximately 2% year-on-year due to slower infrastructure execution and delays in project activity during parts of the year.

However, exports from India remained robust, growing by nearly 32%, reflecting improving global demand for Indian-manufactured construction equipment and strengthening India's position as an export hub.

Against this backdrop, Carraro India delivered a strong operational and financial performance during FY '26. Revenue from operations grew by 25% year-on-year to over INR2,255 crores, supported by healthy growth across domestic and export markets. Domestic revenues increased by 19% year-on-year, driven by strong demand for agriculture drivelines, particularly four-wheel drive axles, while exports grew by 37% year-on-year, led by sustained momentum in construction equipment applications.

Importantly, profitability improved in line with the guidance we had shared during the year.

EBITDA increased by 33% year-on-year to INR2,475 million, while PAT grew by 48% year-on-year to INR1,306 million. EBITDA margins improved to 10.8% in FY '26 compared to 10.2% in FY '25, despite changes in product mix during the year.

Margin expansion was driven by operating leverage, disciplined cost management, localization initiatives, and execution efficiencies across operations. The consistency of execution across both growth and profitability reflects the strength of our business model, customer relationships, and operational discipline.

To give you some business segment updates, we look at domestic agriculture business. This has continued to perform strongly during the year. The transition from two-wheel drive to four-wheel drive tractors accelerated meaningfully following the GST reduction, which reduced the effective price differential between the two categories.

This structural industry shift has resulted in higher demand for technologically advanced driveline systems and larger axle platforms. As a result, the domestic four-wheel drive axle market witnessed robust growth, with four-wheel drive tractor growth significantly outpacing the broader tractor industry.

In anticipation of this demand trajectory, we are continuing to ramp up capacity and strengthen manufacturing capabilities to support future growth requirements over the medium term.

Now looking at construction equipment business, the ramp-up of the new range of Tele Boom Handler or TBH -- Tele Boom Handler axles for a major international OEM progressed well during the year. We continue to witness healthy traction in this program and maintain strong visibility for structural growth over the coming quarters. In addition, projects with domestic customers, including both Indian and global OEMs, for the TBH axle family are progressing as planned.

In the Backhoe loader segment, our performance remained resilient despite broader market weakness. Sales of drivelines to Indian construction customers increased by approximately 9% during FY '26, even as the domestic construction equipment market declined by around 2%.

Similarly, sales to backhoe loader customers recorded positive growth despite the broader BHL market declining by nearly 10%. This performance highlights the strength of our customer engagement, product relevance, and market positioning.

Coming to higher horsepower transmission business, the export market for these higher horsepower tractors is gradually recovering, which should support transmission offtake going forward.

Our higher horsepower transmission projects with customers in Turkey and customers in India continue to progress well. We expect SOP, Start of Production, for the Turkey program during FY '27, while the Indian customer program is expected to enter production by FY '28. We believe higher horsepower transmission platforms represent an important long-term growth opportunity as farm mechanization trends continue globally.

Gear business remained relatively subdued during FY '26. However, we continue to strengthen the business pipeline and diversify the customer base. During the year, we secured a business nomination for a major OEM for bull gears, valued at approximately INR150 million annually starting FY '28.

We are also working on two additional customer programs, which should support gradual recovery and improved utilization over the coming quarters.

Engineering services business continued to gain traction and reported revenues of approximately INR100 million during FY '26. Encouragingly, we are witnessing increasing customer inquiries for higher horsepower and advanced technology configurations, reflecting growing confidence in our engineering capabilities.

During the year, we signed an engineering services agreement worth approximately INR175 million with Montra Electric for the industrialization and supply of electric transmissions for tractors. The project is progressing well and we have already received prototype orders for field validation.

In parallel, discussion with another customer for engineering services are progressing positively and we continue to pursue additional opportunities in this segment. Over time, we expect our engineering services and future-ready driveline technologies to become an increasingly meaningful contributor to growth and profitability.

On the manufacturing front, we continue to invest in technology, capacity expansion, and operational efficiency improvements. During FY '26, we deployed capex approximately of INR417 million towards new telescopic handler axle production, high-performance transmission programs, incremental manufacturing capacity expansion.

