Date: August 07, 2025

To,
Department of Corporate Services,
BSE Limited,
P J Towers, Dalal Street,
Mumbai- 400 001.
BSE: Scrip Code: 531112

To,
Listing Department,
National Stock Exchange of India Limited,
"Exchange Plaza", C-1, Block-G,
Bandra Kurla Complex, Bandra (E),
Mumbai- 400 051.
NSE Trading Symbol: BALUFORGE

Sub: - Earnings Release for the Quarter ended 30th June, 2025

Dear Sir/Madam,

Please find enclosed herewith the Earnings Release for the Quarter ended 30th June, 2025.

Kindly take the same on your record and acknowledge.

Thanking You,
Yours Truly,

For Balu Forge Industries Limited
JASPALSINGH PREHLADSINGH CHANDOCK
Digitally signed by JASPALSINGH PREHLADSINGH CHANDOCK
Date: 2025.08.07 20:29:45 +05'30'
Jaspalsingh Chandock
Managing Director
DIN: - 00813218

Enclosure: As above

BALU FORGE

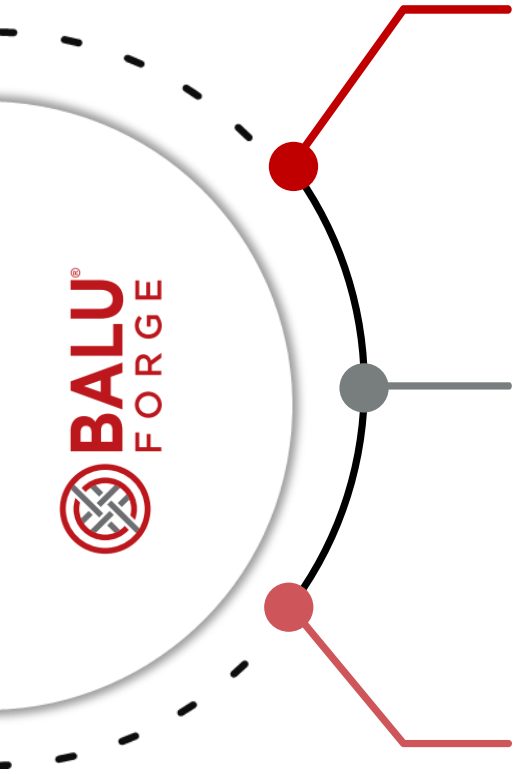
EARNING PRESENTATION

Q1 FY26 | 7th Aug 2025

BSE : 531112 | **NSE** : BALUFORGE

EXPANDING HORIZONS GETTING FUTURE READY

Balu Forge at a Glance



Prominent Indian company supplying precision-engineered products and forged components to diversified industries.

Integrated facilities with comprehensive capabilities to support a large array of industries

Facility equipped with both closed die forging hammers and presses, including our most powerful 16-ton hydraulic Forging Hammer.

Fully integrated Forging and Machining production capabilities for captive consumption. Offers a large product portfolio ranging from 1 Kg to 1,000 Kgs and up to 3 Metres long.

Diverse product range serving various industries, including automobiles, industrial vehicles, earthmoving machinery, wind energy, aerospace, defence, oil and gas, locomotives and railway applications, marine and agriculture.

Advanced R&D facility & capability, driven by a dedicated team of professionals. Focused on new product development and the application of advanced alloys and material chemistries in specialized segments.

Overview

35+
Years of extensive industry experience

100,000+ MTPA
(Will increase to 150,000 MTPA)
Forging Capacity

500+
Workforce

45,000+ MTPA
(Will increase to 80,000 MTPA)
Machining Capacity

4
Manufacturing Facilities

46+ Acres
New Advanced Facilities

80+
Countries Served

25
OEM Customers Globally

Investment Case

Strategic Acquisition Capabilities

Proficient in identifying & leveraging opportunities through the strategic acquisition of potential assets at reasonable prices

Diverse Product Offerings

A broad range of product offerings and applications catering to various industries

Dedicated R&D Facility

A dedicated research and development facility focused on innovation and product enhancement

High Precision Offering

Offering high precision machining to demands of critical industries

Renowned Global Brand

A well-established brand name recognized across global markets for quality and reliability

State-of-the-Art Facility

A modern manufacturing facility located in Belgaum, Karnataka, equipped with advanced technology

Strong Distribution Network

A robust distribution network spanning over 80 countries across six continents, ensuring global reach

Skilled Design Team

A team of skilled designers experienced in operating 2D, 3D and CAM modelling software, offering clients comprehensive design solutions

Experienced Professional Team

A dedicated team of skilled and experienced professionals committed to excellence in manufacturing and service delivery

Chairman & Managing Director's Message

Mr. Jaspal Singh Chandock

(Chairman & Managing Director)

"The global precision engineering landscape is undergoing a transformative shift, driven by increasing automation and the adoption of advanced manufacturing technologies. In India, as we are transitioning from legacy manufacturing to real time monitoring, precision engineering stands at the core of this transformation, forming the foundation for future-ready, innovation-led growth, strengthening the country's position as a global manufacturing hub.

On that backdrop, we delivered strong financial and operational results in Q1 FY26, reinforcing our commitment to engineering excellence and future preparedness. Revenue from operations for Q1 FY26 stood at ₹2,332 million, marking a strong 33% year-on-year growth over ₹1,753 million in Q1 FY25. This performance was driven by an improved value-added product mix and increased operating leverage, resulting in a notable 635 basis points expansion in operating margins. Profit after tax came in at ₹570 million for the quarter, reflecting a robust 67% growth over the same period last year.

On a sequential basis, the quarter saw a marginal decline, primarily due to ongoing geopolitical uncertainties, regional conflicts, and volatile tariff environments. Despite these external headwinds, profitability remained stable, and the company continued to strengthen its market position through focused execution and operational resilience.

During the quarter, we focussed on boosting our capacity. The initiatives include the addition of a new Empty Shell production line, the 25T Hydraulic Hammer forging line among the world's largest closed die hammers and the integration of state-of-the-art 7-axis and 11-axis machining lines. Our product capabilities are evolving, with unit weights progressing beyond 1 ton and gradually advancing towards 1.5 tons in a phased manner.

