2nd November, 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 half year ended 30th September, 2026;

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and our intimation and outcome letters dated 14th October, 2026 and 29th October, 2026 respectively, we are enclosing herewith the transcript of the earnings conference call organized on Thursday, the 29th October, 2026 at 4.00 P.M. (IST) on the Unaudited Financial Results (Standalone & Consolidated) for the quarter and half year ended 30th September, 2026.

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
Digitally signed by SHAINSHAD ADUVANNI
Date: 2026.11.02 10:09:46 +05'30'

Shainshad Aduvanni
Company Secretary and Compliance Officer

Encl: As above

CRAFTSMAN AUTOMATION LIMITED

Transcript of the Earnings Conference Call held on 29th October, 2026
for the quarter and half year ended 30th September, 2026

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 of Craftsman Automation Limited.

As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the opening remarks are concluded. Should you require any assistance during the conference call, please signal an operator by pressing "*" followed by "0" on your touchtone telephone.

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

Srinivasan Ravi: Good afternoon, everybody and thank you very much for joining the Earnings Call for today.

I just want to touch upon briefly on the last two quarters and about the opportunity for Craftsman as well as the headwinds we had with the war as well as the commodity prices which was spiking very sharply and now it is on a lower trajectory. So, we weathered all these situations, we have put up a lot of capacity, still capacity is getting created as we speak, not all capacities have come into production and some of the pipelines are not full yet. We are on a growth path and we will be continuing this growth path into H2 as well as in the next two financial years. Some of the orders what we are doing is some are short-term, medium-term prospects and also long-term prospects. The long-term prospects, the CAPEX has been done bulk in the stationary engine side which you all are aware. The revenues will start from FY'29 and go into FY'30 where we will peak at around $100 million and the next level of peak we are expecting in the enquiries and order push is quite strong.

Aluminum is having a strong headwind and we are adding more capacities across our plants and our subsidiaries also. The DR Axion Plant-2 has started at least trial production I would say and the order book is also strong there. Sunbeam has gone through a very good transformation and we are in close contact with the customers on the way forward. Q3 and Q4 will be looking better for Sunbeam and next financial year I think we will be also getting new orders from new customers while we are leveraging the capacities for newer products which will give better benefits. And also across all customers and all product lines especially the legacy products, we are in contact with customers for the price rationalization or price reset in cases of legacy products and this has to be done for almost all suppliers is what we feel because of the sharp rise in manpower cost, energy cost and all other associated costs. The capital

goods cost has been steadily rising I mean that any new projects cannot be done at old prices so we are also very careful.

One good thing about Craftsman is we have been continuously doing CAPEX and bulk of the CAPEX has been even before the big rise in the capital goods cost has increased. Now capital goods also it is not easy to put up CAPEX because of the long gestation period. There is a huge bottleneck for supply of capital goods across the world so we are in a strong position to win more orders and also we are winning more orders as we speak. We are little more selective on the customers as well as the product looking at the lifecycle and profitability since we have now the base which is stronger and our ability to attract slightly larger customers with more profitable products for supply within India or outside India is better now on the position because of our bigger size.

The growth in Powertrain is expected to continue and also strong growth in Aluminum. Yes, we have seen some corrections of the margins in Aluminum that is not a correction, it is a temporary correction. We had increased our inventory because of the shortage of raw material and also the prices which were increasing dropped suddenly so we had an impact of that. So, with the price increase what we are negotiating with the customer or correction or compensation for the Aluminum price correction also which will play out in the coming two quarters. I think most of the customers are open to that discussion. We will see the benefits coming into the next two quarters.

Now, I will leave the floor open for any Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. Please note that some of the statements made during this earnings conference call may constitute forward-looking statements which are subject to risks and uncertainties and are not guarantees of future performance. We encourage you to refer to the disclaimer section in the company's investor presentation. Further, the management will not be addressing any customer-specific queries due to confidentiality obligations. Participants are requested to avoid mentioning customer names while asking questions.

The first next question is from the line of Chandramouli Muthiah from Goldman Sachs. Please go ahead.