We also continued to strengthen our aftermarket ecosystem through the expansion of authorized service centers, which should support customer experience, aftermarket growth, and stronger engagement over the long term.

Localization remains another important strategic focus area. Raw material localization stood at approximately 78% during FY '26 and we remain on track to increase this to nearly 86% to 88% over the next two to three years. This will continue to support supply chain resilience, cost optimization, and margin improvement over time.

Looking ahead, we remain positive on the medium and long-term opportunity landscape. The momentum built during FY '26 validates the strategic investments and business initiatives undertaken over the last few years.

We believe Carraro India is entering its next phase of growth with a stronger business foundation, increasing localization, enhanced engineering capabilities, a growing export business, deep customer relationships, and expanding opportunities in advanced driveline technologies.

With improving industry sentiment, expanding opportunities across domestic and export markets, and strong execution momentum, we remain confident of achieving revenues of around INR3,500 crores to INR4,000 crores by FY '30, exceeding our earlier target.

For FY '27, we are currently maintaining our revenue growth to be realistic and cautious, but we are supported by healthy underlying demand. However, we are closely monitoring the evolving macroeconomic and geopolitical situation, particularly developments in West Asia. Any sustained rise in energy prices or supply chain volatility could lead to some production and supply-related impact, especially in H1 FY '27 and potentially extend to H2 if the situation persists longer than anticipated.

On profitability, we continue to target EBITDA margin improvement during FY '27, supported by our continued focus on localization, operating efficiencies, value-accelerated product mix, and disciplined cost management initiatives. While the near-term operating environment may remain somewhat volatile, we believe the structural initiatives will continue to support gradual margin expansion going forward.

With that, I would now like to hand over the call to Mr. Davide Grossi, our CFO, to discuss the financial performance in greater detail.

**Davide Grossi:**

Thank you, Balaji, and good morning to everyone. I will now take you through the financial highlights for Q4 and the financial year 2026. Starting with the Q4, revenues from operations for Q4 FY '26 stood at INR6,067 million, INR606 crores, representing a strong growth of 37% year-on-year.

The total income grew by 37% year-on-year to INR6,142 million. EBITDA for the quarter stood at INR710 million, reflecting a growth of 45% year-on-year, while EBITDA margin improved to 11.6% compared to 10.9% in Q4 FY '25.

Our profit after tax for the quarter increased by 76% year-on-year to INR417 million, with PAT margin improving to 6.8% versus 5.3% in the corresponding quarter last year.

From a segment perspective, the agricultural vehicles revenue increased by 37% year-on-year to INR2,784 million, while construction vehicles revenue increased by 36% year-on-year to INR2,613 million. The quarter benefited from strong export momentum, healthy domestic agricultural demand, and improved operating leverage.

When we look at the full financial year '26 performance, revenue from operations stood at INR22,555 million, INR2,255 crores, up by 25% year-on-year. Our total income increased to INR22,840 million. Of the total other income during the year, approximately INR83.8 million pertain to the reversal of a provision previously created for vendor payment.

EBITDA increased by 33% year-on-year to INR2,475 million, translating into EBITDA margin of 10.8% compared to 10.2% in FY '25. Profit after tax increased by 48% year-on-year to INR1,306 million, with a PAT margin improving to 5.7%.

Segment-wise, agricultural vehicles revenue stood at INR10,192 million, up 19% year-on-year, and construction vehicles revenue stood at INR9,837 million, up 31% year-on-year. Geographically, our domestic revenue stood at INR14,430 million, contributing around 64% of our total revenue. Export revenues stood at INR8,125 million, contributing around 36% of total revenue.

If we look at our balance sheet and cash flow, we can say that our balance sheet position strengthened further during the year. Debt-to-equity improved to 0.27x as of March 2026 compared to 0.42x in March 2025.

Our return on capital employed improved to 29.2%, while return on equity increased to 25.5%. Working capital days reduced to 38 days from 45 days in FY '25, reflecting tighter working capital management and operational discipline.

Cash generation during the year remained healthy and continued to support both growth investment and balance sheet strength.

On the dividend front, the Board of Directors has recommended a final dividend of INR6.75 per equity share for FY '26, resulting in a payout ratio of approximately 30%, subject to shareholder approval.

