

20th March, 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: Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Reaffirmation of Credit Ratings for the Company and DR Axion India Limited (WOS), and Upgradation of Credit Ratings for Sunbeam Lightweighting Solutions Limited (WOS).

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 (Crisil), the Credit Rating Agency vide its letters dated 20th March, 2026 has:

1. **Reaffirmed** the Credit Ratings for the long-term and short-term bank facilities of the Company and DR Axion India Limited (formerly, DR Axion India Private Limited), a Wholly Owned Subsidiary (WOS) of the Company; and
2. **Upgraded** the Credit Ratings for the long-term and short-term bank facilities of Sunbeam Lightweighting Solutions Limited (formerly, Sunbeam Lightweighting Solutions Private Limited), a WOS of the Company.

The details of the rating actions are as follows:

Rating Action – Craftsman Automation Limited:

S.No	Loan Facilities Rated	Existing Rating	Rating Action
1.	Long Term Rating	Crisil AA-/Stable	Reaffirmed
2.	Short Term Rating	Crisil A1+	Reaffirmed

Craftsman Automation Limited

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Arasur Post, Coimbatore - 641 407
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Corporate Office:
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info@craftsmanautomation.com
www.craftsmanautomation.com

CIN NO: L28991TZ1986PLC001816
GST NO: 33AABCC2461K1ZW

Rating Action – DR Axion India Limited:

S.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 – Sunbeam Lightweighting Solutions Limited:

S.No	Loan Facilities Rated	Existing Rating	Rating Action
1.	Long Term Rating	Crisil BBB-/Positive	Upgraded to Crisil BBB+/Watch Positive
2.	Short Term Rating	Crisil A3	Upgraded to Crisil A2/Watch Positive

The 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

Rating Rationale

March 20, 2026 | Mumbai

Craftsman Automation Limited

Ratings reaffirmed at 'Crisil AA- / Stable / Crisil A1+ '

Rating Action

Total Bank Loan Facilities Rated	Rs.3950 Crore
Long Term Rating	Crisil AA-/Stable (Reaffirmed)
Short Term Rating	Crisil A1+ (Reaffirmed)

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).

Crisil Ratings has taken note of the announcement by CAL on March 11, 2026, that its Board of Directors have approved the scheme of consolidating its aluminum business by merging its subsidiaries i.e. DR Axion India Ltd (DRAIL, rated "Crisil AA-/Stable/Crisil A1+") and Sunbeam Lightweighting Solutions Ltd (SLSL, rated; 'Crisil BBB+/Crisil A2/Watch Positive') together effective April 1, 2026. Prior to this merger, as part of the scheme the subsidiaries of DRAIL, acquired during December 2025, and holding part of land parcels on which DRAIL's new plant will be set up will be merged with DRAIL. The scheme is not expected to make materially impact the credit profile of CAL, which will continue to be supported by its strong business risk profile and a healthy financial risk profile.

The ratings on the debt facilities of CAL continue to reflect 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 SLSL 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 SLSL'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.5843 crore during first nine months of fiscal 2026 from Rs.3941 crore in the previous corresponding fiscal, primarily 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 SLSL and Craftsman Germany GmbH (Craftsman Germany), which was acquired by CAL in the second half of last fiscal. CAL's other subsidiary, DRAIL also saw revenues growing by ~30% in first nine months of this fiscal driven by continued demand from its existing customers and increased exports. On consolidated basis, aluminum segment contributed over ~60% of revenues in the first nine months of fiscal 2026, while the powertrain and industrial engineering segment contributed 27% and 13% of revenues respectively. The aluminum segment grew by ~72% during the first nine months of current fiscal, primarily contributing to overall revenue growth. The other segments, powertrain and industrial engineering segments grew by 20% and 30% during the period.

DRAIL is a major supplier of cylinder blocks and heads for leading passenger vehicle (PV) original equipment manufacturers (OEMs) such as Hyundai Motor India Ltd (HMIL, 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 DRAIL has helped CAL increase the share of revenue from the PV segment, thereby diversifying the revenue stream within the auto business. Further, the recently acquired subsidiary, SLSL 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+'), has also enhanced its customer base, though operating profitability has been impacted due to lower profitability of SLSL. Given the recent capacity expansion at CAL, and gradual step up in contribution from SLSL and DRAIL, 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 (~15.8% in the first nine months of fiscal 2026, and similar in the previous year's corresponding period); with CAL and DRAIL performance offsetting lower profitability at SLSL and Craftsman Germany. The company's management is currently undertaking measures to significantly improve operating margins at SLSL from ~6% to ~8-10% in the next fiscal, while maintaining operating margins

at CAL and DRAIL. Overall consolidated operating margins are estimated at ~15% this fiscal, however for the next fiscal, operating profitability is expected to moderate to ~14-14.5% on account of increase in raw material prices and other allied costs such as power & fuel, freight etc, as compared to previous Crisil Ratings expectations of ~15-16% respectively.