Chandramouli Muthiah: My first question is just around the gross profit line. I think that's an easier line for you to manage growth on. First half growth has been at about 30% YOY on gross profit. 2Q has also been around that range. So, just related to a lot of the business that you've been winning and the capacity that you've been adding, I just want to understand over the next 12 months to 18 months when you expect the inflection in gross profit growth, just related to all this capacity that's coming on board and business that's being won?

Srinivasan Ravi: Thank you for the question. I would say that this sort of growth will continue if you look at an year-on-year basis for quite the next two quarters, three quarters. We are quite confident about the growth because of the past investments and past developments of the products and the pipeline which is already there, products being approved or plants coming on stream. Other than the headwinds what we had on the energy cost, mainly the gas and also the

Aluminum spike which has let a little ripple in this quarter, last quarter. Otherwise, we feel that overall growth will continue in all the segments in the Powertrain, not all segments of the Powertrain. Of course, tractor we will see some contraction in the next two quarters. Apart from that on the powertrain we'll see growth. So, overall growth on the powertrain is we are quite confident about that. Similarly, on the Aluminum, the pipeline is quite long for the whatever order wins we have. There are some headwinds on the new plants where we have to put in the working capital in and we have to start up the plants which is also happening as a suboptimum as of now. So, the operating leverage on those plants will take another two quarters to get into a profitable situation, more profitable situation. So, this is dragging down a little, but this is temporary I would say. But whereas the mature plants are having an advantage on the operating leverage. But as I said earlier, bulk of the margins also will come from the price correction which has to happen across almost all the OEMs.

Chandramouli Muthiah: Got it. That's helpful. Just to follow up on the price correction, roughly what magnitude do you think you need to take price spikes for the factors you mentioned; manpower, energy costs and so on?

Srinivasan Ravi: See it depends from customer to customer, product to product also and the time when the first order was placed. If the orders were placed in the last few quarters, I don't think that is feasible for any customer to give. But there are legacy products which are not corrected and also the volume has contracted on some of the legacy products where it is a drag. Yes, it requires a big reset I would say in that case. And in certain cases, yes, it is more on manpower and power and other regular inflation which is related. It may vary, but anywhere between 6%-7% all the way to 15%-20% will be there depending on the commodity, the product and the time of the order. This is not on the top line, but on the gross margin or the value addition portion. It might not impact too much on the OEMs there on the top line, I would say, as far as we are concerned. The top line may be with the commodity prices; we cannot really put a number to it of what is the percentage there.

Chandramouli Muthiah: Got it. That's helpful. And my second question is just around, there's been recent news flow around one of the large domestic passenger vehicle manufacturers and then their partnership now expanding with all the global passenger vehicle manufacturers. So, I just want to understand, there are some news reports that there might be a local engine of the local passenger vehicle maker becoming an expanded scope in the global platform in this partnership. So, I just want to understand your thoughts on how that situation is evolving and what the opportunity size could be for a company like Craftsman?

Srinivasan Ravi: Not only the customer, the OEM you are talking about, what I can guess it is across all the OEMs present in India who are multinational and also Indian OEMs. Whatever product is suitable in India for the Indian passenger vehicle consumer, those products are very competitive and these are the same products which are required in some of the underdeveloped markets or even South American, African markets and some parts of Asia. So, logically, India will become a manufacturing hub, if not for the vehicles themselves, but at least for the Powertrain, which is logical. The second thing is there is a proof here

on tractor, on the small tractors up to say 120 horsepower. India has become a global power for tractor manufacturing and all the OEMs across the world have invested into India for capacities for export out of India also. So, the same trend also seen on the two-wheeler side that exports of two-wheeler from India is increasing. Also on the construction equipment, not on the high-end construction equipment, but on the construction equipment where we have bulk requirement India, we see exports also happening. So, exports out of India as a product or an aggregate will continue to grow. So, there is opportunity for all tier 1, tier 2 suppliers like craftsman for on the growth strategy.

Moderator: Thank you. The next question is from the line of Senthil Kumar from Joindre Capital Services. Please go ahead.

Senthil Kumar: Just wanted to know about the gross debt. The gross debt increased from Rs. 3,340 crores in March 2026 to Rs. 3,618 crores in September 2026 consolidated figure. This is despite the debt repayment using QIP proceeds. Could you elaborate what is the reason for this increase?