The proposed dividend reflects strong financial performance, healthy cash flow generation, and continued commitment towards delivering sustainable shareholder return while supporting future growth investment.

Overall, we remain financially well-positioned with a healthy balance sheet, improving profitability profile, and sufficient liquidity to support strategic investment and future growth initiatives.

With that, we would like now to take your questions.

**Moderator:**

Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Our first question comes from the line of Raghunandhan NL with Nuvama Research. Please go ahead.

**Raghunandhan NL:**

Good morning team. Congratulations to Balaji sir and Davide sir on a strong FY '26. First question, for FY '27, can you please indicate the export's outlook as underlying industry expectations are turning positive and even the tariff seems to have moderated in US.? In FY '26, there are supplies to major global OEM. How much was the TBH and BHL revenue to this OEM for FY '26 and how do you see the expectation for FY '27?

**Balaji Gopalan:** Yes. Thank you very much. Good morning and thank you for your compliments. A question I think Ashok Rai is the most competent to give an overview, so please Ashok.

**Ashok Rai:** Yes, Raghu, Ashok here. See, when we talk about the export market, there are two aspects. One is the agricultural and other is construction. And in agricultural segment, as you rightly mentioned, the impact of the duty seems to be stabilizing, but still the uncertainty remains, but there could be a slight increase on the export side, especially in the U.S. This is what we are anticipating based on the forecast we have received from the OEMs who are exporting to the U.S. This is first aspect.

Second, we were expecting that the Turkey market, which started showing some kind of improvement in the last six months, is again showing some kind of a stabilization or downturn. But nevertheless, it also will be a subdued in term of the agricultural export.

But when it comes to the construction segment, we are seeing the positive side of the order book. We are frequently getting additional orders for the subsequent quarter and the next, in the 6 months the visibility is there, we are getting the order for the export market. So that is on the positive side.

In the domestic market, knowing the inflation and the way the subsidies are being given for the fertilizers, we don't know how much the money will be left for the investment in the infrastructure project. Depending on that, the construction market is expected to come back or remain at the lower level as the previous year. As you know, the construction market has declined in this year in the domestic market. So we have to see whether how much investment remains with the government after all these subsidies and the cost increase.

On the agricultural side, there are of course, the monsoon is expected to be not to be good, but at the same time, the reservoir in India are full and they are in the better shape. And depending on the rain distribution, how the farming is done, it will define the tractor growth.

Now, the expectation from industry is the single digit, somewhere in mid-teen where will be a growth, that too when the industry has peaked this year to around 1.2 million tractors. Nevertheless, since Carraro is in the four-wheel drive transition phase, we expect that even though market will moderate, the transition of this two-wheel drive to four-wheel drive remain more than the market growth.

**Raghunandhan NL:** Thank you, Ashok sir for the details. Can you indicate for FY '26 how much was the revenue to the major global OEM for TBH and Backhoe and how do you expect for FY '27 based on the orders received?

**Ashok Rai:** See, when we talk about the export customer, the guidance remain same level. So we are more or less on the track, especially on the TBH. We mentioned that in the next 2 to 3 years, we'll be almost, we'll be growing by 10 million, then an additional 18 million like that. So that is happening in the subsequent year and maybe by '29 we will have that INR30 million revenue from the TBH business. So that is in track at the moment.

And when it comes to the Backhoe loader exports, at this point of time, the order book is good. I will say good means it's not bad, but we have to see how it remains knowing that the inflation --every 6 months, every 3 months, every 2 months, there's a change in scenario in term of the geopolitical situation.

**Raghunandhan NL:** Thank you sir. Thank you for the details. My second question was on the RM cost. In Q4, there is some increase in raw material as a percentage of revenue. And is this due to commodity inflation, higher freight cost on imports, or is there any aspect of product mix also? And generally, how much lag is there in pass-through of commodity inflation to customers - would it be 3 months?

**Davide Grossi:** So, hi Raghu, Davide here. So regarding Q4, I would say that the major driver of that increment of the material percentage on total sales is actually the adverse mix that we have faced during the quarter. So it's not a major issue in terms of increase of the material cost or transportation and so on as of now.

The second thing you asked.....