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.3343 crore as of December 31, 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 SLSL, phase II expansions at some of CAL's facilities, and maintenance related purposes, besides two greenfield facilities at CAL and DRAIL. However, the moderation in debt metrics is expected to be only temporary, supported by steady operating profits and controlled capex spending. Hence, debt to EBITDA, which is expected at ~2.8-2.9 times for the current fiscal, 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 Ltd (DRAIL), Sunbeam Lightweighting Solutions Ltd (SLSL), 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 commercial vehicles (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 SLSL.

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 SLSL and growth in business segments of CAL and DRAIL as well. Besides addition of PV OEM customers arising from DRAIL, 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 SLSL has expanded CAL's manufacturing footprint in northern & western India in addition to its facility at Bhiwadi, Rajasthan. Also, the acquisition has added new product capabilities in the aluminum segment besides new domestic and export customers. . 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 SLSL and margin reduction in power train segment on account of lower volumes, operating margins declined to 14.9%. With healthy improvement in operations at SLSL 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 between 14-14.5% 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 SLSL'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 SLSL 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 ~60% for 10 months ended January 2026.

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 SLSL 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.268 crore in the first nine months of fiscal 2026 (Rs.134 crore in the corresponding period of fiscal 2025) on net operating revenues of Rs.5843 crores (Rs. 3941 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 network	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. 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	655.00	NA	Crisil A1+
NA	Working Capital Demand Loan	NA	NA	NA	900.00	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	30.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-May-29	43.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	30-Nov-30	61.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-Jul-32	105.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-Dec-31	163.00	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-Dec-32	150.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-Mar-31	68.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-Aug-30	73.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-Jul-29	76.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-Dec-26	41.00	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	134.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	30-Sep-31	110.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	28-Feb-31	92.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	31-Mar-33	100.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	28-Feb-33	200.00	NA	Crisil AA-/Stable
NA	Long Term Loan	NA	NA	30-Nov-32	200.00	NA	Crisil AA-/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	28.00	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
Suprash Developers Pvt Ltd	Full	Stepdown subsidiary, Common management and financial linkages
Srikara Technologies Pvt Ltd	Full	Stepdown subsidiary, Common management and financial linkages

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2026 (History)		2025		2024		2023		Start of 2023
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	3295.0	Crisil AA-/Stable		--	12-12-25	Crisil AA-/Stable	16-10-24	Crisil AA-/Stable	20-07-23	Crisil AA-/Stable / Crisil A1+	Crisil A1 / Crisil A+/Stable
			--		--	22-08-25	Crisil AA-/Stable	13-08-24	Crisil AA-/Stable	09-01-23	Crisil A+/Positive / Crisil A1	--
			--		--		--	10-05-24	Crisil AA-/Stable / Crisil A1+		--	--

Non-Fund Based Facilities	ST	655.0	Crisil A1+		--	12-12-25	Crisil A1+	16-10-24	Crisil A1+	20-07-23	Crisil A1+	Crisil A1
			--		--	22-08-25	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	51	Axis Bank Limited	Crisil AA-/Stable
Long Term Loan	30	Bajaj Finance Limited	Crisil AA-/Stable
Long Term Loan	43	Indian Bank	Crisil AA-/Stable
Long Term Loan	61	State Bank of India	Crisil AA-/Stable
Long Term Loan	105	IDBI Bank Limited	Crisil AA-/Stable
Long Term Loan	163	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	68	Indian Overseas Bank	Crisil AA-/Stable
Long Term Loan	73	HDFC Bank Limited	Crisil AA-/Stable
Long Term Loan	76	Exim Bank	Crisil AA-/Stable
Long Term Loan	41	International Finance Corporation	Crisil AA-/Stable
Long Term Loan	78	The Federal Bank Limited	Crisil AA-/Stable
Long Term Loan	134	The Federal Bank Limited	Crisil AA-/Stable
Long Term Loan	110	Kotak Mahindra Bank Limited	Crisil AA-/Stable
Long Term Loan	92	IndusInd Bank Limited	Crisil AA-/Stable
Long Term Loan	100	State Bank of India	Crisil AA-/Stable
Long Term Loan	200	State Bank of India	Crisil AA-/Stable
Long Term Loan	200	Indian Bank	Crisil AA-/Stable
Non-Fund Based Limit	90	Standard Chartered Bank	Crisil A1+
Non-Fund Based Limit	330	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+
Non-Fund Based Limit	50	The Federal Bank Limited	Crisil A1+
Non-Fund Based Limit	25	YES Bank Limited	Crisil A1+
Proposed Long Term Bank Loan Facility	28	Not Applicable	Crisil AA-/Stable
Working Capital Demand Loan	100	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	265	State Bank of India	Crisil AA-/Stable
Working Capital Demand Loan	100	RBL Bank Limited	Crisil AA-/Stable
Working Capital Demand Loan	80	YES Bank Limited	Crisil AA-/Stable

Working Capital Demand Loan	100	Indian Bank	Crisil AA-/Stable
Working Capital Demand Loan	60	The Federal Bank Limited	Crisil AA-/Stable
Working Capital Demand Loan	60	Kotak Mahindra Bank Limited	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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Note for Media:

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Rating Rationale

March 20, 2026 | Mumbai

DR Axion India Limited

Ratings Reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.525 Crore
Long Term Rating	Crisil AA-/Stable (Reaffirmed)
Short Term Rating	Crisil A1+ (Reaffirmed)

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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 Ltd (DRAIL, formerly known as DR Axion India Private Limited).

