

13<sup>th</sup> December, 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: Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Credit Ratings reaffirmed to the Company and DR Axion India Private Limited, its Wholly Owned Subsidiary;**

Pursuant to Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that Crisil Ratings Limited, the credit rating agency vide their letters dated 12<sup>th</sup> December, 2025 has reaffirmed the Credit Ratings for the long term and short term bank facilities of the Company and DR Axion India Private Limited, the Wholly Owned Subsidiary of the Company as follows:

**Rating Action – Craftsman Automation Limited:**

Sl.No.	Loan Facilities Rated	Existing Rating	Rating action
1.	Long Term Rating	CRISIL AA-/Stable	Reaffirmed
2.	Short Term Rating	CRISIL A1+	Reaffirmed

**Rating Action – DR Axion India Private Limited:**

Sl.No.	Loan Facilities Rated	Existing Rating	Rating action
1.	Long Term Rating	CRISIL AA-/Stable	Reaffirmed
2.	Short Term Rating	CRISIL A1+	Reaffirmed

The Crisil Rating rationales are enclosed for your reference.

Kindly take the same into your records.

Thanking you.

Yours faithfully,  
**for CRAFTSMAN AUTOMATION LIMITED**

Shainshad Aduvanni  
**Company Secretary & Compliance Officer**

Encl: As above

Craftsman Automation Limited

## Rating Rationale

December 12, 2025 | Mumbai

### Craftsman Automation Limited

*Ratings reaffirmed at 'Crisil AA- / Stable / Crisil A1+' ; Rated amount enhanced for Bank Debt*

#### Rating Action

<b>Total Bank Loan Facilities Rated</b>	<b>Rs.3950 Crore (Enhanced from Rs.2300 Crore)</b>
<b>Long Term Rating</b>	<b>Crisil AA-/Stable (Reaffirmed)</b>
<b>Short Term Rating</b>	<b>Crisil A1+ (Reaffirmed)</b>

*Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.*

*1 crore = 10 million*

*Refer to Annexure for Details of Instruments & Bank Facilities*

#### Detailed Rationale

Crisil Ratings has reaffirmed its 'Crisil AA-/Stable/Crisil A1+' ratings on the bank facilities of Craftsman Automation Ltd (CAL).

The rating reaffirmation reflects the strong uptick in business risk profile primarily in the aluminium segment improving its overall revenues and also expectations that CAL's operating profitability will continuously witness improvement over the near to medium term, due to better operating leverage, product mix as well as better contribution from its subsidiary, Sunbeam Lightweighting Solutions Private Limited (SLSPL, rated 'Crisil BBB-/Positive/Crisil A3'), resulting in healthy annual accruals. CAL's financial risk profile though is expected to witness a temporary moderation in the current fiscal on account of sizeable capital spending, which will involve material debt addition, impacting debt metrics. However, should the company be able to successfully monetize land at SLSPL's Gurgaon facility, debt levels and debt metrics are expected to be at more comfortable levels. Besides, moderation in capital spending and healthy annual cash generation, along with planned repayment of debt will enable a gradual improvement in debt metrics over the medium term.

CAL's consolidated operating revenues increased to Rs.3786 crore during first half of fiscal 2025 from Rs.2365 crore in the previous corresponding fiscal, primarily driven by revenue growth of 26% in standalone operations. This was driven by strong growth in the aluminium segment supported by revenue offtake from the recently commissioned facilities and strong demand growth from existing customers. Besides this, revenue addition was also supported by contribution from SLSPL and Craftsman Germany GmbH (Craftsman Germany), which was acquired by CAL in the second half of last fiscal. CAL's other subsidiary, DR Axion India Pvt Ltd (DR Axion, rated "Crisil AA-/Stable/Crisil A1+") also saw revenues growing by ~36% in first half of this fiscal driven by continued demand from its existing customers and increased exports. On consolidated basis, aluminium segment contributed over ~60% of revenues in the first half of fiscal 2026, while the powertrain and industrial engineering segment contributed 27% and 13% of revenues respectively. The aluminum segment grew by ~41% in the last fiscal, primarily contributing to overall revenue growth of 28% to Rs.5693 crore, from Rs.4452 crore in fiscal 2024. The other segments, powertrain and industrial engineering segments grew by 16% and 14% during the period.

DR Axion is the major supplier of cylinder blocks and heads for leading passenger vehicle (PV) OEMs such as Hyundai Motor India Ltd (HML, rated 'Crisil AAA/Stable/Crisil A1+'), Kia Motors India Private Ltd (Kia Motors), and Mahindra & Mahindra Ltd (M&M, rated 'Crisil AAA/Stable/Crisil A1+'). The acquisition of DR Axion has helped CAL increase the share of revenue from the PV segment, thereby diversifying the revenue stream within the auto business. However, the recently acquired subsidiary, SLSPL which majorly serves Hero MotoCorp Ltd (HMCL, rated 'Crisil AAA/Stable/Crisil A1+') and Maruti Suzuki India Ltd (MSIL, rated 'Crisil AAA/Stable/Crisil A1+'), is expected to post only modest revenue growth of 4-5%, as the company is mainly focusing on the process of improving its operating efficiencies. Given the recent capacity expansion and gradual step up in contribution from SLSPL and DR Axion, which too is enhancing capacity, CAL's revenues are expected to witness healthy double digit revenues growth over the medium term.

