

Date: May 30, 2026

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 and Year ended March 31, 2026

Dear Sir/Madam,

Please find enclosed herewith the Earnings Release for the Quarter and Year ended March 31, 2026.

Kindly take the same on your record and acknowledge.

Thanking You,
Yours Truly,

For Balu Forge Industries Limited

Jaspalsingh Chandock
Managing Director
DIN: - 00813218

Enclosure: As above





Earnings Presentation

Q4 and FY26



May 2026

Expanding Horizons Getting Future Ready

BSE : 531112 | NSE : BALUFORGE

Leading with Precision Machining and Engineering



Machining & Assembly
Kakti, Belgaum

22,000+ MTPA

Machining & Assembly
Hattargi, Hukkeri

58,000+ MTPA

7+ Acres
Established
Manufacturing Facilities

35+ Years
of extensive
industry experience

46+ Acres
New Advanced
Manufacturing Facilities

Outsourcing strategy to be gradually replaced by in-house forging capabilities. Increasing to 1,50,000 MTPA

Forging
Hattargi, Hukkeri
100,000+ MTPA

Forging infrastructure:
25T, 16T and 10T
Hydraulic Hammers Line
8,000T Mechanical Press Line
1,000T Hydraulic Press Line

Core Product Portfolio



Crankshaft



Railway Wheels



Empty Shells



Brake Components



Turbine Blades



Hydraulic Motors



Lifting Hooks



Under Carriage Components

Key Financial Metrics

Rs. 11,074 Mn
FY26 Revenue

Rs. 2,896 Mn
FY26 EBIT

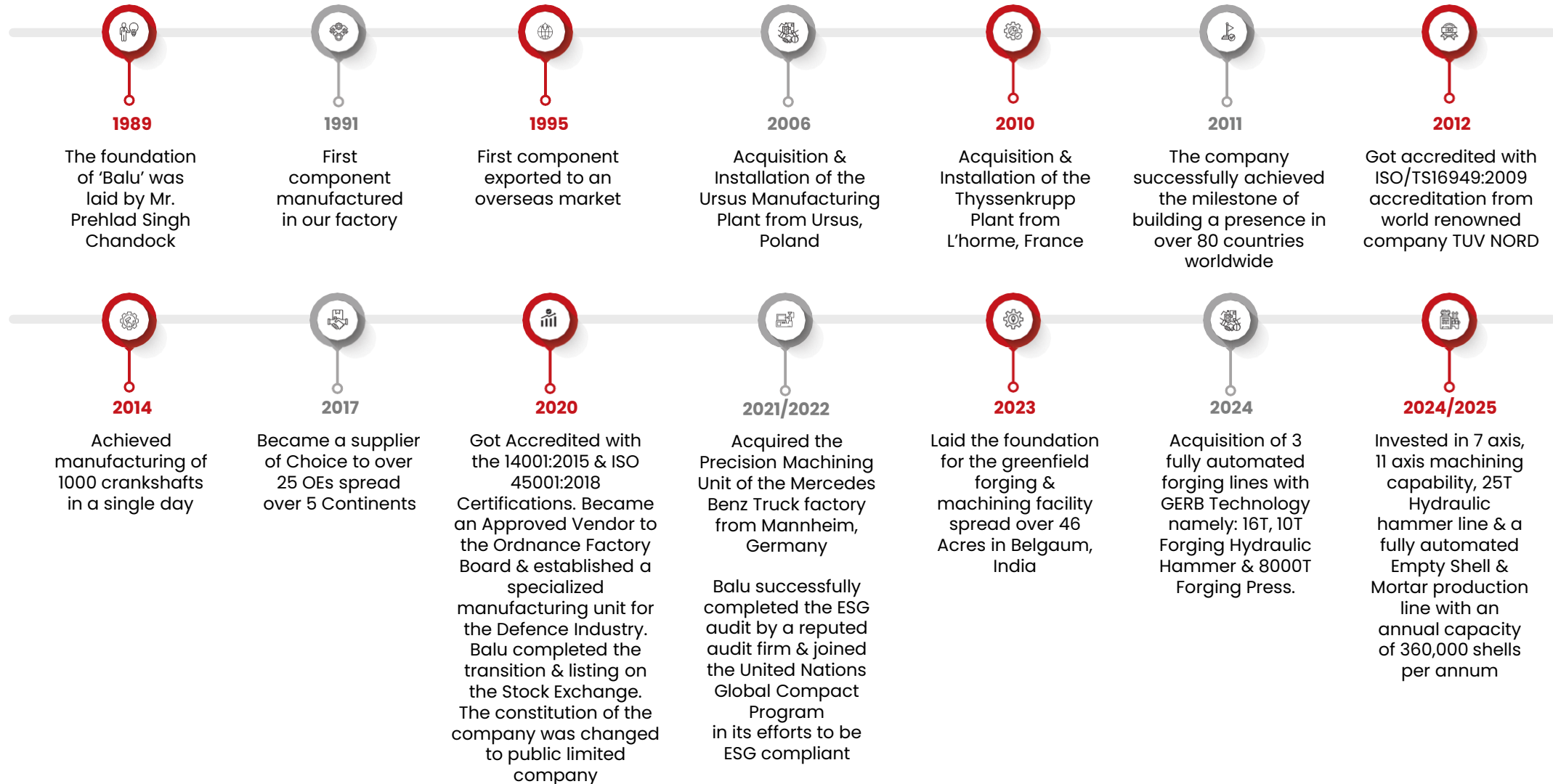
26.2%
FY26 EBIT Margin

Rs. 317 Mn
Cash Flow from Operations

21.7%
FY26 ROCE

19.6%
FY26 ROE

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



1. Precision Engineered Product Portfolio for Global OEMs

- Manufactures precision machined and forged components
- Serves diverse end-markets including automotive, industrial machinery, power generation, defence, and railways
- Supplies precision-engineered components to 25 global OEMs across 80 countries

2. Acquired Integrated Manufacturing Platform

- Operates four facilities across India and the UAE with integrated forging, heat-treatment, and machining lines
- 16-ton hydraulic and 8,000-ton mechanical presses, CNC machines, and robotic systems for high precision production
- Acquired facilities from Mercedes-Benz Truck AG (Germany), Thyssenkrupp AG (France), and Ursus SA (Poland)

3. Facility at Hattargi Provides Platform for Future Growth

- Developing a 46-acre facility with machining capacity of 58,000+ MTPA and a captive forging capacity of 1,00,000+ MTPA
- Advanced automation, digital systems, and a scalable platform for complex components strengthen export capability
- This facility will raise total Machining Capacity to over 80,000+ MTPA and Forging Capacity to 1,50,000+ MTPA

4. Expanding in High-Value Engineering Sectors

- Expanding into defence, aerospace, railways, energy, and industrial equipment with complex precision components
- Forging and machining line for Empty Shell production with a capacity of 360,000 shells p.a. being commercialized
- Secured approvals for 180+ products across these segments, strengthening customer relationship and qualification base

5. Ongoing Investment in Technology and R&D

- Equipped with 7-axis and 11-axis machining systems and a 25-ton hydraulic hammer for high-precision forgings
- A Dedicated R&D team of 75 people and design centre focused on new product development and process optimisation
- Industry 4.0-enabled automation enhances productivity, accuracy, and traceability across operations

6. High Margin Growth with Well Capitalised Balance Sheet (FY26)

- FY26 Revenue from Operations of Rs. 11,074 Mn with EBITDA margin of 27.0% and PAT margin of 22.7%
- ROCE of 21.7% and ROE of 19.6%, highlighting efficient utilization of capital and shareholder funds.
- Cash flow from operations of Rs. 316.9 Mn, reflecting positive cash generation despite geopolitical uncertainties.