Srinivasan Ravi: The net debt is only around Rs. 3,000 crores because we have got a lot of cash available and some capital advances which we have paid. Our top line growth is quite significant. So, working capital has ballooned and also the other say GST credit has ballooned and some of the pipeline we have added more lines or more plants. So, that pipeline inventory is yet to materialize into revenue on the matter. So, yes, and we are also carrying some safety stock of material which now will get diluted in the coming quarter. So, overall the CAPEX, we have done significant CAPEX in the first half. So, overall I think we will be at 1.7-1.8 net debt to EBITDA on a consolidated basis for the year. And I mentioned that the inflection point for us is around Rs. 1,850 crores sort of EBITDA which we will reach next year. After that we will be able to be self-sufficient for funding our CAPEX as well as the maintenance CAPEX. So, we have done a big surge of CAPEX to cater to a larger customer base and the end segment base. So, this one time we have pivoted that we want to keep the growth path, we have committed a 15% CAGR. Of course, some years we will grow much more than that. In the real terms not adjusted for inflation is what we say that we will be growing at 15%. Our base is quite strong, I mean large. So, considering all that I think this is, we have taken land for putting new plants. The land is partially utilized but that land will serve for the next 3, 4, 5 years for our expansion. And infrastructure also has been, basic infrastructure has been put. So, additional equipment will not take too much CAPEX. So, this is like building a new airport. I think we have taken this decision to expand our footprint in manufacturing.

Senthil Kumar: What would be the gross debt level by end of FY'27, given this challenging environment?

Srinivasan Ravi: I would rather say it will be 1.7x-1.8x net debt to EBITDA overall on a consolidated level. I do not want to give a forward-looking statement on EBITDA but you know the EBITDA you can reverse calculate it for H1 and definitely H2 revenue will be more and H2 normally the EBITDA also is better. So, I would leave it at that.

Moderator: Thank you. The next question is from the line of Vignesh from SIMA Wealth. Please go ahead.

Vignesh: Just want to understand on the medium-term outlook, are we looking for any other new segments entering into it apart from heavy HP engines?

Srinivasan Ravi: Practically, no new segment but we are vigorously expanding the powertrain capacity, the Aluminum casting capacity and machining capacity and we have done bulk of it. So, we expect that to yield results in the coming quarters in a better way. Otherwise, we are also broad basing on the new product on the Aluminum components, not only the legacy parts but I think there are more opportunities coming in not only on the EV but in general, the product offerings of the OEMs have become more wider. So, we are seeing opportunities there.

Vignesh: Okay sir, and regarding the second phase of this high engines or how is it coming out? Like what are the revenue targets we are planning?

Srinivasan Ravi: So, as we speak, we are getting inquiries for the next level of capacities. Most of it is on the same products, what we are already developing that is welcome that means gestation period to market will be improved. We are discussing that to add some capacities there. Second thing is we are looking at broad basing the value-added subject that hereafter we are trying to build up facilities which are little more flexible in nature to cater to various customers looking at the global market outlook. So, all this will be more attractive for the customer to reach out to us to get their product quickly developed or quickly ramped up. So, I would not like to reveal that how much inquiries we received but I think it is still going strong. Today AI I think is here to stay and the backup power generators or the mainstream generators required for that will continue to grow over the next 5-7 years.

Vignesh: So, tentatively as the first phase reaches a peak revenue in FY'30, once that is done we will start the second phase, we can assume like that?

Srinivasan Ravi: Yes, you can assume like that and second phase will not be capital intensive because our infrastructure is already in place for the foundry as well as the fundamental machine shop. So, there after that it becomes interesting that incremental CAPEX and the incremental revenue growth will be more attractive.

Moderator: Thank you. The next question is from the line of Joseph George from IIFL. Please go ahead.

Joseph George: Thank you. I had a couple of topics to discuss. One was on cash flows. So, this year you have raised Rs. 2,000 crores of QIP and if I look at the run rate of CAPEX in the first half of the year which is about Rs. 1,100 crores plus there is a lot of cash drain on working capital. Considering all of that how do you see the net debt position at the end of FY'27 compared to FY'26 end?