**Ashok Rai:** Regarding the commodity recovery....

**Davide Grossi:** Yes, yes, yes. So usually, as majority of our agreements with customer foresee an adjustment over a period of 3 months. Then there are of course some exceptions here and there, but you can take 3 months as a most common and average timing for that.

**Raghunandhan NL:** Noted sir. Thank you. Can you indicate for FY '27 how do you see the growth outlook? Would you maintain that range of 8% to 12% growth for revenue and how do you see the margin expansion if you want to give a range in terms of how much expansion we can expect?

**Balaji Gopalan:** Yes, I'll come in for this. Raghu, see the whole situation today is a bit volatile. We in normal condition and the way we are launching our products and the response we are getting from the OEMs very clearly reinforces our earlier guidance of 8% to 12%. That is still the situation if things return back to normal.

But in current situation, it is going to be a speculation to say what we will land in. So we have to wait and watch. Certainly, we will have a positive growth that will happen this year. 8% to 12% can become probably 4% to 8%, but these are all speculation. We are looking at a very strong demand that will come up.

OEMs are all cautioning us to keep our capacities and supply chain intact. So it's a matter of time when that kick-off is going to happen. I guess time will tell, but to answer your question, we are not looking at shrinking our revenues or going down the current levels that we have reached. It will be positive. How much? 4%, 6%, 8%, that time will tell.

**Raghunandhan NL:** Thank you sir. That's very helpful. I'll fall back to the queue. Thank you.

**Moderator:** Thank you. The next question comes from the line of Sonal Gupta with HSBC Asset Management India. Please go ahead.

**Sonal Gupta:** Yes, hi. Good morning, sir and thanks for taking my question. And many congratulations on the stellar performance in FY '26. I mean, really after the first half, we were not sure if we were going to meet the margin target, but I mean you have, so congratulations on that. Sir, just on margin itself, wanted to understand like last year you talked about that we will be improving our margins by 100 basis points every year. And while you've indicated a positive outlook, you've sort of refrained from saying that we will sort of be able to do that sort of an improvement. So just wanted to understand the push and pulls here and in what scenarios can you improve by 100 basis points?

**Balaji Gopalan:** Yes. Thank you very much again for your recognition of the results that we have brought in, in line with the guidance we have given in the past. Our endeavour and our philosophy has always been to say what we can do and do what we have said. So that consistency is very important.

So when it comes to questions like the EBITDA guidance in a situation like this, very honestly, I feel a little uncomfortable to give any number because it's not really in our hands to defend it at a later time.

But having said that, all our initiatives are giving us the desired result that we were looking at. These disruptions do have an impact on marginality because sometimes we have to ensure that the customer gets the priority, they don't lose their market share. So it becomes important for us to sometimes stretch ourselves to meet customer needs. So these kind of turbulent times, uncertain time, it's very difficult to give a guidance.

But nonetheless, I would surely say that we reached 10.8%, we will move upward, we're not going to slide backward. Whether we reach 11.5%, 11.7%, 11.2%, that is again dependent on the revenue that we will get, the product mix that will happen. So lot of things getting into it. The pricing of the energy costs and others, the transportation cost, so many things are involved. Even labour availability has become a problem. Migrant labour have all gone back, so the labour cost has also gone up.

If all these things stabilize, then we are back to our original guidance. But when this uncertainty is there, we would like to be cautious and not put our foot in our mouth. But at the same time, I will confidently give a message to the shareholders that profitability will go up for sure. We will not decline. We will not go back in the margins that we have reached till now. Have I answered your question, not to your satisfaction, but I tried my best.

**Sonal Gupta:** No, it's fine sir. I understand from a shorter term view, but I just wanted to understand like from a medium-term perspective, do we still maintain our trajectory on the margin improvement side?

**Balaji Gopalan:** Yes. The margin improvement side is parallelly going on. Once this disruption, the cost of disruption, that is absorbed, then we are back to the normal highway speed. Now we are, you know, manoeuvring the potholes that are there in front of us, but we will catch up, we will make it up.

See, the larger picture if you see, if you talk of next 9 months to 12 months to 14 months, surely all these things will get covered up. We will not be going downwards at any point. It will only

be upward. How steep it is and where we will end depends on how soon the normalcy comes to us. That is more important.