Our forging capacity is on track to increase from 100,000 tons to 150,000 tons annually, while machining capacity will rise from 45,000 tons to 80,000 tons per annum. We are also progressing steadily on our greenfield facility, in line with planned timelines.

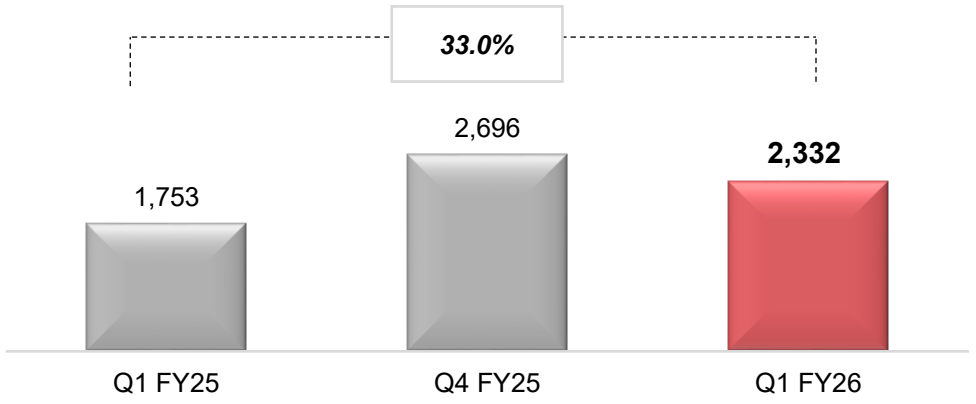
Geographically, we continue to pursue a diversified strategy to mitigate long-term risks posed by volatile tariff situations. The majority of our new capacities are expected to be operational within this financial year.

As we look ahead, apart from boosting our capacity, we are reinforcing our position as a global precision engineering powerhouse from India. With a strong foundation, advanced infrastructure, and a clear strategic vision, we are poised to capture the emerging opportunities and shape the future of precision engineering."

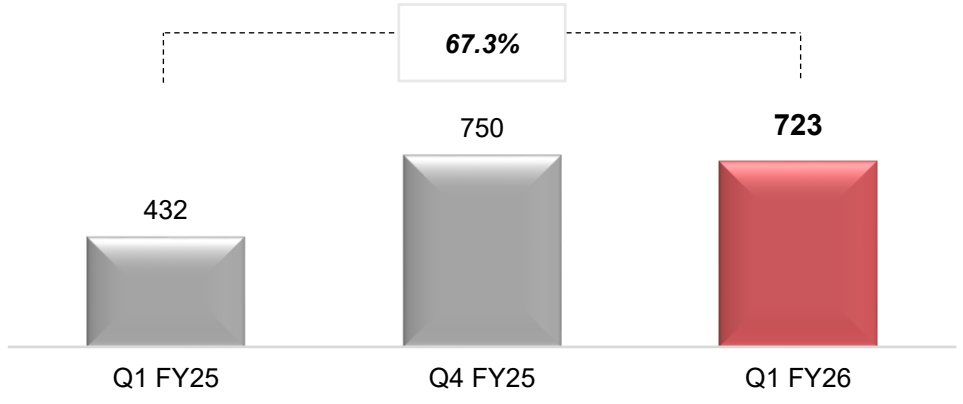
Q1 FY26 Financial Performance

All figure in Rs. Mn.

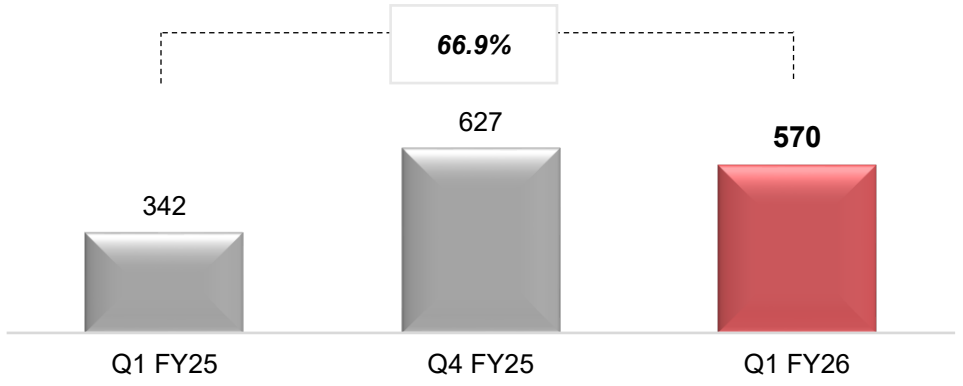
Revenue from Operations



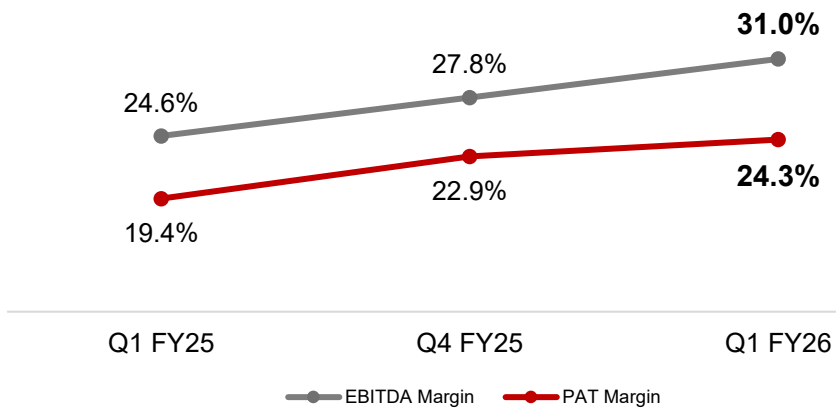
EBITDA



PAT



EBITDA and PAT Margin

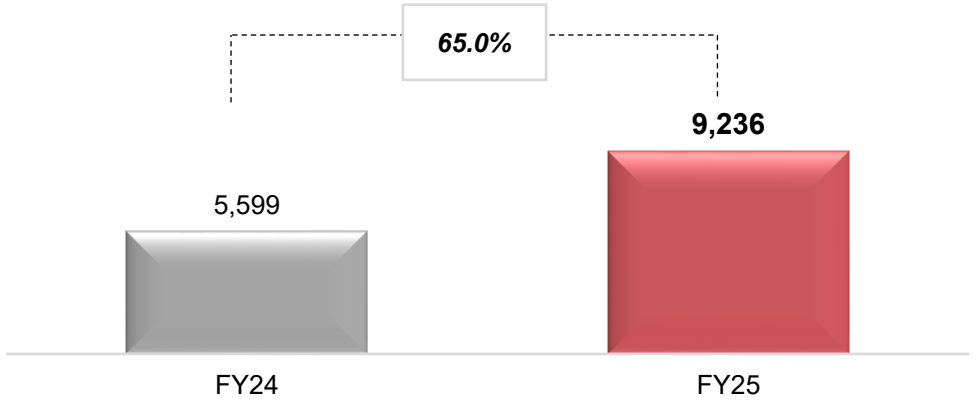


Notes:
1. EBITDA and EBITDA Margin excludes Other Income
2. All other Margins are calculated on Total Income