Srinivasan Ravi: So, I said today that one thing is that our growth on absolute terms has been say 50% but I would discount that with the commodity side. But on an overall base if you look at it as a standalone, the real terms itself we have grown 35% on a larger base. That means our capacities are much more than that in total.

So, this means the capex and the working capital cycle is yet to play on the number of days which we will see more. In the Q4 the exit rate will give a very clear indication of what are the things to come in next year. So, we are in the build-up stage now. So, I don't think this is giving a right picture about what is happening at our end.

Joseph George: Okay, sir. Fair enough. And in terms of capex for the full year should we expect a similar kind of run rate in 2H as we have seen in 1H?

Srinivasan Ravi: No, I think we are quite clear about Q3 to a decent extent. But Q4 we might not do much CAPEX for the simple reason that our other CAPEX are little more long-term and that will be pushed into subsequent years in a phased manner. It will not be coming as big as this because we have broken the one level where we have put up greenfield facilities across India, I would say, on both the powertrain and Aluminum segments. To answer your question, Q3 on a console level will be between Rs. 500 crores-Rs. 600 crore on the CAPEX.

Joseph George: Okay, understood. The second question or topic I wanted to chat on was the Sunbeam business. So, I remember about a couple of quarters back, you had mentioned that you will give up on low margin business, low margin revenue and improve the mix and get to early teens or mid-teens kind of a margin, maybe in a year or two. I want to understand where we stand on that journey. Have you started giving up low margin businesses or what's the path from here?

Srinivasan Ravi: Yes, our customers request us to support until the festive season, which we have done for this festive season. So, those products will go away in the next couple of months. Handing over is happening where they're developing alternate or whatever maybe. So, overall, the exit of certain smaller customers is mostly complete, but the bigger customers we are handholding. So, our top line may reduce, but our absolute margins will improve because some of them are negative on the EBITDA itself in general. There's no point in trying to reset those prices. So, with that, the P&L will be very healthy.

Moderator: Thank you. The next question is from the line of Sagar Shetty from Wealthyvia. Please go ahead.

Sagar Shetty: My question was regarding first of all that we have recorded a good top line growth and at the same time, we have seen that the margins were a bit declining. So, is it right to assume that we have seen some sort of Aluminum pass through during this quarter? So, if you could just throw some light on that and why was the margin a bit lagging?

Srinivasan Ravi: Yes, the Aluminum, some of it we are still in discussion with the customer for the corrections on the matter. Until we come to a conclusion, we cannot book the differences, number one. Number two is the steep rise and there is a panic in the market of the availability of material itself. Added to that is the Middle East crisis. See, we wanted to protect our customer product lines. So, we had to take an extreme step of ordering more, not knowing which material will be supplied or which material will not be supplied. So, we have gone a little overboard, but I think that will stand us in the long run. Even to be frank with you, some of the customers asked us to give the Aluminum to them for them

to give to other suppliers. That was the situation. So, for that, we have taken some brunt that when the prices dropped, yes, we have some impact. There is a one-time impact, but it does not go into impact on the longer term. Yes, on Q2 especially, yes. And in Q3, there will be very marginal and Q4, there will be nothing there.

Sagar Shetty: Okay. And my next question was around when I view at the Q2, there was a new German subsidiary. So, if we just throw some light on it, like what is the purpose and investment planned in it? And at the same time, if you would also, like what is the growth rate in German subsidiaries as of now? Like what is the quarter run rate which we should expect going forward?

Srinivasan Ravi: So, I will just explain the German subsidiary, even though it looks a number of companies. Fundamentally, there is one holding company, which is holding a real estate company and then the holding company is holding a foundry, that is it. The foundry is the only manufacturing company as of now. And that company is quite, I think it has reported a healthy growth in the revenue and also the profitability is very decent. And this is also supplying to large engine family products and which is sustainable going forward. And all the expenses are indexed with the customer. In the case of power, all the raw materials and also the labor cost. So, we do not see any risk on the business and it is a steady business and it is profitable. Coming to what is the new company which we have done, only the formation has been done there. The machining portion is now outsourced to some smaller companies in Germany. Since our growth is big, we thought Craftsman, yes, we have capability in machining. So, we want to take a small, put a small machine shop there, which will help our customers to give more orders to us there. So, in this case, we have not decided the quantum of investment. It will be very small. You know that we have invested around Rs. 100 crores to Rs. 130 crores, something like this, in the German subsidiary. But machine shop will be a small, a very small percentage when compared to that.