Crisil Ratings has taken note of the announcement by DRAIL's parent, Craftsman Automation Ltd (CAL, rated "Crisil AA-/Stable/Crisil A1+") on March 11, 2026, that its Board of Directors have approved the scheme of consolidating its aluminum business by merging its subsidiaries i.e. DRAIL and Sunbeam Lightweighting Solutions Ltd (SLSPL, rated "Crisil BBB+/Crisil A2/Watch Positive") together effective April 1, 2026. Prior to this merger, as part of the scheme the subsidiaries of DRAIL which were acquired during December 2025, and hold the land on which part of DRAIL's expansion plans, are expected to merge with DRAIL. Upon successful completion of the merger which is expected by the end of next fiscal, DRAIL will cease to exist and its entire debt facilities will be moved to SLSPL.

Post merger, the combined entity i.e. SLSPL and DRAIL together is expected to have revenues of Rs.2900-3000 crore with operating profitability of ~14% respectively. The customer base of the combined entity will also be expanded, in domestic and overseas markets. Crisil Ratings expects the debt levels of combined entity to be at Rs.800-850 crore against adjusted networth of Rs.800-900 crore reflecting healthy gearing of less than 1 time. With estimated operating profits of Rs.420-450 crore, debt protection metrics too will remain strong with debt to earnings before interest depreciation and amortization (EBITDA) to be less than ~2 time and healthy interest cover of 7-8 times respectively.

The ratings of DRAIL continue to reflect the strong parentage of CAL and continued healthy business risk profile of DRAIL 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.

DRAIL 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 and Mahindra Ltd (M&M, 'Crisil AAA/Stable/Crisil A1+'). CAL's strong relationship with M&M has helped DRAIL in increasing its wallet share resulting in increase in revenue share from M&M, which at present is DRAIL's largest customer with 39% revenue share in fiscal 2025.

During the first nine months of fiscal 2026, revenue growth was strong at ~30 % reaching ~Rs 1196 crore, compared to Rs 921 crore in the corresponding period of the previous fiscal. Revenue growth was driven by healthy orders 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, DRAIL recorded modest revenue growth of around 4% year-on-year in line with tepid demand from its key customers.

Operating margin was healthy at ~19% during first nine months of current fiscal, led by good volume growth which helped to improved fixed cost absorption, along with improved cost efficiency. Crisil Ratings expects operating margin of DRAIL is expected to stabilise at 15-16% for the current fiscal compared to earlier expectations of ~17%, on account of increase in raw material prices and other allied costs in last quarter of fiscal 2026 although it will be partly offset by the cost optimisation measures undertaken earlier and absence of royalty payments to erstwhile parent, 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,

DRAIL has extended corporate guarantee (CG) to its group company, SLSPL for the term loans availed to the extent of Rs 390 crores.

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, DRAIL 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 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 49 crore as of December 31, 2025 and Rs 90 crore short-term fund-based facilities, which remain unutilised for the 12 months through January 2026.

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 DRAIL 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 DRAIL has presence mainly in LPDC and GDC components.

Analytical Approach

Crisil Ratings has followed a standalone approach for the credit risk assessment of DRAIL, 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 DRAIL to SLSPL has been considered as part of debt at DRAIL.

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

Key Rating Drivers - Strengths

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

DRAIL 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 DRAIL 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.

DRAIL had also 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 ~30% year-on-year (yoy) in the first nine months 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 DRAIL, which has helped it establish strong relationships with the Hyundai group OEMs (HMIL and KMIL) operating in India. DRAIL also employs modern automated production lines similar to those used by DR Axion, Korea, which helps reduce maintenance expenses.

DRAIL 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 DRAIL, even post-acquisition by CAL.

CAL, by virtue of its vast experience in the automotive component space, and in similar segments as DRAIL, is expected to enhance productivity and quality of DRAIL'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 operating margin should remain healthy with already posting ~15%

during the first nine months of fiscal 2026 and is estimated to remain at healthy levels 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 (CG) 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).

DRAIL 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, DRAIL 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.

DRAIL to benefit from the strong parentage of CAL

DRAIL 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, DRAIL 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 DRAIL earlier), which enables cost savings for DRAIL.

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

Key Rating Drivers - Weaknesses

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

While DRAIL 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 DRAIL 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 DRAIL over the medium term.