Mr. Jaspal Singh Chandock

Chairman & Managing Director

Rs. 11,074 Mn

FY26 Revenue (19.9% YoY)

Rs. 2,995 Mn

FY26 EBITDA (27.0% Margin)

Rs. 3,060 Mn

FY26 PBT (26.8% Margin)

Rs. 2,589 Mn

FY26 PAT (22.7% Margin)

For FY26, Revenue from Operations increased by 19.9% YOY to Rs. 11,074 million, while EBITDA was Rs. 2,995 million with an EBITDA margin of 27.0%. PAT for the year was Rs. 2,589 million, reflecting a PAT margin of 22.7%. The performance during the year was supported by continued execution across operations and increasing scale across the Company's manufacturing platform.

In Q4 FY26, Revenue from Operations was Rs. 2,636 million. EBITDA for the quarter was Rs. 599 million with an EBITDA margin of 22.7%, while PAT was Rs. 657 million, translating into a PAT margin of 22.9%. This quarter was impacted by geopolitical developments in the Middle East, leading to a sequential moderation in volumes across the Company's India-UAE operations. However, the increasing contribution of high value engineering segments helped moderate the impact on margins during the quarter. We continue to closely monitor the evolving geopolitical environment and movements in input prices and will pass on any material increase in input costs to customers.

Following our induction into the NATO supply chain and commercialization of the empty shell production line, we entered into a 5 year MOU for the supply of large calibre ammunition from our greenfield manufacturing campus in Belgaum, Karnataka. The agreement provides long term demand visibility and further strengthens our presence in the large calibre ammunition segment.

In line with this long term supply opportunity, we have initiated plans to further expand our manufacturing capacities through internal accruals. The planned expansion is aligned with our strategy of strengthening scaled capabilities across the large calibre ammunition segment.

Further strengthening our presence in high value engineering segments, we secured our maiden aerospace order from Alpha Aircraft Systems Inc., USA, for the supply of precision engineered components. This development marks our entry into the global aerospace supply chain and reflects the capabilities developed through our continued investments in advanced manufacturing and precision engineering.

As we enter FY27, we remain focused on strengthening our precision engineering, defence, and aerospace manufacturing capabilities through continued investments in advanced manufacturing technologies and capacity expansion. With a strengthened manufacturing platform, entry into global defence and aerospace supply chains, and an expanding presence across high value engineering segments, Balu Forge remains well positioned for its next phase of growth.

Key Updates

Impact of Middle East Geopolitical Developments

During the fourth quarter, geopolitical developments in the Middle East disrupted global logistics and temporarily impacted the Company's India UAE operations. While the Company's year on year business performance remained strong, these disruptions resulted in a sequential decline in volumes and a temporary increase in inventory and trade receivables. Consequently, working capital levels remained elevated during the quarter. The Company views this as a short-term impact, with full year operating cash flows remaining positive and reflective of the underlying strength and stability of the business.

Quantum Energetics: Expansion into Advanced Energetics and Defence Materials

As part of its strategic expansion within the defence manufacturing value chain, the Company's subsidiary has been renamed from Naya Energy Works Private Limited to Quantum Energetics Private Limited. The subsidiary has also expanded its object clause to include the manufacturing of high energy explosive compounds and allied products, including TNT, HMX, RDX, detonating compounds, explosive accessories, and related energetics solutions, subject to the receipt of necessary statutory approvals and licenses. This initiative represents a forward integration into the energetics and defence materials segment, complementing the Company's existing defence manufacturing capabilities while strengthening its presence across the defence value chain, enhancing its ability to offer end to end solutions, and supporting its long-term growth strategy.

Order Book Diversification Across High Value Segments

The Company continues to strengthen and diversify its order book, driven by the expansion of its high value engineering verticals. The combined share of the Defence, Aerospace, and Railways segments has increased to approximately 50% of the total order book. This is aligned with the Company's recent technological milestones, including its entry into the NATO supply chain and the commercialization of its automated empty shell production line. These developments provide long-term demand visibility and further support the Company's transition towards a higher value product mix.

Margin Support from Higher Value Engineering Products

Despite ongoing geopolitical developments and volatility in input prices, the increasing contribution of high value engineering segments helped moderate the impact on margins. This further reinforces the strategic importance of the Company's continued focus on expanding its presence across higher value added engineering segments. The Company continues to closely monitor the geopolitical environment and movements in input prices and will pass on any material increase in input costs to customers.



Strategically Located Manufacturing Facilities



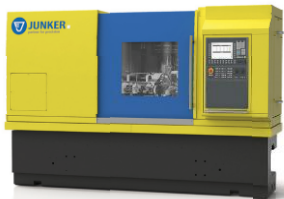
Karnataka, India - 3 Units, 53 Acres
United Arab Emirates - 1 Unit, 1 Acre



