12th May, 2025

To

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

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

Dear Sir/Madam,

Sub: Transcript of the Earnings Conference Call on the Audited Financial Results (Standalone & Consolidated) for the quarter and financial year ended 31st March, 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 19th April, 2025 and 8th May, 2025 respectively, we are enclosing herewith the transcript of the earnings conference call organized on Thursday, the 8th May, 2025 at 4.00 P.M. (IST) on the Audited Financial Results (Standalone & Consolidated) for the quarter and financial year ended 31st March, 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: 2025.05.12 17:10:06 +05'30'

Shainshad Aduvanni
Company Secretary and Compliance Officer

Encl: As above

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CRAFTSMAN AUTOMATION LIMITED

Transcript of the Earnings Conference Call held on 8th May, 2025 for the quarter and financial year ended 31st March, 2025

This document might contain forward-looking statements which 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 and there will be an opportunity for you to ask questions after the opening remarks are concluded. Should you need assistance during this conference call, please signal an operator by pressing "*," then "0" on your touchtone phone. Please note that this conference is being recorded.

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

Srinivasan Ravi: Good afternoon, everybody, and welcome to the Earnings Call for FY25 and I hope you had time to look into the PowerPoint presentation which has been put on the website and also on the stock exchanges so that it will make it easy for the Q&A. So, straight away we can start with the Q&A is what I would propose.

But meantime, let me give one headlines while you prepare your Q&A is that the guidance given during the last quarter earnings call for the first time for FY26, we have given Rs.7,000 crores top line and Rs.1,100 crores EBITDA levels and a wide range of say Rs.500 crores to Rs.700 crores EBIT, we have already reached Rs.512 crores EBIT in the current year itself. So, we are expecting in the region of Rs.650 crores to Rs.700 crores EBIT going forward in the next financial year because the depreciation will be around Rs.450 crores. So, the guidance remains intact in spite of whatever is happening in the geopolitical situation and the tariffs. So, we are quite insulated, and we are ramping up quite well to sustain whatever the numbers we have given.

So, we will go to the Q&A directly. Yes, please. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mukesh from Anand Rathi Institutional Equities. Please go ahead.

Mukesh: Yes. Hi, sir. Mukesh here from Anand Rathi. Sir, firstly, just if you can help us on the few data points for the quarter, what was the two-wheeler alloy wheel revenues and EBIT and also similar for the Sunbeam Q4 EBIT and EBITDA?

Srinivasan Ravi: See, the alloy wheel is in the region of close to Rs.40 crores for Q4 and we were EBITDA-neutral and EBIT negative of around Rs.5 crores for alloy wheel. And one more quarter we may be giving the breakup on the alloy wheel, once we are on the green side, I think we will not give the break up for strategic reasons. But, yes, the operational breakeven has happened with almost a Rs.40 crores revenue. And Sunbeam revenue for Q4, around Rs.300 crores is the revenue.

Mukesh: And EBIT, EBITDA, sir?

Srinivasan Ravi: No, that is the one-time some subjects are there, which is leading to Rs.23 crores EBITDA.

Mukesh: Rs.23 crores EBITDA-positive, right, sir, for the quarter?

Srinivasan Ravi: Yes.

Mukesh: Got it, sir. Good to see the improvement in the standalone margin. Sir, particularly in the powertrain segment we have seen improvement this quarter. What led to the improvement there? And also can you update how the Kothavadi plant order book is shaping up for the heavy engines and for the FY26 and '27, how do you see the revenue trends there?

Srinivasan Ravi: Powertrain in the beginning, except the last quarter, I think for the last maybe almost 18 months, we went through quite a modernization program, repair and maintenance, which was hitting the expenses I would say, that is one thing. The second thing is the operating leverage was quite less, capacity utilization was quite less across the old lines. New lines also were not ramping up. The customers were slow. So, now overall slight improvement in the operating leverage has happened. That is helping us totally. There has been from the multinational companies who set up plants in India they have started to produce with the one- or two-years delay, I would say. And there is some slight revival in the farm sector and a slight revival in the commercial vehicle sector and whatever is the downside we had experiencing in the many quarters that has more or less stabilized now, so that nothing more and whatever we are able to utilize the plants slightly better and optimize our cost. These margins will be sustained or improved depending on the quarter of the next financial year, but for the full financial year, we can expect a better result on the powertrain, i.e., accumulative result even when compared to the Q4 result. So, the margins will creep up just like the period before we did this massive correction on the powertrain. So, any questions on the fundamental powertrain business, then I will come to the new powertrain business.