Customer concentration is also high with over ~83% revenue generated from M&M, HMIL and KMIL in first nine months 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 nine months 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

DRAIL 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. The ongoing merger with SLSPL will result in better customer base, enhanced geographical presence and with the financial profile continuing to remain healthy.

Rating sensitivity factors

Upward factors

- Healthy double-digit growth in revenues, supported by better customer and product diversity, post merger with SLSPL, and operating profitability sustained at ~16, 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% on sustained basis, post merger with SLSPL 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 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.268 crore in the first nine months of fiscal 2026 (Rs.134 crore in the corresponding period of fiscal 2025) on net operating revenues of Rs.5843 crores (Rs.3941 crores).

About the Company

Incorporated in December 2006, DRAIL 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.

DRAIL recorded operating income of ~Rs 1196 crore and margin of ~15 %, in the first nine months of fiscal 2026 (vis-à-vis Rs 921 crore and 18% respectively, in the first nine months of fiscal 2025).

Key Financial Indicators – DRAIL

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	Working Capital Demand Loan	NA	NA	NA	110.00	NA	Crisil AA-/Stable
NA	Proposed Term Loan	NA	NA	NA	49.00	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	14.17	NA	Crisil AA-/Stable

NA	Term Loan	NA	NA	31-Mar-33	180.00	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	6.38	NA	Crisil AA-/Stable
NA	Term Loan	NA	NA	31-Dec-32	125.00	NA	Crisil AA-/Stable

Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Suprash Developers Pvt Ltd	Full	Subsidiary
Srikara Technologies Pvt Ltd	Full	Step-down subsidiary

Annexure - Rating History for last 3 Years

Instrument	Current			2026 (History)		2025		2024		2023		Start of 2023
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	510.0	Crisil AA-/Stable		--	12-12-25	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+		--	12-12-25	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	49	Not Applicable	Crisil AA-/Stable
Term Loan	11.43	HDFC Bank Limited	Crisil AA-/Stable
Term Loan	14.17	Axis Bank Limited	Crisil AA-/Stable
Term Loan	180	Axis Bank Limited	Crisil AA-/Stable
Term Loan	14.02	HDFC Bank Limited	Crisil AA-/Stable
Term Loan	6.38	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	30	Axis Bank Limited	Crisil AA-/Stable

Criteria Details**Links to related criteria**[Basics of Ratings \(including default recognition, assessing information adequacy\)](#)[Criteria for factoring parent, group and government linkages](#)[Criteria for manufacturing, trading and corporate services sector \(including approach for financial ratios\)](#)[Criteria for consolidation](#)

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Rating Rationale

March 20, 2026 | Mumbai

Sunbeam Lightweighting Solutions Limited

Ratings upgraded to 'Crisil BBB+/Crisil A2'; Placed on 'Watch Positive'

Rating Action

Total Bank Loan Facilities Rated	Rs.600 Crore
Long Term Rating	Crisil BBB+/Watch Positive (Upgraded from 'Crisil BBB-/Positive'; Placed on 'Rating Watch with Positive Implications')
Short Term Rating	Crisil A2/Watch Positive (Upgraded from 'Crisil A3'; Placed on 'Rating Watch with Positive Implications')

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1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has upgraded its ratings on the bank loan facilities of Sunbeam Lightweighting Solutions Limited (SLSL, Formerly known as Sunbeam Lightweighting Solutions Pvt Ltd) to '**Crisil BBB+/Crisil A2**' from '**Crisil BBB-/Positive/Crisil A3**'. The ratings have also been placed on '**Rating Watch with Positive Implications**'.

The rating upgrade and 'Watch with positive implications' follows announcement by SLSL's parent, Craftsman Automation Ltd (CAL, rated "Crisil AA-/Stable/Crisil A1+") on March 11, 2016, that its Board of Directors have approved the scheme of consolidating its aluminum business by merging its subsidiaries i.e. DR Axion India Ltd (DRAIL, rated "Crisil AA-/Stable/Crisil A1+") and SLSL together effective April 1, 2026. Prior to this merger, as part of the same scheme, DRAIL's subsidiaries which were acquired during December 2025 and hold land on which DRAIL's new plant will be set up, are expected to merge with DRAIL. Upon successful completion of the merger with SLSL, which is expected by the end of next fiscal, DRAIL will cease to exist and its debt facilities will move to SLSL. The merger will result in a substantial improvement in the business and financial risk profile of SLSL, due to strong business profile of DRAIL, healthy profitability and robust balance sheet.

Post merger, the combined entity i.e. SLSPL and DRAIPL are expected to have revenues of Rs.2900-3000 crore with operating profitability of ~14% respectively. Besides the company will have a much higher diversified base of customers comprising leading original equipment manufacturers (OEMs) of passenger vehicles and two-wheelers. Crisil Ratings expects the debt levels of combined entity to be at Rs.800-850 crore against adjusted networth of around Rs. 800-900 crore reflecting healthy gearing of less than 1 time. With estimated operating profits of Rs.420-450 crore, debt protection metrics too will remain strong with debt to earnings before interest depreciation and amortization (EBITDA) to be less than ~2 time and healthy interest cover of 7-8 times respectively.

