12th August, 2026

The Manager, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	The Manager, National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051
BSE Scrip Code: 544320	NSE Symbol: CARRARO

Sub.: **Transcript of the Earnings Conference Call held on Friday, 07th August, 2026 in respect of the Company's Unaudited Financial Results for the quarter ended 30th June, 2026.**

Ref.:

1. **Regulation 30 and Regulation 46(2) (oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations");**
2. **Intimation of Earnings Conference Call dated 30th July, 2026 (Earnings Call Intimation"); and**
3. **Intimation of Audio recording of Earnings Conference Call held on Friday, 07th August, 2026 dated 07th August, 2026 ("Audio Recording Submission").**

Dear Sir/Madam,

Pursuant to above-referred Listing Regulations and in continuation to Earnings Call Intimation and Audio Recording submission, we are pleased to submit transcript of the Earnings Conference Call held on Friday, 07th August, 2026 in respect of the Company's Unaudited Financial Results for the quarter ended 30th June, 2026.

The transcript has been hosted on the Company's website at:
https://www.carraroindia.com/investors/investor-information/announcements-and-notices

You are requested to take this intimation on record.

Thanking you,

Yours faithfully,
For Carraro India Limited

MOHITH KUMAR KHANDELWAL

Digitally signed by MOHITH KUMAR KHANDELWAL
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Mr. Mohith Kumar Khandelwal
Company Secretary and Compliance Officer
Membership No.: F11243

Encl.: As above.

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“Carraro India Limited

Q1 FY ‘27 Earnings Conference Call”

August 07, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the Stock Exchanges on 7th August, 2026 shall prevail.

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

Moderator: Ladies and gentlemen, good day and welcome to the Carraro India Limited Q1 FY'27 Earnings Conference Call.

As a reminder, all participant lines will remain in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star, then zero on your touchtone telephone. Please note that this conference is being recorded.

Before we begin, a brief disclaimer: This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations the company has on the date of this call. These statements are not the guarantee of future performance of the company and it may involve risks and uncertainties that are difficult to predict.

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

Balaji Gopalan: A very good morning to all of you. This is Balaji Gopalan, Managing Director, Carraro India Limited. Thank you for joining us for Carraro India Limited's Q1 FY'27 earnings conference call today.

I am joined by Mr. Davide Grossi, our Whole-time Director and CFO; Mr. Sudhendra Mannikar, our Whole-time Director and COO; Mr. Ashok Rai, our Director - Sales and Business Development along with other members of the leadership team and Strategic Growth Advisors, our Investor Relations Advisors.

The quarter was characterized by a mixed operating environment. On one hand, domestic demand remained resilient across the agriculture, construction equipment and broader off-highway segments, supported by continued infrastructure investments, healthy mechanization trends and sustained demand for higher performance equipment.

On the other hand, global markets continued to face headwinds from geopolitical uncertainties, particularly the ongoing situation in West Asia, which resulted in supply chain disruptions, logistical challenges and softer demand in certain export markets.

While the evolving monsoon situation and the potential impact of El Niño remain important factors to monitor, the long-term drivers of our industry remain firmly in place. Increasing mechanization, the growing adoption of four-wheel drive tractors, a rising demand for advanced driveline solutions and the government's continued focus on infrastructure development continue to support industry growth.

We also believe that the recent GST rationalization is a positive structural development that will improve affordability and further accelerate the adoption of advanced technologies in the sector. Against this backdrop, Carraro India delivered a resilient performance in the first quarter of FY'27, with revenues from operations increasing by 10% year-on-year to INR5,447 million. Domestic revenue also grew by approximately 26% year-on-year, reflecting strong demand across our key end markets.

This robust domestic performance helped offset the temporary weakness in exports, which declined by approximately 14% year-on-year due to geopolitical disruptions and supply chain challenges in certain international markets. As a result, we were able to deliver healthy revenue growth while maintaining profitability.

Our domestic business continued to outperform, particularly well driven by strong demand for four-wheel drive axle solutions in the agriculture segment and sustained momentum across key construction equipment platforms.

At the same time, we made steady progress on several strategic initiatives that will support our next phase of growth, including capacity expansion, localization, new customer programs and the continued development of our engineering services business to customers and suppliers.

In the domestic agriculture segment, we continue to see encouraging demand trends supported by the ongoing shift towards four-wheel drive tractors. The GST reforms announced for the sector are expected to further support this transition over time. We continue to work closely with our customers and are expanding capacity to address anticipated demand growth.

In construction equipment, our tele boom handler axle program continues to progress well, both in export markets and increasingly within India, as we are expanding our domestic tele boom handler presence through new programs with Indian OEMs and Indian operations of global OEMs.

In the Backhoe Loader segment, Carraro's sales to Indian OEMs continued to outperform the broader market. Overall, backhoe loader sales by Indian OEMs, including domestic sales and exports, grew by approximately 14% year-on-year during the quarter. During the same period, Carraro's sales of drivelines to OEMs increased by approximately 18% year-on-year.

Coming to higher horsepower transmission business, the export market for higher horsepower tractors is gradually recovering, which should support transmission off-take going forward. This is achieved as an important milestone during the quarter, with the commencement of serial production for a Turkish customer.