Besides, the company by way of its established and superior operating efficiencies and expertise in the machined components and die-cast component space continues to register healthy operating profitability (15% in the first half of fiscal 2026, compared to 16.5% in the previous corresponding period); the slight moderation was due to lower contribution from SLSPL and Craftsman Germany, while the operating margins at DR Axion and CAL remained healthy. The company is currently undertaking measures to significantly improve operating margins at SLSPL from ~5% to above 10% in the next fiscal, along with maintaining operating margins at CAL and DR Axion. Overall consolidated operating margins are estimated at ~15% this fiscal and ~15-16% from next fiscal onwards. Earlier in fiscal 2025, company's consolidated operating profitability dropped to 14.9% from ~20% earlier on account of partial consolidation of SLSPL and fall in CAL's standalone margins on due to change in product mix and gestational losses from its newly commissioned facilities.

CAL's financial risk profile has benefitted from strong annual cash generation, equity proceeds received from its initial public offering in March 2021, and further fund raising through a Qualified Institutional Placement (QIP) issue of Rs.1200 crore in

June 2024. CAL incurred spend of ~Rs.3150 crore between fiscals 2023-2025 on capex and acquisitions, and the same was funded through a mix of accruals, QIP proceeds and debt. Despite sizeable capex, CAL's debt metrics are largely at adequate levels; gearing stood at ~0.78 times at March 31, 2025 (0.91 times at March 31, 2024), though interest coverage and the ratio of debt to earnings before interest, depreciation, tax and amortization (EBITDA) moderated to 3.97 times and 2.53 times in fiscal 2025 from 5.79 times and 1.70 times in fiscal 2023, due to lower operating margins, and higher debt.

Debt levels are expected to rise to ~Rs.3500 crore by end of fiscal 2026 (Rs.3038 crore as of September 30, 2025), from Rs.2141 crore as of March 31, 2025, mainly on account of increased working capital requirements and capex of Rs.1200 crore for modernization of machinery at SLSPL, phase II expansions at some of CAL's facilities, and maintenance related purposes, besides two greenfield facilities at CAL and DR Axion. However, the moderation in debt metrics is expected to be only temporary, as operating profitability at SLSPL is expected to improve gradually from next fiscal onwards, with lower capex spending and healthy cash generation. Hence, debt to EBITDA is expected at ~2.8-2.9 times for the current fiscal and should improve to less than ~2.5 times from next fiscal onwards. Debt levels may be slightly lower in the event of successful monetization of the Gurgaon plant of SLSPL, further benefiting debt metrics.

The ratings continue to reflect the strong position of CAL in the auto-engineering contract-manufacturing sector, established diversified customer relationships, healthy operating margin and its adequate financial risk profile. These strengths are partially offset by large working capital requirement and capital-intensive operations and part vulnerability of performance to slowdown in the automotive sector.

### **Analytical Approach**

Crisil Ratings has consolidated the business and financial risk profiles of CAL and its subsidiaries, DR Axion India Pvt Ltd (DR Axion), Sunbeam Lightweighting Solutions Pvt Ltd (SLSPL), Craftsman Europe B.V, Craftsman Germany GmbH and its subsidiaries, and proportionately consolidated CAL's joint venture, Carl Stahl Craftsman Enterprises Pvt Ltd, due to operational and financial linkages between them. Goodwill on the acquisition of DR Axion is amortized over a period of 5 years commencing from the date of acquisition in fiscal 2023. Consequently, reported PAT, net worth and ratio computations are adjusted.

*Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.*

### **Key Rating Drivers - Strengths**

#### **Diversified revenue stream from Auto segment**

CAL is a leading player in the auto-engineering contract-manufacturing sector, with a diversified clientele across industries. It has three business segments: -powertrain, aluminium products, and industrial and engineering. The powertrain segment caters to CVs, PVs, farm equipment, construction and mining equipment segments of the auto industry. The aluminium products division supplies aluminium components to two-and-four-wheeler and power transmission manufacturers. The industrial and engineering segment offers goods and services such as gears, material handling equipment, storage products, special purpose machines and other general engineering products to various industries. Majority of revenues are derived from the domestic segment, while the exports account for a small portion of CAL's revenues, which are done through SLSPL.

The addition of capacity, products and customers, and healthy customer relationships led to revenue growth of 28% in fiscal 2025 on account of revenue contribution from SLSPL and growth in business segments of CAL and DR Axion as well. Besides addition of PV OEM customers arising from DR Axion, steady offtake by key customers and increase in business share with leading medium and heavy CV players should aid the maintenance of CAL's market position over the medium term.

The acquisition of SLSPL will significantly expand CAL's manufacturing footprint in northern & western India in addition to its facility at Bhiwadi, Rajasthan. Also, the acquisition will add new product capabilities in the aluminum segment and add new customers to CAL including key exporters. These factors along with strong offtake on the aluminum segment is expected to enable the company to achieve steady double-digit revenue growth over the medium term.

#### **Healthy operating efficiency**

Focus on niche products, high machining operations and better technical capabilities, supported by cost-optimization measures, have aided healthy operating efficiency. Besides, higher margin from machining operations led to a better-than-industry operating margin of over 20% on sustained basis over the past years until fiscal 2025. However, in fiscal 2025, on account of lower absorption of fixed costs from its newly commenced facilities, higher employee expenses at SLSPL and margin reduction in power train segment on account of lower volumes, operating margins declined to 14.9%. With healthy improvement in operations at SLSPL and increased revenue offtake from its new facilities along with better improvement from existing business, operating margins are expected to improve to ~15% this fiscal and settle between 16-17% over the medium term, supported by cost-control initiatives through automation, employee base optimization and wastage reduction.