Mukesh: Yes, this is fine, sir. You can go ahead for the new business.

Srinivasan Ravi: So, the new business now, our motive or whatever is the strategy behind the powertrain business was, we were so heavily dependent on commercial vehicle earlier, very reasonable extent on farm sector and also construction equipment and that was the reason and little on the passenger vehicle segment. So, all that continues to be the mainstay, but now our growth is going to come from not only the revival of these segments, but also from the stationary engine side. We expect the first revenues to come in, in FY27 not in '26. In '26, it will be there, the order book is filling up, but the development cycle time is around 18 to 24 months. So, we will not see any three-digit revenue, the three-digit revenue will only come in FY27 on the new powertrain business. But as I mentioned, I think it will peak in 2029, 2030 for $100 million revenue for this business. So, for that, the phase - I of Kothavadi plant is ready and it has become operational in Q1. So, we will see some revenue generated from this plant. And the machine shop for machining the large engine blocks are also ready, and already trials are going on for various customers, orders are in place. So, you may appreciate these are very few companies in the world are doing this as a Tier 1 supplier. The OEMs are normally manufacturing them in-house and I would say less than 10 suppliers across the globe, including China are there for this sort of activity and there was a limited capacity. So, we have a global capability and global capacity now after the acquisition of Fronberg Foundry. And in Europe also, on the foundry side also there are less than half a dozen foundries who are operational for these large engine blocks and two or three in the North American region and two or three in China. So, we are in exclusive league in the foundry outside the OEMs themselves. As I mentioned, OEMs are also running their own foundries, and the machining, and now because of the massive increase in demand for the data centers, backup power and mainstream power also is being used by these generators, the order books for these companies are quite full for the next three, four years. So, we will see significant growth and that is also prompting outsourcing, but whatever is said and done, the gestation period is very long. We started preparing in 2020 for this project and we made it public only in the annual report last year and now with the order book full, I'm confident about this Rs.800 crores revenue coming in 2029 or 2030.

Mukesh: Got it, sir. You mentioned in past the margin for the segment can be very good for the heavy engines part. I just want to understand, I mean this will be more-accretive than the current margins or how do you see the range of the margin for this business, sir?

Srinivasan Ravi: See, the current business, you may be aware that we are not backward integrated, and we have excellent top notch foundry partners who are leaders in India and also the OEMs themselves, three of the OEMs in India, major OEM's are running their own foundries where we are getting the casting from. So, it's a mixture of job work and also we buy the castings from our foundry partners. So, it is an assorted margin what you're seeing on the current powertrain business whereas the new powertrain business for the larger engines, yes, it will start also with the sort of job work activity, but the castings are not being produced in India, 95% of them, there is only one or two small suppliers here. So, we are getting the castings from Europe and US to start with for the activity in 2027, while we ramp up our foundry capacity here with the prove out also, the castings must be validated. So, when we are supplying this material, it looks like as if the margins will be lower than the conventional powertrain business, but I can assure you that the margins are in line with the current powertrain business as in formula wise how we calculate. When we are buying the castings from elsewhere there cannot be a margin on the castings, but we make our castings, it will be there, but the margin on the castings surely it will be slightly lower than the machining because machining is a value addition, there is no material cost involved. So, it optically look like a higher margin. So, on the blended average we are on par with whatever we are currently doing.

Mukesh: Got it. Sir, thank you so much for the answers.

Moderator: Thank you. The next question is from the line of Abhishek Kumar Jain from AlfAccurate. Please go ahead.