SLSL and DRAL are in the process of filing the scheme with National Company Law Tribunal (NCLT). The approval for the entire scheme is expected over the course of the next fiscal. The reorganization is being undertaken to unlock synergies in the aluminum segment business and the Sunbeam brand to further expand into global markets by combining the efficient operations of DRAIPL.

Crisil Ratings will continue to monitor the progress on approvals and on completion of all formalities, hold discussions with the management of the combined entity to understand business and capex plans. The rating watch will be resolved and final rating of SLSL announced once the merger process has been approved, and there is clarity with respect to business plans and operations, from the management of the combined entity.

CAL's management has also successfully turned around the operations at SLSL. Since the acquisition, CAL has taken several measures such as significant reduction in the workforce, improvement in product quality and successful closure of its high-cost facility in Gurgaon resulting in improvement of operating profitability to ~6% during the first nine months of fiscal 2026. The company is also in the plans to enter into group captive power schemes to reduce its power costs. Besides, SLSL had set up an inbuilt foundry to reuse the run-riser outputs (residues which gets generated during the casting process), enhance its exports and continue automation of operations, leading to operating profitability improving to ~8-10% over the medium term.

The company's revenues marginally improved by 6% to Rs.1014 crore in first nine months of fiscal 2026 from Rs.937 crore in the previous corresponding period on account of steady offtake from its key customers such as Hero MotoCorp Ltd (HMCL, rated 'Crisil AAA/Stable/Crisil A1+') and Maruti Suzuki India Ltd (MSIL, rated 'Crisil AAA/Stable/Crisil A1+') driven by healthy demand in the domestic markets. However, over the near to medium term, SLSL's revenues are expected to be rangebound at Rs.1300-1350 crore as company is focusing more on high margin orders, rather than growing its revenue base.

Financial risk profile, while remaining sub-par, improved materially in fiscal 2025, due to infusion of Rs.606 crore from CAL in form of optionally convertible debentures (OCDs), in three tranches of Rs.240 crore, Rs. 130 crore and Rs.230 crore. This, along with equity infusion of Rs.180 crore by erstwhile majority stakeholder, Kedaara, helped net worth turn positive in fiscal 2025. Net losses are expected to significantly narrow down in the current fiscal and is expected to be around Rs.20 crore thus aiding the networth to continue remaining positive at the of fiscal 2026.

SLSL tied up long-term debt of Rs.390crore (basis letter of comfort from DRAIL) and working capital limits of Rs.200 crore in the current fiscal to settle the creditors and towards part financing its capex requirements. Earlier, during fiscal 2025, the company utilized Rs.236 crore out of its long-term bank facilities to settle some creditors and fund its capital expenditure of over Rs.135 crore which was spent towards replacement of older machineries and modernization of existing machines and factories. As of December 31, 2025, total debt at SLSPL were at Rs.739 crore which included bank debt of Rs.509 crore (short-term of Rs.150 crore and long-term of Rs.359 crore) and OCDs from CAL (third tranche) of Rs.230 crore. Net cash accruals are expected to improve to around Rs.60-80 crore and over ~Rs.90-110 crore in fiscal 2026 and fiscal 2027 which should suffice to cover the bank debt obligation of around ~Rs 27 crore in fiscal 2026 and ~Rs 82 crore in fiscal 2027, respectively. Debt protection metrics such as interest cover and debt to earnings before interest tax depreciation and amortization (EBITDA) is expected around 2-3 times and 8-9 times at the end of current fiscal and will see improvement with better operating profitability next fiscal onwards.

CAL plans to sell the surplus land at SLSL's Gurugram unit in the near term, and utilize proceeds to retire a major portion of the debt availed by SLSL and/or retire part of the OCDs (third tranche) availed from CAL. However, in case of successful land sale completion, debt metrics will witness significant improvement aided by increase in networth arising from gains on land sale, and lower debt levels.

Liquidity is also supported by fund based bank limits of Rs.200 crore which were utilized 60% against drawing power for the past 10 months ended January 2026. Company has capex plans of over Rs.140-150 crore in fiscal 2026 for completing the modernization of machinery, line addition and product development which is being partly funded through debt. Timely support from CAL is anticipated to be forthcoming in case of exigencies.

The rating reflects the established business risk profile of SLSL, with supplier commitments for aluminium die casting component (ADCCs) segment with leading automobile original equipment manufacturers (OEMs), healthy export prospects and further improvement in operating capabilities with ongoing cost optimisation initiatives. These strengths are offset by high revenue dependence on select OEMs, which exposes the company's operating performance to cyclicity associated with the automobile sector, and moderate though improving financial risk profile.

