August 13, 2026

To

BSE Limited
Corporate Relations Department
Phiroze Jeejeebhoy Towers
Dalal Street, Fort, Mumbai 400 001
Maharashtra, India
Scrip Code: 500493

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
Symbol: BHARATFORG

Sub.: **Transcript of the Analyst / Investor Conference Call on Unaudited Financial Results (Standalone and Consolidated) for the Quarter ended June 30, 2026.**

Ref.: **Regulation 30 and 46 (2) of the 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 Monday, August 10, 2026, after announcement of the Unaudited Financial Results (Standalone and Consolidated) for the Quarter ended June 30, 2026.

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

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Bharat Forge Limited

TEJASWINI RAMKRISHNA CHAUDHARI
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Tejaswini Chaudhari
Company Secretary and Compliance Officer
Membership No.: A18907

Encl: As above

"Bharat Forge Limited

Q1 FY '27 Earnings Conference Call"

August 10, 2026

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

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY27 Earnings Conference Call hosted by Bharat Forge Limited. As a reminder, all participant lines will remain in the listen-only mode, and there will be an opportunity for you to ask questions after the management's opening remarks. Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touch-tone telephone. Please note that this conference is being recorded.

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

Amit Kalyani: Good afternoon ladies and gentlemen, and thank you for participating in our analyst call. I have with me Kedar Dixit, Rajhagopalan, Subodh Tandale, and Amitabh, and Chinmay. So we are here to answer your questions and I'll first request Kedar to take you through the commentary of the quarter and then we can move to Q&A.

Kedar Dixit: Good afternoon everyone. I'll just take you through the highlights for the quarter. In quarter 1 the standalone revenues were at INR2,347 crores. It was up by 11.5%. EBITDA stood at INR614 crores, which was up 4.5% YoY, resulting in EBITDA margin of 26.2%.

This 26.2% bore the impact of escalation in energy prices and other input cost and logistics. The overall cost impact of these costs was about 160 basis points on our EBITDA margin and we continue to work on the recovery of these indirect cost increases with our customers. Normalized for this hit, our EBITDA margin would have been stood at almost 28% in quarter 1.

Q1 standalone also included exceptional item of INR24 crores towards consultancy charges for the BF CDP restructuring exercise which we have initiated. The YoY performance saw an all-around improvement in exports and strong execution in defense. Q1 FY27 was the second straight quarter of recovery in export revenue and this momentum continues.

Q1 27 consolidated revenues stood at INR4,640 crores which was up 18.7% on a YoY basis. EBITDA was at INR752 crores, 10.3% up vis-a-vis last year same quarter at EBITDA margins of 16.2%. Our Indian subsidiaries posted a strong performance during this quarter. Kalyani Strategic Systems, which is our defense arm, recorded a strong operating performance driven by higher realization and better product mix.

JS Auto Cast, which is our casting outfit, has also had a good quarter with revenue and EBITDA growing 27% and 30% respectively on a YoY basis. Consol balance sheet remains strong with net debt to equity ratio of 0.45x.

During the quarter company has secured new orders across business with forging business recording new orders of INR522 crores, defense INR681 crores and ferrous casting of around INR150 crores during the quarter. The outstanding order book in defense now stands at INR11,196 crores as of end of the quarter.

Talking about overseas business, despite a difficult quarter, the European business recorded a positive EBITDA. It saw revenue of INR1,074 crores and EBITDA of INR30 crores resulting in a margin of around 3%. US revenues were at INR461 crores with a EBITDA loss of INR4 crores. This was impacted mainly because of the breakdown of a couple of presses in our steel operations. Now those it has been fixed and recovery is expected in this quarter which is Q2.

On the restructuring process of Bharat Forge CDP, which is a steel business in Germany, is on track and we estimate to complete the restructuring by end of calendar 27. We have taken an impact of about EUR 30 million towards the said restructuring. This is not a cash outflow; the cash outflow will happen post 12 months only and we are on track as far as our restructuring exercise is concerned. Now I'll hand over to Amit sir for his comments.

Amit Kalyani: So ladies and gentlemen, on the whole I would say Q1 was a reasonable quarter given the operating environment we were in. There were a lot of challenges, especially the most unexpected and difficult challenge was the one on manpower, which once the Iran war started and the LPG crisis hit, a lot of the contract and migrant labour all travelled back to their home locations and this is not so much of an direct impact on us but a lot on steel companies and other sub-suppliers, etc. faced a lot of issues because of this. I think despite this and the challenges even on energy our teams managed the production schedules quite well.

We've had a strong business sentiment in North America driven by higher corporate capex which is boosting demand for construction, mining and data centre and power systems businesses. This morning the US government and the president announced a massive plan to restart the mining economy in the US, starting right from setting up programs for training people for these kinds of businesses in community colleges and universities. So this should be something that gives a sustained boom to the US if it continues.

