

B H A R A T F O R G E

May 9, 2025

To

BSE Limited
Corporate Relations Department
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai 400 001, Maharashtra, India

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051, Maharashtra, India

Scrip Code: 500493

Symbol: BHARATFORG

Sub. : Transcript of the Analyst / Investor Conference Call on Audited Financial Results (Standalone and Consolidated) for the quarter and year ended March 31, 2025

Ref. : Regulations 30 and 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations.')

Dear Sir / Madam,

Please find enclosed herewith the transcript of the Analyst / Investor Conference call, which took place on Thursday, May 8, 2025, after announcement of the Audited Financial Results (Standalone and Consolidated) for the quarter and year ended March 31, 2025.

The same is also available on the website of the Company at: <https://www.bharatforge.com/investors/reports/analyst-conference-calls>

We request you to kindly take the same on record.

Thanking you,

Yours faithfully,
For Bharat Forge Limited

Tejaswini Chaudhari
Company Secretary & Compliance Officer
Membership No.: A18907

Encl: As above



KALYANI

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BHARAT FORGE



"Bharat Forge Limited Q4 & FY'25 Earnings Conference Call"

May 08, 2025

BHARAT FORGE



**MANAGEMENT: MR. AMIT KALYANI – VICE CHAIRMAN & JOINT
MANAGING DIRECTOR, BHARAT FORGE LIMITED
MR. SUBODH TANDALE – EXECUTIVE DIRECTOR BHARAT
FORGE LIMITED
MR. KEDAR DIXIT – CFO, BHARAT FORGE LIMITED
MR. S. RAJHAGOPALAN – HEAD, INVESTOR RELATIONS,
BHARAT FORGE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 & FY25 Earnings Conference Call of Bharat Forge Limited.

As a reminder, all participant lines will be 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 an operator by pressing “*,” then “0” on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amit Kalyani – Vice Chairman and Joint Managing Director of Bharat Forge Limited. Thank you, and over to you, sir.

Amit Kalyani: Good afternoon, ladies and gentlemen, and thank you for joining us for our Year End Conference Call.

I have with me our Head of Finance – Kedar Dixit, Head of Investor Relations – Rajhagopalan, and our Finance Team Members. As usual, I will have them give you an introduction and then I will take you through the Q&A.

Kedar Dixit: Good afternoon.

I will take you through the standalone business highlights for the 4th Quarter and for Full Year:

We had a stable performance in the quarter with revenues of Rs.2,163 crores with the quarter-on-quarter growth of 3%. Standalone EBITDA in Q4 grew by 6.7% vis-à-vis Q3 at Rs.629 crores, translating in a margin of 29.1% which is of 100 bps higher than last quarter. Also, in this quarter we had an exchange loss of Rs.12 crores and in the last quarter we had an exchange gain of Rs.20 crores. So if you adjust that, then you will see a 100 bps margin improvement.

PBT before the exceptional item was Rs.494 crores which was a 4% quarter-on-quarter. On a full year basis, revenue was at Rs.8,844 crores and EBITDA was at Rs.2,524 crores with a margin of 28.5%, again a 100-basis points expansion in margins vis-à-vis last year.

Our balance sheet continues to be robust with surplus funds, the net of long-term loans are at about Rs.1,336 crores. For FY25 RoCE the net of cash was 18.1%. At a consolidated level, Q4 revenue was at Rs.3,853 crores, which was 7.5% lower on YoY basis. However, EBITDA moved higher translating into margin expansion of 170 basis points. This is largely on account of reducing the losses for our overseas operations as well as E-mobility, and we continue to do that.

In FY25, consolidated revenue was 3.6% lower at Rs.15,123 crores. Operationally, EBITDA margin improved by 180 basis points on a YoY basis to reach 18.2%.

During the year, the Company secured new business worth Rs.6,959 crores across all key businesses. Defense was about Rs.5,000 crores, in Standalone normal operations were Rs.1,685 crores and JSA was Rs.245 crores.

The CAPEX for Indian operations was Rs.750 crores in FY25. We have completed the CAPEX for our overseas Greenfield projects in US for aluminum forging and we don't foresee much of investments in overseas entities for next year.

As far as overseas subsidiaries are concerned, operations in EU aluminum has stabilized. However, given the economic situation in Europe, the utilization was between 60% to 65%.