Analytical Approach

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

Also, Crisil Ratings has considered Rs. 230 crores of OCDs from CAL as debt, since the same is expected to be repaid back upon completion of sale of non-core assets at SLSL.

Key Rating Drivers - Strengths

SLSL to benefit from strong parentage of CAL

SLSL was earlier owned by Kedaara Capital Fund II LLP (Kedaara). In fiscal 2024, SLSL was in process of raising material equity to retire its high cost debt, but the plan did not materialize, and continuing liquidity pressures led to delays in debt servicing obligations in June 2024. Subsequently, CAL acquired SLSL from Kedaara and became a wholly-owned subsidiary of CAL from October 9, 2024. While the initial acquisition was completed for Re 1, CAL had already infused Rs 376 crore via OCDs (Rs 136 crore (tranche I) on October 7, 2024 and Rs 240 crore (tranche II) on October 9, 2024), excluding the initial earnest money deposit (EMD) of Rs 50 crore which was returned to CAL during the fiscal. Besides the initial investment of Rs.376 crore, CAL also infused Rs.230 crore in form of OCDs at the end of October 2024. With its vast industry expertise spanning three decades in the automotive components industry, CAL is expected to provide strong managerial, operational and financial support (if required) to SLSL.

Kedaara infused funds into SLSL prior to acquisition by CAL, as part of the restructuring exercise carried out as SLSL. The funds raised from CAL and Kedaara were used to pay down long term debt holders, creditors as well as working capital debt. SLSL also benefitted from gain on settlement of borrowings based on one-time settlement with its earlier lenders to the extent of Rs.148 crore, partially offsetting the expenses of account of VSP.

CAL is also an established player in the ADCC segment, with strong technical abilities and a healthy financial risk profile. CAL is one of the leading players in the domestic ADCC business with presence across OEMs in the passenger vehicle (PV) and commercial vehicle segments. CAL is expected to use its healthy and established operating capabilities to gradually further improve the SLSPL's over the medium term. Besides, operational, managerial and financial support is also expected to be forthcoming.

SLSL is expected to optimize operations in few manufacturing facilities with the help of CAL. Necessary machinery from Gurgaon plant has been shifted to other lower cost facilities. SLSL also benefits from access to CAL's domestic and overseas clients in the ADCC market. Contrarily, the parent is expected to benefit from technological diversification, as it primarily operates in the higher-tonnage high-pressure die-casting (HPDC) segment, while SLSL operates in the lower-tonnage HPDC segment.

CAL has also deputed several personnel including the Managing Director to oversee different aspects of operations at SLSPL and also oversees the treasury and financial operations. CAL also supported SLSL to order key machinery worth nearly Rs.49 crore, which was reimbursed upon tie-up of bank limits. Besides, four of the directors of CAL have been inducted into Board of SLSL including two Independent Directors. Given the common businesses and diversified customer base with acquisition of

SLSL, CAL is expected to provide necessary support in the event of financial exigencies as well. SLSL has also received support in terms of letter of comfort from DRAIL for debt facilities raised post-acquisition by CAL.

Furthermore, CAL has also demonstrated its ability to substantially improve operations and operating capabilities at DRAIL, that it acquired in February 2023. Post takeover by CAL, the operating margin of DRAIPL improved to ~17% in fiscal 2025 as compared to 13.4% in fiscal 2023 and 7.8% in fiscal 2022, respectively.

Established market position in the domestic ADCC market and strong business linkages with leading OEMs: SLSL is one of the prominent ADCC manufacturers in India. It is the principal supplier of ADCC to few leading OEMs in the two-wheeler and four-wheeler segments. The manufacturing units in Tapukara, Salarpur, Bawal, Ludhiana and Halol are located in proximity to customers.

The company has strong business linkages with India's leading automotive OEMs such as HMIL and MSIL. Apart from having a diverse customer base, sustained volumes from the domestic two-wheeler (2W) industry aids its stable revenue share of ~60% and sustained domestic PV volumes keeping its revenue share of 33-35% in fiscal 2025. This is also driven by SLSPL's initiative to increase the share of exports, which are margin accretive in nature. Revenue share of exports has risen to ~15% in fiscal 2025, as compared to 13-14% in earlier fiscals, with bulk of revenue coming from North America and Mexico. SLSL plans to increase its export revenue share to 20% over the medium term.

Improving cost structure; to further expand in near to medium term: SLSL had retired its entire set of contract and permanent workforce at its Gurgaon facility while some key personnel have been transferred to other locations. High employee costs along with low-margin orders, had been impacting operations over the last few fiscals. However, now with completion of VSP for its Gurgaon facility employees, operating profits are set to improve steadily going forward. Employee cost as % of sales reduced to 13% in fiscal 2025 as compared to 22% of sales in fiscal 2024, however this is expected to further fall to 9-10% of sales over medium term. This improvement along with SLSPL's plans to increase the share of high-margin orders, supported by product quality improvement arising from replacement of older machines and automation of existing lines is expected to improve operating margins to 8-10% over the medium term.