Abhishek K Jain: Thanks for the opportunity and congrats for the strong set of numbers, sir. Sir, my first question is on the aluminum side. So, on Sunbeam, how the quarterly run rate of revenue and EBITDA margin would be in for 26? So, in this quarter we have done around Rs.300 crores kind of the numbers and EBITDA is around 6% to 7%. So, how this revenue and EBITDA would be in at the end of FY26?

Srinivasan Ravi: So, Q1 will be weak, Q2 will be strong, Q3 will be weak, Q4 will be the most strong on both on the revenue and EBITDA numbers. So, there are three, four factors. The plant shifting from Gurgaon to Bhiwadi will be completed by Q2 latest I would say. So, there will be consolidation happening in Q3. So, in Q4, the operating leverage at Bhiwadi will set in and the cost optimization also will set in and also manpower rationalization will be completed in Q4, also peak revenue will be generated in Q4. So, on a blended average we can say between 8% to 10% EBITDA is what we expect for the full financial year, but Q1 will be quite muted.

Abhishek K Jain: And what would be the peak revenue in FY26 if we assume? In last quarter you have done around Rs.300 crores.

Srinivasan Ravi: As a whole, I think yes, we are only guiding for around 1,200 crores only for the year.

Abhishek K Jain: So, there would not be any increase in revenue?

Srinivasan Ravi: No. See, we are on the consolidation mode, so we are not really taking any new business. And the new business, if we take it also, the revenue will not be coming in the financial year. You can appreciate that this company was getting into an insolvency situation. In that case, no new orders were given by customers, or new projects were not going on. It is existing projects. So, I think it is more of stabilization, reorganization and consolidation which will happen in the coming year. So, that is where the margins will come. Whatever the other business of Craftsman by itself organically will be growing. DR Axion also will be growing in that segment.

Abhishek K Jain: And on DR Axion side, what would be the peak revenue in FY 26 or FY 27 -- will it grow by 10% to 12% or it would be better because of this capacity expansion plan for the Hyundai?

Srinivasan Ravi: So, whenever we talk about whether Sunbeam, Craftsman, DR Axion, we have to take one thing into mind. There is always the question of commodity price aluminum. So, that will also change the top line a little. But I would say that between DR and Craftsman, Craftsman will be growing more than 20% CAGR for the next two years, that is FY26, FY27. That is on the organic side of the conventional business of Craftsman is also growing. Plus the alloy wheel is also adding to the revenue. On a blended average, overall we will be 20%-plus. We will have a double-digit growth on DR I would say on a CAGR basis. But I think 8% to 10% is realistic for FY26 and maybe slightly higher than 10% in FY27, yes.

Abhishek K Jain: Okay, sir. And my last question is on the loan borrowing side. Now we have around Rs.1,900 Crores kind of debt in books. So, what is your deleveraging plan for the next two to three years?

Srinivasan Ravi: So, if you look at it, the cash run rate generation will be quite high even in the next financial year plus aided by possibly the land sale in Q3 or Q4 of Sunbeam, that will add around Rs.300 crores plus depending on that market value at that particular point of time. Our CAPEX guidance as a whole for a group will be only around Rs.750 crores to Rs.800 crores totally in that region.

Abhishek K Jain: Rs.750 crores in FY26?

Srinivasan Ravi: Yes, on a group level and group level EBITDA of upward of Rs.1,100 crores and a land sale of Rs.300 crores, depreciation is around Rs.450 crores, there will be some interest outflow. And for Sunbeam there will be no tax, but for DR and Craftsman, there will be taxes.

Abhishek K Jain: Okay. That's all from my side.

Srinivasan Ravi: Thank you.

Moderator: Thank you. The next question is from the line of Ram from Avendus Spark. Please go ahead.

Ram: Hi, good afternoon. So, I wanted to understand your guidance on the alloy wheel revenue scale both at Bhiwadi and Hosur over the next couple of years?

Srinivasan Ravi: The exact numbers I will not be able to give because still we are new in the business, but I think we have already given that number during the last earnings call itself on the alloy wheel. I think I may reiterate that number. Bhiwadi will be around Rs.300 crores plus for FY26 and Hosur will be around Rs.150 crores. This is as per the earlier earnings call.