7 Axis Machining



11 Axis Machining



CBN Grinding



Unit 1
5 Acres

Unit 2
2 Acres

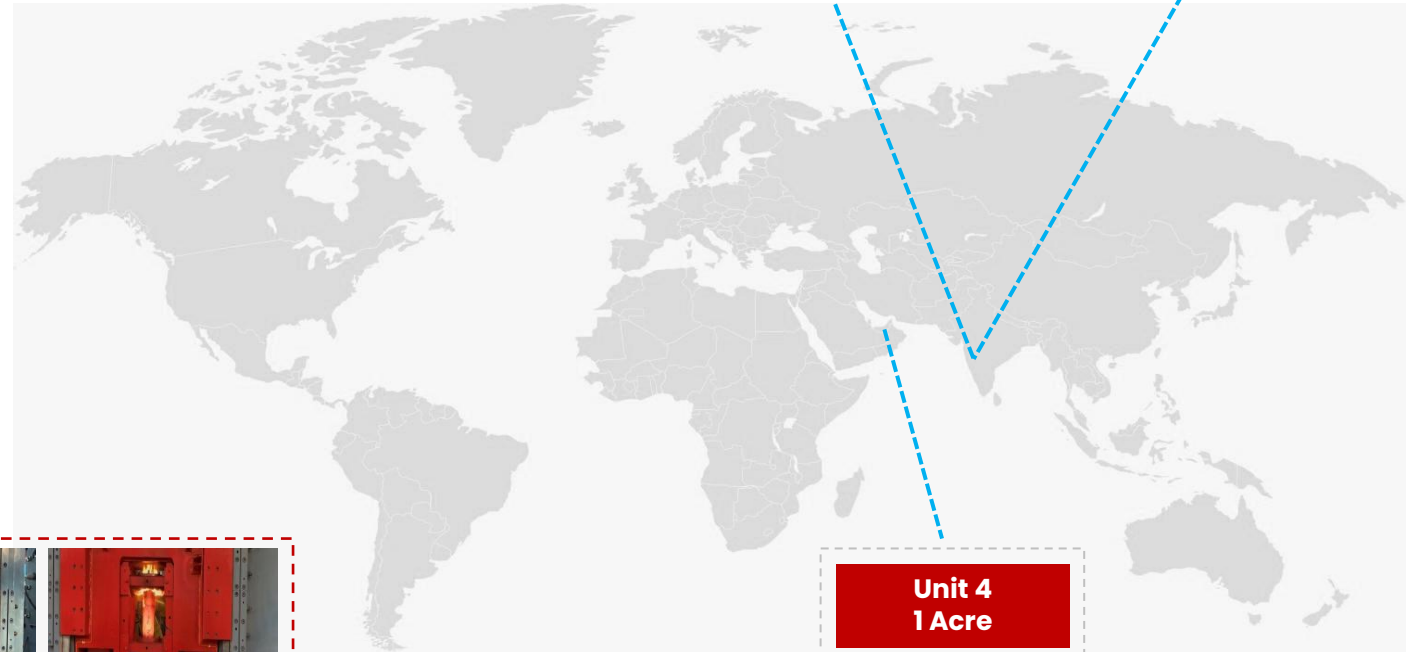
Unit 3
46 Acres

Hattargi

Machining: 58,000+ MTPA
 Forging: 100,000+ MTPA

Belgaum

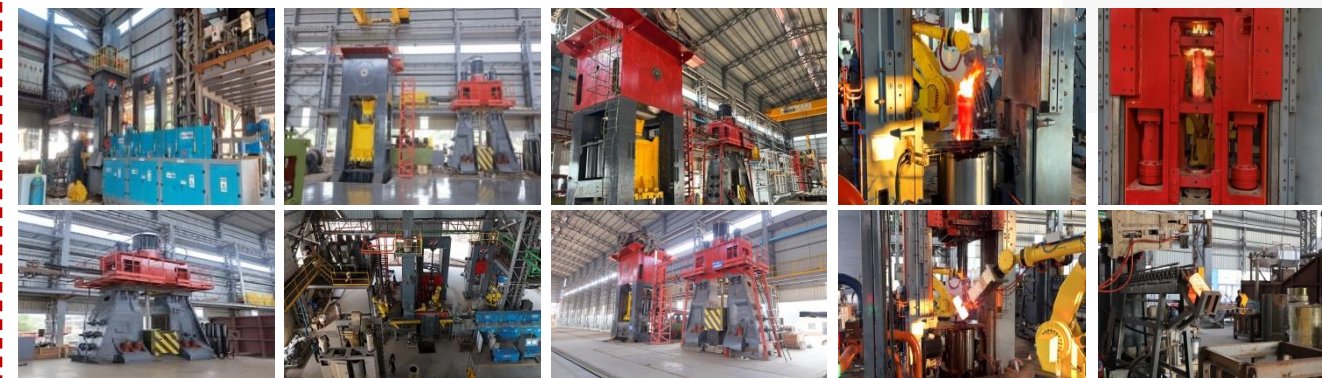
Machining: 22,000+ MTPA



Unit 4
1 Acre

Ras Al Khaimah, UAE

15,000+ Units PA
 Powertrain Sub Assemblies



Scan for videos

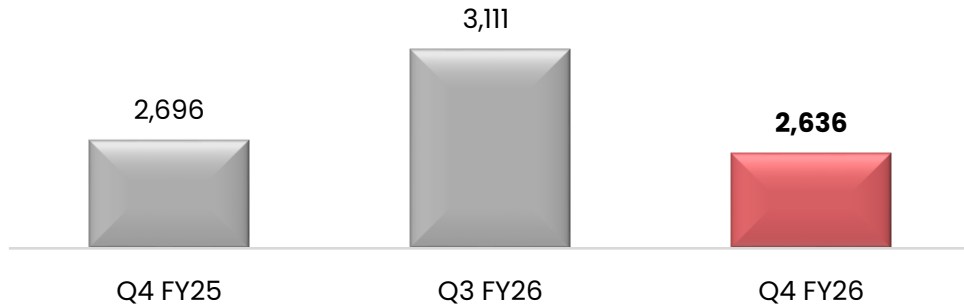


Q4 FY26 Consolidated Financial Performance

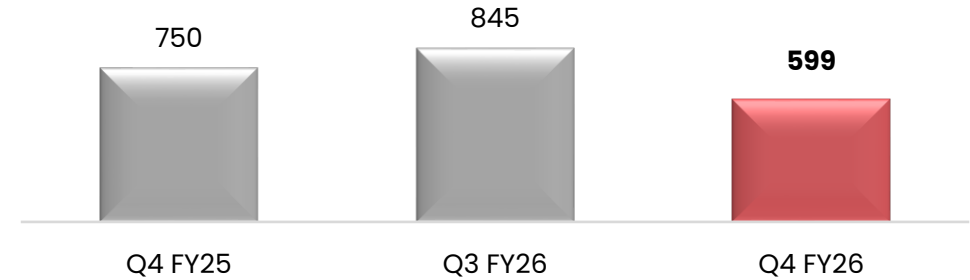


All figures in Rs. Mn.