US operations have moved in the black for this quarter recording a positive EBITDA of Rs.4 crores.

Also, with the action we have taken in terms of reduction of debt of our overseas entities, we have started seeing the benefit of reduction of interest cost for both European as well as the US operations.

In FY25, European operations recorded EBITDA of Rs.96 crores while US operations narrowed their EBITDA loss to Rs.47 crores. But on a quarterly basis, as I mentioned earlier, we are in positive. Current utilization of aluminum business is about 70% for US. We continue to work on our restructuring options for European steel operations, and we will update on the progress in due course.

Now, I hand it over to Amit Kalyani.

Amit Kalyani:

Yes. Good afternoon, ladies and gentlemen.

On the standalone basis:

I think we have had a reasonable performance in FY25 with 100 basis points margin improvement on a strong robust balance sheet.

Few things will stand out are the fact that the business is becoming more diversified and resilient. Over the 2019 to 2025 timeframe, industrial exports have been flat at around Rs.1,600 crores despite oil and gas declining from around Rs.1,100, Rs.1,200 crores to about Rs.400 crores. This drop has been compensated by other areas such as High horsepower and Aerospace. Aerospace is now 15% of industrial exports. It has grown 4x in the past five years and we expect this to continue growing at a high pace going forward. We are now setting up a new dedicated forging and machining facility for aerospace backed by both business wins and customer commitments, including financial commitments. You will witness one new business adding to the growth of industrial exports in the next three to four years.

Overseas:

As I mentioned, we continue to evaluate all our options for the European businesses, but our aluminum business in Europe and North America is now falling in place. Already in North America, we are seeing substantial improvement. And as we see capacity utilization go up in Europe, that will also impact positively the European aluminum forging business.

In the casting space:

I am very happy to report that our teams at JSA have performed exceedingly well and delivered on the promise that we felt they had during the acquisition. We have now a 15%-plus EBITDA margin with a doubling of profits in FY25. We have added a lot of new customers, and we are on a solid growth trajectory to a four-digit number shortly.

In defense:

We expect to see a 15% to 20% growth in FY26. We have a strong order book. There are lots of opportunities both in India and outside. And as I mentioned, our order book is almost Rs.9,500 crores. We have many new programs that we are working on which will convert into orders in the coming years and a lot of new geographies that we will open up this year.

In terms of E-mobility, we are now very hopeful that our products are at maturity, and we should start seeing revenue progression going forward this year, including moving towards black numbers towards the end of the second half of the year.

In terms of M&A:

We have now received the CCI approval for our American Axles India Assets Transaction. We expect to conclude this transaction by the end of June. I think this is going to be another good opportunity for us to grow our market penetration and our presence and content per vehicle going forward.

The one thing that I want to mention is, due to the US tariff situation, there is a lot of uncertainty. Nobody has an answer right now. I think we all have to wait and watch. What I am convinced of is that as a manufacturer, we have the right products, the right technology, very good cost structure and extremely strong customer relationships and that we will tide over this situation both as a Company and as a country, I think India will be in a let's say neutral position to advantageous position vis-à-vis many other places and I think this should give a significant opportunity to Indian companies to both manufacture in India and to partner with global companies for mutual beneficial opportunities.

Thank you. I think we can now do Q&A.