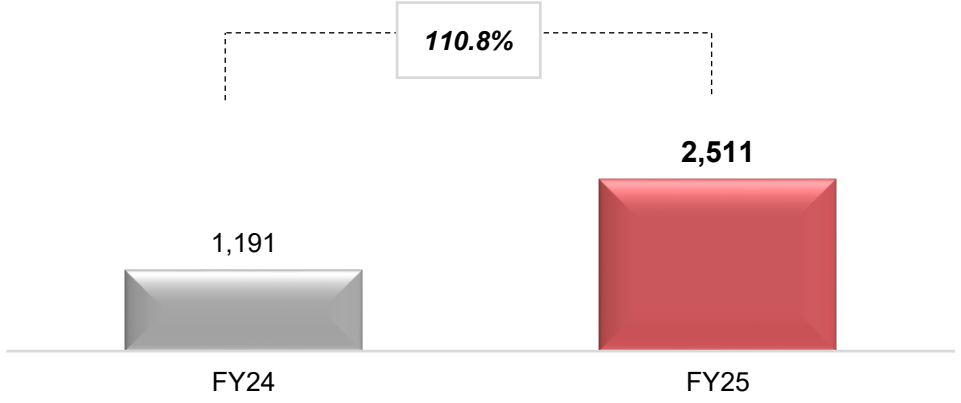
FY25 Financial Performance

All figure in Rs. Mn.

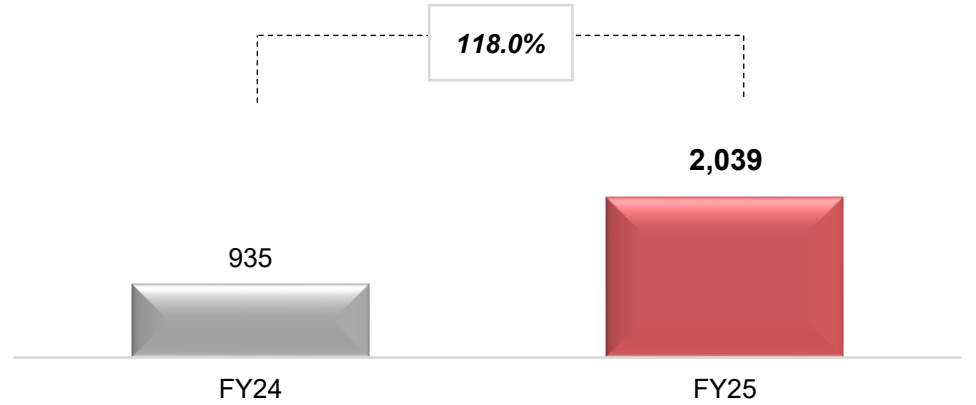
Revenue from Operations



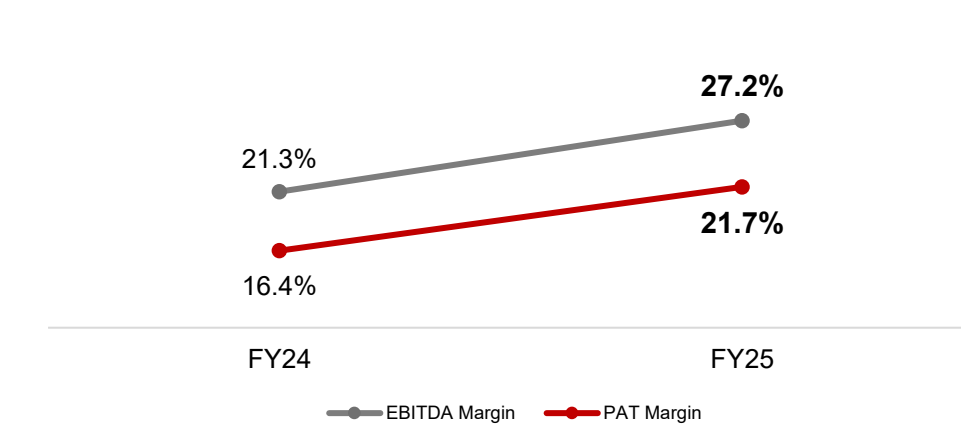
EBITDA



PAT



EBITDA and PAT Margin



Notes:
1. EBITDA and EBITDA Margin excludes Other Income
2. All other Margins are calculated on Total Income