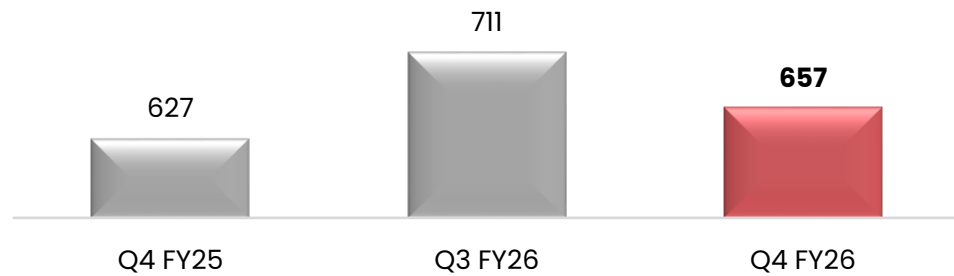
Revenue from Operations



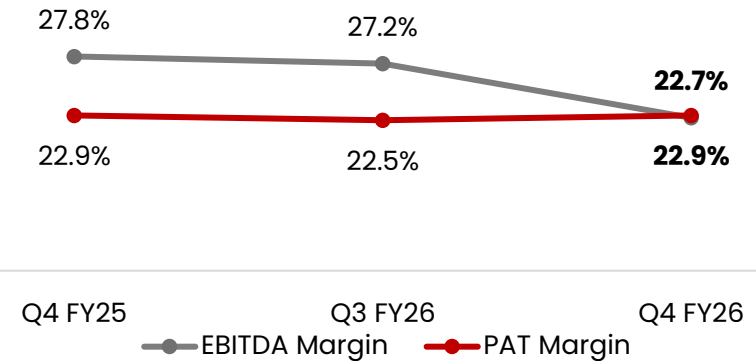
EBITDA



PAT



EBITDA and PAT Margin

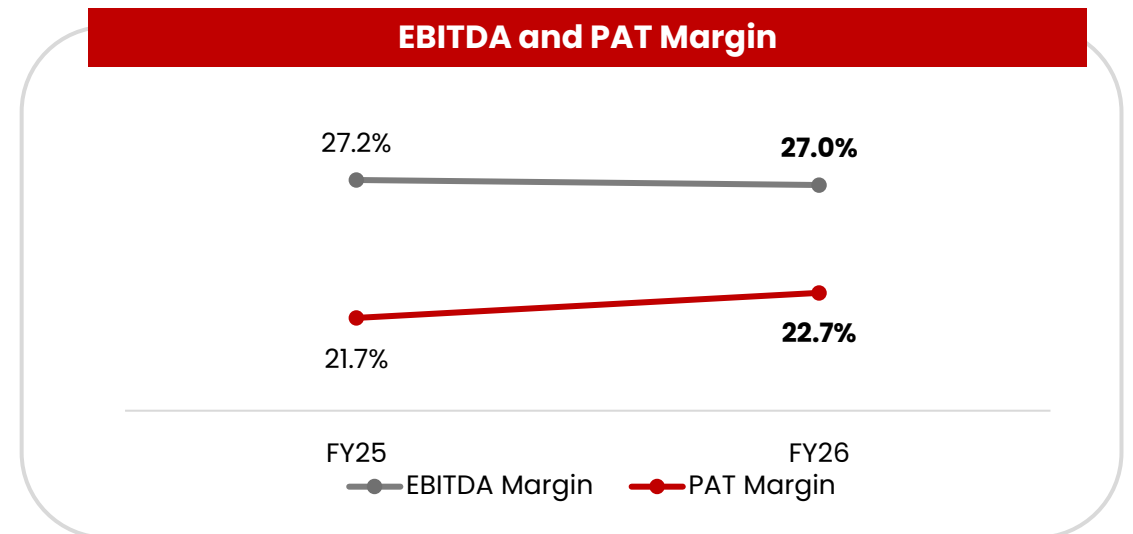
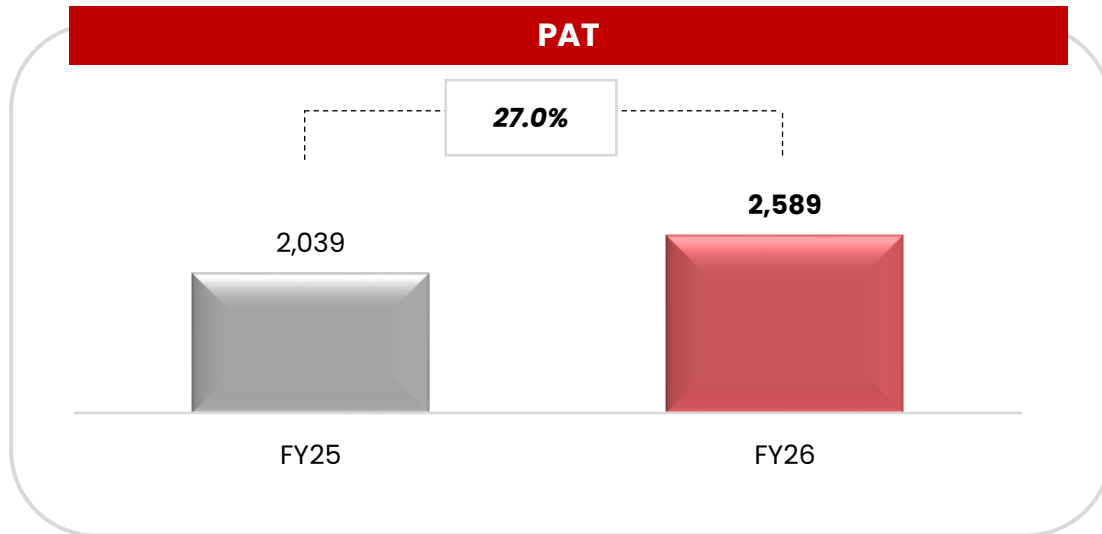
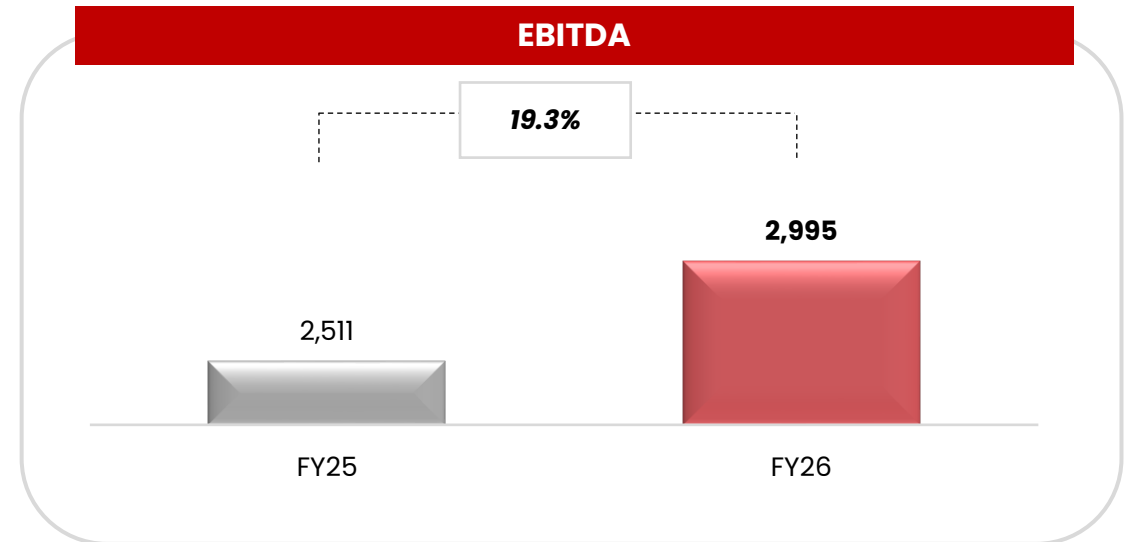
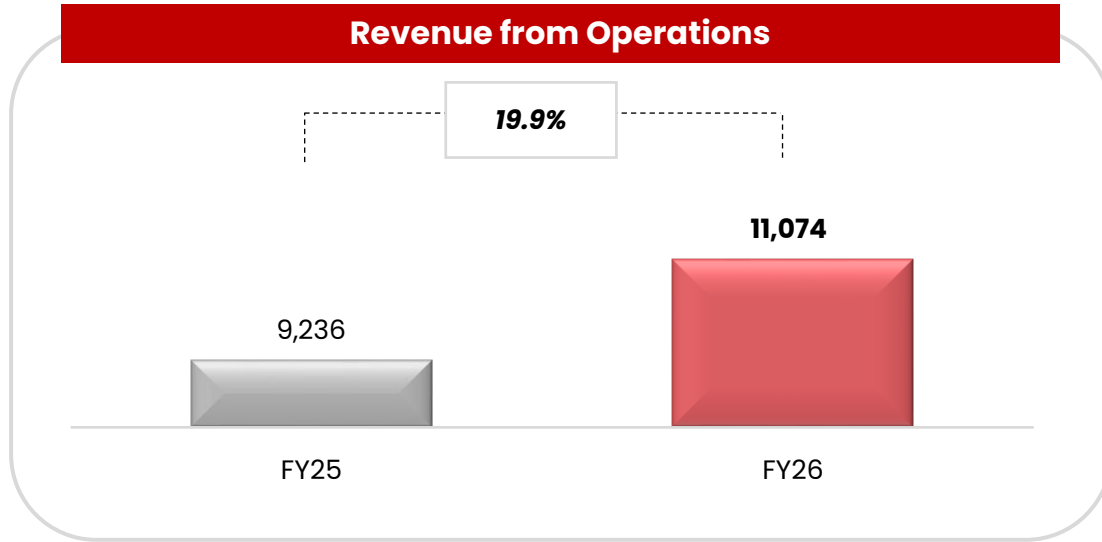


Notes:
1. EBITDA and EBITDA Margin excludes Other Income
2. All other Margins are calculated on Total Income

FY26 Consolidated Financial Performance



All figures in Rs. Mn.

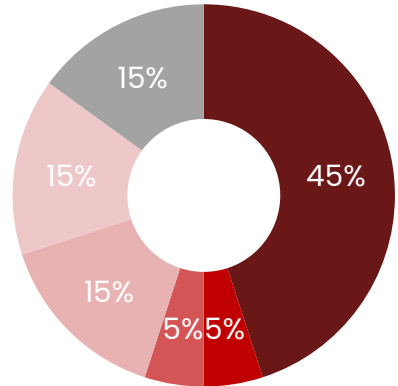


Notes:
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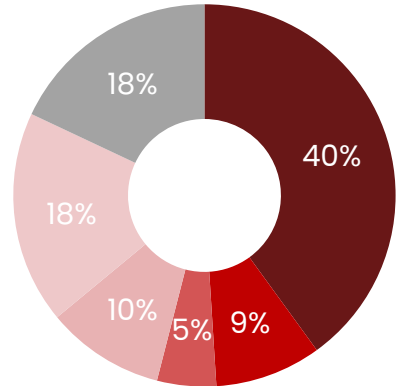
FY26 Revenue Contribution Analysis

By End-user Industries

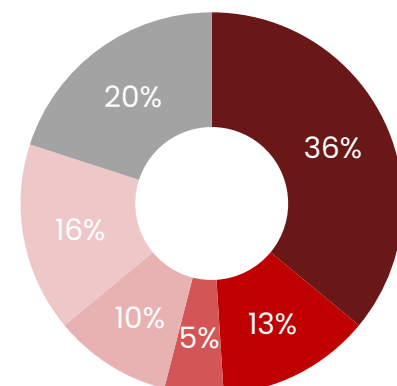
FY24



FY25



FY26

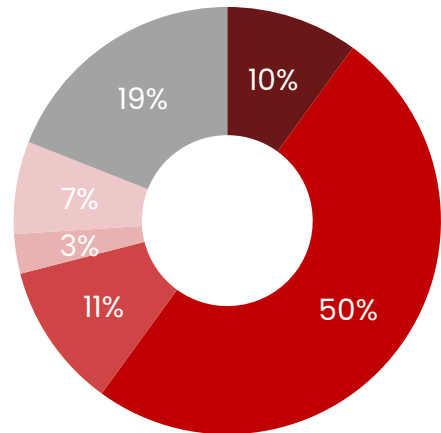


- Agriculture
- Defence/Aerospace/Railway
- Oil & Gas
- Power Generation
- Heavy Engineering & Industrial Machinery
- Commercial Vehicles