Ram: Okay, okay. And in Sunbeam, sir is exports an area that we are focusing on intensely. Can you talk about any new order wins there or issues that the company has -?

Srinivasan Ravi: Sunbeam, as I mentioned, it was in an insolvency situation, so there was no order pipeline when we took over Sunbeam totally. So, it is the question of stabilization for the next one year before we get in any new order pipeline and that will get into any sort of revenue only in FY27 and FY28 only. I think we are trying to leverage our operating leverage by consolidating our plant in Bhiwadi, Tapukara plant of Sunbeam is also hardly 10 minutes away from the Bhiwadi plant of Craftsman, the Gurgaon plant of Sunbeam is getting shifted to also Bhiwadi. So, this is giving operating leverage. So, it's a year of consolidation for Sunbeam. So, manpower also rationalization we mentioned there, the Union settlement is on and everything is on track as planned. So, we don't see any change in the strategy as we envisaged in the beginning of the deal.

Ram: Good to hear, sir. Thank you very much.

Moderator: Thank you. The next question is from the line of Mitul Shah from DAM Capital. Please go ahead.

Mitul Shah: Sir, thank you for giving the opportunity, Sir, my first question is if you can help with the utilization of various business segments currently for Q4?

Srinivasan Ravi: I think, yes, on the conventional powertrain business, we have touched around 70%-odd. So, I think the upper limit will be 85% to 90% because of the seasonality as well as there will be some customers losing market share or they will have some inventory correction, which will happen. So, there is the headroom. So, I think I will not say 70, slightly below 70, very difficult to exactly put a number to it. Even in the aluminum side, we are at operating at around 70%, 75%, but the order book is quite strong. So, we need to increase CAPEX. We will quickly touch 80%, 85% by Q2 itself. So, by Q3, we need CAPEX for the new orders which is already there in the pipeline.

Mitul Shah: Sir, second question is on your CAPEX guidance of Rs.750 crores to Rs.800 crores at a group level. If you can split broadly in terms of standalone and just key two, three subsidiaries ballpark number?

Srinivasan Ravi: I think Rs.550 crores for Craftsman is what we expect in the current condition. Between Sunbeam and DR Axion, we will take it as it comes. We have just budgeted now and there is some repair and maintenance for a very old equipment at Fronberg, which may be around Rs.40 crores, Rs.50 crores, may be there, we're evaluating that.

Mitul Shah: Sir, the last question is in your initial remark you highlighted that there is no effect of tariff. So, any indirect impact wherever we are exporting and that again through any route goes to US or anything like that?

Srinivasan Ravi: See, you might not know, but we have been exporting for the last many, many years at Craftsman from FY 95 onwards. All the business what we do, we are either doing Ex Works or FOB, very rarely I think hardly 5% of the business may be CIF whatever exports we are doing at Craftsman. So, similarly for DR Axion, I think the only export is back to Korea that is also FOB or Ex Works… I don't remember exactly, it is not CIF. US exports as far as Sunbeam is concerned, it is negligible. It is more towards Mexico there. So, I think around 15%, 20% of Sunbeam's revenue is coming from exports. So, we don't have any impact on the tariff. Our products are a high value addition, and they mean a lot to the customer. And I think we are very competitive also. So, even if there is a tariff, they are willing to pay it and take it except one engineering customer, nobody has come and asked us for any price reduction on tariff, nobody has even contacted us on this matter. So, I don't see that as an impediment for future exports.

Mitul Shah: Yes, sir. Thanks a lot and all the best.

Srinivasan Ravi: Thank you.

Moderator: Thank you. The next question is from the line of Abhishek Kumar Jain from AlfAccurate. Please go ahead.

Abhishek K Jain: Thanks for the opportunity. Sir, my question is on the guidance. In last quarter you have guided around Rs.7,000 crores of revenue and EBITDA would be around Rs.1,100 crores and EBIT would be around Rs.700 crores. Do you maintain that guidance in this?

Srinivasan Ravi: Yes.