As it prolongs, then you know, the recovery also gets prolonged by that much. But recovery is there, end of the tunnel we can see, we know what to do to get back to the original guidance that we have given. We are on top of things. We have a control watchtower at group level and at every regional level.

The watchtower interacts with each other every day to assess situation, collect data, crunch the data, and anticipate our actions. With all these things, we are confident that we will come out quite comfortably with our best foot in front.

**Sonal Gupta:** Yes, thanks sir.

**Balaji Gopalan:** Yes.

**Sonal Gupta:** And just one more question on the domestic four-wheel drive tractor market. Could you sort of tell us what is the sort of size of the market? I understand now it's like 20% of the domestic industry and what sort of growth has the industry seen and what sort of growth have we seen and how much outsourcing is there now and how much is being done in-house? Like if you could just give us a sense on that.

**Balaji Gopalan:** Yes, sure. Ashok will deep dive into it. Yes, Ashok?

**Ashok Rai:** Yes, Sonal, Ashok here. See, this year again after the GST in September when the government reduced it, the transition from two-wheel drive to four-wheel drive has accelerated, especially above 40 horsepower. And as you rightly said, around two years ago or the last year, it was around 20%, 22%.

So this year, it is we -- since we don't have a formal data as I always tell you, we collect it from the OEMs and we just estimate it. And our estimate tells us this year we have closed almost at 24% as a four-wheel drive market above 40 HP, because we operate in the 40 HP and above segment. So the market has touched around 24%.

Now, moving forward, even today the market is at the peak in term of total number, which is almost 1.2 million. And market is expected to grow almost 2% or 3% or 5%. But within this, the four-wheel drive segment will go up because customer will not go back to two-wheel drive whosoever has bought the four-wheel drive, like the earlier power steering nobody goes back to the manual steering. So that expectation is there. And even the demand indication as well as the capacity requirement by the OEM also indicates that the transition of this four-wheel drive is ON. And we expect that another three year to five year, it should be almost 40% to 45% of the market.

**Sonal Gupta:** Got it, sir. So my just follow-up on that was that how much of this market on the four-wheel drive axles is being outsourced to external players like you and how much are OEMs doing in-house?

- Ashok Rai:** Just a guess, as I said, I don't have the formal data, but it is 60% to 65% is outsourced and 30% to 35% is with OEMs today.
- Sonal Gupta:** Okay, okay. And sorry, and I think you mentioned on the domestic agriculture, so four-wheel drive we would have grown like overall 30% to 35%, right, on the -- in the domestic?
- Ashok Rai:** Yes, yes, yes. You're absolutely right. Your guestimate is right.
- Sonal Gupta:** Okay. Great, sir. Thank you so much and wish you all the best.
- Balaji Gopalan:** Thank you.
- Moderator:** The next question comes from the line of Ashok Shah from Eklavya Invesco Family Office. Please go ahead.
- Ashok Shah:** Thanks for allowing me. Sir, four-wheel drive and three-wheel drive, so currently there is no incentive to increase or the incentivize four-wheel drive. So how we would be able to grow over next few years and what could be our size over next two years to three years due to the GST point?
- Balaji Gopalan:** Okay. Sir, I'll first come to the two-wheel drive versus four-wheel drive in tractor, okay? We have explained in the past very well that two-wheel drive is a very, very basic mechanical equipment and two-wheel drive tractors were introduced 50 years , 60 years back as part of the Green Revolution and to save the bullocks and ox animals being used for farm, Vinoba Bhave thanks to him.
- So it was a replacement for bullock cart, a very basic mechanical product was launched at low cost. Unfortunately, that technology because of low cost and the Indian culture to retain old products, we continued with it for a very, very long time. The world moved ahead and in developed countries, nearly 95% to 98% is four-wheel drive, they don't sell two-wheel drive tractors at all.
- Sir, for you also, I will take two more minutes. If you see farmland, farming area is a wet area. And even a car if it is slushy, if there is mud, water, a two-wheel drive car gets stuck in it. So can you imagine where the work of the tractor is in a wet land to operate on a two-wheel drive is the most, I would say, unfavourable condition to operate. So naturally, you need four-wheel drive.
- Now India has realized it and for food security and farm efficiencies, we need these kind of four-wheel drive tractors, not just to operate, but also to operate implements that are required for mechanization in the farm. Farm mechanization is driven by tractor, so it becomes very, very important to have the appropriate equipment in the farm and that is where India is moving.
- Five years back, four-wheel drive was hardly 2% to 3%. Today, we are talking in the range of 22% to 25% and moving to 40%. What is the incentive? The government indirectly has given incentives in the last year, one and a half years, in certain pockets in Haryana and Punjab for

higher horsepower tractors or four-wheel drive tractors to check a pilot on how the efficiencies are improving. The results have been good.