Order Book

Order Book Industries wise

- Agriculture
- Defence/Aerospace/Railway
- Oil & Gas
- Power Generation
- Heavy Engineering & Industrial Machinery
- Commercial Vehicles



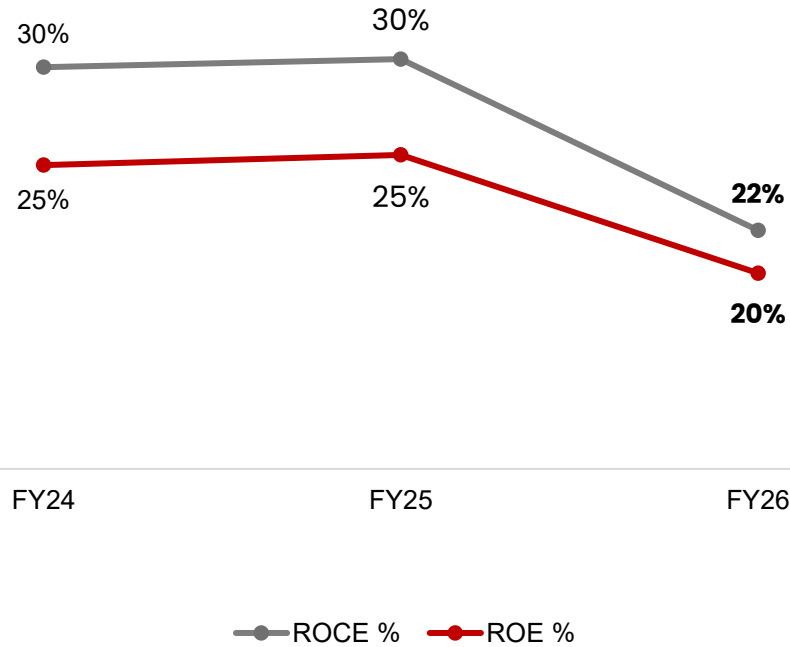
Highlights

- Defence, Aerospace and Railways now account for approximately 50% of the order book, reflecting the continued expansion of the Company's high value engineering segments.
- Balanced contribution from Commercial Vehicles, Agriculture, Oil & Gas, Power Generation and Heavy Engineering supports diversification across end markets.
- The evolving sector mix supports the Company's transition towards a higher value product mix and reflects its long term growth strategy.

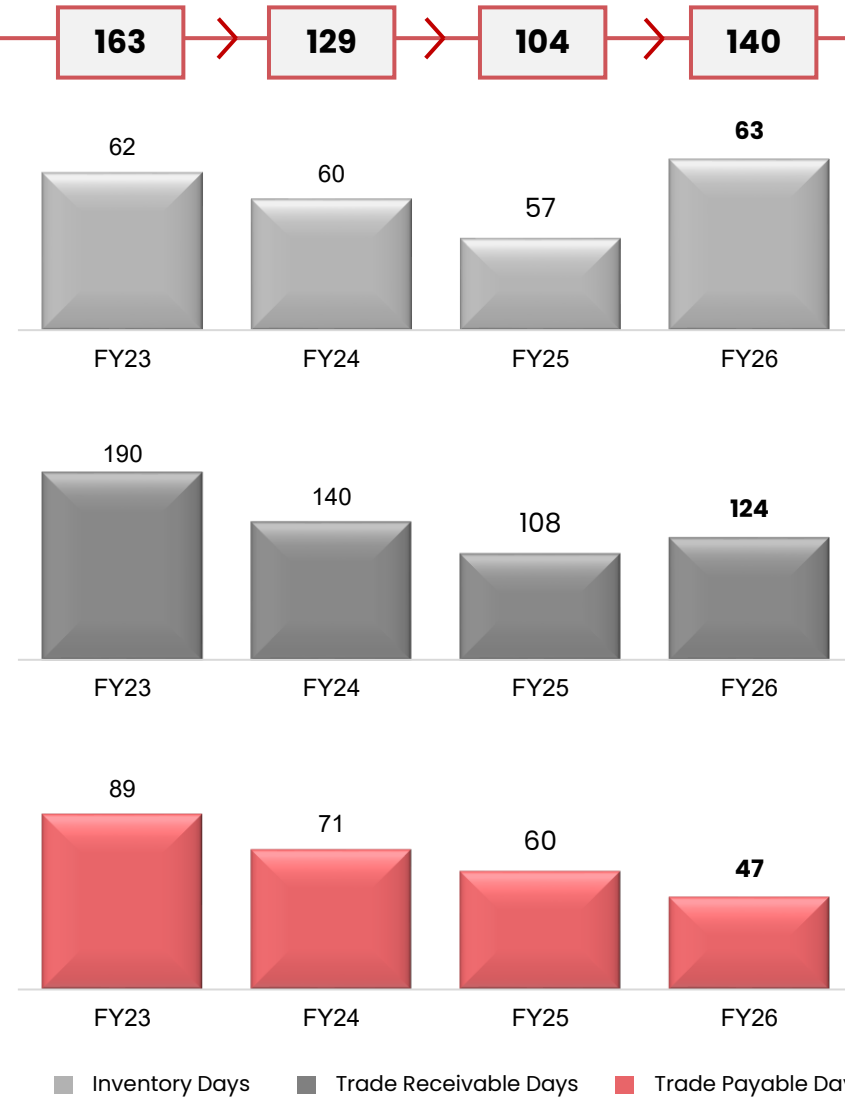
Cash Flow and Working Capital

Rs. in Mn

ROCE and ROE (%)



Working Capital (In Days)



Credit Rating

[ICRA] A – (Stable)
Long Term Borrowings

[ICRA] A 2 +
Short Term Borrowings

Auto Components



Crankshaft



Under Carriage Components



Chassis Components

Front Axle Beams, Steering Knuckles, Control Arms, Forks, Steering



Transmission & Clutches

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



Brake Components

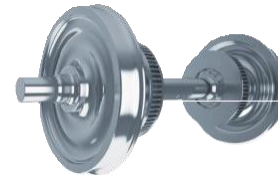
Hub, Brake Flange, Disc, Caliper



Towing Accessories

Swan Necks, Flange Balls, Tow Bars

Non-Auto Components



Railway Wheels

Axles & Wheel sets



Hydraulic Motors



Turbine Blades



Lifting Hooks

Sorting, Snap, Shank, Ramshorn Hooks



Empty Shells



Oil, Gas, & Flow Control Components

Received approval to supply 180+ products



Crank Shaft



Breach Base



Road Wheel Arm



Flange



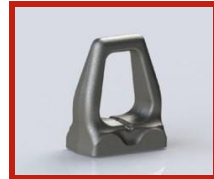
Hub Carrier



Track Link



Intermediate Gear



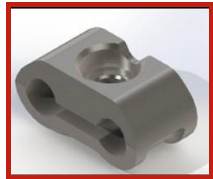
Track Guide



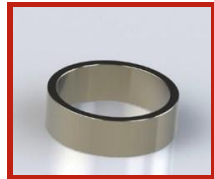
Shoe



Gear Ring
(Solid)



Clamp



Gear Ring
(Hollow)



Crank



Sun Gear



Carrier Forging



Empty shell

Product Diversification & Technology Edge

- Expanding into artillery, ammunition, and engine components
- Adopting Industry 4.0 automation, additive manufacturing, and alloy innovation