In parallel, development activities for our Indian customer program continue to progress as planned, with the start of production targeted by FY’28. We believe this business represents a significant long-term opportunity as mechanization levels increase globally.

Our engineering services business gained further momentum during the quarter. We continue to receive increased customer inquiries for higher horsepower and advanced technology configurations, reflecting growing confidence in our engineering capabilities.

The Montra electric project is also progressing well. Assignments worth approximately INR33 million that were under execution at quarter-end were completed in July 2026. Discussions with another prospective customer are also progressing, supporting further growth in this business.

Over time, we expect engineering services and future-ready driveline technologies to become increasingly meaningful contributors to growth and our profitability. Innovation also remained a key focus during the quarter, with two prototypes being developed.

On the manufacturing front, we continue to invest in capacity creation and operational excellence. Construction of our new paint shop facility commenced during the quarter, while additional investments in portal axle capacity and sub-assembly operations were successfully commissioned. These initiatives are aligned with long-term growth plans and will enhance our ability to support future customer requirements.

Localization remains a key strategic priority. During the quarter, raw material localization stood at approximately 74% and we remain committed to increasing this further over the next few months and years. Higher localization will strengthen supply chain resilience, improve cost competitiveness and support sustainable margin expansion over time.

I am also pleased to share that during the quarter, Carraro India was recognized by Mahindra & Mahindra for our performance and partnership, which reflects our team's commitment to quality, delivery and customer satisfaction.

Looking ahead, while geopolitical developments and global demand conditions may continue to create near-term uncertainty, we remain constructive on the outlook for our business. Domestic demand remains healthy, new programs are progressing well, capacity additions are underway and supply chain conditions are gradually improving.

We will continue to focus on disciplined execution, operational efficiency and prudent cost management while investing in the opportunities that will drive our future growth. Our objective remains unchanged: to build a stronger and more diversified and more profitable business while creating value for all stakeholders. We remain confident in our long-term growth roadmap and our aspiration of achieving revenue of INR3,500 crores to INR4,000 crores by FY'30.

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

Davide Grossi: Thank you, Balaji, and good morning, everyone. I will now take you through the financial highlights for Q1 FY2027.

Total income grew by 12% year-on-year to INR5,587 million. Other income included a one-time provision written back amounting to INR88 million, pertaining to customs-related proceedings on account of a reassessment performed by the company for the period.

Revenue from operations for Q1 FY'27 stood at INR5,447 million, representing a growth of 10% year-on-year. EBITDA for the quarter stood at INR579 million, reflecting a growth of 6% year-on-year, supported by disciplined cost management and execution efficiencies. EBITDA margin stood at 10.4% and was affected by higher energy and raw material costs along with labour availability constraints. Profit after tax for the quarter increased by 8% year-on-year to INR314 million, with a PAT margin at 5.6% in Q1 FY'27.

From a segment perspective, agricultural vehicle revenues increased by 15% year-on-year to INR2,559 million. Construction vehicle revenue increased by 4% year-on-year to INR2,264 million. Geographically, domestic revenues stood at INR3,795 million, contributing around 70% of the total revenue, while export revenues stood at INR1,652 million, contributing around 30% of total revenues.

With this, I would give it back to you, Balaji, and then we can take all your questions.

Balaji Gopalan: Thank you, Davide. To conclude, Q1 FY'27 reflects the resilience of our business despite a challenging global operating environment. Strong domestic demand, recovering supply chains, progress across new programs and continued capacity expansion provide a solid base for the year ahead. We remain focused on disciplined execution, cost efficiency and delivering sustainable and profitable growth.

With that, we would now be happy to take your questions.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Raghunandhan NL from Nuvama Research. Please go ahead.

Raghunandhan NL: Thank you, sir, for the opportunity. Congratulations on the M&M award. Sir, my first question is to better understand on exports. The major export customer where we are supplying tele boom handler and backhoe loader, last year the revenue was about INR160 crores and INR66 crores. How do you see the ramp-up of the tele boom handler and backhoe loader business for FY'27?

Ashok Rai: Raghu, good morning. Ashok here. See, when we talk about the market side for the export, there are challenges in terms of logistics and those issues were there in the last quarter. But when we talk about moving forward, the expectation is that we will remain on what we said that this market demand will be on the higher side and accordingly we are expanding our capacity to cater that.

Saying that, not going into the numbers, but in terms of the demand which is coming from the export OEM, on the tele boom handler side is stable and step-by-step increasing. And also, for the backhoe loader, especially in the Latin American side, there are -- we are getting some green shoots of further demand increasing. So accordingly, our capacity is lined up to meet those demands.

Davide Grossi: And maybe I can just add that probably already from Q2, you will see that in terms of volumes we will be more or less back on track. This is kind of a one-off dip for this quarter.

Raghunandhan NL: Thank you so much for that and that is very helpful. And again, for the Turkey customer, how the ramp-up will happen in that higher horsepower exports for FY'27 and '28? If you can give some understanding as to what can be the potential here?

Ashok Rai: Raghu, since we have started the SOPs in the previous quarter and steadily the volume will grow up. And those are aligned with what we were saying that the higher horsepower numbers will be higher. But as you know, the Turkish market is very volatile because of inflation. Like previous quarter it was very good, but this quarter we are seeing some kind of challenges in the market as a market perspective.