What is again the financial motivation for a farmer to go in for it? GST reduction by the government came in at the right time. So the differential between the cost of a two-wheel drive tractor and a four-wheel drive tractor has now almost vanished because the cost differential was more or less the same as the GST reduction. So that gave a boost and that is the reason this quarter we saw a higher offtake of four-wheel drive and we expect that it will continue as well.

Technology absorption initially is short, but once people experience it and social media and other community cooperative activities, they start pushing for a better vehicle that is available. So this is in short about the trajectory of four-wheel drive and why we are pitching for it and working on it.

Fuel efficiency, there is an ROI that happens because two-wheel drive there is lot of slippages, you keep accelerating to get out of the pit or the sludge, whereas in a four-wheel drive, you don't need to keep accelerating and making the vehicle jump out of the slush. So there is fuel saving, cost of acquisition has more or less become same as two-wheel drive, the world is moving, technology is better, awareness of our Indian citizens have improved, all these things are fertile grounds for the product to penetrate into the market. So there will be a structural shift into four-wheel drive, which is visible now. I hope, I have answered your question, sir.

**Ashok Shah:** Yes. And my second question is regarding as a good corporate governance, we are holding a physical annual general meeting. So if it is possible, please hold the Annual General Meeting in the plant, so plant visit can be also simultaneously completed and cost can be saved for the five-star hotel also. That's all. Thanks from my side.

**Balaji Gopalan:** Okay, sir. We'll consider your input. Certainly, it has a valid point. But logistically, we'll have to see because the plant is about one and a half hours and there are lot of construction work on the highways going on. So we are open for a plant visit that is not an issue. We can always arrange for people who want to visit it after attending the program. But we will also reconsider looking at the time that takes to travel to Ranjangaon. We can do it. It will save time plus we'll be proud to show our facility. So in any case, you're most welcome to visit the plant on that day or even separately, we will arrange for plant visit for any of our shareholders.

**Ashok Shah:** Thank you for good gesture. Thank you.

**Balaji Gopalan:** Thank you.

**Moderator:** The next question comes from the line of Raghunandan NL with Nuvama Research. Please go ahead.

**Raghunandhan NL:** Thank you sir for the opportunity again. Firstly, on FY '27 capex, can you please indicate how much will be the plan? Would it be in that range of INR130 crores to INR140 crores?

**Davide Grossi:** Yes, we confirm that amount, more on the INR130 crores than INR140 crores, but we will be in that range. As of now, everything is confirmed.