Long-Term Capacity Expansion

- Multi-year investments to scale Defence manufacturing infrastructure
- Adding 25T hammer, 8,000T press, and multi-axis machining lines

Global Expansion & Partnerships

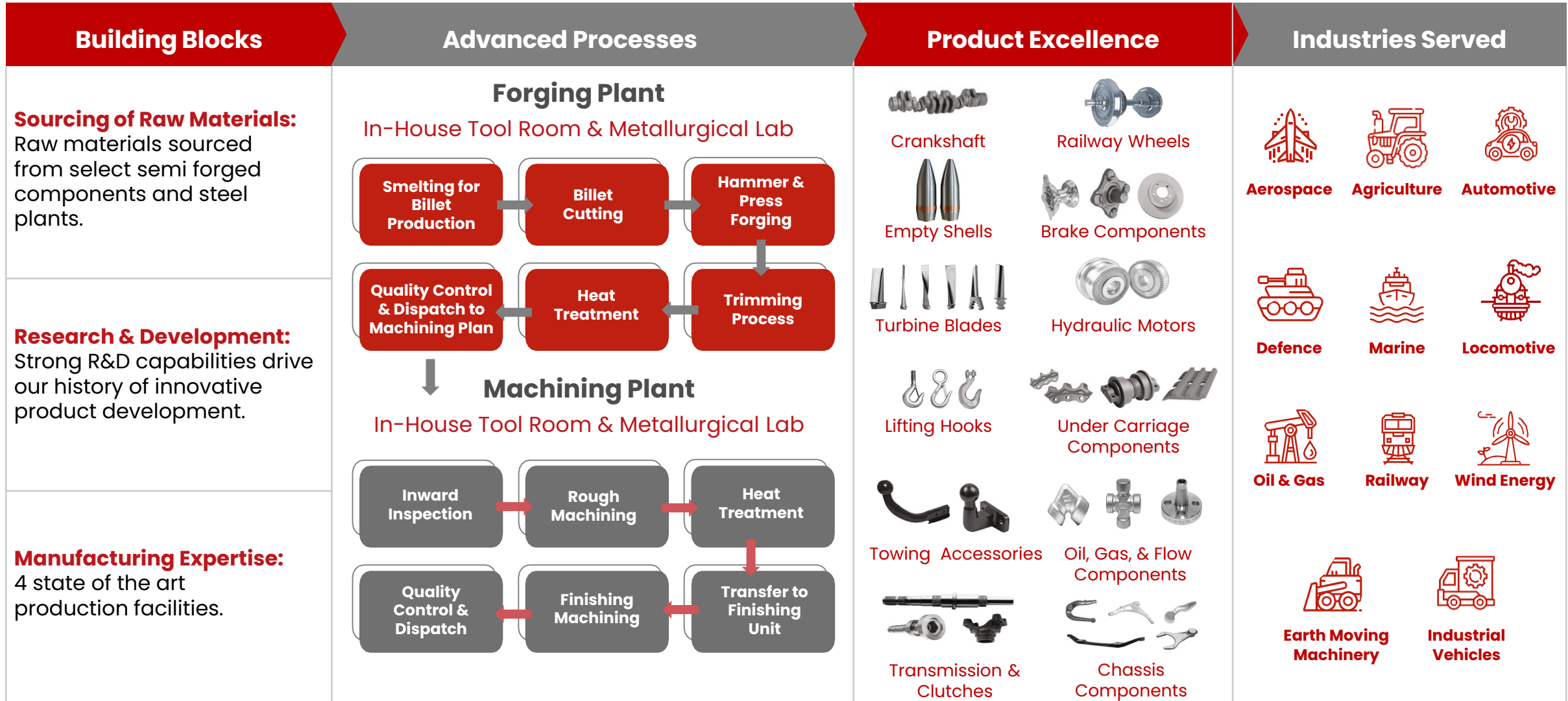
- Strengthened Global footprint through induction into the NATO supply chain, establishing a strategic international defense partnership
- Expanding reach across Europe and the Middle East to strengthen global positioning

Empty Shell Product Line

- Dedicated forging and machining line for empty shell production (capacity: 360,000 shells p.a.) has been commercialized.
- Additional capacity expansion plans initiated through internal accruals

Key Business Wins

- Signed a 5-year MoU for the supply of large calibre ammunition, strengthening presence in the defence manufacturing segment.
- Secured the maiden aerospace order from Alpha Aircraft Systems Inc., USA, marking entry into the global aerospace supply chain.



Successful R&D ensures continuous improvements in product quality, performance, and efficiency

R&D Process

- **State of the Art Machining:**
Machining facilities feature cutting-edge infrastructure, including a comprehensive in-house tool room, metallurgical laboratories, design & process capabilities, as well as inspection & testing facilities
- **Dedicated and Experienced R&D Team:**
Strong in-house R&D capabilities supported by a highly experienced team with nearly 4 decades of domain expertise, driving continuous innovation and advanced engineering excellence
- **Product Engineering & New Product Development:**
Concentrated efforts on engineering and creating new products across industries
- **Development of New Materials:**
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

Research & Application
2-3 Months



Product Development
3-5 Months



Customer Lifecycle
15 to 20 years

Certifications



ESG Commitments

Net Zero Emissions

Carbon Neutral
Operation by 2040

Water Management

Achieve 100%
Water Recycling by 2027

Zero

Liquid Discharge by 2037

ISO 14001:2015

Environmental Management
System

20%

Increase Women's
Representation In Leadership
By 2030

Renewable Energy

Transition 100%
Renewable Energy by 2035

Waste Management

Reduce Total Waste
Generation by 2030

ISO 45001:2018

Occupational Health and
Safety

CSR

INR 15.7 Mn

Amount spent on
CSR in FY26

620

Individuals Benefitted Through CSR spend

Q4 and FY26 Profit & Loss

(Rs. Mn)	Q4 FY26	Q4 FY25	Y-o-Y (%)	Q3 FY26	Q-o-Q (%)	FY 26	FY 25	Y-o-Y (%)
Revenue from Operations	2,636	2,696	(2.3)%	3,111	(15.3)%	11,074	9,236	19.9%
Other Income	235	42	463.4%	45	425.2%	329	171	92.0%
Total Income	2,870	2,738	4.8%	3,156	(9.0)%	11,403	9,408	21.2%
Raw Material Costs	1,687	1,743	(3.2)%	1,999	(15.6)%	7,096	6,026	17.7%
EBITDA	599	750	(20.1)%	845	(29.1)%	2,995	2,511	19.3%
<i>EBITDA Margin (%)</i>	22.7%	27.8%		27.2%		27.0%	27.2%	
Finance Cost	48	42	13.6%	54	(11.6)%	165	110	50.2%
Depreciation and Amortization	32	9	265.4%	29	8.9%	100	34	197.1%
Profit Before Tax	754	741	1.8%	807	(6.5)%	3,060	2,539	20.5%
<i>PBT Margin (%)</i>	26.3%	27.0%		25.6%		26.8%	27.0%	
Tax Expenses	97	114	(14.9)%	96	1.1%	472	501	(5.9)%
PAT	657	627	4.9%	711	(7.5)%	2,589	2,039	27.0%
<i>PAT Margin (%)</i>	22.9%	22.9%		22.5%		22.7%	21.7%	
Basic EPS (Rs per share)	0.64	0.57	10.6%	0.64	(0.9)%	2.39	1.92	24.2%

Notes:

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

Balance Sheet

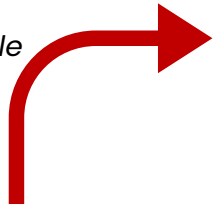
Equity and Liabilities (Rs Mn)	FY26	FY25
Equity Share Capital	1,213.9	1,107.7
Other Equity	14,731	9,424
Equity Attributable to Equity Holders of the Group	15,945	10,532
Non-Controlling Interests	0	0
Total Equity	15,945	10,532
Financial Liabilities		
Lease Liabilities	202	39
Provisions	12	12
Borrowings	107	161
Deferred Tax Liabilities	0	0
Other Non-Current Liabilities	0	0
Total Non-Current Liabilities	322	211
Financial Liabilities		
(i) Borrowings	1,160	199
(ii) Trade Payables	631	1,180
(iii) Other Financial Liabilities	57	68
(iv) Lease Liabilities	49	0
Provisions	3	2
Other Current Liabilities	20	11
Current Tax Liabilities (Net)	321	318
Total Current Liabilities	2,241	1,779
Total Equity and Liabilities	18,508	12,522

Assets (Rs Mn)	FY26	FY25
Property, Plant and Equipment	4,879	1,468
Capital Work-in-Progress	2,773	4,171
Right of Use Assets	261	36
Goodwill	325	325
Financial Assets		
(i) Bank Balance	0	0
(ii) Investments	0	0
(iii) Other Financial Assets	19	6
Intangible Assets	0	0
Deferred Tax Assets (Net)	21	17
Other Non-Current Assets	2,291	822
Total Non-Current Assets	10,569	6,845
Inventory	1,453	981
Financial Assets		
(i) Investments	0	0
(ii) Trade Receivable	4,251	3,273
(iii) Cash and Cash Equivalents	857	931
(iv) Other Bank Balances	33	31
(v) Loans	19	2
(vi) Other Financial Assets	113	67
Other Current Assets	1,213	393
Total Current Assets	7,938	5,677
Total Assets	18,508	12,522

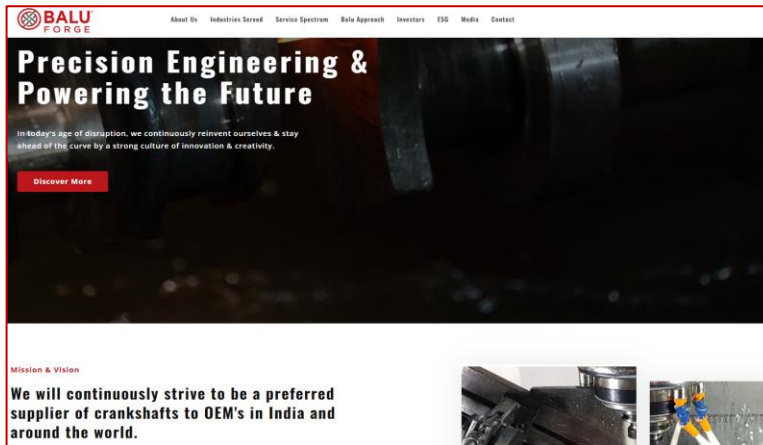
Cash Flow Statement

Cash Flow Statement (Rs Mn)	FY26	FY25
Cash Flow from Operating Activities		
Profit After Tax	3,060	2,539
Adjustment for Non-Operating Items	(34)	(384)
Operating Profit before Working Capital Changes	3,026	2,155
Changes in Working Capital	(2,572)	(324)
Cash Generated from Operations	455	1,831
Less: Direct Taxes paid	(138)	(351)
Net Cash from Operating Activities	317	1,480
Cash Flow from Investing Activities	(3,540)	(4,156)
Cash Flow from Financing Activities	3,148	2,728
Net increase/ (decrease) in Cash and Cash equivalent	(74)	51
Cash and Cash Equivalents at the beginning of the period	931	879
Cash and Cash equivalents at the end of the period	857	931

Click to access ESG Profile

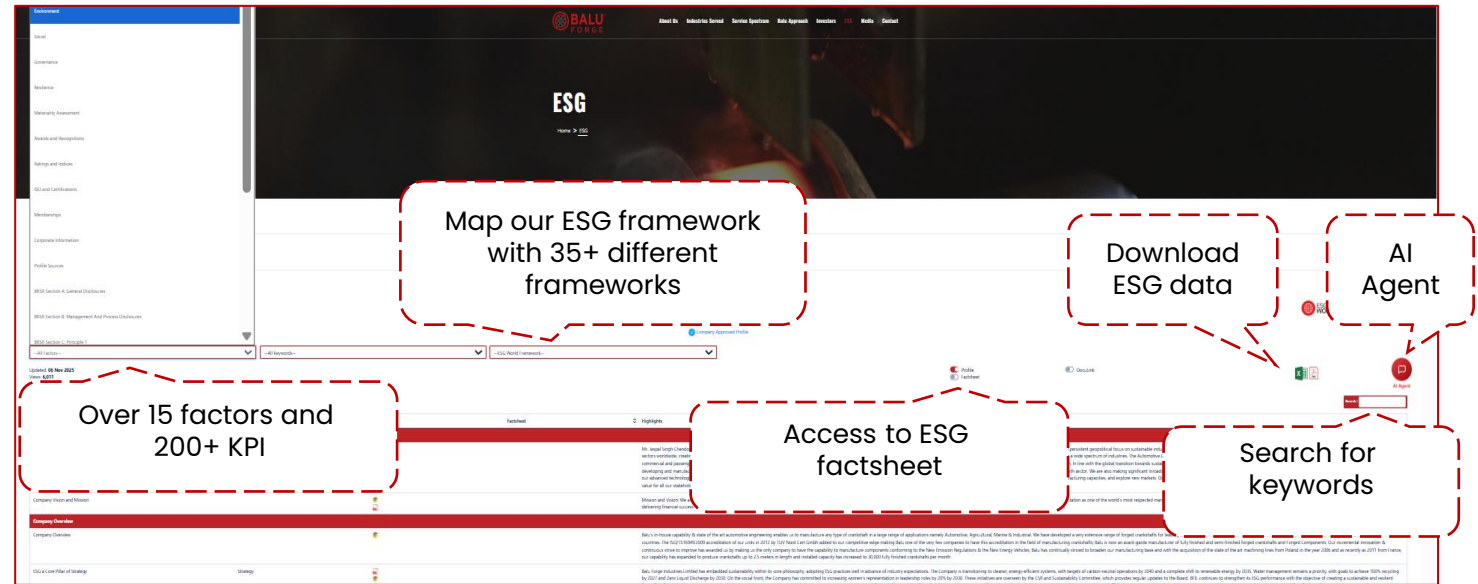


Balu Forge Website



<https://www.baluindustries.com/>

Balu Forge ESG Profile



With this new AI-powered enhancement, our ESG Profile now enables stakeholders to:

- Engage in real time through an interactive, OpenAI-powered chatbot
- Receive customised responses to ESG queries on disclosures, data, and performance
- Experience clear and transparent engagement throughout our ESG journey
- Copy / paste responses easily for use in reports, briefing notes, and related documentation

1. What is the story behind the foundation and journey of Balu Forge?

In 1989, founder Mr. Prehlad Singh Chandock, along with a small team, established a 3,000 square foot machining plant in Belgaum, Karnataka, as a job work vendor for crankshafts and an ancillary supplier to companies across India. Building on this foundation, the Company entered the export market in 1994, a move that has since extended its presence to over 80 countries and positioned it as a trusted supplier to Original Equipment Manufacturers (OEMs) and the global aftermarket. From this early foundation, nearly four decades of sustained growth have laid the strong foundation on which the company stands today.

2. 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 have seen additions in key roles at the Company, with many industry veterans joining 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.

3. What were some of the most defining milestones in Balu Forge's growth, with respect to major strategic acquisitions?

After securing a strong foothold in the Indian market, the Company achieved the major export opportunity in 1994 by embarking on its global expansion journey through exports, which now span over 80 countries, laying the foundation for an 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 Indian and international markets, the company went public in 2020. Since then, Balu Forge has 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 the 46-acre greenfield campus in Belagavi, Karnataka.