#### **Adequate financial risk profile**

Financial risk profile continues to be adequate and supported by steady cash accrual generating ability. Debt levels have risen to fund acquisitions and higher capex spend; albeit proceeds from equity raise and cash accruals have helped buttress impact of debt raise on debt metrics, which though have seen some moderation over the recent past. For instance, interest cover and debt to EBITDA moderated to 3.97 times and 2.53 times in fiscal 2025 from 5.79 times and 1.70 times in fiscal 2023, as the company incurred capex and undertook acquisitions. Increased working requirements along with elevated capex spend of Rs.1200 crore this fiscal is expected to keep the debt levels at close to Rs.3500 crore this fiscal, further impacting debt metrics, such as debt/EBITDA which is expected at 2.90 times; interest cover though is expected at ~4.2 times in fiscal 2026 due to softer interest rates and slight improvement in profitability. Gradual improvement in these metrics is expected as capex is lowered over the medium term, and with strong cash generating continuing. Monetization of land at

SLSPL's Gurgaon unit can also help fasten improvement in debt metrics. However, any further sizeable capex keeping debt levels elevated and limiting improvement in debt metrics will remain a key monitorable.

Earlier in June 2024, CAL successfully completed fund raising from QIP of Rs 1200 crore (net proceeds of Rs 1176.7 crore) and utilized the same towards debt reduction of over Rs 650 crore, acquiring the residual shareholding of 24% for Rs 250 crore in DR Axion while the remaining funds were partly used for acquiring SLSPL and general corporate purposes.

### **Key Rating Drivers - Weaknesses**

#### **Capital-intensive business and sizeable working capital requirement**

Operations are intrinsically capex and working capital intensive. CAL incurred sizeable capex of ~Rs. 4000 crores during fiscals 2020-2025 including the fixed asset addition arising out of the acquisition, and in some cases, has set up capex ahead of demand.

Gross current assets averaged between 160-170 days in recent years. The company has to maintain large inventory of close to 4 months, given its customer and product portfolios. Also, with a large clientele and growing export presence, receivables are sizeable (at almost 2 months) and could get stretched during a slowdown. To an extent, payables are also stretched to 4-4.5 months to lower reliance on short term debt. Given multiple strategic business units and clients, operations will continue to be working capital intensive, and hence its prudent management remains critical.

#### **Vulnerability to cyclical trends in automotive sector**

The company caters to the auto, farm equipment, construction and earthmoving equipment, and locomotive industries, demand from which is typically linked to economic activity. It is diversifying into non-auto industries, such as aluminium casting for power transmission and storage solutions, to mitigate the concentration risk. However, the business performance is likely to remain susceptible to sharp slowdown in demand from the auto industry over the medium term, given that the segment will account for over ~85% of revenues.

#### **Liquidity Strong**

CAL's liquidity position is strong and benefits from its strong annual cash generating ability which is expected to steadily increase from ~Rs.760 crore this fiscal to Rs.850-950 crores in the upcoming fiscals. This is expected to sufficiently meet the repayment obligations of ~Rs.180 crore this fiscal and Rs.500-530 crore per annum from next fiscal onwards. Besides this, company is also expected to incur capex of ~Rs.1200 crore at CAL and its subsidiaries, while from next fiscal onwards, this is expected to moderate to Rs.850-950 crore annually. Capex will be funded through a combination of accruals and debt. Furthermore, the company also has liquidity by way of adequate headroom in the form of bank limit of Rs.1010 crore on standalone basis with average utilization levels of ~56% for 10 months ended October 2025.

### **ESG Profile**

Crisil Ratings believes that Environment, Social and Governance (ESG) profile of CAL adequately supports its existing strong credit risk profile.

The auto component sector has a moderate impact on the environment owing to moderate emissions, water consumption and waste generation. The sector's social impact is also moderate considering the impact of operational activities on the company's own employees. The company is actively focusing on mitigating environmental and social risks.

#### **Key ESG highlights**

- The company reported lower-than-the-peer-average intensities of energy consumption (~52 MWh per Rs crore of revenue) and water withdrawal (~61 kl per Rs crore of revenue), coupled with relatively low water discharged.
- Further, the company reported lower than its peers' share of renewable energy in the total energy mix.
- The company reported higher-than-peer-average share of workers trained on skills and safety (~83% and ~96% respectively) and employees trained in skills and safety.
- CAL's governance structure is characterized by high share of women and independent directors on the Board (~33% and ~67%, respectively), and dedicated investor grievance redressal system.

While there is growing importance of ESG among investors and lenders, the commitment of CAL to ESG principles will play a key role in enhancing stakeholder confidence, given high share of market borrowing in its overall debt and access to both domestic and foreign funds / capital markets.

#### **Outlook Stable**

Crisil Ratings believes CAL will benefit from its established market position across its operating segments, strong customer relationship, diversified revenue base and healthy operating efficiency, while turnaround of operations of SLSPL and ramp-up of business from recently commissioned facilities will remain monitorable. Financial risk profile is adequate and expected to improve over the medium term with higher accruals from its existing businesses due to improved capacity utilization, well managed capex plans and sale of non-core assets, resulting in improvement in debt metrics.