Q1 and FY26 Profit & Loss

(Rs. Mn)	Q1 FY26	Q1 FY25	Y-o-Y (%)	Q4 FY25	Q-o-Q (%)	FY25	FY24	Y-o-Y (%)
Revenue from Operations	2,332	1,753	*33.0%*	2,696	*-13.5%*	9,236	5,599	*65.0%*
Other Income	17	11	*58.9%*	42	*-59.6%*	171	102	*67.5%*
Total Income	**2,349**	**1,764**	***33.2%***	**2,738**	***-14.2%***	**9,408**	**5,701**	***65.0%***
Raw Material Costs	1,441	1,159	*24.3%*	1,743	*-17.3%*	6,026	3,763	*60.1%*
EBITDA	**723**	**432**	***67.3%***	**750**	***-3.6%***	**2,511**	**1,191**	***110.8%***
EBITDA Margin (%)	***31.0%***	***24.6%***	***635 bps***	***27.8%***	***319 bps***	***27.2%***	***21.3%***	***591 bps***
Finance Cost	22	15	*44.1%*	42	*-47.0%*	110	136	*(19.7)%*
Depreciation and Amortization	17	8	*111.1%*	9	*93.1%*	34	21	*63.1%*
Profit Before Tax	**700**	**419**	***67.1%***	**741**	***-5.4%***	**2,539**	**1,137**	***123.4%***
PBT Margin (%)	***29.8%***	***23.8%***	***605 bps***	***27.0%***	***277 bps***	***27.0%***	***19.9%***	***706 bps***
Tax Expenses	130	77	*67.9%*	114	*14.4%*	501	202	148.3%
PAT	**570**	**342**	***66.9%***	**627**	***-9.0%***	**2,039**	**935**	***118.0%***
PAT Margin (%)	***24.3%***	***19.4%***	***491 bps***	***22.9%***	***138 bps***	***21.7%***	***16.4%***	***527 bps***
Basic EPS (Rs per share)	5.04	3.33	*51.4%*	5.74	*-12.2%*	19.28	9.80	*96.7%*

Notes:
1. EBITDA and EBITDA Margin excludes Other Income
2. All other Margins are calculated on Total Income

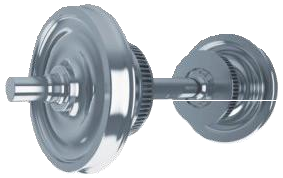
Precision Engineering Product Portfolio

Crankshaft

Under Carriage Components

Lifting Hooks
Sorting, Snap, Shank, Ramshorn Hooks

Brake Components
Hub, Brake Flange, Disc, Caliper



Railway Wheels
Axles & Wheel sets

Hydraulic Motors

Turbine Blades

Empty Shells

Transmission & Clutches
Drive shafts, Input & Output shafts, Main shafts, Yokes

Towing Accessories
Swan Necks, Flange Balls, Tow Bars

Chassis Components
Front axle beams, steering knuckles, control arms, forks, steering

Oil, Gas, & Flow Control Components

Business Journey

Successful Track Record of Acquiring and Integrating High End Forging & Machining Equipment

1989
The foundation of 'Balu' was laid by Mr. Prehlad Singh Chandock

1991
First component manufactured in our factory

1995
First component exported to an overseas market

2006
Acquisition & Installation of the Ursus Manufacturing Plant from Ursus, Poland

2010
Acquisition & Installation of the Thyssenkrupp Plant from L'horme, France

2011
The company successfully achieved the milestone of building a presence in over 80 countries worldwide

2012
Got accredited with ISO/TS16949:2009 accreditation from world renowned company TUV NORD

2014
Achieved manufacturing of 1000 crankshafts in a single day

2017
Became a supplier of Choice to over 25 OEs spread over 5 Continents

2020
Got Accredited with the 14001:2015 & ISO 45001:2018 Certifications. Became an Approved Vendor to the Ordnance Factory Board & established a special- ized manufacturing unit for the Defence Industry. Balu completed the transition & listing on the Stock Exchange. The constitution of the company was changed to public limited company

2021/2022
Acquired the Precision Machining Unit of the Mercedes Benz Truck factory from Mann- heim, Germany

Balu successfully completed the ESG audit by a reputed audit firm & joined the United Nations Global Compact Program in its efforts to be ESG compliant

2023
Laid the foundation for the greenfield forging & machining facility spread over 46 Acres in Belgaum, India

2024
Acquisition of 3 fully automated forging lines with GERB Technology namely: 16T, 10T Forging Hydraulic Hammer & 8000T Forging Press. These machines contribute to a combined forging capacity of 72,000 tons annually

2024/2025
Invested in 7 axis, 11 axis machining capability, 25T Hydraulic hammer line & a fully automated Empty Shell & Mortar production line with an annual capacity of 360,000 shells per annum

Value Chain

Building Blocks

Sourcing of Raw Materials: raw materials sourced from semi forged components and steel plants.

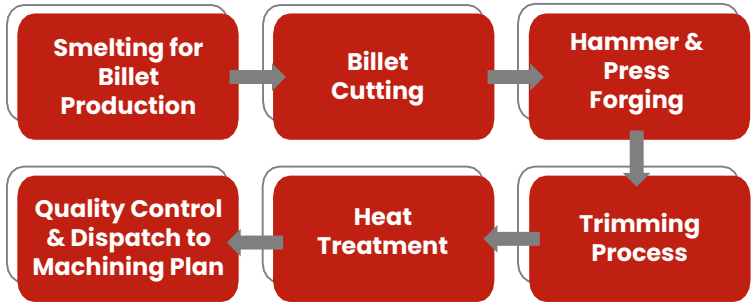
Research & Development: Strong R&D capabilities drive our history of innovative product development.

Manufacturing Expertise: 4 state of the art production facilities.

Manufacturing Process

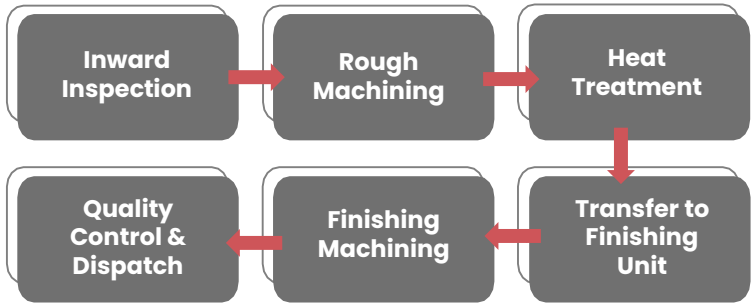
Forging Plant

In-House Tool Room & Metallurgical Lab



Machining Plant

In-House Tool Room & Metallurgical Lab



Growth Drivers

Empowering industries with unmatched product solutions.

Increasing presence in critical sectors of defence, aerospace & railways.

Dominating export markets and unlocking limitless global potential.

Relentlessly expanding to meet booming demand through organic and inorganic growth.

Fast-tracking B2B growth with direct partnerships to top-tier OEMs and Tier 1 clients.

Precision engineering and in-house forging are driving EBITDA growth.