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

Balu Forge operates four manufacturing facilities, including a new 46-acre greenfield plant in Belagavi, Karnataka, currently under expansion. Supported by a dedicated in-house R&D function and a highly experienced workforce with nearly 4 decades of industry expertise. The Company manages all machining in-house and has integrated forging operations for captive use, enabling a fully integrated value chain from design and engineering to manufacturing, testing, and validation for global clients. With advanced 7-axis and 11-axis CNC machines, automated shell lines, and forging capabilities ranging from 1 kg to 1,000+ kg and up to 3 metres in length, supported by both closed-die hammers and presses, including India's largest 25-ton hydraulic hammer, the Company provides end-to-end precision engineering solutions. Its vertically integrated infrastructure, multi-sector exposure, and proven ability to deliver high-value critical components for defence, aerospace, and railways position Balu Forge as a differentiated global company in precision engineering.

1. Freight Forwarding & Distribution expenses as a percentage of revenue are lower than peers?

The Company's freight and distribution expenses remain comparatively lower than industry peers primarily due to its commercial terms with customers. A substantial portion of revenue is derived from exports, with supplies made to over 25 OEM clients across geographies ranging from South Korea to Mexico. Most transactions are executed on an Ex-Works basis, wherein customers arrange for pickup directly from the Company's factory. Accordingly, freight, logistics, and associated risks transfer to the customer at the factory gate, and such transportation costs are not borne by the Company. This commercial structure results in lower freight and distribution expenses relative to peers operating under delivered-duty or CIF arrangements

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: 1) Deployment of IoT-enabled CNC machines, robotic handling, and anti-vibration systems for high-precision forging & machining; 2) Adoption of machine learning models to monitor real-time performance, reduce downtime, and extend asset life; 3) Enhanced production cycles and resource allocation for multi-line flexibility. This allows the precision machining lines to be fungible, thereby supporting a broader and more diversified product portfolio; 4) 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 improved margin.

2. Clarify the situation on Income Tax Search at our Premises?

During the quarter, the Income Tax Department conducted a search at certain offices and manufacturing facilities of the Company, the conclusion of which was intimated to the Stock Exchanges on 13th January 2026. The Company, its Promoters and Key Managerial Personnel fully cooperated with the authorities and provided all information and clarifications sought during the proceedings. As on date, the Company has not received any written communication from the Income Tax Department regarding the outcome of the search. The Company will continue to extend its full cooperation and keep the Stock Exchanges informed of any material developments, as required. Based on the information currently available, the management does not foresee any material adverse impact on the Company's operations or financial position. The Company remains committed to the highest standards of corporate governance, transparency and legal compliance.

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

Balu Forge did not revalue its Fixed Assets, specifically plant and machinery, as the Indian Accounting Standard (IND-AS) permits the recognition of Fixed Assets at amortized cost or at original acquisition cost less accumulated depreciation (written down value). There is no mandatory requirement under the Companies Act, 2013 to record the Fixed Assets at a revalued amount. Furthermore, even if the company were to undertake a revaluation of its Fixed Assets, the Income Tax Act does not permit depreciation of the revalued component. Accordingly, the company's Fixed Assets, including Plant and Machinery, continue to be recorded at their written down value.

5. How is Power and Fuel Cost presented in the financial statements?

Power and fuel expenses are not disclosed as a separate line item in the Statement of Profit and Loss. Instead, they are grouped within Cost of Goods Sold (COGS) or Manufacturing Expenses, as energy usage is directly linked to core production activities such as forging, heating and machining. The company was outsourcing forging activities and primarily undertaking machining in-house. Hence, power and fuel costs were not fully reflective of an integrated forging and machining operation. Going forward, as forging operations are being brought in-house, power and fuel expenses are expected to increase. As per the FY 2024–25 BRSR, total energy consumption increased due to higher electricity usage aligned with capacity expansion and higher output. However, revenue growth exceeded the rise in energy consumption, leading to improved energy intensity. This reflects better capacity utilisation, process efficiencies, automation gains, and structured energy management initiatives, supporting sustainability objectives and margin stability.

2. How has Labour Cost performed?

Employee benefit expenses have risen in line with the expansion of manufacturing operations and higher production levels. The increase is largely driven by onboarding skilled personnel, strengthening operational and supervisory capabilities, and routine annual compensation revisions. As capacity scales and manpower are aligned with growing output, employee costs have continued to move upward. Importantly, revenue growth has outpaced the increase in employee expenses, indicating enhanced labour productivity, improved output per employee, and efficient absorption of fixed manpower costs

This reflects operating leverage, better capacity utilisation, and efficiency gains supported by automation and process improvements. Employee costs remain relatively moderate as a percentage of revenue due to a lean core workforce model, with key personnel on roll and a sizeable portion of workers engaged on a contractual basis, with related costs partly classified under manufacturing expenses. Higher job work volumes and efficient manpower deployment further contribute to strong revenue per employee and a flexible, scalable cost structure.

6. Why is the Company's asset turnover higher than the industry?

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.

1. What is Balu Forge's medium-term growth strategy?

Balu Forge's 3–5 year strategy focuses on expanding capacity, enhancing technology, and strengthening its global presence through organic growth and selective acquisitions. The 46-acre integrated facility at Belagavi, Karnataka, will expand machining capacity to 80,000 TPA by FY27, enabling the Company to cater to high-specification requirements in defence, aerospace, and power generation. The Company is also pursuing diversification into precision-led sectors such as defence platforms and aerospace assemblies, supported by advanced materials like aluminum and titanium. Backed by strong cash flows and a prudent balance sheet, Balu Forge aims to drive sustainable, innovation-led growth aligned with the Government's "Make in India" vision and deliver long-term shareholder value.

2. What is the Company's capital expenditure plan?

Balu Forge's capital expenditure roadmap reflects a prudent and capital-efficient growth model focused on scaling capacities and advancing automation. The ongoing development of the 46-acre Belagavi facility will play a pivotal role in expanding machining capacity to 80,000 TPA and strengthening captive forging capabilities. These investments form the backbone of the Company's medium-term growth roadmap. By FY27, the gross block is projected to reach ₹750–800 crore, driven by expansion of machining and forging lines, Industry 4.0 adoption, and investments in high-value defence and aerospace production. There are plans for major expansions to sustaining demand from the defence sector.

3. How is the Company funding its growth initiatives?

All expansion programs are being executed within a low-leverage framework, ensuring balance-sheet strength and financial flexibility. The funding requirements are being met through internal accruals, preference share issues, and warrants, with selective equity infusions where necessary. This approach allows the Company to sustain growth while maintaining minimal debt exposure, supporting efficient cash flows and long-term value creation for shareholders.

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 the Company's growth strategy: **1) Automated Empty Shell Line:** The Company has installed a fully automated empty shell line with an annual capacity of 360,000 shells (155 mm), significantly enhancing its defence manufacturing capability. Vendor approval has already been received from a large company in India; **2) Aerospace Certifications:** The Company is pursuing key global certifications to qualify as an aerospace component supplier to OEMs and Tier-1 companies worldwide and has also received vendor approval from a customer in India; **3) 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 regions; **4) Revenue Mix Evolution:** As the revenue contribution from defence and aerospace increases, it is expected to boost overall margins, given the premium pricing in these segments. This focus on long-term government contracts and strategic export opportunities ensures sustainable and high-margin growth.

1. Clarify the situation regarding the Enforcement Directorate (ED)?

The aforesaid transaction was undertaken independently through the secondary market and did not involve any participation, facilitation, or involvement of the Company. The shares in question pertain to a transfer of holdings from certain shareholders to the Enforcement Directorate, Raipur, through a market-based transaction. As a listed entity, the Company has no control, oversight, or influence over transactions executed at the shareholder level in the secondary market. Further, the Company does not have visibility into the personal or business affairs of individual shareholders. The Company also confirms that it has no direct or indirect association with the parties to the said transaction.

2. Does the US tariff situation affect Balu Forge?

The Company's export exposure is well diversified globally, with no significant dependence on any single region or country. Therefore, Balu Forge does not foresee any impact arising from the current volatile tariff situation.

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Thank You

For further information on Balu Forge, please visit: www.baluindustries.com



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