- Moderator:** Thank you, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question comes from the line of Gunjan Prithyani from Bank of America. Please go ahead.
- Gunjan Prithyani:** Yes. Hi, team. Thanks for taking my questions. My first question is just trying to understand that of course we don't know how the tariff situation is sort of eases, but at the moment, what is the sort of conversations that you're having with the customers? And just also want to be clear, is the tariff already under implementation as far as your exports to US go?
- Subodh Tandale:** So. Currently, as you know, the tariff applies to shipments that have left India after 5th of April. So we have time until the third week of May, number one. Number two is at this point there is a clarity that so-called the automotive tariffs that they're talking about will be applicable for the passenger car segment or like products. And the third part of it is that we are engaged with all our customers and all our customers are talking positively in terms of taking over the tariffs from our side, I mean, we won't be exposed to tariffs is what we think, but that's active discussions ongoing with all the customers and considering the situation in the US.
- Gunjan Prithyani:** Okay. And just going back to the point you mentioned only to the pass car segment, on the CV segment, is that the implicit message that it's not applicable to trucks or there was also a school of thought that forging comes under steel and aluminum derivative. So if you can sort of just clarify on that as well, whether it's applicable on trucks or not?
- Amit Kalyani:** Gunjan, what we know so far is that it's applicable for passenger cars. We don't know anything more than that because no details have come out. So I think we should wait and watch. And besides that, please remember that our exports are across many sectors, many geographies and many products. So, we just have to wait and watch. We don't have any clarity on this yet.
- Gunjan Prithyani:** Okay, got it. And beyond the tariffs, I think generally the sense on the Class-8 cycle, I mean of course there is a bit of pessimism in the recent truck orders that we have seen, but it's also a function of where the tariff uncertainties. But if you were to sort of give us a sense on how should we think about the Class-8 cycle factoring that the EP emissions are also in a little bit of limbo at the moment, so this year a day, next year comes back, how do we think about that?
- Amit Kalyani:** Again, Gunjan, it's very difficult to answer this question with the frame of the tariffs uncertainty in place. Typically if you had an emission norm changing, you have a pre-buy because there is a cost increase. If there is no cost increase coming, you should have two normal years rather than one pre-buy and one low year. We don't know. Typically that's what you should expect. There are two normal years. Subodh, am I right?
- Subodh Tandale:** Yes. But I think that everybody is right now waiting on the sideline with the whole tariff issue being such a question mark. So I think that's where we stand.

- Gunjan Prithyani:** Okay. And last question. A little bit of your thoughts on this electronics and servers that we are doing, there were two sort of announcements you had made that we'll be manufacturing servers. Can you talk a little bit about this what's the thought process, is this a new revenue line item that we should be thinking for future?
- Amit Kalyani:** I think that electronics are going to be a very large part of the overall industrial landscape. If we look at automobiles also, the share of electronics in the automobile as a percentage of total vehicle value is dramatically increasing. So if we want to be in electronics, you can't only be in one or two areas. You need to build scale, you need to build supply chain capability, and I think we are going to do that in multiple areas and the Indian Government wants to create Indian electronics players in niche areas where imports are not wanted to be used. So, I think there is an opportunity and that's what we are pursuing.
- Gunjan Prithyani:** Okay, got it. I will join back the queue. Thank you.
- Amit Kalyani:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Kapil Singh from Nomura. Please go ahead.
- Kapil Singh:** Yes. Good afternoon, sir. Sir, just one clarification on the tariffs. On the non-passenger car revenues, will there be reciprocal tariffs that will be there on those? And how are the customers reacting to this -- are they going slow and waiting for the tariffs situation to settle, are you seeing some run down schedules because of that?
- Amit Kalyani:** I would say that we are in a holding pattern nobody knows anything that is going on right now. Okay. We are all waiting for some amount of clarity till the smoke settles. So I don't think anybody can answer these questions today. I think we just have to wait and watch.
- Kapil Singh:** Sir, for your US operations, there was a tariff on steel and aluminum also that has come in US. So could you just help us understand what is the impact there because I see that operation has turned profitable this quarter?
- Amit Kalyani:** Yes, we are producing steel and aluminum components in the US. We buy our steel locally and we produce our alloyed aluminum in-house by buying aluminum ingots. So I think that in general we don't have an impact and whatever impact we have will be passed on.
- Kapil Singh:** Okay, sir. Steel and aluminum prices -
- Amit Kalyani:** That is for raw materials if at all.