### **Rating sensitivity factors**

#### **Upward factors**

- Sustained healthy business performance resulting in steady cash generation.
- Prudent capital spending and working capital management, and faster than expected reduction in debt levels, including from equity proceeds raised, leading to improvement in financial risk profile and debt metrics – for instance Debt/EBITDA sustaining at below 1-1.2 times

#### **Downward factors**

- Significantly weak operating performance impacting annual cash generation

- Large, debt-funded capex or acquisition or significant stretch in working capital requirement, impacting debt metrics; for instance Debt/EBITDA remaining in excess of 2.5-2.75 times

### About the Company

Incorporated in 1986 in Coimbatore, Tamil Nadu, by Mr S Ravi, CAL manufactures several components and sub-assemblies on supply and job-work basis according to client specifications in the auto, industrial and engineering segments. Key products in the auto segment include power train products, cylinder blocks, cylinder heads, cam shafts and crank cases for CVs, sports utility vehicles, two-wheelers, farm equipment and earthmoving and construction equipment.

The company also has a non-ferrous sand foundry catering to power transmission equipment manufacturers. Its industrial and engineering segments have a wide range of products, including industrial gears, storage solutions, material handling and locomotive engine components. CAL has a tool room that supplies die for injection moulding and mould base. Moreover, it manufactures special-purpose machines for metal and non-metal cutting.

The company reported a net profit of Rs.160 crore in the first half of fiscal 2026 (Rs.121 crore in the corresponding half of fiscal 2025) on net operating revenues of Rs.3800 crores (Rs. 2376 crores).

### Key Financial Indicators – Consolidated

As on / for the period ended March 31*		2025	2024
Revenue	Rs crore	5693	4452
PAT	Rs crore	164	299
PAT margin	%	2.87	6.72
Adjusted debt/adjusted net worth	Times	0.78	0.91
Interest coverage	Times	3.97	5.13

\*Crisil Ratings adjusted numbers

**Any other information:** Not applicable

### Note on complexity levels of the rated instrument:

Crisil Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings' complexity levels please visit [www.crisilratings.com](http://www.crisilratings.com). Users may also call the Customer Service Helpdesk with queries on specific instruments.

### Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Non-Fund Based Limit	NA	NA	NA	352.00	NA	Crisil A1+
NA	Proposed Non Fund based limits	NA	NA	NA	247.00	NA	Crisil A1+
NA	Proposed Working Capital Facility	NA	NA	NA	300.00	NA	Crisil AA-/Stable
NA	Working Capital Demand Loan	NA	NA	NA	600.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	30-Sep-31	144.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	28-Feb-31	95.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-Jul-32	150.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-Dec-31	197.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-Oct-31	92.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	30-Jun-32	150.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	30-Sep-30	150.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-May-32	200.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-Mar-31	89.00	NA	Crisil AA-/Stable

NA	Long Term Loan	NA	NA	31-Aug-30	94.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-Jul-29	81.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-Dec-26	61.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	30-Nov-29	78.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	30-Jun-31	166.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	30-Jun-29	51.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-Mar-30	38.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-May-29	65.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	30-Nov-30	78.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-Dec-32	150.00	NA	Crisil AA-/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	322.00	NA	Crisil AA-/Stable

**Annexure – List of entities consolidated**

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Craftsman Europe B V Netherlands	Full	Common management and financial linkages
DR Axion India Private Ltd	Full	Common management and financial linkages
Sunbeam Lightweighting Solutions Private Ltd	Full	Common management and financial linkages
Craftsman Germany GmbH, Germany	Full	Common management and financial linkages
Craftsman Fronberg Guss GmbH, Germany	Full	Stepdown subsidiary, Common management and financial linkages
Craftsman Fronberg Guss Immobilien GmbH, Germany	Full	Stepdown subsidiary, Common management and financial linkages

**Annexure - Rating History for last 3 Years**

Instrument	Current			2025 (History)		2024		2023		2022		Start of 2022
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
<b>Fund Based Facilities</b>	LT	3351.0	Crisil AA-/Stable	22-08-25	Crisil AA-/Stable	16-10-24	Crisil AA-/Stable	20-07-23	Crisil AA-/Stable / Crisil A1+	06-07-22	Crisil A1 / Crisil A+/Stable	Crisil A1 / Crisil A/Stable
			--		--	13-08-24	Crisil AA-/Stable	09-01-23	Crisil A+/Positive / Crisil A1		--	--
			--		--	10-05-24	Crisil AA-/Stable / Crisil A1+		--		--	--
<b>Non-Fund Based Facilities</b>	ST	599.0	Crisil A1+	22-08-25	Crisil A1+	16-10-24	Crisil A1+	20-07-23	Crisil A1+	06-07-22	Crisil A1	Crisil A1
			--		--	13-08-24	Crisil A1+	09-01-23	Crisil A1		--	--
			--		--	10-05-24	Crisil A1+		--		--	--

All amounts are in Rs.Cr.