Sagar Shetty: Yes, please. So, I just wanted to know, are we planning any future CAPEX like in the foreign subsidiaries going forward? Like apart from the Rs. 1,500 crores outlay which we had, anything extra for the foreign subsidiaries going?

Srinivasan Ravi: No, foreign subsidiary, no. As I mentioned, it will be nothing. The subsidiary is a small machine shop. So, what we are thinking through is only very small, maybe 20, 30 crores on a couple of machines there, so that we can support the foundry and reduce the working capital intent, because now we are sourcing the machining outside and there is a delay. We will continue to outsource the machining with other machine shops there. But the incremental requirement, we may do it inside. This is only an optional subject. It is not any CAPEX intensive business what we are doing. I want to make one very clear statement is, we are not a fan of investing outside India in a big way because we understand the risks which are associated. This is a very strategic investment and we will keep it in that way.

Sagar Shetty: So, just adding one question. Does this also rule out a possibility of foreign acquisition?

Srinivasan Ravi: Yes, if you look at our history, we are always very averse for many, many decades. We see what is the life cycle left in this sort of businesses which is coming for acquisition. So, we believe that any company coming up for sale, the good companies will get merged with the bigger brothers there in Europe itself. There are other companies there. So, we feel that we stand more exposed or be more risky for us unless there is a technological advantage or it is very small when compared to the parent. Look at our size of revenue outside India. It is almost 4% top line of German subsidy. 4% of our revenue is coming from our subsidiary and if you look at the gross net block of the investment also, it may be hardly 2%-3%.

Moderator: Thank you. The next question is from the line of Akshay Karwa from Aviva India. Please go ahead.

Akshay Karwa: My first question pertains to the stationary engine segment for data centers. In the opening remarks, you noted that the current order book is around $100 million. On that, when do we expect to book revenues within this and what could be a target by FY'29 and approximately your monthly run rate for this stationary engine segment?

Srinivasan Ravi: FY'30, we will reach the run rate at least by Q3 or Q4 for that $100 million. 30% by FY'28 is what we feel, 50% by FY'29.

Akshay Karwa: Okay. Thank you, sir. Lastly, on the margin guidance, if you look at this quarter, Aluminum segment has seen a margin decline of almost to 6.5% EBIT margin. You mentioned that you will talk with customers. What do you see here for the closing margin for FY'27 and FY'28? If you can touch upon that. Just on the margin guidance for the Aluminum segment for FY'27 and FY'28?

Srinivasan Ravi: It will go back to the normal after our discussions with customer happens. Yes, we are still in discussion with the customer. Some are for the past impacts that you have taken and some are for the future corrections. Both will be discussed, finalized. It will not be only for Craftsman. It will be for the entire Aluminum supplier community and also the OEMs. OEMs are also aware of this. A lot of dialogues are happening. Beyond that, because of the sensitivity of the information, I cannot share.

Akshay Karwa: Also, the nominal run rate of around 12%-13% for Aluminum segment?

Srinivasan Ravi: Again, the commodity price has gone up. We have to equate the same commodity price, then the margins should come back to normal after the discussions with the customer. But commodity price is a subject where we cannot get the increased Aluminum price, we cannot get a margin for that Aluminum also. So, we have to look at it that way. Some moderation will be there.

Akshay Karwa: I understood, sir. That's all from me. I wish you all the best.

Moderator: Thank you. The next question is from the line of Chirag Jain from Emkay Global. Please go ahead.

Chirag Jain: Yes, good afternoon, sir. Post GST cut, we have seen very strong growth for the entire auto industries. This year also, growth seems to be surprising. What are your thoughts for the overall auto industry growth probably next one or two years and particularly the 15% growth guidance that you gave? How much that is dependent on the underlying automotive industry and how much would be more driven by bottom-up order wins that we have done across various customers and platforms?