- Kapil Singh:** Has the cost gone up there and have we been able to pass it on?
- Amit Kalyani:** Yes, the cost has not gone up yet.
- Subodh Tandale:** The raw material pass-through for us the way our agreement is automatic pass-through.
- Kapil Singh:** Understood. And sir, just lastly on the defense side, what was the revenue for the full year on defense? And when we talk of 15% to 20% growth, if you could give some color like what will be driving that? And when will the ATAGS revenue start reflecting?
- Amit Kalyani:** Okay. Yes. So the defense sales was little above Rs.1,550 crores on a consolidated basis.
- Kapil Singh:** I had also asked what will drive the 15% to 20% growth this year with segments and –
- Amit Kalyani:** We won a lot of new orders including the ATAGS order. So that should also start delivering towards the later part of this year, plus we have many new programs and orders that we have in the fire and it should fortify by then.
- Kapil Singh:** Thank you, sir, and wishing you all the best.
- Amit Kalyani:** Thank you.
- Moderator:** The next question comes from the line of Sameen Irani from JP Morgan Chase. Please go ahead.
- Sameen Irani:** Yes, hi, thanks for the opportunity. Just on tariffs, if you allow one more question, last week or I think 10-days back, there was some offset which was allowed to some of the US OEMs who are importing components. So, in your opinion does that reduce the impact of tariffs at least for auto components also in the near term or that is not something that you think is substantial?
- Subodh Tandale:** Yes, the offset is basically they have given a two-year plan that for the OEMs they have 25% tariff rate, the first year they can get a refund of 15% from the government, the second year they will get a refund of 10%, and in the third year it will be reviewed depending on what happens. But that's what's announced as offset.
- Sameen Irani:** Okay. And secondly on this server and electronics thing, so this will be utilizing your KPTL investments that you have done in the capacity?
- Amit Kalyani:** Yes, we set up SMT lines and electronics manufacturing which will be used.
- Sameen Irani:** Any broad timeline by when we could start seeing this like –

- Amit Kalyani:** Second half of this financial.
- Sameen Irani:** Okay. Thank you. I will come back in the queue.
- Moderator:** The next question comes from the line of Arjun Khanna from Kotak Mutual Funds. Please go ahead.
- Arjun Khanna:** Sir, thank you for taking my question. So the first question is on US manufacturing operations. Now that the tariffs are in place, etc., how do you see the further scale up of this business? You've already seen good growth on a YoY, QoQ level for US manufacturing operations. What is our outlook for FY26?
- Subodh Tandale:** So one comment is we have been growing in the US from order book position and spread irrespective of all these tariffs. And whatever happens right now it will only help us in accelerating it. So currently I mean we can't give you numbers in that regard obviously, but we see a very strong order book and we are also ramping up our existing capacities both for steel and aluminum. So, the outlook is good. So now the focus is for us to make it happen and obviously we continue to look for more opportunities.
- Arjun Khanna:** So if I look at the turnover of roughly 30 to 100 what we did for this quarter, what would be the utilization rates?
- Amit Kalyani:** In the US, our utilization rate would be about 60% to 65%.
- Arjun Khanna:** And peak would be around 80%, sir?
- Amit Kalyani:** So this is phase-I of aluminum plus the steel, phase-II is zero right now, phase-II is getting completed, so phase-II will allow us to double the output.
- Arjun Khanna:** Just on the aerospace, we have mentioned in our press release also in terms of CY27 where our new facilities come in and this quarter also we did see good growth when compared to on an annualized basis, so if you could just talk about which are these components, are they impacted by tariffs going into the US or where are we selling this?
- Amit Kalyani:** Current aerospace market is largely Europe and non-USA. But obviously the US is a big market and eventually the US will also have to be a big market for us. But currently our growth is coming from Europe and non-US markets.
- Arjun Khanna:** And this quarter growth which we have seen, is it sustainable or is there -?

- Amit Kalyani:** Yes, our annual numbers will continue growing. Every year, you will see growth. Don't look at it on a quarter-to-quarter basis.
- Arjun Khanna:** Okay. Sure. Thank you. And wishing you all the best.
- Amit Kalyani:** Yes.
- Moderator:** Thank you. The next question comes from the line of Arvind Sharma from Citibank. Please go ahead.
- Arvind Sharma:** Yes. Hi. Good afternoon, sir. Thank you for taking my question. This ATAGS order, the Rs.3,417 crores order, this is the Indian ATAGS order I believe. So is it the whole orders or could we see further increase in this number?
- Amit Kalyani:** This is only a phase-I order, which is 307 guns, of which we have 60%. Overall, India needs more than 1,500, close to 2,000 artillery guns.
- Arvind Sharma:** Okay. 307 guns are Rs.3,417 crores and there could be further increase there?
- Amit Kalyani:** Yes. There are multiple different kinds of guns and lots of them.
- Arvind Sharma:** Okay. And sir, when should we see the revenue for this order in the numbers of the Company?
- Amit Kalyani:** I would say Q4 onwards.
- Arvind Sharma:** Q4 this fiscal?
- Amit Kalyani:** Yes.
- Arvind Sharma:** Alright. And if we spread over how many years or quarters, if you could share that?
- Amit Kalyani:** For this order, two years.
- Arvind Sharma:** Two years beginning 4Q FY26?
- Amit Kalyani:** Yes.
- Arvind Sharma:** Alright sir. Thank you so much for this, sir. That's all from my side. Thank you.
- Moderator:** Thank you. The next question comes from the line of Ruchita Kadge from Eye Wealth Management. Please go ahead.