**Annexure - Details of Bank Lenders & Facilities**

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Long Term Loan	89	Indian Overseas Bank	Crisil AA-/Stable
Long Term Loan	94	HDFC Bank Limited	Crisil AA-/Stable

Long Term Loan	81	Exim Bank	Crisil AA-/Stable
Long Term Loan	61	International Finance Corporation	Crisil AA-/Stable
Long Term Loan	78	The Federal Bank Limited	Crisil AA-/Stable
Long Term Loan	166	The Federal Bank Limited	Crisil AA-/Stable
Long Term Loan	51	Axis Bank Limited	Crisil AA-/Stable
Long Term Loan	38	Bajaj Finance Limited	Crisil AA-/Stable
Long Term Loan	65	Indian Bank	Crisil AA-/Stable
Long Term Loan	78	State Bank of India	Crisil AA-/Stable
Long Term Loan	150	IDBI Bank Limited	Crisil AA-/Stable
Long Term Loan	197	State Bank of India	Crisil AA-/Stable
Long Term Loan	92	Axis Bank Limited	Crisil AA-/Stable
Long Term Loan	150	Axis Bank Limited	Crisil AA-/Stable
Long Term Loan	150	Bajaj Finance Limited	Crisil AA-/Stable
Long Term Loan	200	HDFC Bank Limited	Crisil AA-/Stable
Long Term Loan	150	The Karnataka Bank Limited	Crisil AA-/Stable
Long Term Loan	144	Kotak Mahindra Bank Limited	Crisil AA-/Stable
Long Term Loan	95	IndusInd Bank Limited	Crisil AA-/Stable
Non-Fund Based Limit	15	Standard Chartered Bank	Crisil A1+
Non-Fund Based Limit	177	State Bank of India	Crisil A1+
Non-Fund Based Limit	50	Axis Bank Limited	Crisil A1+
Non-Fund Based Limit	60	RBL Bank Limited	Crisil A1+
Non-Fund Based Limit	50	Indian Bank	Crisil A1+
Proposed Long Term Bank Loan Facility	322	Not Applicable	Crisil AA-/Stable
Proposed Non Fund based limits	247	Not Applicable	Crisil A1+
Proposed Working Capital Facility	300	Not Applicable	Crisil AA-/Stable
Working Capital Demand Loan	60	HDFC Bank Limited	Crisil AA-/Stable
Working Capital Demand Loan	60	Standard Chartered Bank	Crisil AA-/Stable
Working Capital Demand Loan	75	Axis Bank Limited	Crisil AA-/Stable
Working Capital Demand Loan	175	State Bank of India	Crisil AA-/Stable
Working Capital Demand Loan	75	RBL Bank Limited	Crisil AA-/Stable
Working Capital Demand Loan	55	YES Bank Limited	Crisil AA-/Stable
Working Capital Demand Loan	100	Indian Bank	Crisil AA-/Stable

## Criteria Details

Links to related criteria

[Basics of Ratings \(including default recognition, assessing information adequacy\)](#)

[Criteria for consolidation](#)

[Criteria for manufacturing, trading and corporate services sector \(including approach for financial ratios\)](#)

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Analytical Contacts

Customer Service Helpdesk

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**About Crisil Ratings Limited (A subsidiary of Crisil Limited, an S&P Global Company)**

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## Rating Rationale

December 12, 2025 | Mumbai

### DR Axion India Private Limited

*Ratings reaffirmed at 'Crisil AA- / Stable / Crisil A1+' ; Rated amount enhanced for Bank Debt*

#### Rating Action

<b>Total Bank Loan Facilities Rated</b>	<b>Rs.525 Crore (Enhanced from Rs.313.97 Crore)</b>
<b>Long Term Rating</b>	<b>Crisil AA-/Stable (Reaffirmed)</b>
<b>Short Term Rating</b>	<b>Crisil A1+ (Reaffirmed)</b>

*Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.*

*1 crore = 10 million*

*Refer to Annexure for Details of Instruments & Bank Facilities*

#### Detailed Rationale

Crisil Ratings has reaffirmed its 'Crisil AA-/Stable/Crisil A1+' ratings on the bank facilities of DR Axion India Pvt Ltd (DRAIPL).

The rating reaffirmation reflects strong parentage of Craftsman Automation Ltd (CAL, 'Crisil AA-/Stable/Crisil A1+') and continued healthy business risk profile of DRAIPL supported by its established position as a leading supplier of cylinder heads and blocks to leading passenger vehicle (PV) original equipment manufacturers (OEMs). The ratings are also supported by the healthy operating efficiency and comfortable financial risk profile. These strengths are partially offset by exposure to risks posed by high product and customer concentration, those associated with a single location plant, and slowdown in demand for PVs, and susceptibility of the operating margin to volatility in raw material cost.

DRAIPL continues to maintain healthy relationships with key customers, namely Hyundai Motor India Ltd (HMIL, 'Crisil AAA/Stable/Crisil A1+') and Kia Motor India Ltd (KMIL), being their sole supplier for cylinder heads. While the company has also started supplying cylinder blocks and heads to Mahindra & Mahindra Ltd (M&M, 'Crisil AAA/Stable/Crisil A1+'). CAL's strong relationship with M&M has helped DRAIPL in increasing its wallet share resulting in increase in revenue share from M&M, which at present is DRAIPL's largest customer with 39% revenue share in fiscal 2025.

During the first half of fiscal 2026, revenue growth was strong at ~36 % to ~Rs 805 crore, as compared to Rs 593 crore in the corresponding period of the previous fiscal, on account of a healthy order book from key customers and execution of export orders. Supported by strong OEM demand and increase in share of revenues with M&M is expected to drive the revenue growth of 20-25% in the near to medium term. Earlier, in fiscal 2025, DRAIPL recorded modest revenue growth of around 4% year-on-year on account of moderate demand from its key customers.