Srinivasan Ravi: We have not factored too much auto growth, but I feel that auto growth will continue in a way quite a strong way, especially on the passenger vehicles as well as two-wheelers because of the inflection point of per capita GDP. Also, the value per product is also increasing because of the two-wheelers. I think the 150 cc and above also is going to grow in the near future, which will give more opportunities for us. Similarly, also on the passenger vehicle, newer models with newer prices and there will be realignment on the supplier base. We will get more opportunities. We will have a combination of new products replacing old products and we will be a supplier for the new products. That is one advantage. Second thing is exports out of India is also continuously increasing. The third thing is value. For example, if a hybrid vehicle comes in, there will be more transmission parts which are available. If BS-7 comes in, then the new engines also will come in. All this gives an opportunity for us. The last but not least will be the in-house manufacturing to outsourcing. The trend in the future will increase for outsourcing. Many of the OEMs are still manufacturing a lot of Aluminum components in-house, but we see the trend slightly starting to shift now.

Chirag Jain: At this point of time, any sense how much will be in-house and how much will be outsourced from an OEM perspective on the Aluminum side?

Srinivasan Ravi: The major market player, I think most of it is insourced, the key parts totally. The second largest player, also quite a big percentage is inside their company. I don't want to make names here. For two-wheelers also, it is the same trend. There are somebody who is totally outsourcing, almost totally outsourcing. Some are still almost totally in-house, at least on the machining side, on the two-wheeler side. And two-wheelers, some of the people are still making the castings also, so without getting their names.

Chirag Jain: And what is driving the shift towards more outsourcing?

Srinivasan Ravi: Earlier, the capability of suppliers were not there, number one. So, they had to bring in the suppliers from their own group companies or from overseas, I would say, to invest heavily. Technology was quite protected and to get into that league was very difficult. Today, I think the confidence level is getting more and more as an open market. Why do you want to invest inside the plant when it is available for the same quality at a reasonable price or even a better price?

Chirag Jain: Understood. And just on the export side, since you touched upon, while obviously, on the powertrain side, we are doing reasonable exports. On the Aluminum side, when do you see, let us say, a major inflection point from an export opportunity standpoint?

Srinivasan Ravi: We have got orders from multinational companies who are going to do aggregate exports from India. And already some aggregate exports, maybe engine and gearboxes are happening for some of the multinational OEMs who have set up base in India. So, we see this trend continuing to increase going forward. First, it was for products which are suitable for India, manufactured in India, sold in India, those powertrains were getting exported. But we also see now that whatever can be manufactured in India is getting shifted to India and India is being used as an export hub for the aggregates also. So, 1.5 liter and below for the passenger vehicle, especially on the gasoline side, it makes a lot of sense for any OEM to get the powertrain out of India, exported out of India, whether it is Europe or anywhere in the world. There is a big advantage. So, also on the two-wheeler side, below 150 cc, I think India has become a very big manufacturing country overall. And the capacity in India is significantly higher than the other Asian countries, I would say, in general. Maybe the biggest Asian country has moved towards more to passenger vehicle, that may be one reason. But I think we are still growing on the two-wheeler side. All this gives an advantage for the next 3-4 years on the growth cycle. We also see that the consumers are preferring more premium products, even on the two-wheeler side. This also will increase our share of business going forward.

Chirag Jain: Understood, sir. And second, on the profitability front, would you like to share in terms of any particular segment of customers where we are seeing major challenges in terms of pass-through? And the challenges only for conversion costs with respect to manpower and energy or even, let's say, passing on the commodity costs is becoming a challenge?

Srinivasan Ravi: I have to be candid here, but I think wherever the fairness is there, yes, we will get it done. If the fairness is not there, I think it is very difficult to accommodate any customer, who is not allowing a pass-through, especially on the commodity. I think it is very risky for any supplier to continue to serve those customers in the way we used to serve in the past. We have to be very careful there. Second point is also for the legacy products, there has to be a reset. Our operating leverage has improved the margin and whatever some of the margins have been eaten away by all these issues, this will be corrected. But what we believe is new products will come at new prices. This is allowing us that we can pick and choose or be selective. I will not say pick and choose, be selective on new developments. This is very important for the profitability. At the same time, how the negotiations go on the existing products with existing customers, we have to wait and watch on this matter and we will take some logical decisions because some of the capacities are fungible.