On the defense side, you know I would say that we have been present on land systems and on aerial systems and now we have made a big breakthrough on the marine systems. We won a large new order for marine gas turbine generators for the Kolkata class ships with the Ministry of Defence and the naval shipyards. This is the largest order we have won to date on naval systems and as our product range in turbines grows and especially on the complementary naval systems side, we expect the navy to become a very large customer for us, especially with the announcement of the 140 new ships that are going to be built.

We expect the defense business to expand its breadth and depth across many more products with many more applications rolling out. Our new defense facility will enter serial production this year and it will play a major role in the deliveries of ATAGS and CQB carbine to the Indian armed forces.

On the aerospace side, our business saw record wins in '26. Our team was at the Farnborough Air Show where we had a lot of positive engagement and I think once our ring mill in Baramati starts in Q4, it will lead to a further step jump in increase in production. Similarly, when our new forging facility in Baramati comes online, it will also give a big boost to production for our customers in the high horsepower engine and power generation sector.

Companies that produce engines in the range of, you know, 500 to 5,000 horsepower or so, and this is a very important sector for us and it's a sector where we're paying a lot of attention and making large investments to grow this business. And this is a business that is growing because of a, migration of manufacturing to India from Europe and other locations, and b, dramatic increase in demand for infrastructure-based assets in the build-out and roll-out of infrastructure in India.

Talking about our castings business, our ferrous casting business continues to perform well. I think we're on track to triple the revenue of the business since the time we bought it. You know, the run rate should hit that by the end of this year. And I think besides the size of the revenue, it's also the quality of the revenue. We've added a lot more value addition, we've added a lot of new high volume products as well, and doing a lot more machining.

So I think this business is also growing very nicely and is going to really add a lot to what we can offer to our customers. For example, the stake that we acquired in the company in a company called Fortuna is also going to allow us to service more of the large engine customers because they make con rods for them. So it allows us to service them with more products and meet their needs locally through a single point of cover.

You may have seen an announcement about a fundraise. I want to explain that this is a fundraise for growth capex in our hard-core manufacturing areas in sectors that we already are present in, plus in some new sectors. So the sectors that we're targeting from this are the large engine sector, the power gen market, the semiconductor components market, and aerospace and a few others such as, including an investment in an energetics plant in Andhra Pradesh where we will be able to do filling of shells and other propellants and energetics used in defense applications.

So this capex is going to be -- this capex is something that we will complete over the next 18 months and it will give us a high capital output ratio as well as good margins and will allow us to accelerate our growth going forward. And the fundraise of up to INR2,500 crores is basically for growth capex. And the instrument, etcetera, will be finalized in due course.

In terms of outlook, I think the outlook remains very strong. There are some temporary blips, including cost escalations taking place in energy and logistics, which are going to be, you know, which will be negotiated and redeemed from our customers where we have paid them. And with the resumption of our plant in the US, I think the margins should also come back to better levels.

Many of our businesses are now starting to hit their stride. If you look at the aerospace business, it is now beginning to make a meaningful impact to our overall business. And as our new manufacturing facilities come online, this business will dramatically increase in size. The same will be said for the semiconductor business, where we have already won double-digit million of business. And we need some new facilities to come online before that can then further go up, especially on the machining side.

So I think barring any major new geopolitical upheavals or supply chain shocks, we expect '27 to be a very good year with the second half being driven more robustly with some of these interruptions behind us and both across exports and the commencement of deliveries for the domestic defense orders of ATAGS and carbines.

That's really all I had to say, and now we'll be happy to take your questions and answers. Sorry, hold on one second please. One of the things is that you know we are going back to building capacity slightly ahead of demand. But you know the demand is coming so fast that we need to accelerate our capacity build up as well and that's really why we're increasing our capex to build up this capacity in our traditional businesses as well. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Yes, good evening sir. My first question is on the fundraise that we have announced. If you could just let us know, you know what kind of asset turns, margins or return on capital will be there for these new businesses? Since these are new businesses, any colour on this will help? And what is the overall capex plan on a consolidated basis for FY27 or '28 if you have any thoughts?

Amit Kalyani: Yes, hi Kapil. The overall capex will be in the INR1,800-odd crores range. This is the organic capex that we will do in India. And this is spread across forging, machining, heat treatment and, you know, related quality control and other related assets in the forging and machining space, ring rolling space. And these are assets that are not for any one industry but can be used in a variety of industries.

They will have a significantly, let's say, accretive capital output ratio and very good margins. So we have business tied up and that will give us enough ramp up and then we will also tie up more business. Additionally, the energetics plant is a facility we're setting up to fill shells and to produce energetics and solid propellants, etcetera, in the future in a new facility coming up in Andhra Pradesh.

Kapil Singh: Yes, thank you sir. And second question is just on the outlook for some of the key segments if you could talk about CVs and PVs both for India and overseas and also the non-auto segments. And we note that, you know, the growth in CVs and PVs this quarter for the domestic business was below the industry growth. Were there any supply challenges if you could just give some colour there also? Thank you.