Operating margin was healthy at ~18.2% during first half of current fiscal, led by healthy volumes which helped to improved fixed cost absorption, along with improved cost efficiency. The margin is expected to stabilise at 17-18% in the near to medium term, on the expectation of stable raw material prices, cost optimisation measures undertaken earlier and absence of royalty payments to DR Axion Korea. Earlier in fiscal 2025, the operating margin moderated to ~17.6% (19.0% in fiscal 2024) on account of increase in raw material prices.

The financial risk profile continues to remain healthy supported by steady cash accrual and declining debt levels with steady repayment. Gearing improved to 0.17 time as on March 31, 2025 (vis-à-vis 0.37 time a year ago), while the interest coverage ratio improved to 18.34 times in fiscal 2025 (11.95 times in fiscal 2024). Also, during the current fiscal 2026, DRAIPL has extended corporate guarantee (CG) to its group company Sunbeam Lightweighting Solutions Pvt Ltd (SLSPL, rated 'Crisil BBB-/Positive/Crisil A3') for the term loans availed to the extent of Rs 400 crs.

With part debt funded capex of ~Rs.200-220 crore and CGs given in current fiscal, debt protection metrics like debt/EBITDA and gearing is expected to increase to ~2.25 times (0.39x a year ago) and 0.96 times (0.17x a year ago) and expected to remain elevated over the medium term. Besides, DRAIPL has also extended loan and advances of Rs. 50 crore to SLSPL. However, with the proposed sale of non-core assets at SLSPL, this advance is expected to return and CG levels are likely to come down with closure of debt at SLSPL.

Liquidity remains healthy with strong annual cash accretion of Rs.220-250 crore against repayment of Rs 30 crore excluding the repayments arising from the proposed debt availments and incremental working capital requirements. The company's board has recently approved a major capacity expansion plan to set up a new plant in Chennai, driven by full utilization of its existing facility at Thiruvallur (Tamil Nadu) and anticipated growth in demand in the coming years. The total cost of project is estimated to be Rs 200-280 crore, which is proposed to be funded through combination of internal accruals and external debt. While the capex spend in first half of current fiscal is less than Rs.10 crore, the company is expected to incur ~Rs.200 crore in the second half of current fiscal 2026 towards purchase of land near Chennai and another Rs 130-150 crore spread

over two years (fiscals 2026 and 2027) towards the construction of greenfield facility and remaining towards regular maintenance capex

Besides the above, liquidity is available in the form of cash balances of Rs 45 crore as of September 2025 and Rs 90 crore short-term fund-based facilities, which remains unutilised for the 12 months through November 2025.

The existing parent, CAL, manufactures several components and sub-assemblies on supply and job-work basis, as per client specifications, in the auto, industrial and engineering segments. Key products include power train products, cylinder blocks, cylinder heads, cam shafts and crank cases for commercial vehicles (CVs), sports utility vehicles (SUVs), two-wheelers, farm equipment and earthmoving and construction equipment. CAL also has a non-ferrous sand foundry, catering to power transmission equipment manufacturers. Its industrial and engineering segment has a wide range of products, including industrial gears, storage solutions, material handling and locomotive engine components. CAL has a tool room that supplies dies for injection moulding and mould base. Moreover, it manufactures special-purpose machines for metal and non-metal cutting.

CAL and DRAIPL both operate in the auto components space and have strengths in complementary areas. CAL operates in high-pressure die castings, low-pressure die castings (LPDC), gravity die casting (GDC) and sand casting of components, while DRAIPL has presence mainly in LPDC and GDC components.

### **Analytical Approach**

Crisil Ratings has followed a standalone approach for the credit risk assessment of DRAIPL, and applied its parent notch-up framework to factor in strong operational linkages, financial and managerial support to be provided by CAL.

Corporate guarantees of ~Rs.390 crore extended by DRAIPL to SLSPL has been considered as part of debt at DRAIPL.

### **Key Rating Drivers - Strengths**

#### **Established relationship with auto OEMs in PV segment reflecting in healthy order book**

DRAIPL is the sole supplier for cylinder heads to HMIL and KMIL and sole supplier of cylinder blocks and heads to M&M. CAL's strong relationship with M&M has helped DRAIPL in increasing its wallet share resulting in increase in revenue share from M&M over the years. As the company receives the production schedule from these OEMs upfront, it is able to plan its production accordingly. Relationships with Korean OEMs operating in the PV space in India was established by the erstwhile parent, DR Axion, Korea, who supplied to parent entities of HMIL and KMIL in Korea. Besides, DR Axion, Korea also used to supply similar components to SsangYong Motor Company, which was until recently a subsidiary of M&M and was later sold to the Korea-based KG group in 2022.

Besides, company has earlier bagged an annual order of around Rs 100 crore for three years from a Korean customer, which the company had started to supply in the current fiscal thereby boosting revenue growth to over ~35% year-on-year (yoy) in the first half of current fiscal. Further the company is expected to supply for next eighteen months, which is expected to aid the overall revenues over the medium term.

#### **Improving cost efficiency, aiding operating capability**

The erstwhile ultimate parent, DR Axion, Korea is a global component supplier to plants of the Hyundai group in China and South Korea. It has provided operational support and technical expertise to DRAIPL, which has helped it establish strong relationships with the Hyundai group OEMs (HMIL and KMIL) operating in India. DRAIPL also employs modern automated production lines similar to those used by DR Axion, Korea, which helps reduce maintenance expenses.