There especially in the lower horsepower, the numbers are more or less at the one point and the higher horsepower also growing there and also fluctuating. But when we talk about our order book, it is in line with in a certain band where we can fulfil their demand. And since it's a start of production, so we are yet to see where they will stabilize it, but it is slowly and steadily every quarter the numbers are on a higher side.

Sudhendra Mannikar: Yes, if I can add something on this, the trendline is positive. There will be a little bit of a smaller up and down curve, but if you see from a quarter-to-quarter basis, the trendline is positive.

Raghunandhan NL: Got it, sir. That is very helpful. On the cost side, the increase in raw material cost and energy cost, would it be complete pass-through to customers with a lag or would there be any negotiations involved and do we need to absorb any impact?

And broadly trying to understand how can be the margin range for FY’27? Can it be around 10.5% to 11% on a full-year basis? And also on localization, compared to last year, 74% in Q1 is slightly on the lower side. If you can indicate how you increase that localization level going forward?

Balaji Gopalan: Okay. So, I'll start with the last question, which is about localization. The localization, there seems to be a drop. It looks like we have gone back to 74% because in the past we were around 78%. This looks like a drop, but in reality, it is not a drop because there is this inflation factor that gets built into it and we had to import some of the shortages that we were having in the local suppliers.

So, in order to meet the customer demand, we had to increase our exports just to be sure that our lines don't stop for a couple of components that we need. So, fundamentally, from a structural, from a conversion point of view of import into localization, that is still going as planned. If the supply chain locally is coming back to the earlier level of consistency, then our imports will automatically drop.

So, it was an abundant caution that we decided to build little bit with our imports. So, localization, I would say over time things will normalize. It is already looking towards a point where things can get back to normalcy. So, that is regarding the localization.

Davide, would you like to comment on the EBITDA question for the year?

Davide Grossi: I'll start by telling you a bit more about all these price increments related to commodities and also transportation costs. As you know, as far as we talk about commodities, Carraro is, let's say, fully insulated to the fluctuations of the commodities. However, there is and there will always be a time lag for that.

So, of course, if you see under this perspective the results of this quarter, there is a negative impact of the commodities fluctuation that has to be recovered. We are also seeing several hikes in the commodities. So, this will take some time because we will recover something next quarter, but we will also have to give something to our suppliers next quarter. So, it will take some time to stabilize, but it will be a zero-sum game. We will not lose.

Balaji Gopalan: It's a pass-through. That is what has been agreed and customers have been told that it has to be a pass-through. In principle, many of them have also agreed, but still there are certain wait-and-watch situations. So, there is a gap, but our endeavour is to make sure it is a sum zero-zero.

Davide Grossi: Then, when we talk about this, let's say, extraordinary wave of inflation that has impacted the transportation costs, this is something that is not structurally, let's say, agreed in a contract, but the industry is aware of what is happening. All the main OEMs are taking a clear position on how much they are going to pass through the entire value chain and Carraro is part of this value chain.

So, we have no reason to believe that this will not be a pass-through as well. Of course, there is, as always, a certain level of negotiation that will happen, but again, the target of Carraro is to have a zero loss from this dynamic.

It is also true, again, that we are a bit in the middle, so temporarily, what you will see is that Carraro will have to give something to the supplier in order to make sure that production flows regularly and smoothly, and then we will get something back from our customers.

So, again, there will be a time gap, there might be some margin fluctuations from quarter to quarter but when we look at the entire financial year, the target is to recover in full all the price increments.

Balaji Gopalan: I would just like to add here, many times in this current context, it is very difficult to have a very clear mathematical contract with suppliers or with customers because situation changes. Every day we wake up in the morning, there is a new situation.

So, in that context, sometimes suppliers have their material shortages or they have their capacity shortages because of this disruption, and it's a kind of a bidding that takes place because many people, many customers are positioning their team in the supplier end and it's a kind of an everyday fight where we keep giving offers to them, some ad hoc amount is passed on so that we are able to maintain the flow of components into our factory.

So, because of this, there will be, as Davide also said, a gap between the cost inflation and the price increase that we will get from the customer. With the supplier side, we are forced to give something ad hoc to keep the show running.

On the customer side, we have to behave more mature like a partner, and we are sitting across them and we are discussing with them. So, there will be a temporary gap, there will be disruptions in our numbers and profitability and margin, but at the 12-month period, we will be able to recover and bring in normalcy. That is what we are working on where we don't spoil relationship because of this disruption.

We are handling it in a very structured, mature way with all our customers, and customers are respecting our approach and are willing to come on the table and resolve it at the right time. So, this is where we stand for the question. I hope we have answered the three parts of Mr. Raghu's question.

Raghunandhan NL: Yes, sir. That was very helpful. Thanks for the comprehensive answer. I'll fall back to the queue.

Moderator: Thank you. We take the next question from the line of Shashank Kanodia from ICICI Securities. Please go ahead.

Shashank Kanodia: Yes, good morning, team. Three questions from my side. First, if you can highlight within this 10% kind of revenue growth for the quarter, what is the component of metal price increase and what is the organic volume growth?

Balaji Gopalan: Can you repeat the question? Because there was a slight...