- Ruchita Kadge:** Hello, sir. A very good afternoon. So, sir, my question was on the Kalyani Strategic Systems Limited. So in that how much was the domestic revenue and how much came from exports?
- Amit Kalyani:** So in Kalyani Strategic Systems, most of the revenue was exports and one clarification, the Rs.1,567 crores numbers what we mentioned for defense, that is only for Kalyani Strategic Systems. On a consolidated basis it's about Rs.1,700 crores.
- Amit Kalyani:** We supply components and other things to other players as well in the industry which go from Bharuch.
- Ruchita Kadge:** Understood. And sir, this Kalyani Strategic number that we have said that most of this came from export. So last year, how was this ratio like domestic to export?
- Kedar Dixit:** So last year also it was exports and this year also it was exports. The domestic big orders are yet to start.
- Ruchita Kadge:** Okay, okay. And in the JS Auto, sir, during the quarter, what was the revenue if you could just tell?
- Amit Kalyani:** Rs.200 crores for the quarter.
- Ruchita Kadge:** And margins?
- Amit Kalyani:** About 15% to 16%, yes.
- Ruchita Kadge:** Understood. Understood. Yes. Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Lakshmi Narayan from Tunga Investments. Please go ahead.
- L Narayan:** Thank you. Just want to understand what has been the tonnage growth in India, the commercial vehicle and the passenger car because the revenue growth -?
- Amit Kalyani:** I think we have to stop looking at tonnage, because we are not only a forging Company. I think you have to look beyond that revenue. And we are not breaking it up that way anymore.
- L Narayan:** And you had mentioned that you've opened certain new products or also clients or applications. Can you just talk a bit about that in terms of commercial vehicles and industrial and for domestic, some color on that that will be helpful, sir?
- Amit Kalyani:** Can't understand. I am sorry, you're very unclear.

- L Narayan:** Means you actually won new orders, or you have actually gone deep in some relationship in the domestic market. I just want to understand a bit more about it. If you can share some details?
- Amit Kalyani:** No. I don't know what order, what you want to know more? We have received multi-year orders from several customers which are coming to roughly almost Rs.7,000 crores, of which Rs.5,000 crores of defense and Rs.2,000 crores of our component businesses.
- Subodh Tandale:** And then we are spread over all sectors in India, and we don't disclose the specifics out of that for confidentiality agreements with the customers.
- L Narayan:** Got it. And your outlook for India's domestic business?
- Subodh Tandale:** Overall positive because we are expanding in all segments.
- L Narayan:** Okay, okay. Thank you, sir.
- Moderator:** Thank you. The next question comes from the line of Kapil Singh from Nomura. Please go ahead.
- Kapil Singh:** Just one question. On the CAPEX, if you could give an indication for next year for standalone and consol what kind of numbers to expect?
- Amit Kalyani:** I think roughly both put together would be in the region of Rs.500 crores next year.
- Kapil Singh:** Okay. Alright. That is it from my side.
- Amit Kalyani:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Amit Kalyani to give us his closing remarks.
- Amit Kalyani:** So, ladies and gentlemen, thank you for your time, interest and questions. I am sorry we don't have any more answers than we could answer today because things are in a flux and I think the Indian government and Indian manufacturing are cooperating to make sure that we take advantage and are in a good situation even with the United States tariff situation. India is a strong country with very good manufacturing capability and we think that we will see light at the end of this tunnel. Thanks to the leadership and let's say the way the Indian government is handling the situation on tariffs. I think there should be a good solution in place for us sooner than later and we'll provide clarity on this and allow us to all manage to grow our businesses going forward. So, thank you very much and I wish you all a healthy and a safe end of the week and weekend in these rather difficult times. Thank you.

BHARAT FORGE



*Bharat Forge Limited
May 08, 2025*

Moderator:

Thank you, sir. Ladies and gentlemen, on behalf of Bharat Forge, that concludes this conference.
You may now disconnect your lines.