Abhishek K Jain: In aluminum business, you said that the growth would be 20% CAGR where the DR Axion growth would be 10% to 12% and there will be incremental revenue from Sunbeam. Can you please comment on how the growth will come from the standalone element business?

Srinivasan Ravi: So, the Q4 aluminum revenue is the right picture because as you understand that Sunbeam was having only six months of consolidation. So, the Q4 revenue has been around Rs.1,000 crores overall. So, it will be more than Rs.4,000 crores for the year, even depending on the seasonality, it is more closer to Rs.4,500 I would say. In the previous year on the consolidated number, our revenue was Rs.2,150 crores is strictly not comparable totally. So, in FY 25, we look at the number of Rs.3,000-odd crores and we are already at a run rate of Rs.1,000 crores per quarter. So, overall our growth will be on a consolidated basis more than 30%, but it's not an apple-to-apple comparison, the realistic growth will be on a 20% level.

Abhishek K Jain: We can expect around Rs.4,200 crores, Rs.4,300 crores kind of the revenue and 35% to 40% kind of the revenue growth in the aluminum business?

Srinivasan Ravi: Yes. It's not comparable. Q4 has been Rs.1,000 crores. So, we will be anywhere between Rs.4,300 to Rs.4500 crores overall. So, that is what I was trying to say. It is not exactly apple-to-apple. On the standalone we will be more than 20% CAGR, on DR Axion we will be around 10%-odd, Sunbeam is not really growing in that sense, but the full year results will add to that number.

Abhishek K Jain: Okay, sir. And in the powertrain business, basically we have crossed around Rs.500 crores kind of the revenue rate on a quarterly basis. So, can we expect that this run rate will continue in FY26?

Srinivasan Ravi: Yes. I think the worst is over for the powertrain. Our margins also will start creeping up with better operating leverage but depends on one quarter to another quarter there may be some changes, always Q1 will have some challenges, but we don't see much challenge this year, Q3 will be always a challenge. So, Q2 and Q4, we expect very strong quarters. So, overall, I think the run rate on the powertrain will continue to grow. It will have a double-digit growth for the current year.

Abhishek K Jain: And in this quarter, there's a jump in the employee cost. So, just wanted to understand that any one-off like the other cost is attached in Q4 in employee cost?

Srinivasan Ravi: See, you're talking about consolidated number, right, not the standalone number?

Abhishek K Jain: Yes.

Srinivasan Ravi: Yes, that is a one-off in Germany, yes, correct.

Abhishek K Jain: How much that, sir?

Srinivasan Ravi: That is Rs.4.5 crores that is there, yes. Because there is holiday, accounting, like Christmas holidays, bonuses, all those things because we formed a new company and taken over and we just bought the assets, so everything is in place now.

Abhishek K Jain: Is it like VRS? When will it be accretive?

Srinivasan Ravi: Sorry, it's not a VRS, it is something like provisioning as per their expenses throughout the year, there is a leave holiday for August leave, there is Christmas holiday, bonuses which are there. So, for that we made. Because the new company and when you've taken over all the employees we have just made the provisioning totally.

Abhishek K Jain: So, just I am saying that sir, you are also looking for some VRS in the Sunbeam also or others as well?

Srinivasan Ravi: Sunbeam is on track for that. Yes, we will be settling the balance 500 people or 450-odd people who are waiting for their VRS settlement once we are closing down the plant. But there is a customer approval required for the new plant, that is taking some more time, maybe a few months more, but we are on track. As of today, the Gurgaon plant almost 75% of the plant has been emptied for the machinery portion of it. Only 25% of machinery are left. Even that we are ready to move. But tier 2 customers are okay, but the tier 1 customer, the OEMs, the passenger car manufacturers in North America, they need validation before they can move the production to the new site.

Abhishek K Jain: What would be the quantum of the VRS expenses and it will be also added in the employee expenses?

Srinivasan Ravi: It was already provisioned before we took over. There is nothing new. It was Rs.160 crores settlement for 1,000-odd people, 500 people have left, paid and the balance was provisioned in the opening when we took over itself. So, there is no new provisioning will come up.