Shashank Kanodia: Yes, sir. I'm asking that between this 10% revenue growth that you reported, what is the component of metal price hike and what is the organic volume growth that you have seen in your business?

Ashok Rai: Ashok here. See, as we said that the inflation is pass-through and it takes at least four months as a gap. So, in this revenue growth, there is a very little portion of the price increase. This is one. And when you talk about the volume growth, volume is more or less similar level. At the moment, the numbers are not in our front, but later on we can give you answer after checking it. But this growth is not because of any price increase, it has some volume element and that volume should be around 8% to 10%, similar level, but exact number we need to check it.

Shashank Kanodia: Fine, sir. Secondly, sir, if you can share within your agricultural revenue, what was domestic agricultural revenue both for this quarter and the corresponding period last year? Because optically it seems that the tractor industry has grown 18%-19%, whereas our agri revenue has grown 15%.

Davide Grossi: So, I can give you the breakdown of our domestic revenue. So, agri was INR2,135 million and construction was INR1,393 million. Remaining part is INR267 million, which is our other sales.

Shashank Kanodia: And what was the domestic agri revenue last year, same quarter?

Balaji Gopalan: So Q1 last year versus Q1 now, that is what is your question?

Shashank Kanodia: Yes.

Balaji Gopalan: So, that is around 32%. Q1 last year versus Q1 current.

Davide Grossi: In agri business there is 32% growth, Q1 versus Q1. On the construction business domestic, there is a 20% growth.

Shashank Kanodia: Understood, sir. So, I would request that going forward if you can provide these numbers in your presentation, that will be really helpful.

Balaji Gopalan: Okay.

Shashank Kanodia: And thirdly, sir, if you can help us understand how has been the four-wheel drive penetration in the tractors domain. So, it used to be 23%-24% as of last fiscal year, right? And we were projecting towards a 40% level by FY'30. So as per Q1 trend, how do you see this and is the trend progressing in your favour?

Balaji Gopalan: Yes. See, there is no doubt about the absorption of four-wheel drive into the Indian market. There is kind of excitement in the market that technology has been accepted and there have been no negative inputs that have come for the change in this technology.

So, it has passed the test of market acceptance in India, which is a very good indication. The numbers are increasing, there is no doubt about it, but there is a concern on the supply side whether that ramp-up can be met by the supply chain that is available in India at the moment.

So, things are looking very positive. That is the destination to go, and we have absolutely no doubt about the 30%-40% penetration that we are looking at. This quarter is not the right quarter for taking any reference or any analysis because this is an extraordinary situation but having said that, there is no change in the pattern of growth in the four-wheel drive.

That segment is growing and that is gaining momentum. More than that, that is gaining large-scale acceptance in the market as well. So, we are -- our strategy is right, the capacities we have built and the technology we have brought seems to have hit the bullseye and we are moving positively in that direction.

Shashank Kanodia: Right, sir. Any new customer wins for us, either on the tractor side or construction equipment side? That will be the last thing from my side.

Balaji Gopalan: See, I'll put it this way. We already have 36 customers, right from Mahindra to Kartar or Captain, we have covered almost all tractor manufacturers in India. So, the question whether we have got a new customer, for that we need a new customer in the market.

So, as of now, we are covering everybody and new projects are taking place. That is an indication for us. That is why you will see in the reports when we say we have made two prototypes, it means we are working on two new projects. That is the bellwether in one and half to two years, I will start getting revenue from that as well.

So, for -- I would request all the analysts and listeners to not kind of look at customer base – don't look customer base as OEM customers, but look at the projects and the prototypes that we are rolling into the market. That is the indication of where Carraro stands. Yes, have I answered it in the right perspective?

Shashank Kanodia: Absolutely, sir. Thank you so much and wish you all the best. Thank you.

Moderator: Thank you. We take the next question from the line of Laxmi Narayana from Tunga Investments. Please go ahead.

Laxmi Naryana: Yes. thank you. Sir, I understand that for some of the customers, we actually supply the materials directly from some of our international locations. Is this observation right or is it that you do it to get an economic order quantity before you try to supply to the Indian OE from your own facility?

Balaji Gopalan: Yes. See, this is a very specific situation where we have got a contract or a supply requirement demand where the technology is higher than what is available in India, okay, I mean Carraro India.

If that technology is not available, and as we have said, the ramp-up in our industry is not very steep like an automotive, so it's not that you have to first set up the plant and then go to the market. We have that privilege or that luxury that we can start supplies in a modest way and the ramp-up happens in one year, one and a half years. That is the time it reaches the peak.

So, we can parallelly build capacities, while as you rightly said, we have to look at the economics of importing it initially because I have developed the supply chain over there, I have already the assembly set up over there, testing, validation, everything has been done. So, from an existing line, I'm just removing few products to feed the Indian market initially.

I use the word "feed" because it is a temporary requirement. Once the volumes are stabilized and the product is established in the market, then we start planning our growth. As I have said in the past, Carraro India does not believe in growth by opportunities. We believe in growth by strategy because that is what will sustain.

An opportunistic growth is something that looks very nice in the short-term, but may let you down in the long-term. So, that is the reason we balance it by importing it when required and subsequently productionizing it locally. It doesn't make sense for us to do a large-scale continuous import, which we have never done in the last 30 years and we will never be doing it in future as well. Have I answered your question, sir?