Chirag Jain: Fine, sir. Just lastly, as you said, 15% growth, generally, you should be targeting. Your profit growth should be much higher because obviously the basic infra that you have put up, I mean, the CAPEX that you have done over the past, let's say, a few years, I mean, apart from the price that you will get from the OEMs with respect to this compensation.

Srinivasan Ravi: See, in the powertrain also, there is a lot of problem about all the consumables have gone up. The cutting tool consumables, the oil consumables, power, labor, everything has gone up. But our operating leverage was able to and the new product development and the newer prices was able to offset some of these challenges. These plants are also not suboptimal, the powertrain plants,

because they are quite, we have entrenched ourselves over a period of time. Aluminum, the opposite is true. Not all plants are at the optimum level. Still, there is a lot of capacity to be added to beat the optimum level. We are on the ramp-up pace, which is also pre-operative costs, which is eating into our margins. The second, third thing is on the Aluminum front, it is a commodity price and the fuel cost, which was quite, it is more energy consuming there for us, for the gas and things like that. So, that has also hit us. If not for these two things, our margins would have been at least equal, if not better, and it should get better over a period of time when operating leverage improves in each of the plants. We have grown significantly in the Aluminum business in the last two years. So, that sort of accelerated growth has taken some toll on the profitability also.

Chirag Jain: Understood, sir. Thank you so much, all the best.

Moderator: Thank you. The next question is from the line of Vinay Nadkarni from Hathway Investments Private Limited. Please go ahead.

Vinay Nadkarni: Thanks for the opportunity. Most of my questions are answered. Just one question, on the Aluminum mark-to-market loss that you have said that you have to book in Q2 because of the drop in Aluminum prices, can you quantify what would be the impact in this quarter?

Srinivasan Ravi: No, we will not be able to exactly quantify because the material is purchased at different times at different times and some of the materials is still sailing to come here and some are, we have to secure some contracts. So, I do not want to get into that detail. But what I can say that the effect on Q3 will be very minimum, almost we will not be having any impact. Q4, then nothing will be there.

Vinay Nadkarni: Yes, but then this drop in price, I mean, mark-to-market in this quarter, will it help better margins in Q3 because you have already booked that loss in Q2?

Srinivasan Ravi: No, it is not a loss. See, we are continuously buying material and continuously selling the products. So, when the price, we have booked more raw material, it is not a market-to-market loss. It is a consumption cost which is increasing for us. Our COGS has increased. It is not a market-to-market loss.

Vinay Nadkarni: That is it then. Thank you very much.

Moderator: Thank you. The next question is from the line of Shubham Bhatra from Ambit AMC. Please go ahead.

Shubham Bhatra: Thanks for taking my question. Sir, in the Aluminum business, we have roughly grown 45 odd percent in H1. Just wanted to understand of this, how much growth would be driven by the commodity inflation and pass-throughs which we have got from the customers and how much is the underlying volume or real growth for us?

Srinivasan Ravi: Between Q1 and Q2, there is nothing significant on the commodity. It will be very marginal. Actually, all other things between Q1 and Q2, we have to take it as real growth mostly.

Shubham Bhatra: Got it, sir. Sir, secondly, in terms of the alloy wheel business that we were ramping up, could you give any update on how is it ramping up?

Srinivasan Ravi: Sir, we are at around 70% sort of current utilization level in the past couple of months, I would say.

Moderator: Thank you. The next question is from the line of Mumuksh Mandlesha from Anand Rathi. Please go ahead.

Mumuksh Mandlesha: Thank you, sir, for the opportunity. Sir, I want to understand more on how do you see the EV penetration which is happening particularly very good in two-wheeler and four-wheeler segment. So, I just want to understand how we are placed in the EV-related segment, what kind of products we cater to that segment and how would be the revenue mix from the EV-related products?