- Raghunandhan NL:** Thank you for that sir. And one clarification, other income in FY '26, within that amount, can you please indicate how much was the export incentives? Like other income was about INR285 million. How much was export incentives within that?
- Davide Grossi:** Okay, yes. I do not have the exact number with me, but you can derive it. So we said that out of this INR285 million, roughly 83 were a provision that we have reversed. So out of the 200 which are remaining, more or less 75% is export incentive, so roughly 150.
- Raghunandhan NL:** Understood sir. Thank you. And also for the exports, can you please broadly indicate the geography mix, like we supply to US, Europe, UK, China, LATAM. Approximately, if you can indicate what can be the mix between various key regions.
- Davide Grossi:** See, Raghu, here is a bit more complicated, also because there are two level of complication. The first one is that as you know, we operate as a contract manufacturer, so we invoice everything to our headquarters and then the goods go in different geographies. But a second layer of complication is that even if we ship something to a specific country, often this is the country where our OEM has an assembly plant and then they distribute all over the world. So it might even be kind of misleading if I give you any number, but roughly you can say that Europe remains our main market when we talk about export.
- Turkey has become more and more relevant. China was also quite relevant this year. Latin America is also on the 10% if I'm not mistaken.
- Ashok Rai:** US 9% to 10%
- Davide Grossi:** Yes. US 9% to 10% of our export. I think, Europe represents 50% or less.
- Ashok Rai:** Turkey included.
- Davide Grossi:** If you include Turkey, 50%, yes. I think China around another 8% to 10% possibly.
- Ashok Rai:** China is also similar 8%, 9%.
- Davide Grossi:** Yes, 9% and another I think 10% could be Latin America.
- Ashok Rai:** Even when produced in China, it goes to Latin America, for example. That is what Davide was hinting that any number we tell will be a misguiding. But this is a broad mix.
- Raghunandhan NL:** Understood sir. But thank you for the details. That's all from my side. I'll fall back to the queue. Thank you.
- Moderator:** The next question comes from the line of Mustafa Arif with Nine Rivers Capital. Please go ahead.
- Mustafa Arif:** Hi. So congratulations for the team and thank you for taking my question. So I just wanted to ask that recently the largest domestic OEM, sort of, spoke about their new transmission platform in one of their sub-brands and how they are rolling that out across the country, right, so in a

staged manner. So just wanted to understand how what has been our contribution over there and is this a, sort of, shift for us in our business from in-house to sort of an outsourced model?

**Ashok Rai:**

Ashok, here. See it's very difficult to comment on the ambiguous question because you have referred an unknown OEM, but there are various programs going on with the OEMs. So many OEMs have, yes, we are also working with Swaraj, we are working with many other OEMs on the new platform. And as you know, we are in a specialized segment. So if they are below 25 or 30 HP, probably we'll not be there, example I am saying it.

So it is very difficult to answer on behalf of the OEM, but from Carraro point of view, we can say that today we produce up to 150 HP range of transmissions in Carraro in India. And the Indian OEMs are having a design which is up to 60, 65 horsepower range for the domestic market. Whenever any technology shift is happening, those technologies are locally available with Carraro in India because we are producing it for past more than a decade, those new technologies which are not even taken inside the local market as a tractor feature. So the programs are going on with the OEMs at various platform levels. There could be some platform they are making it themselves and some platform with us.

**Mustafa Arif:**

All right. Thank you. And also if you could give a little bit more color on the gross margin decline, you know, you mentioned that it is product mix, but do you mean product mix within, you know, your configurations or do you mean between agri and construction equipment? How does that work?

**Davide Grossi:**

It's between our range of products, our range of axles and mostly if we refer to agriculture range. So this specific quarter we had a boost even that went even beyond what we were expecting of demand of a certain category of axles that we wanted to dispatch, we wanted to, you know, make the customer happy, but we have had to compromise a little bit on, let's say, the cost efficiency to maintain the, you know, the continuity of the supply. So that bit down the gross margin, but at the same time, it helped us to absorb fixed cost in a better way, so all in all, it was beneficial for us.

**Mustafa Arif:**

Okay. Thank you. That's it from my side.

**Moderator:**

Thank you. The next question comes from the line of Shriram, an Individual Investor. Please go ahead.

**Shriram:**

Yes, thank you for the opportunity. So I just have one question. Can you please share the absolute sales figure of four-wheel drive axles for the quarter and also for the year?

**Ashok Rai:**

It's Ashok here. It's very difficult in terms of informing because we have a mix of the turnover because the transmission and axles are sold together and normally we don't give the breakup as a guidance. But for sure, the numbers are like when we said 30% we have grown vis-à-vis in the previous question we said that 30% we have grown vis-à-vis the last year when the market has grown 20%, 22%, similar way our revenue has also grown by 30% and the numbers also similar vibe.

**Shriram:**

Fine, sir. Got it. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to the management for their closing remarks.

**Balaji Gopalan:** Thank you everyone for joining us today and for your continued support and trust in Carraro India Limited. We remain excited about the opportunities ahead and confident in our ability to deliver sustainable and profitable growth over the coming years.

We hope we have addressed your questions satisfactorily. Should you require any further information, please feel free to reach out to Strategic Growth Advisors, our investor relation advisors. Thank you once again and have a great day ahead. Thank you.

**Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of Carraro India Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.