Abhishek K Jain: We have already taken Rs.160 crores provisioning in Quarter 3 or Quarter 4?

Srinivasan Ravi: At opening balance itself, when you took over the company. What we need to understand is, we never paid anything for the company per se, it was infused into the company, it is not for buying any share. Shares are bought at Re.1. That is it. So, all the money what we have put into the company has gone into the company for the settlement of maybe some vendors and things like that. Even most of the liability of the banks were settled by the erstwhile owners and some of the bank liabilities was left behind which we funded was in lieu of the land sale of Gurgaon.

Abhishek K Jain: Okay. So, that means there would not be any VRS expenses?

Srinivasan Ravi: No VRS expenses will hit the P&L in Sunbeam, everything was provisioned in the beginning itself.

Abhishek K Jain: Last question is on the other expenses. This has started to go down. So, I just wanted to understand what are the other cost control measures you are taking so that thee other expenses will come down in the coming quarters?

Srinivasan Ravi: I didn't get the question.

Abhishek K Jain: Other expenses which has come down in Quarter 4 FY25 because in Quarter 3, there was some one-off –

Srinivasan Ravi: Yes, because of this lot of M&A work we have done, we have taken over 24% of DR Axion, Sunbeam takeover, there was a Fronberg takeover, there is a lot of expenses we have incurred as one-time.

Abhishek K Jain: Will it come down to 22% which used to be earlier like 21%, 22% in Quarter 2 or Quarter 1?

Srinivasan Ravi: Yes, I think the absolute number will increase, as a percentage it will come down, yes, correct.

Abhishek K Jain: Okay. Thank you. That's all from my side.

Srinivasan Ravi: Thank you.

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

Mumuksh Mandlesha: Thanks for taking the question again. Sir, in the segmental reporting, there is some line called others in the standalone business which is around Rs.148 crores. Just can you explain what is others in the standalone business, sir?

Srinivasan Ravi: So, this is the one-time subject which has come on to two fronts. One is regarding some CAPEX which has incurred by Sunbeam, we had to buy the equipment, keep everything ready because Sunbeam was not ready at that level financially and we transferred the brand-new machines to them totally. So, for Sunbeam no profit, no loss sale on the equipment because equipment has to be paid for. Otherwise, we may not be able to do the shifting of the plant. Second thing was, we rationalized the aluminum alloy inventory, which was high in Craftsman by transferring at cost to DR Axion. These are the two one-offs, not a transaction made for profit, it is not a manufacturing activity, so it cannot be termed as any income.

Mumuksh Mandlesha: Got it, sir. Sir, this quarter, the storage, I mean the industrial segment margins have seen a lot of improvement in Q4. Can you explain what led to the improvement there? And going ahead for the next year how do you see the margin for this business, sir?

Srinivasan Ravi: See, you may be aware of this, but I would like to reiterate one particular point on the storage business. This is not at all CAPEX-intensive, there is CAPEX, but compared to the automotive business on both aluminum and powertrain, this is a negligible CAPEX I would say and working capital also the total capital employed is quite low. So, even though margins may be low, once we see the traction what we got in Q4, which will continue into the next financial year, of course, there can be some blips in quarter-to-quarter but overall we can expect the results for FY26 will be better than the results of Q4 of FY25. And the reason for that is the automated storage division is getting new orders because we have made enough inroads into the market, we have enough projects which have been implemented to showcase to our new incoming customers and we are getting the right pricing for the product, #1. #2, I think we also have rationalized the product costing and also on the static racking we are having good traction there. So, as a blended Company, I think we have matured as a storage solution Company. This is a very difficult business. Within five years we have come to a level. This can be really a standalone also possible storage solution business. Not that I'm implying anything, no, please don't take it that level, but we have grown this business to be able to stand on its own feet now.

Mumuksh Mandlesha: Great to hear that. And also on the revenue side for next year, how do you see growth for the storage business?

Srinivasan Ravi: High teens I would say, almost 20% we can expect the growth on the storage business.