Provides 25+ high profile OEM globally with cutting-edge precision components and comprehensive solutions across industries

Strategic Priorities for Future Growth

Revenue Contributions

- The company is well-protected from geopolitical risks and industry downturns due to its diversified approach across multiple sectors and minimal geographical concentration
- The revenue share from the Non-automotive sector is expected to increase in the coming years as the company expands into Defence, Aerospace, and Railways
- Additionally, growth in legacy sectors, particularly Commercial Vehicles, will continue, despite a reduction in their overall contribution.

Capacity Expansion

- The Company currently has a forging capacity of 100,000 MTPA, which is planned to be expanded in phases to 150,000 MTPA. Machining capacity stood at 45,000 MTPA and is planned to be enhanced progressively to 80,000 MTPA, enabling growth across key sectors including Defence, Aerospace, and Railways.
- Expanded the precision machining capacity to meet growing demand from higher forging capacity
- Focused on acquiring capacity in critical areas such as defence components, the heaviest weight category of closed-die forgings and high-precision machining.

Customer Additions

- Expanded the customer base in the Defence, Aerospace and Railway industries, driving revenue growth
- Developed capabilities tailored to meet the evolving demands of the Defence and Aerospace industries, ensuring long-term growth in these sectors
- Achieved positive growth in traditional sectors, particularly the Commercial Vehicle (CV) segment.

Geographic Expansion Addition

- The company has expanded its on ground presence across more countries to enhance serviceability and strengthen its position in key markets
- Alongside the China+1 shift, the emerging Europe+1 trend is creating new opportunities, with increasing production moving out of the EU
- Well-positioned in terms of capacity and capability to address this growing demand.
- Our strategically diversified global presence ensures minimal disruption to our operations mitigating the impact of geopolitical uncertainties, regional conflicts, and fluctuating tariff regimes.

Innovation & Technological Advancements

- Integrated 7-axis & 11- axis multi-axis machining, automation in forging and anti-vibration systems to enhance product precision, operational efficiency and scalability
- Continued investment in advanced technologies to maintain the production of high quality, precision engineered components across various industries
- Prioritization the production of the fully machined, value-added components, reflecting its core expertise in precision machining, while offering comprehensive solutions to clients.
- Acquired one of the world's largest closed die forging 25T hydraulic hammer, significantly enhancing our forging capacity and aligning with our long term strategy to scale high volume, complex component production. This is presently under commissioning.

Defence: Growth Strategy

Received approval to supply 180+ products


Crank Shaft


Breach Base

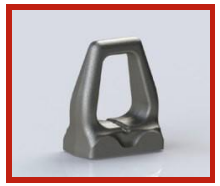

Road Wheel Arm


Flange


Hub Carrier

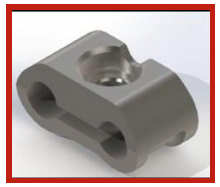

Track Link

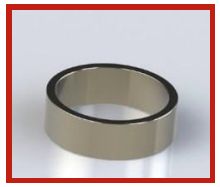

Intermediate Gear


Track Guide


Shoe


Gear Ring (Solid)


Clamp


Gear Ring (Hollow)


Crank


Sun Gear


Carrier Forging


Empty shell

1. Significant capital investments planned over the next decade to expand defense production capabilities & the defence product portfolio

2. Key focus areas include artillery, armored vehicle parts, weapons, ammunition and engine components.

3. Successfully supplied to the overseas defence industry for several years.

4. Aiming to expand the global customer base while strengthening our position as a leading defense production center.

5. A dedicated forging and machining line for empty shell production is currently in the commercialization phase, enhancing our product portfolio and strengthening our support for the defense sector.

Update on the Greenfield Facility






Note : The above are on ground images of the greenfield manufacturing campus


Note : Key additions to our precision machining lines

1. On track to expand forging capacity to 150,000 tons annually. driven by continuous infrastructure and machinery upgrades.
2. The 25T closed die forging hydraulic hammer line is currently under commissioning and will significantly enhance our production capabilities for large and complex components.
3. The commissioning of an 8,000-ton capacity mechanical forging press is currently underway.
4. Achieved the capability to produce closed die forgings up to 1 ton, with expansion plans underway to scale production capacity to 1.5 tons.
5. Fully automated setup featuring advanced technology, including an anti-vibration system and robotic handling.
6. Adherence to Industry 4.0 standards for modern manufacturing practices.
7. Significant improvements in research and development capabilities for alloy mixing and metal combinations.
8. A dedicated forging and machining line for empty shell production is currently in the commercialization phase, enhancing our product portfolio and strengthening our support for the defense sector.
9. Machining capacity currently stands at 45,000 MTPA and is planned to be increased to 80,000 MTPA to cater to increasing value addition demand.

TUVINDIA TUV INDIA PVT. LTD. ISO 9001:2015 www.tuv-nord.com/in
TUVNORD TÜV NORD CERT GmbH IATF 16949 tuev-nord.de
International Organization for Standardization ISO 14001:2015
International Organization for Standardization ISO 45001:2018

Dedicated In-house Research & Development

We prioritized the allocation of resources to ongoing research and development, ensuring continuous improvements in product quality, performance, and efficiency.

Our R&D team consists of **75** skilled professionals.

R&D Process

- **State-of-the-Art Machining**: Our machining facilities feature cutting-edge infrastructure, including a comprehensive in-house tool room, metallurgical laboratories, design & process capabilities, as well as inspection & testing facilities
- **Advanced & Additive Manufacturing**: We utilize a range of additive manufacturing techniques to ensure flexibility and speed in rapid prototyping and product development
- **Product Engineering & New Product Development**: We concentrate our efforts on engineering and creating new products across industries
- **Development of New Materials**: Our projects focus on exploring various new material chemistries to analyze compositions and applications of innovative metals

Customer lifecycle and long product journey : 15 to 20 years

Sustainability – ESG

ESG Commitments

Net Zero Emissions
- ✓ Carbon Neutral Operation by 2040

Renewable Energy
- ✓ Transition to 100% renewable energy by 2035

Water Management
- ✓ Achieve 100% water recycling by 2027
- ✓ Achieve Zero Liquid Discharge by 2030

Waste Management
- ✓ Reduce total waste generation by 2030

Diversity and Inclusion
- ✓ Increase women's representation in leadership by 20% 2030.