Laxmi Naryana: Just to engage on that further, if you just look at the total supplies in India by either Carraro India or Carraro outside, Carraro Global, what would be the mix? Is it something like 95% would be Carraro India and 5% comes from...

Balaji Gopalan: Yes. Not even 5%. I would say it all depends. If you ask me after a couple of months of importing, probably we have stopped also. So, it is very situational. What happens in this quarter is based on what requirement has come for that higher technology product. So -- but in any case, as I said, it will be very, very negligible single-digit, not even 5%-6%, it should be much, much lower than that.

Laxmi Naryana: Got it. So, my second question, in fact, if I look at the numbers declared by some of the players like Escorts and some of the others who are not in the -- I mean outside the agriculture farm, right, there has been a strong growth either because of base effect or whatsoever, may be backhoe loaders, etcetera. So, is that you are also seeing a strong growth in the non-farm sector and in Q1 did you see and you think that will be sustainable over the next two, three quarters

Ashok Rai: Good morning, Ashok here again. See, when you talk about tractor as a non-farm segment, actually we will not be able to inform because we don't...

Laxmi Naryana: I am talking, sorry, my question is -- so, if I just take Escorts, Escorts has an agri and the non-agri, right? The non-agri is actually growing much faster in almost like 20% plus for Q1 in terms of revenues or volumes. So, I am just trying to understand whether that is also reflected in your own dispatches to the non-agri sector or the non-farm sector and is it sustainable for the year? Are you seeing similar things because Escorts have actually called it out?

Ashok Rai: Not going on that, but actually I have not understood the meaning of the non-farm segment because non-farm segment could be classified depending on various…. but we supply our equipment for the tractor, which is normally transmission and axle we supply to the customer. So, whether they use later on to farming or non-farming sector because tractor is also sometimes used in the non-farming segment. So, we will not be able to classify…

Laxmi Naryana: Actually, I am talking about backhoe loaders…

Balaji Gopalan: Construction. Okay, now we've got it. We'll clarify it because we thought you are looking at farm agriculture products being used for non-agriculture. So, that's why we said we don't know what is the application. For us agriculture is tractor and anything non-agriculture is construction equipment. Ashok, please.

Ashok Rai: In case of construction segment, it is again driven by the government investment. If we talk about the government investment and their intention, those intentions are positive for past many years and it continue to remain like that. And if you talk about the long-term visibility of this segment, it will show to grow if India has to go to $5 trillion or $7 trillion economy. So, that way the trend is positive in terms of growth of this segment.

Of course, in the short-term we will always see some kind of a quarter-on-quarter disruption in this segment because like inflation has gone up in the last quarter even with the construction contractors, the labour shortage was there with the construction contractor, the fund for the government was less in the last quarter, the fund flow to the contractor were lower. So, all these are short-term issues are there which are coming, and as soon as they stabilize, the market is expected to grow.

Balaji Gopalan : Sir, backhoe loader market grew quarter-to-quarter 14% this year. So, if you compare last quarter to this year's quarter, it is 14%, but Carraro actually beat that also and we grew roughly 18%, sir. So, we outperformed the broader market, which grew 14%, but Carraro grew 18%.

Laxmi Naryana: Sir, are you seeing indication that the construction equipment industry would actually grow faster this full year? Are you getting signs from your end customers and your programs, are you seeing increase there?

Balaji Gopalan: See, there is a positive context that is being passed on to us. Customers are not reducing any of their forecast. Our order book is giving a completely different scenario, okay, but there is always a wait-and-watch situation.

It all depends on the subsidy issues, how much the government is getting into subsidy for fertilizers and the seeds, cash flow to contractors, many of the tenders have been passed, projects are working but we hear from media and other places that there is a cash flow issue to the contractors who have completed the work.

The gas issues and those things we have already understood and there is a possibility that OEMs are looking at increasing the vehicle prices also to offset all these costs. So, there is a kind of a feeling that the vehicles will be increasing by 3% to 5% or 3% to 6% at cost to the final customer.

So, all these things will kind of drive the construction equipment segment, but that is a segment that has to grow. There is no looking back. Infrastructure and the development that is needed for India has to be sustained. It cannot be stopped midway unless there is a national crisis or something. Otherwise, we have to be building projects. Government is also working on it, they are allocating funds to it but the disbursement is not happening as it should happen.

So overall, we will not lose business, sir. Another point in our favour is, other than one major OEM that is JCB, we are supplying to all backhoe loader OEMs in India, which means that the pocket will change but the overall number will remain same.

So, other than JCB, any other backhoe loader in the market, whoever is capturing the market share, it doesn't matter, only the dispatch address for us changes based on how each OEM is performing. So, we are in a very comfortable situation and we have no concerns about the future of the backhoe loader market in India.

Laxmi Naryana: Sir, if I just look at your export programs, there have been I think one or two things, the tele boom handler and I think one more thing which we were actually getting large programs. Now, in the last few months, have you initiated few more programs? What is the kind of outlook for the export market over the next three to five years?

Balaji Gopalan: Yes, see, historically and looking at what I said, the protos and the projects that we are working on, we are seeing that our portfolio will be more or less stable at 65% domestic and 35% export. This is more or less the picture that we have in front of us based on the projects and protos that we are doing.