Mumuksh Mandlesha: Got it. Sir, just lastly on one number. Sir, if you can help us what was DR Axion Q4 revenue and EBIT, sir?

Srinivasan Ravi: I don't know. EBIT will be already there. We cannot divulge that because that is a competitive information. Revenue for DR Axion was Rs.376 crores.

Mumuksh Mandlesha: Got it, sir. Yes. Thank you so much for this.

Moderator: Ladies and gentlemen, the next question is from the line of Ajox Frederick from Sundaram Mutual Fund. Please go ahead.

Ajox Frederick: Yes. Hi, sir. Thanks for the opportunity. Sir, I have a couple of questions. One is on the balance sheet working capital. The OCF saw compression due to some working capital stretch on this consolidated business. So, what is causing that sir for the year?

Srinivasan Ravi: I didn't understand the question.

Ajox Frederick: The operating cash flow for the full year on consolidated basis saw compression and that is because of our working capital stretch. So, what is causing that operating cash flow to compress year-on-year?

Srinivasan Ravi: Because it's a consolidated basis it's Sunbeam, right. It's not an apple-to-apple comparison because Sunbeam we had it only for six months, that may be the reason maybe not being able to compare.

Ajox Frederick: Okay. Was there any infusion of working capital for Fronberg?

Srinivasan Ravi: Yes, there has been working capital infusion. The money is still not utilized. It is lying with the Holding Company there. So, it has not been infused into the company. It is still lying as cash in the Holding Company. And infused only is €800,000 for the working capital. Now I get the point, because this is a slump sale, I think we need to understand the process of this auctioning by the insolvency agency and things like that. The right towards real estate lies with the lenders totally and the other movable assets are also lying with some of the working capital banks, and some are lying with the creditors totally. So, the proportionate method of working has made, the total deal was fixed and the apportionment was done by the credit committee there totally on this matter. So, that is how the apportioning has been done. There may be a slight distortion on how much has gone to fixed assets and how much has gone to liquid assets. That's all. Because we have paid roughly 10 million or something like that as a deal overall, apart from the takeover expenses which we absorbed here, then we have left some money there, €3, €4 million which is not required, but anyway we left it at the holding company if they need, they can take it, that's what is the total deal.

Ajox Frederick: Okay. But it has been accounted in working capital for us, particularly this year?

Srinivasan Ravi: No, no, that is not accounted. That is still lying as cash.

Ajox Frederick: Okay. Understood.

Srinivasan Ravi: They are the holding company. It's not gone to the operating company, yes.

Ajox Frederick: Okay. And then secondly on the guidance, right, we have a very strong guidance on powertrain, aluminum and even storage business. So, if I tie it up to the underlying be it CV or PV industry, we may not see such high-volume growth. So, where is this confidence coming for us to deliver 20%-plus kind of growth in an organic manner?