Srinivasan Ravi: Yes, for the two-wheeler, the penetration is significant in the scooters very clearly and it will continue. On the motorbikes, I think it is, you have the public data, I think it will move more slowly in general. And what we see is the motorcycles also moving to premium, if not super premium, at least on the premium. That means the requirements for higher power, the EV will be more difficult because of the battery size, battery weight and the packaging of the battery in the motorcycle. So, we feel that scooter is the first transition, partially on the basic motorcycles, yes, and maybe some very high performance motorcycles, but that will not have a range which a normal user will have. So, I would rather leave for the OEMs to make an estimated guess here because I do not want to double guess the market flow. On the passenger vehicle, there will be a steady increase in the EV side. At the same time, the recycle, I mean, sorry, the resale value of the cars will also have an important role in the decision making for a normal consumer. The second car, third car, a city car, yes, the EV penetration for passenger cars will be very high. Beyond this, again, I will leave it for the commentary of the OEMs for you to decide on which way it is going to go. Which product are we offering for the two-wheeler, for the EV? It is negligible, I would say. Currently, it is only on the alloy wheel. But the Aluminum structure, when it comes into the picture in a bigger way, for lightweighting of the two-wheeler more, cost economics will drive it. If it is favorable, then more Aluminum content will come in. But on the passenger car, Aluminum content is set to grow on all passenger cars, more so on the EVs.

Mumuksh Mandlesha: And on PVs, how we are placing on the products what we supply for the PV, EVs?

Srinivasan Ravi: Yes, structural parts other than alloy wheel and other than Aluminum forging, we are there in the segment. Yes, we are not there in the Aluminum extrusion also. But looking at the castings, low pressure, high pressure and gravity, which is bulk of the structural parts there, we are present there.

Mumuksh Mandlesha: So, just to get a sense, sir, in PV segment, if you compare the ICE PV versus the EV PV, how the content would be different, sir, for us?

Srinivasan Ravi: For us, the engine parts will not be there in total. Yes, for the hybrid, actually the content of Aluminum increases. On the addressable market for EV, it will depend on the structural parts, adoption of structural parts, which will be more

common with EV as well as for ICE. The penetration will increase over the period of next 2-3 years.

Mumuksh Mandlesha: So, broadly, we can say, sir, in a vehicle, broadly, say ICE vehicles, 50% would be around engine related, 50% would be around structural parts. If you just give more sense on how that mix would be there within the structural engine, sir?

Srinivasan Ravi: I think there is a lot of reports on Aluminum content per vehicle, which is in the public domain. And India has got one of the lowest Aluminum content per vehicle on the ICE also, and plus on the EV also, both. So, comparably, as a percentage of the vehicle weight on the ICE, we are less than half of the developed market, not even half, maybe one-third. So, there is a lot of scope to go on the ICE also. Similarly, on the EV also, new platforms have to be evolved. The current platforms are not being built for adopting Aluminum. That is why we see more OEMs investing for new assembly lines so that they can lightweight the vehicle.

Mumuksh Mandlesha: And, sir, on the PV, EVs, on the EV side, how we are placed among some of the key customers, sir? Are we present now in the PV space, sir?

Srinivasan Ravi: Yes, the bulk of the business is with passenger vehicles only. And we have also seen the volume growth in the last few quarters. And our commentary is that our Aluminum business will continue to grow very strongly in the coming quarters. That means our order books are quite strong, and we are quite selective in taking new customers and new orders, which are more sustainable and profitable going forward. Yes, we were very reluctant to take EV parts even a few quarters back, because the EV is going through an evolution. The parts order, if we had taken, we would have seen early changes to the product design and even products getting discontinued or modified. So, we would have been a victim of that. So, now the market is maturing or the product designs are maturing, new platforms are emerging. So, we will be extending our services on high pressure die casting, low pressure and gravity, and also sand castings wherever applicable. And our technology is fungible, I would say. It is not for ICE alone, it is for EV also. The same machines do not understand whether it is EV or ICE, but light weighting of the passenger car is here to stay.

Moderator: As there are no further questions, I now hand the conference back to Mr. Srinivasan Ravi for his closing remarks.

Srinivasan Ravi: Thank you very much for staying with us for the full meeting. What we say is now size matters to cater to the larger OEMs including the multinational OEMs. I think the critical mass or critical size Craftsman will be reaching in this financial year. This will help us for almost next 5-10 years for being a very stable and growing company. Thank you very much.

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

(This document has been edited for readability purposes)