DRAIPL has ISO/TS 16949:2009, ISO 14001:2004 and OHSAS 18001:2007 and HMI Quality 4-star certifications. It has over 10 separate production lines dedicated for each project, thus enabling seamless and simultaneous production. As per the arrangement with DR Axion, Korea, key personnel continue to be deputed from the erstwhile ultimate parent at DRAIPL, even post-acquisition by CAL.

CAL, by virtue of its vast experience in the automotive component space, and in similar segments as DRAIPL, is expected to enhance productivity and quality of DRAIPL's output and also enhance its ability to launch new products and increase the share of business from existing customers. Along with focus on increasing automation, common sourcing of aluminium should also help CAL enhance its operating margin. The margin should remain healthy with already posting ~18.2% during the first half of fiscal 2026 and is estimated to remain around ~17-18% over the medium term supported by optimal sale volumes and cost rationalisation initiatives earlier undertaken. Return on capital employed was also healthy at 31.75% in fiscal 2025; and is expected healthy around ~17-20% over the medium term despite considering the corporate guarantees issued as debt.

### **Healthy financial risk profile**

Networth improved to Rs 511 crore as on March 31, 2025, and is expected to improve steadily to Rs 650-700 crore over the medium term, supported by steady profit accretion. Steady debt repayments have helped to reduce debt levels, aiding improvement in gearing to 0.17 time as on March 31, 2025 (0.37 a year ago) while interest cover improved to 18.34 times (11.95 time a year ago).

DRAIPL has extended CG towards term loan of Rs. 390 crore raised by SLSPL in the current fiscal. With partly debt funded capex and considering the CG given in current fiscal, the debt protection metrics like debt/EBITDA and gearing is expected to moderate to 2.25 times (0.39x a year ago) and 0.96 times (0.17x a year ago) over medium and remain at similar levels. Despite the elevated debt protection metrics, the overall financial risk profile is expected to remain healthy.

Besides the above, DRAIPL has also extended support to SLSPL in form of loan of Rs. 50 crore which is expected to be returned back by the end of this fiscal upon completion of sale of non-core assets at SLSPL.

### **DRAIPL to benefit from the strong parentage of CAL**

DRAIPL has become a wholly owned subsidiary of CAL since the residual shareholding of 24% were acquired in June 2024, resulting in revocation of annual royalty payments to its erstwhile parent. With CAL's vast industry expertise in automotive components, spanning over three decades, DRAIPL is expected to receive strong managerial, operational and financial support on exigencies.

CAL also benefits from access to DR Axion, Korea's technology for manufacture of components for PVs. Common sourcing of primary raw material, aluminum is also undertaken by CAL, from its wide range of vendors (compared with sole supplier for DRAIPL earlier), which enables cost savings for DRAIPL.

CAL has also deputed many of its personnel to oversee different aspects of operations at DRAIPL and also monitors the treasury and financial operations. Besides, four of the board of directors of CAL are on the board of DRAIPL.

### **Key Rating Drivers - Weaknesses**

#### **Exposure to risks posed by product and customer concentration and those related to presence in a single location**

While DRAIPL was not present in the export segment till fiscal 2024, company commenced its export supplies of Rs.100 crore annually to a Korean customer. However, in the aftermarket (given the nature of products which are critical engine components with a long life), it does face segment concentration risk. With estimated increase in penetration of electric vehicles (EVs) in the next 5-6 years, current components that DRAIPL manufactures are only used in internal combustion engines (ICE) of PVs. That said, share of EV cars in overall PVs sold should not exceed 20-25% over the next five years, which will ensure steady business for DRAIPL over the medium term.

Customer concentration is also high with over 95% revenue generated from M&M, HMIL and KMIL in first half of fiscal 2026 and in previous fiscal. However, this risk is partly mitigated by the fact that these three OEMs account for over 34% market share (first half of fiscal 2026) in the domestic PV market. That said, with its entire revenue coming from the PV segment and manufacturing operations concentrated at a single location, any slowdown in PV sales or any operational challenges at the manufacturing unit may adversely impact the operations. However, the company is planning to setup a new facility, which is expected to commence operations from fiscal 2028 onwards partly mitigating the single location concentration risk.

#### **Volatile aluminium prices could affect operating margin**

The operating margin remains exposed to fluctuations in raw material prices. Prices of aluminium, its key raw material, has been highly volatile over the last few fiscals, with prices growing by 50-60% between fiscals 2022 and 2023, then dipping in fiscal 2024 and again rising in fiscal 2025. As the company has a quarterly pricing arrangement with customers, it will not be able to pass the entire increase in raw material prices to end customers, which then causes the margin to fluctuate. However, the same is mitigated by the centralised raw material procurement post-acquisition and alignment of the inventory policy with CAL.

### **Liquidity** Strong

Company has strong liquidity driven by cash generation of Rs 200-230 crore annually which will suffice to cover the annual debt obligation of Rs 30 crore, incremental working capital and also part funding capex requirements over the medium term. Need-based support from CAL may also be forthcoming.

### **Outlook** Stable

DRAIPL will benefit from the strong operational and financial support provided by the parent, CAL. The ratings also factor in the established relationships with customers and suppliers, healthy order book and strong operating efficiency. The company is also expected to sustain its healthy financial risk profile, supported by efficient working capital management and prudent capital spend.

### **Rating sensitivity factors**

#### **Upward factors**

- Healthy double-digit growth in revenues, supported by better customer and product diversity, and operating profitability sustained at 18-19%, leading to better-than-expected cash generation.
- Sustenance of healthy financial risk profile and debt metrics.
- Improvement in credit profile of CAL, by one or more notches.