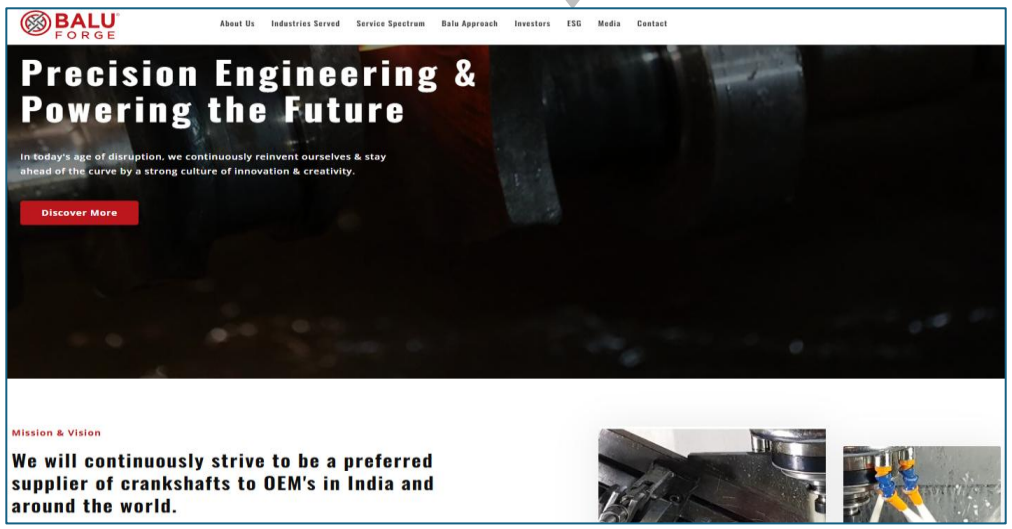
CSR

INR 8.6 Mn
Amount spent on CSR in FY25

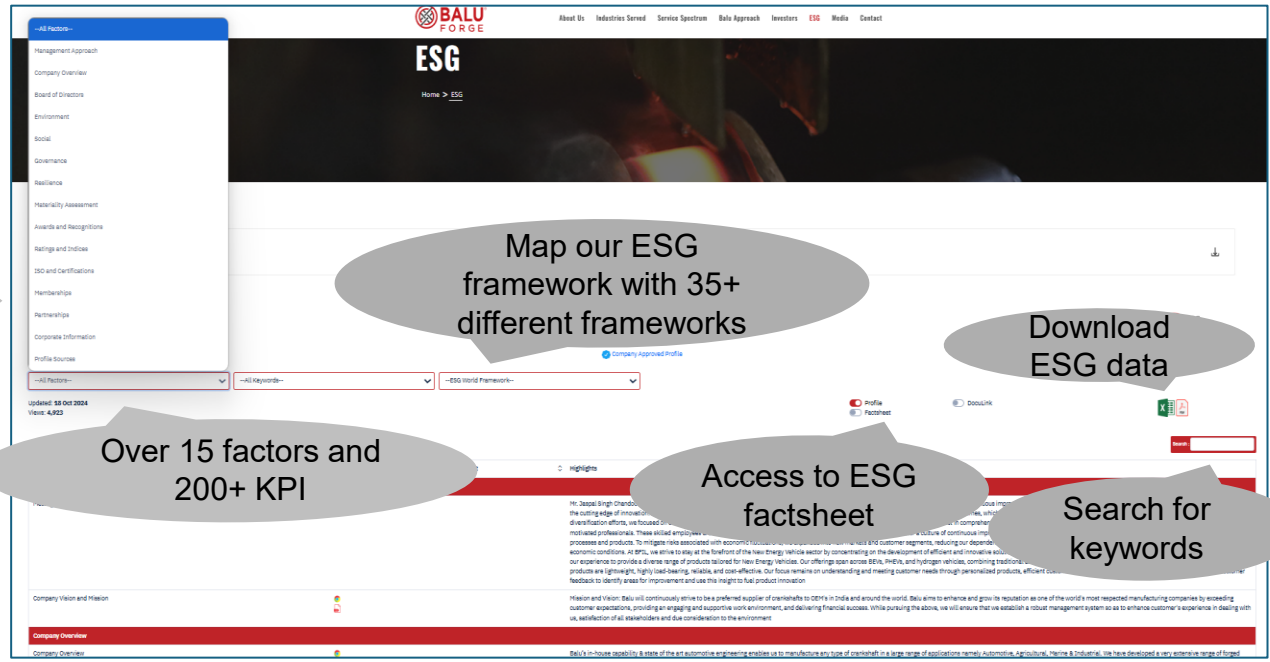
Sustainability – ESG

Balu Forge Industries Limited has been committed to environmental sustainability, prioritizing ESG principles well before they gained widespread recognition

Click to access ESG Profile



https://www.baluindustries.com/



Balu Forge ESG Profile Link (Click Here)

Frequently Asked Questions (FAQs)

1. What is Balu Forge's expansion strategy over the next 3–5 years?

Balu Forge's growth roadmap for the next three to five years is anchored in scaling capacities, deepening sectoral presence, and advancing technological capabilities while maintaining a capital-efficient model.

At the heart of this expansion is the development of our fully integrated 46-acre Belagavi facility, which will drive a significant scale-up in both machining and forging operations. By FY27, our machining capacity is projected to grow to 80,000 TPA, supported by a dedicated forging capacity that is entirely aligned for captive consumption. This integrated setup positions us to deliver complex, high-spec components to demanding sectors like defence, aerospace, and power generation areas that offer attractive margins and long-term business stability.

Our strategy also places strong emphasis on sectoral diversification, with targeted expansion into industries that require high precision, compliance, and performance including defense platforms, aerospace assemblies, and heavy transportation systems. By offering a wider range of products made from advanced materials including aluminum, titanium, and other critical alloys we are strengthening our position as a one-stop solution provider for precision engineering needs.

Geographically, we are actively strengthening our presence across the Americas, Africa, Europe, Asia, and the Middle East, aligned with global certification programs and the Indian government's "Make in India" vision. This international footprint allows us to serve high-value clients globally while building resilient and diversified revenue streams.

Looking ahead, Balu Forge is focused not just on expanding capacity, but on building an ecosystem capable of delivering innovation, flexibility, and quality at scale. With continued investment in defence production lines, acquisition of advanced assets, and expansion into future-ready sectors, we aim to drive sustainable revenue growth, margin expansion, and long-term shareholder value.