So, I would still say that we would be in that 33% to 35% for export and the balance will be domestic. Both will grow parallelly. This is more or less the message that I would like to share.

Laxmi Naryana: Got it. Thank you. I'll get back in queue.

Moderator: Thank you. We take the next question from the line of Sucrit D Patil from Eyesight Fintrade Private Limited. Please go ahead.

Sucrit D Patil: Good morning to the team. I have two questions. First question to Mr. Balaji is, beyond the regular outlook, just want to understand top two to three execution priorities you're focusing on in the next few quarters.

And alongside that, what do you see as the biggest risk here in demand shifts, regulatory changes or competitive pressures and how are you preparing to manage them while strengthening the company's position in drivelines and transmission? That's the first question, I'll ask second question after this. Thank you.

Balaji Gopalan: Actually, the voice was very jumbled. I don't know whether problem was on my side. Could you figure out? Because in the end it became digital sound.

Ashok Rai: The first question was the priority after that the voice was challenge.

Balaji Gopalan: Yes, so we will talk of our priority for the next coming quarters. The first priority is to recover all the costs that we have passed on to our suppliers, which we have to take it up with our customers, and our sales team is fully engaged on this mission.

While new projects, new discussion, that goes on parallelly, our sales team is fully focused on working on -- making zero-zero the cost and the price. So that will be the first balance that we need to do.

Second, we are seeing order book which is quite encouraging for us. So, for the capacity to meet the market demand, we are doing the debottlenecking and expansion of wherever we need capacities to meet the market demand in the direction towards INR3,500 crores to INR4,000 crores.

So, we are not going to be doing expansion every two years or something, it is a continuous -- it will be linear, parallel to the demand growing, our capacities will also keep growing. So, the work has already started, paint shop and other things are already being expanded so our dispatches can increase. This is the second one that we are doing.

Cost is a general mandate to reduce, so all our fixed costs we are looking at, we don't want our revenue also growing and all our costs also growing. So, we want to see efficiency where a higher revenue will give us a higher margin, and that will happen only when we work on internal efficiency. So that is another thing which we are strongly working on.

Localization is the fourth pillar that is very, very important. There will be disruptions now, but I need validation and the approvals to ensure when things become normal in my supply chain in India, I can reduce my import of components. So, localization has to go back to the original target of 86%-88% in the next months in future.

Engineering services, very interesting, not part of our core business but part of our core strength. Technology, R&D, innovation we realize is core strength that we have and we are offering not just in-house, now as you have seen, we are getting engineering contracts with our customers also, we are now going to suppliers also to help them in building whatever technology that they need.

So, all in all, this discipline that we are putting in place in our operations with a clear mandate is helping us not lose track of whatever vision and commitment we had given to the stakeholders. Have I answered your question, sir, or have I missed the second part?

Sucrit D Patil: Sir, it is very fine. My second question to Mr. Grossi is along the similar lines, just want to understand from a financial point of view, what key risk or challenges do you anticipate in the coming quarters, and what specific measures have been taken to manage margins, cash flow, and strengthen the balance sheet, especially in areas pertaining to raw material cost volatility, receivables and compliances? Thank you.

Balaji Gopalan: Before Davide gets into the numbers, I would like to give feeling of how we are looking at the context, the scenario in front of us. We feel the worst is over. We have bottomed out. We feel we have seen -- we have got all the shocks that can come in this period of uncertainty, similar to what we learned in COVID, we feel that now things will only move towards recovery unless there is some other major disruption, something nuclear, something that we have not anticipated.

But in the normal course of business and the anticipation that we have for future, we don't think things are going to go deeper. Things will only see greener shoots. We will see the light at the end of the tunnel. So, this is the overall context that I am talking about. Now Davide will give you some of the numbers to back up.

Davide Grossi: Yes, so when you talk about key risks, if you put yourself in my position, I would say Carraro India has had interesting times. We see growth, we see demand growing. Now we need to fund that growth and fund expansion and make sure that this growth is a profitable growth, so in extreme synthesis.

So, the risks that we are monitoring, first of all, is that our order book, our demand remains stable. We want to make sure that whatever we see ahead is something which is really there, something that we can sustain and something in which we can invest for. So, this is what we do. We keep monitoring and make sure that we grow gradually in a prudent and sustainable way.

Linked to that, as I said, growth has to be profitable. So, we are focusing in those months in helping our colleagues on the sales front, on the purchasing front, on the operations front to make sure that all these tensions that we have been seeing in the market in terms of geopolitics, in terms of supply chain, in terms of inflation are all monitored under control and we do not make any false step and we gradually recover whatever we have to give to our suppliers.

In terms of cash flow, of course, those is all linked. We have to make sure that the growth is profitable to generate healthy cash flow. We have to make sure that we do get unbalanced and avoid it to create tension in terms of working capital.

We have to make sure that our growth is sustainable because we are going ahead for some relevant amount of capex that needs adequate returns. So, this in a nutshell is what we are doing, this is what we try to keep all together. I hope I answered your question.

Sucrit D Patil: Thank you and best wishes.

Moderator: Thank you. We take the next question from the line of Saumil Shah from Paras Investments. Please go ahead.