Srinivasan Ravi: We have been diligently trying to diversify our customer portfolio. Earlier, we had six customers giving 50% of our revenue and balance 50% of customers coming from equal 100 customers I would say. Now, the top 60% revenue is coming from 12 customers and in diversified end customer segments. So, our product mix is like this and the company side revenue, I mean consolidated if we look at it, the commercial vehicle portion is coming to 17%, two wheeler is coming to 18%, passenger vehicle is 32%, storage is 10%, off-highways is 5% and tractor is 4%. I think overall we have diversified quite well and we have also invested for customers who are export-oriented. Many of the OEMs from the eastern part of the world like Japan and Korea are also setting their sights on African market for both passenger car, two-wheeler, pickup trucks, tractors and all the products which are going to go into Africa in the future, which is the last market to be developed, the products are similar to India, what India wanted in the last two decades. But India is migrating to slightly higher products now. So, these products are not anywhere being used in the western world. So, India is becoming hub for manufacturing. Even the largest PV player in the country is guided for 4 million cars, setting up one more plant in Haryana and one more plant has come upstream in Gujarat. This is towards export orientation. If you look at that manufacturer that footprint in the rest of the world is reducing for manufacturing and in Japan itself, they are downsizing the operations and exports of vehicles are taking place from India to Europe as well as to Japan totally. Similarly for the two-wheeler market, Indian manufacturers also are exporting to Africa, and we will see that multinational companies, two-wheeler manufacturers from India also exporting to Africa. So, all this is leading to some sort of a growth trajectory. I will take a few names. Escorts been taken over by a Japanese manufacturer and this also will lead to in the future some export growth. We have independent manufacturers, engine manufacturers, companies like Yanmar also they are trying to increase the footprint in India towards export. I don't want to take too many names here because you can understand that it is normal from a developed world where high cost of manpower is there and the market by itself is not growing in those countries, it is logical for them to shift their production base here where it is required for India and a similar product is required in new developing markets like South America and Africa. That is where my confidence is coming from. Second thing is the commercial vehicle segment has seen lot of correction in the past totally. Now it is quite stable, and the product maturity is continuing to happen that the bigger trucks are selling better than the smaller trucks on the highway. Of course, the intercity is a different situation, but I think for the long haul routes. And you also see that the tractor market is also looking up in a way because of the monsoon and things like that. And we are also having the right customers on our passenger vehicle business as Craftsman and the Sunbeam business on passenger vehicle is looking mainly towards North America and DR Axion you are aware that we are with the second largest PV player in the country and they are setting up a new plant also in the western region. And we also started exports back to Korea for the parts similar to what we manufacture here. Not exactly the same part, similar family of parts already started.

Ajox Frederick: Okay. So, basically it's incremental customers and the customers also increasing capacity, so that's helping you. So, that's –

Srinivasan Ravi: Second point is on alloy wheel and other parts, we are having an import which was coming from China. Now, it is getting localized within here. It is not a new growth requirement in India, but imports are getting replaced by Indian suppliers. That's all.

Ajox Frederick: Yes. Got it, sir. Very helpful. Thank you.

Srinivasan Ravi: Thank you.

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

Srinivasan Ravi: Thank you. I just want to say a few words on the strategic point of view. We always said that most of the tier 1 suppliers, I'm not talking about the top 20, top 30, but I think the next leg of suppliers are subscale to attract any sort of attention from the global players as a supplier and this is coming from the comparison within China, for example, the aluminum capacity for castings and machining in the country is in the region of 10% of the Chinese capacity totally, which is quite small and that means there is a lot of headroom to grow. Aluminum majors across the world are anywhere between $2 billion to $8 billion in revenue, each of them. And when Indian market is growing, the aluminum content is growing, naturally the lightweighting of the passenger vehicle has to happen. So, while we're waiting for all that, I think we at Craftsman believe that we need to broad base our activity and that half a billion dollar in aluminum business, I think we are still subscale, we will try to grow this business. On the traditional powertrain business, we are having a global size. So, now we're attempting a global size on the stationary engine business. That is the top five suppliers in the world is what we are aspiring to be there.

That means multinational companies setting up shopping here will also be exporting large engines out of India. It is only a matter of time which is there. You know that Europe has got its own set of challenges and US also, and other developed countries like Korea and Japan have got a different challenge totally. So, we are well-poised in this matter. So, we have done some CAPEX investments little ahead of time that is causing a lot of strain in the entire outlook of our balance sheet and things like that in a temporary period. You may recall that we have taken only Rs.140 crores, Rs.150 crores as equity infusion in 2010, 2012. put together from the erstwhile well respected private equity investors at that time. And then we have raised only Rs.150 crores in the IPO in FY 21. So, we went last year with the mandate to raise Rs.1,200 crores QIP sensing the opportunity and also sensing the disruption coming from tariffs and the geopolitical situations also in Europe. So, we want to capitalize on all the opportunities there. And during the fundraise, I had to communicate with the investors. We are going to have quite a few quarters which we will not be giving the required results as desired by our investors. So, not that we are totally out of the woods, but I think the worst is over, I think we will be looking up going forward and the growth trajectory will continue for three years surely, everything, the path is set right for that. So, thank you very much and thank you for your confidence.

Srinivasan Ravi: Thank you.

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

(This document has been edited for readability purposes)