2. Why does the company not revalue its older assets after its listing via the reverse merger route in 2020?

The company has not revalued its Fixed Assets (i.e. Plant and Machinery) as the Indian Accounting Standard (IND-AS) allows to book fixed assets at amortized cost or at original acquisition cost less accumulated depreciation i.e. WDV value. There is no mandatory requirement in companies act 2013 to record the Fixed Assets at revalued amount. Even if we do the revaluation of fixed assets now the income tax law will not allow depreciation on the revalued amount. Therefore, our Fixed Assets i.e. plant and machinery stand at WDV value.

Note: We will be summarizing some of the recurring questions received from the investor community each quarter with the upcoming earnings release.

Frequently Asked Questions (FAQs)

3. What steps are being taken to improve operational efficiency?

Operational efficiency is a core driver of margin improvement at Balu Forge. Key initiatives include:

- Deployment of IoT-enabled CNC machines, robotic handling, and anti-vibration systems for high-precision forging & machining.
- Adoption of machine learning models to monitor real-time performance, reduce downtime, and extend asset life.
- Enhanced production cycles and resource allocation for multi-line flexibility. This enables us to keep our precision machining lines fungible to service a larger product portfolio.
- Advanced quality systems and checks are in place to ensure product consistency, particularly for critical applications in defence and aerospace.

These initiatives have collectively increased productivity, optimized cost structures, and supported margin

4. What role do defense and aerospace play in the company's future growth?

Defense and aerospace are high-margin, high-potential verticals for Balu Forge and form a critical component of our growth strategy:

- **Automated Empty Shell Line:** We have installed a fully automated empty shell line with an annual capacity of 360,000 shells (155 mm), significantly enhancing our defence manufacturing capability. The vendor approval has already been received from a large player in India.
- **Aerospace Certifications:** We are pursuing key global certifications to become a qualified aerospace component supplier to OEMs and Tier-1 companies worldwide. We have already received vendor approval from a large vendor in the domestic ecosystem.
- Make in India & Global Reach initiatives align with India's defense localization policies, while also opening global export opportunities in the Americas, Europe, and MENA.
- **Revenue Mix Evolution:** As defense and aerospace revenue share gradually rises, it will boost overall margins, given the premium pricing of these segments

This focus on long-term government contracts and strategic export opportunities ensures sustainable, high-margin growth.

Note: We will be summarizing some of the recurring questions received from the investor community each quarter with the upcoming earnings release.

Frequently Asked Questions (FAQs)

5. What is the company's capex plan and funding strategy?

Our capital expenditure roadmap and funding strategy reflect a prudent, low-leverage growth model:

- By FY27, the gross block is expected to reach ₹750–800 crore, driven by capacity expansion and automation initiatives.
- The Capex requirement is fully funded through fresh preference share issues, warrants & internal accruals, supplemented by selective equity infusions where required, ensuring minimal debt exposure.
- Funds are prioritized for expanding machining and forging lines, Industry 4.0 automation, and high-value defense and aerospace production.

This capital-efficient strategy supports high asset turns, robust cash flows, and long-term shareholder value creation.

6. Does the US tariff situation affect Balu Forge?

The exposure is very limited & generally the exposure is well distributed globally without any dependence on any region or country. We do not foresee any impact on Balu Forge on account of these Tariffs.

7. What is the story behind the foundation of Balu Forge & let us know how the journey began?

In 1989, our founder Mr Prehlad Singh Chandock, along with a small team, set up a machining plant (3000 square feet) in Belgaum, Karnataka, as a job work vendor for crankshafts (a critical component used in internal combustion engines) as an ancillary support provider to companies across the country. Building on this growth momentum, the company, while cementing its position in the domestic market, took a bold step to venture into the export market starting 1994. This strategic move enabled the company to extend its presence in the global market that is over 80 countries today, thus paving the way to emerge as one of the most trusted suppliers to Original Equipment Manufacturers (OEMs) & the global aftermarket over the next three decades. The company truly had a very humble beginning & the growth momentum has truly taken a better part of almost 4 decades to have the strong pillars of foundation that can be seen today.

Note: We will be summarizing some of the recurring questions received from the investor community each quarter with the upcoming earnings release.

Frequently Asked Questions (FAQs)

8. What are the key factors that differentiate Balu Forge from other precision engineering firms, especially in the defence, aerospace, and railways sectors?

We operate Four state-of-the-art manufacturing facilities. There is a new greenfield facility in Belagavi, Karnataka is currently undergoing a greenfield expansion across 46 acres. We manage all machining operations in-house and are now have integrated forging operations for captive consumption only. Our end-to-end, fully integrated plant supports globally dispersed clients across the entire value chain—from concept and design to engineering, manufacturing, testing, and validation.

With advanced 7-axis and 11-axis CNC machines, automated shell lines, and heavy forging capabilities up to 1,000 kg, we provide fully integrated precision engineering solutions.

We are implementing advanced forging and machining capabilities that support a broad product range from 1 Kg to 1000 Kgs and lengths up to 3 metres. This includes both closed die forging hammers and presses, notably a 16 Ton Hydraulic Forging Hammer. Our vertical integration, multi-sector exposure, and ability to deliver high-value, critical components for defence and aerospace sectors set us apart globally.

This vertically integrated and scalable infrastructure, combined with our ability to deliver high-precision components across critical sectors like defence, aerospace, and railways, distinctly sets us apart from other precision engineering firms.

9. What were some of the most defining milestones in Balu Forge's growth—particularly the acquisitions of Ursus, Thyssenkrupp, and the Mercedes-Benz precision unit?

After securing a strong foothold in the domestic market, the company achieved the major export opportunity in 1994 by embarking on its global expansion journey through exports that is spread over 80 countries today, which laid the foundation for the accelerated growth trajectory.

However, the real boost in the company's operation came with the many fixed asset acquisitions that the company has done over the decades starting with the Ursus manufacturing plant from Poland in 2006, followed by the Thyssenkrupp's facility in France, in 2010. These strategic acquisitions significantly enhanced Balu Forge's manufacturing capabilities and helped in diversifying its product portfolio while simultaneously establishing the company as a global force in precision engineering.