Saumil Shah: Yes, hi, team. Good morning. So, I mean, most of the questions are answered. So just a follow-up on the previous participant that you mentioned that now we are seeing recovery from hereon and for Q1, we did an EBITDA of around 10.4%. So where do you see coming quarters and the current year if say geopolitical issues and all are sorted? So where do we see our company for FY'27 in terms of EBITDA?

Davide Grossi: Okay, so I will only be able to give a partial answer because situation is still a little foggy at the moment. What I mean to say is that if the situation stabilizes and there are no additional shocks, we believe that in terms of top line, we will do quite well and we will be back on track and we will be able to deliver a growth year-on-year in the range of maybe up to 10%.

So, this would help us also to regenerate the kind of operating leverage that we have lost during this quarter and this will benefit our EBITDA overall. At the same time, the open topic, which is the tricky one, is the one of price increments, inflation and what we have discussed at the very beginning.

We are of course trying to bridge the gap 100%. We -- if we do that, we will be able to for sure increase our overall EBITDA versus last year, probably by half a point, I would say it's something realistic but we will try for sure to do more than that.

But again, it's a little bit too soon because there are too many moving parts at the moment. Probably by next quarter, when also the market will settle a little bit in terms of pricing, in terms of volumes, we will be able to give a much more accurate estimate on the EBITDA.

Balaji Gopalan: Basically, whatever are the gaps that are existing, today it is existing only for the quarter. Now, how long this will continue will determine how much time we have to recover everything. So, the runway, if it is reduced, so if this uncertainty inflation continues for another four months to six months, then we have hardly a quarter left or probably four, five months to do that recovery. So, it's a bit early but as Davide gave you some numbers that we are looking at, I think we are quite realistic in what Davide has projected.

Saumil Shah: Correct. That was helpful. That's it from my side. Thank you and all the best.

Moderator: Thank you. We take the next question from the line of Shaju Paul from Growth Investor. Please go ahead.

Shaju Paul: Sir, can you quantify your exposure to China, both as a percentage of total exports and total revenue and clarify whether China is currently a meaningful growth market for Carraro India? That's my first question. I have another question about EBITDA margins.

Ashok Rai: This is Ashok here. See, when we talk about China, we already have a set up there and normally it is scattered through our Carraro China plant. So.. –

Balaji Gopalan: Because the market there is also little different, sir. The horsepower, the vehicle that are required in India is very different from China.

China is all bigger vehicles, higher horsepower, the entire configuration of vehicles are very different and the production set up is also different for those kinds of requirements. So, that is why India to China is not something we have looked in the past, even before we had Carraro China, we didn't have much to do with China from India because the product range is completely different.

Shaju Paul: So how much is China contributing to our revenue or exports?

Balaji Gopalan: India revenue?

Shaju Paul: Carraro India Limited's revenue?

Ashok Rai: We don't understand this question actually because…

Balaji Gopalan: We don't export much or we don't really export to China because we don't have any big orders coming in from there. So, it'll be a very, very small number which doesn't impact our larger...

Davide Grossi: And vice-versa.

Balaji Gopalan: Yes.

Shaju Paul: Okay. So, China is not a significant portion at all, it's a very minor aspect of Carraro India?

Balaji Gopalan: Yes. Absolutely. In fact, we would say hardly a percent or something like that. That also could be because it's a small order they have got, they want to get it from here. It's not a regular annual quantity that we are exporting to China, no. We may have sudden requirement of 50 axles, 100 axle that's about it. So, it's not part of my portfolio in India.

Shaju Paul: Okay, thank you. Thanks for clarifying. My second question is about your comment regarding factors impacting EBITDA margins for this quarter, two factors were totally beyond our control is energy prices and raw material costs due to geopolitical disruptions, which is completely understandable.

Another aspect, of course, not in direct control, but you can potentially influence, is the labour availability constraints. So, wish to understand, can you explain the labour availability constraints? Is this something which you can anticipate, do you think this impact is likely to repeat in the upcoming quarters? If not, how are you really addressing it? Can you please elaborate on that aspect?

Balaji Gopalan: Yes, see, there is this issue of labour non-availability, mainly migrant labour, okay. So, they are more casual labour and doing low-end activities -- support activities for the core product that we manufacture.

In Carraro India, with the level of automation and the processes that we follow, our dependence on casual labour is very, very limited. We have full-time employees who are all with us for many, many years, they live around the factory, so those are not the people where you have shortages. Shortages are for migrant labour. So, to answer your question, within Carraro India, we are not facing any hurdle or constraint because of manpower in our facility.

But, having said that, we are having the impact, a collateral damage because our suppliers are depending on lot of migrant labour because the processes require those kinds of actions to be taken, like in a casting industry, fettling operation is a very dusty, labour intensive operation, which uses lot of migrant labour and there is a shortage over there. So, the next level, Tier-3, where they are supplying components and parts to me, they are having constraints on labour, not Carraro India.

Shaju Paul: So, the comment you mentioned in your investor presentation, because ultimately it has impacted the EBITDA margin and this was the explanation you've given why Carraro India EBITDA margin impacted this year, so you're referring -- so you're saying you do not have any labour availability constraint which was impacting Carraro India's profitability, you're referring to your supplier challenges?

Balaji Gopalan: Yes, supplier challenges and their inability to give us the components that we need on time.