#### **Downward factors**

- Sluggish revenue or decline in operating profitability below 13-14% on sustained basis impacting cash accruals.
- Large, debt-funded capex or elongation of working capital cycle, impacting debt metrics materially.
- Downward revision in the credit risk profile of CAL or change in stance of support.

### **About the Company**

Incorporated in December 2006, DRAIPL manufactures cylinder heads and blocks, which are critical auto components used in PVs, as an outer shell of ICEs. The manufacturing facility at Tiruvallur near Chennai has capacity to produce around 18.3 lakh cylinder heads and around 2.3 lakh cylinder blocks per fiscal. The company is 100% held by CAL.

DRAIPL recorded operating income of ~Rs 805 crore and margin of ~18.2 %, in the first half of fiscal 2026 (vis-à-vis Rs 593 crore and 18.1% respectively, in the first half of fiscal 2025).

### **About the parent (CAL)**

Incorporated in 1986 in Coimbatore, Tamil Nadu, by Mr S Ravi, CAL manufactures several components and sub-assemblies on supply and job-work basis, as per client specifications, for the auto, industrial and engineering segments. Key products in the auto segment include power train products, cylinder blocks, cylinder heads, cam shafts and crank cases for CVs, SUVs, two-wheelers, farm equipment and earthmoving and construction equipment.

CAL also has a non-ferrous sand foundry catering to power transmission equipment manufacturers. Its industrial and engineering segment has a wide range of products, including industrial gears, storage solutions, material handling and locomotive engine components. CAL has a tool room that supplies dies for injection moulding and mould base. Moreover, it manufactures special-purpose machines for metal and non-metal cutting.

CAL recently completed fund raising of Rs 1,200 crore via qualified institutional placement in June 2024. This has led to a fall in stake held by promoters, to 48.70% as of June 2024, from 54.99% as of March 2024.

CAL reported a net profit of Rs.160.46 crore in the first half of fiscal 2026 (Rs.121.18 crore in the corresponding half of fiscal 2025) on net operating revenues of Rs.3800 crores (Rs. 2376 crores).

#### Key financials – DRAIPL

As on/for the period ended March 31*		2025	2024
Revenue	Rs crore	1299	1246
Profit after tax (PAT)	Rs crore	127	137
PAT margin	%	9.8	11.0
Adjusted debt/Adjusted networkth	Times	0.17	0.37
Interest coverage	Times	18.34	11.95

\*Crisil Ratings-adjusted numbers

**Any other information:** Not applicable

#### Note on complexity levels of the rated instrument:

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#### Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Letter of Credit	NA	NA	NA	15.00	NA	Crisil A1+
NA	Proposed Working Capital Facility	NA	NA	NA	20.00	NA	Crisil AA-/Stable
NA	Working Capital Demand Loan	NA	NA	NA	90.00	NA	Crisil AA-/Stable
NA	Proposed Term Loan	NA	NA	NA	66.03	NA	Crisil AA-/Stable
NA	Proposed Term Loan	NA	NA	NA	157.89	NA	Crisil AA-/Stable
NA	Term Loan	NA	NA	31-Dec-32	125.00	NA	Crisil AA-/Stable
NA	Term Loan	NA	NA	18-Sep-26	14.02	NA	Crisil AA-/Stable
NA	Term Loan	NA	NA	23-Oct-28	9.38	NA	Crisil AA-/Stable
NA	Term Loan	NA	NA	23-Oct-28	11.43	NA	Crisil AA-/Stable
NA	Term Loan	NA	NA	31-Aug-29	16.25	NA	Crisil AA-/Stable

#### Annexure - Rating History for last 3 Years

		Current		2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	510.0	Crisil AA-/Stable		--	13-09-24	Crisil AA-/Stable	02-08-23	Crisil AA-/Stable		--	--
			--		--	10-05-24	Crisil AA-/Stable		--		--	--

Non-Fund Based Facilities	ST	15.0	Crisil A1+		--	13-09-24	Crisil A1+	02-08-23	Crisil A1+		--	--
			--		--	10-05-24	Crisil A1+		--		--	--

All amounts are in Rs.Cr.

#### Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Letter of Credit	15	HDFC Bank Limited	Crisil A1+
Proposed Term Loan	157.89	Not Applicable	Crisil AA-/Stable
Proposed Term Loan	66.03	Not Applicable	Crisil AA-/Stable
Proposed Working Capital Facility	20	Not Applicable	Crisil AA-/Stable
Term Loan	11.43	HDFC Bank Limited	Crisil AA-/Stable
Term Loan	16.25	Axis Bank Limited	Crisil AA-/Stable
Term Loan	14.02	HDFC Bank Limited	Crisil AA-/Stable
Term Loan	9.38	HDFC Bank Limited	Crisil AA-/Stable
Term Loan	125	Bajaj Finance Limited	Crisil AA-/Stable
Working Capital Demand Loan	55	HDFC Bank Limited	Crisil AA-/Stable
Working Capital Demand Loan	25	YES Bank Limited	Crisil AA-/Stable
Working Capital Demand Loan	10	Axis Bank Limited	Crisil AA-/Stable

#### Criteria Details

Links to related criteria
<a href="#">Basics of Ratings (including default recognition, assessing information adequacy)</a>
<a href="#">Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)</a>
<a href="#">Criteria for factoring parent, group and government linkages</a>

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