Encouraged by its strong performance in both domestic and international markets, the company went public in 2020. Since then, we have made several strategic acquisitions including the Precision Machining Unit from Daimler's Truck Factory in Mannheim, Germany, and one of the largest forging equipment assets from Ukraine. The addition of advanced 7-axis and 11-axis precision machining further enhanced its technical capabilities. Most recently, the company acquired one of the world's largest closed-die forging hammers (25T) from Romania, which is now being installed at our 46-acre greenfield campus in Belagavi, Karnataka. We have also set up a large-scale production line for 155 mm empty shells to support defence manufacturing in India and abroad.

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Frequently Asked Questions (FAQs)

10. Please kindly clarify on the holding of the Enforcement Directorate (ED) in the company?

This transaction was executed independently in the open market and does not involve any participation or facilitation by the company.

We would like to elaborate hereby that the said holding is towards a secondary market transaction where holding of certain shareholders has been transferred to Enforcement Directorate Raipur.

As a listed entity, Balu Forge does not have oversight or influence over such shareholder-level transactions in the secondary market. We also have no access to the personal or business dealings of individual shareholders. The company further confirms that it has no direct or indirect association with the parties involved in this transaction.

11. What is your planned investment for capacity expansion, including inorganic growth, over the next five years? Additionally, what strategies will you employ to secure these funds?

Over the next five years, we have earmarked significant capital investments for capacity expansion and technological upgradation. The greenfield facility alone represents a major financial commitment, designed to bolster our forging and machining capabilities with state-of-the-art equipment and advanced automation systems.

Inorganic growth remains integral to our strategy, as evidenced by the acquisition of the Mercedes-Benz precision machining unit, which significantly enhanced our global footprint. We will continue exploring acquisition opportunities that align with our core competencies and market objectives.

To fund these initiatives, we are focused on leveraging a mix of internal accruals & capital infusion as was done recently as well. Our robust balance sheet and consistent cash flow generation provide a solid foundation for these strategic investments.

12. What revenue growth does the company anticipate for the current year and the next?

For FY 26, we will maintain the revenue growth guidance in the range of 40-45%, driven by strategic capacity expansions and increased penetration into high-demand industries. The commercialization of the Mercedes-Benz unit and the operationalization of the greenfield facility are key catalysts, significantly boosting production volumes and enhancing our ability to meet rising global demand. We are also prioritizing high-value segments like defence and aerospace, where our expertise in advanced machining and heavy forging aligns well with the sector's stringent quality requirements. Additionally, we are leveraging our strong relationships and long-term contracts to secure consistent revenue streams. Through the adoption of real-time monitoring, we are optimizing our production processes to achieve improved EBITDA margins and sustainable financial performance.

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Frequently Asked Questions (FAQs)

13. The tax outgo from the cash flow statement is not line with the tax liability, please kindly clarify the same as to why is it not reflecting in the cash flow statement?

Any movement related to tax liabilities is captured under changes in working capital as part of operating cash flows. The difference between the reported tax liability and the tax outflow in the cash flow statement arises primarily from the timing of actual tax payments. In our case, a significant portion of the tax is paid post the financial year-end, based on self-assessment. As a result, these payments do not appear in the current year's cash flow from operations but will be reflected in the subsequent year's cash flows.

14. Why is the asset turnover of the company higher than industry & some of its peers?

In 2018 one of the world's foremost valuation company, Mott Macdonald valued our fixed assets close to Rs.300 Crores. The company was listed via a reverse merger & the assets were transferred on book value (written down value) in August, 2020 & the revaluation of the assets was not done at the said time. The company has over 250 CNC Machines & multiple Forging lines as on date.

The strategy of the company historically had been to acquire used assets through auctions, private treaties, liquidations, etc from various parts of the world. The acquisition journey is well defined on multiple releases and corporate presentations over the years starting from 2006 (Acquisition from Poland) to date. The company also has built an in-house team, department & expertise over the three decades of experience dedicated for refurbishment & commissioning of used assets.

The strategy going forward will be towards buying not only used machines but also new machinery as the company progresses on its journey.

Our capitalized assets as recorded in FY25 is Rs.142 Crores and Capital WIP is around Rs. 417 Crores.

15. Why does the company not revalue its older assets after its listing via the reverse merger route in 2020?

The company has not revalued its Fixed Assets (i.e. Plant and Machinery) as the Indian Accounting Standard (IND-AS) allows to book fixed assets at amortized cost or at original acquisition cost less accumulated depreciation i.e. WDV value. There is no mandatory requirement in companies act 2013 to record the Fixed Assets at revalued amount. Even if we do the revaluation of fixed assets now the income tax law will not allow depreciation on the revalued amount. Therefore, our Fixed Assets i.e. plant and machinery stand at WDV value. A valuation conducted by Mott MacDonald substantiates the current carrying values of our assets.

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Frequently Asked Questions (FAQs)

16. How has the company transformed in recent years from a family run business to an organization?

The real transition started after the listing of the company in 2020 where the transition was undertaken from a family run company to an organization of the future. The past couple of years has been additions in key roles at the company where a lot of industry veterans have joined the organization from more established peers. This has helped transform the company into a decentralized organization. Today all key roles in the organization are under the leadership of industry veterans with many decades of experience in some of the leading organizations across the world.

17. Please throw some light on the R&D team & preventive maintenance of the company.

With over 35 years of experience, Balu Forge has consistently built deep domain expertise across every new vertical we have entered. A key part of this journey has been our strong focus on in-house R&D.

Today, our R&D team comprises over 75 skilled professionals, many of whom bring extensive experience from top-tier engineering firms. This team plays a crucial role in product innovation, process optimization, and material research enabling us to stay ahead of industry standards and serve high-spec applications across all sectors we cater to.

On the operations side, we have a well-established preventive maintenance framework, supported by dedicated in-house tool room and maintenance teams. This ensures optimal equipment uptime, extended machinery lifespan, and consistent high production quality.

Our approach towards preventive maintenance not only enhances efficiency but also supports long-term cost effectiveness and production reliability.

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Disclaimer:

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties, like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Balu Forge Industries Limited will not be in any way responsible for any action taken based on such statements & undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

www.baluindustries.com

Thank You

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