Shaju Paul: Okay. Understood.

Balaji Gopalan: And that is why I said all OEMs have placed their teams in suppliers and everyday bidding kind of a situation happens.

Shaju Paul: Okay. Is there anything -- so, ultimately as a shareholder, I am concerned anything that impacts the margins of the company, so for you, even though it's a challenge at the supplier side, finally there is a financial impact for the company. So, is there anything that you are able to do to control this aspect?

Balaji Gopalan: See, the market is also stabilizing, that is why I said the kind of problems we had two, three months ago has now moving towards normalcy. So, the supplier end capacities are also improving, but not dramatically, number one.

Number two, because of the shortage, obviously, everybody is using overtime, they're paying overtime, with the limited resources they are stretching and there is that cost element to it. And that is what we said, the cost includes not just commodity or the steel prices, it also includes conversion charges, which includes manpower cost also, enhanced manpower cost. So, we have to manage that.

And even in Carraro India, like I said, we are making adjustments, wherever there is a shortage, we have sufficient people, probably we have to make them work on overtime or make them work on a Saturday that normally we close. So, there is a cost impact, we are catering to that requirement so that our capacities are not affected and this has to be recovered from the price we are discussing with the customer.

So, the customer also understands this scenario, so everything is on the table, there is just a wait and watch. The feeling is things will come back to normalcy, so why give an increase at this point in time, we can adjust it, probably do a one-time payment for what happened during the quarter.

All these kinds of discussions are going on, so we, as I said, we are not letting any stone unturned to support our suppliers with the price or with any other support that is required. This is the way we are mitigating that problem that we are having.

Shaju Paul: Understood, sir. Thanks for the detailed explanation. I also understand eventually it's a delayed pass-through, so our depressed margin will come back to normalcy eventually.

Balaji Gopalan: Exactly, sir. So, if I have a long runway, I recover it quickly. If this goes into July, August, September, then I have only six months runway to recover. So, the recovery will depend on the runway available to me in front of me.

Shaju Paul: Okay, perfect. Thank you.

Moderator: Thank you. We take the next question from the line of Laxmi Naryana from Tunga Investments. Please go ahead.

Laxmi Naryana: Yes, thank you. This is on the export bit. Can you just help me understand how the export revenues split across agriculture vehicles and non-agriculture?

And second, we talked about Turkish program, and I understand that the currency volatility of Turkish Lira versus India has been quite strong in the last one year. So how does that impact your current program?

Balaji Gopalan: Okay, so you want to start with Turkey? So yes...

Ashok Rai: Answering on the last question, Turkey market is really in turmoil, as I said couple of minutes ago also, that the first quarter we were seeing a positive sign from Turkey, even the order flow projection was good. This quarter when we have entered, the order flow we are seeing not encouraging on the Turkish side. This is one.

But, probably with the introduction of the new customer, we will be able to offset the expected decline which is happening in the market. So, that is on the Turkish side market. And even for the export in general, we are facing a…… different region has a different aspect of demand. For example, European market in the agriculture it is still subdued. This is one.

When it goes to the US market, the demand is good, but their decision-making is getting delayed, the reason is that there is an inflation. And plus, now the…. even when you go to the US market, you will hear about the construction or the agricultural, people are -- economy is going up, there is no doubt about it, but with the inflation, they are also taking the decision on economic basis.

So, they're also -- they are talking about ROI of the machine, they are also talking about reduction in the cost. So, those are basically delaying the pickup from the US market in the construction and the agriculture.

The market which is showing some positive strength at the moment is only the Latin America side where our customers are asking slightly more than what they are regularly asking. So, these four sides, I have given you, one is Turkey, Europe, US, and Latin America side.

But since we don't export directly, we export our parent company, so that also give us less visibility in reality what is happening on our turnover but Davide can inform you about the numbers now.

Davide Grossi: So, you asked about the split of the export turnover. So, construction equipment in Q1 FY'27 was INR871 million and agriculture was INR424 million, and our other category was INR357 million.

Laxmi Naryana: Got it. Just on the exports, if I look at FY'25, there was a kind of a single-digit decline and FY'26 was a very, very strong growth in exports, and we have started with a negative in exports. So, is the export business really unpredictable or how do you increase the predictability of your export business?

Davide Grossi: This quarter is not representative. You should kind of forget about it, in the sense that this quarter was impacted by external constraints in terms of logistics, we suffer from unavailability of containers and vessels, so it's really not representative. From next quarter, you should see export back on track and on the similar level to what we seen in '25-'26.

Laxmi Naryana: Got it. Thank you.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Dr. Balaji Gopalan for his closing comments.

Balaji Gopalan: Thank you everyone for joining us today and for your continued support and trust in Carraro India. Despite the near-term uncertainty in global markets, we remain confident in the strength of our business and the opportunities across both domestic and international markets. Recovering supply chains, the ramp-up of new programs, ongoing capacity addition and progress in engineering services provide a solid base for sustainable and profitable growth.

We continue to focus on disciplined execution, cost efficiency, customer service and long-term value creation. We hope we have addressed your questions satisfactorily. Should you require any further information, please feel free to reach out to Strategic Growth Advisors, our Investor Relations advisors. Thank you once again for your time, and have a good day. Thank you.

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