Key Rating Drivers - Weaknesses

Exposure to customer and segment concentration risk: HMCL and MSIL accounted for 70-75% of domestic sales of SLSL in the past. However, during fiscal 2025, the share has dropped to around 60% of overall revenue, with a conscious effort by SLSL to retain the relationship with other customers, as it was witnessing large working capital requirement due to increase in cost of operations. Nevertheless, limited segmental diversification and large dependence on key clients make the company's performance highly dependent on the performance of OEMs. Slowdown in production volume of HMCL had affected demand for SLSPL during the pandemic. In an attempt to diversify its customer base, the company has been adding clients actively and focusing on exports. Nevertheless, it remains susceptible to any significant decline in demand from key vehicle segments/customers. Like SLSL, its peers too have been impacted by weak demand for motorcycles between fiscals 2021-23; though peers were better positioned due to customer and segmental diversity and presence in export markets.

Vulnerability to offtake from automotive OEMs, especially during cyclical downturns: Intense competition in the domestic automobile industry limits the pricing power for automotive component suppliers. SLSL has the flexibility to pass on the hike in input cost (aluminium) with a lag of 3-4 months, but not the increase in other manufacturing overheads. However, with CAL taking over SLSL, renegotiation of prices with key customers should lead to better profitability over the medium term.

In case of a prolonged slowdown and declining demand, OEMs may not be able to pass on any hike in cost to end-users. In this scenario, the hike is absorbed jointly by component manufacturers and OEMs. Profitability, thus, remains exposed to pricing pressures from OEMs. Besides, during business downturns, OEMs frequently alter their production schedules due to market uncertainties, thereby impacting offtake of supplies and leading to increased vulnerability of component suppliers, especially those such as SLSL.

Sub-par although improving financial risk profile: Subdued performance over the past 4-5 years and net losses weakened debt protection metrics, despite continued equity infusion by Kedaara till first half of fiscal 2025. Employee costs have been pruned post takeover by CAL by offering VSP to employees at Gurgaon facility, which has helped curtail operating losses.

CAL plans to continue its modernisation and debottlenecking measures at SLSPL's facilities to optimise operations. This would entail capex of Rs 140-150 crore in fiscal 2026 which will be partly funded through debt. As of December 31, 2025, total debt at SLSPL were at Rs.739 crore which included bank debt of Rs.509 crore (short-term of Rs.150 crore and long-term of Rs.359 crore) and OCDs from CAL (third tranche) of Rs.230 crore. Net cash accruals are expected to improve to around Rs.60-80 crore and over ~Rs.90-110 crore in fiscal 2026 and fiscal 2027 which should suffice to cover the bank debt obligation of around ~Rs 27 crore in fiscal 2026 and ~Rs 82 crore in fiscal 2027, respectively. Debt protection metrics such as interest cover and debt to EBITDA is expected around 2-3 times and 8-9 times at the end of current fiscal and will see further improvement on operating profitability from next fiscal onwards. Nevertheless, upon successful monetization of Gurgaon plant, debt levels are expected to significantly come down resulting in improvement of gearing to less than 1.7 times (including OCDs of Rs.230 crore as debt) at the end of next fiscal. Other debt protection measures such as interest cover and net cash accrual to adjusted debt ratios are also set to improve from next fiscal. With pace of recovery being steeper in the event, debt is pruned down.

Liquidity Adequate

SLSL's liquidity position improved to adequate position after the fund infusions of Rs.606 crore by CAL supporting the company to meet most of its immediate requirements. SLSL is expected to generate cash accruals of Rs.60-80 crore in the current fiscal driven by improvement in profitability which will be sufficient to meet the debt obligations of Rs.27 crore. Company has repayment obligations of ~Rs.90-100 crore for next fiscal which will be largely met with accruals of similar amount, and or Rs.90-110 crore while remaining being met through refinancing or support from CAL should need arise. Company's capex plans of Rs.70-80 crore over medium term is expected to be partly funded through debt. Addition of debt

could be lesser, should the land sale process is completed within next 1 year, thus improving liquidity. Besides, upon completion of the merger process, cash generation of SLSPL is expected to improve to Rs.360-390 crore (effective April 1, 2026), which will be adequate to meet combined debt obligations of ~Rs.110 crore in fiscal 2027 and ~Rs160-170 crore in fiscal 2028. Company also has access to working capital limits of Rs.150 crore which were utilized over ~60% (against drawing power) for the past 10 months ended January 2026. Need-based support from CAL is expected to be forthcoming, in case of exigent fund requirements.

Rating sensitivity factors

Upward factors:

- Better-than anticipated recovery in revenue and operating margin of >7-8%, benefitting cash generation.
- Improvement in financial risk profile and debt metrics, supported by sale of non-core assets and debt reduction.
- Sustenance of healthy credit profile of CAL.

Downward factors:

- Slower-than anticipated business recovery, leading to continued sluggish revenue growth and modest operating profit (1-2%)
- Increase in debt higher than expected levels due to large capex, or elongation of working capital cycle, or inadequate timely support from CAL leading to continued sub-par debt metrics.
- Downward revision in the credit risk profile of CAL or change in stance of support.

About the Company

SLSL was incorporated in December 2017, as Novy Mir Lightweighting Solutions Pvt Ltd, and was renamed on September 04, 2018, after the complete acquisition of Sunbeam Auto Pvt Ltd (SAPL). Until recently, it was a wholly owned subsidiary of Kedaara, a Mumbai-based private equity fund. SLSL was formed for acquisition of SAPL, which manufactured automotive and automotive components. After the acquisition, SAPL and SLSL were merged into a single entity, SLSL.

CAL entered into securities and subscription and purchase agreement with SLSL and Kedaara for purchase of the entire shareholding held by Kedaara for Re.1 per share. Subsequently, the transaction was completed on October 9, 2024 and since then, SLSL had become a wholly owned subsidiary of CAL.

About the Parent

Incorporated by Mr S Ravi, at Coimbatore, Tamil Nadu, in 1986, 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 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 has raised Rs 1,200 crore through qualified institutional placement (QIP) in June 2024. Post which, shareholding of promoters reduced to 48.70%, from 54.99% at the end of March 2024. As of March 2025, the promoters hold 48.7% shareholding while the remaining is held by public.

The company reported a net profit of Rs.268 crore in the first nine months of fiscal 2026 (Rs.134 crore in the corresponding period of fiscal 2025) on net operating revenues of Rs.5843 crores (Rs. 3941 crores).

Key Financial Indicators

As on / for the period ended March 31*	Unit	2025	2024
Revenue	Rs crore	1239	1300
PAT	Rs crore	(53)	(684)
PAT margin	%	(4.3)	(52.6)
Adjusted debt/adjusted net worth	Times	7.03	(1.38)
Interest coverage	Times	(0.34)	(0.61)

*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. 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.	Complexity Levels	Rating Outstanding with
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					Crore)		Outlook
NA	Packing Credit	NA	NA	NA	50.00	NA	Crisil A2/Watch Positive
NA	Working Capital Demand Loan	NA	NA	NA	150.00	NA	Crisil BBB+/Watch Positive
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	10.00	NA	Crisil BBB+/Watch Positive
NA	Term Loan	NA	NA	30-Jun-31	65.00	NA	Crisil BBB+/Watch Positive
NA	Term Loan	NA	NA	12-Dec-28	100.00	NA	Crisil BBB+/Watch Positive
NA	Term Loan	NA	NA	27-Mar-32	100.00	NA	Crisil BBB+/Watch Positive
NA	Term Loan	NA	NA	01-Oct-30	75.00	NA	Crisil BBB+/Watch Positive
NA	Term Loan	NA	NA	12-Dec-30	50.00	NA	Crisil BBB+/Watch Positive

Annexure - Rating History for last 3 Years

Instrument	Current			2026 (History)		2025		2024		2023		Start of 2023
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT/ST	600.0	Crisil BBB+/Watch Positive / Crisil A2/Watch Positive		--	17-12-25	Crisil BBB-/Positive / Crisil A3	05-11-24	Crisil A3 / Crisil BBB-/Stable	12-10-23	Crisil A-/Negative	Crisil A-/Negative
			--		--	08-07-25	Crisil BBB-/Positive / Crisil A3	16-10-24	Withdrawn		--	--
			--		--		--	05-06-24	Crisil D		--	--
			--		--		--	30-05-24	Crisil B-/Negative		--	--
			--		--		--	22-03-24	Crisil BBB+/Negative		--	--
Commercial Paper	ST		--		--		--		--		--	Withdrawn

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Packing Credit	50	Standard Chartered Bank	Crisil A2/Watch Positive
Proposed Long Term Bank Loan Facility	10	Not Applicable	Crisil BBB+/Watch Positive
Term Loan	65	The Federal Bank Limited	Crisil BBB+/Watch Positive
Term Loan	100	Kotak Mahindra Bank Limited	Crisil BBB+/Watch Positive
Term Loan	100	RBL Bank Limited	Crisil BBB+/Watch Positive
Term Loan	75	Tata Capital Limited	Crisil BBB+/Watch Positive
Term Loan	50	YES Bank Limited	Crisil BBB+/Watch Positive
Working Capital Demand Loan	50	The Federal Bank Limited	Crisil BBB+/Watch Positive
Working Capital Demand Loan	50	RBL Bank Limited	Crisil BBB+/Watch Positive
Working Capital Demand Loan	50	Kotak Mahindra Bank Limited	Crisil BBB+/Watch Positive

Criteria Details

Links to related criteria

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

[Criteria for factoring parent, group and government linkages](#)

Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)

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