Amit Kalyani: Yes, honestly, there were supply challenges towards the middle of the quarter when the steel sector all had issues of labour and getting supplies. And also an energy issue when the Iran war had really hit a crescendo in the beginning, and it took us all some time to switch over from one kind of fuel to another and these are the challenges that you face. But in spite of that, I think we've done well. And going ahead, I think we will do even better.

Kapil Singh: Sure, sir. And on the outlook for the different segments?

Amit Kalyani: So I would say that all the segments have a strong outlook. India is fairly strong. US is very strong. Europe CV is strong. Europe PV is not as strong, but I think it's not weak either. If you saw yesterday, GM has raised their guidance again. So clearly, you know the economy in the United States is doing well. India is doing fairly well, so I think these two are the key markets for us.

Kapil Singh: Okay, thanks sir. I'll come back in the queue.

Amit Kalyani: Thanks.

Moderator: Thank you. We take the next question from the line of Binay Singh from Morgan Stanley. Please go ahead.

Binay Singh: Hi team. Thanks for the opportunity. So fair to assume...

Moderator: Binay, I do apologize to interrupt you but your audio is not clear. Could you please use your handset?

Binay Singh: Hi team, apologies for that. Just to be clear, the entire capex of INR1,800 crores is all non-auto, right? And could you guide us a little bit about...

Moderator: Binay, I do apologize once again to interrupt you. There's a lot of static coming in from your line.

Binay Singh: Okay, I'll just come back in the queue then.

Amit Kalyani: I'll answer the first question you asked. It is a combination of auto and non-auto. There is -- in the auto there is both forging and machining and non-auto there is forging, ring rolling and machining.

Binay Singh: Thanks for that Amit. What sort of asset turnover to assume on this number? Any guidance?

Amit Kalyani: I think it will be above 1.5.

Binay Singh: And secondly, you know when I look at the quarterly presentation this quarter to last quarter. Last quarter we talked about 25% growth in India-linked businesses. This quarter we are saying 20% to 25% growth. So is there any sort of delay in approvals for ATAG or something that we are building in to slightly create a range or am I reading too much?

Amit Kalyani: You know, the ATAGS approval once it comes, then in two to three months we will start. There is still testing going on of both the suppliers. And I think we probably are looking at a few weeks of delay. But that's nothing that we can do. It's a procedural issue. So I think the order is there, the product is there. I think we just have to get the process completed and then the deliveries started.

Binay Singh: Great. Thanks for that. I'll come back in the queue.

Moderator: Thank you. We take the next question from the line of Amyn Pirani from JP Morgan. Please go ahead.

Amyn Pirani: Yes, hi. Thanks for the opportunity. Firstly, just a clarification, this INR1800 crores of capex that you mentioned, the INR2500 crores fund raising that you're talking about, future growth opportunities, will that be will that investment be over and above this INR1800 crores or this is all part of the similar investment plans that you have?

Amit Kalyani: See this INR2500 crores is for this current capex and then it will also give us a strong base for any additional capex that we may need for further growth.

Amyn Pirani: Okay. Okay. So then my second question is that, given that your balance sheet is still quite strong and net debt to equity, net debt to EBITDA is quite strong, I mean, just trying to understand, you know, why…

Amit Kalyani: Why doing a fundraise.

Amyn Pirani: Yes.

Amit Kalyani: No, because we are very conservative when it comes to our financials. We like to have cash on the balance sheet, at least INR2,000-odd crores of cash on the balance sheet. And it's good, it will help us accelerate our growth going forward. Plus there is some, M&A opportunities in India and we have found that the M&A opportunities that we have, undertaken in India so far, whether it is JS Auto or K Drive, are proving to be very fruitful and such opportunities, are arising and it's a good time to look at them.

Amyn Pirani: Sure, sure. And just secondly on your defense or the KSSL business, I know that it tends to be very volatile on a quarterly basis, but the margin outcome in this quarter, seems to be a very strong one. So anything that you can help us understand, you know, how should we think about this margin and how should we think about the future, you know...

Amit Kalyani: The margins are all a result of the product mix. But as we have mentioned, the margins on a steady state annual basis we are targeting in the 22% to 23% or so range.

Moderator: Amyn, does that answer your question?

Amyn Pirani: Hello, sorry, there was some disturbance. Sorry, I can't hear you.

Amit Kalyani: Can you hear me or no?

Amyn Pirani: I can hear you, but there seems to be a lot of disturbance, so maybe I don't know if it's the problem with my line or not.

Amit Kalyani: No, I don't know, is anybody, I don't know, is the moderator having a disturbance or they can hear me clearly?

Moderator: No sir, your audio is loud and clear.

Amyn Pirani: Okay, so maybe there's some issue on my line. Maybe I'll try and come back, you know, in the queue.

Moderator: Thank you. We take the next question from the line of Gunjan from Bank of America. Please go ahead.

Gunjan: Yes, hi, thanks for taking my questions. Just continuing with the margin guide that you mentioned this 22% to 23% is that you mentioned at an overall level is that how we should read this guidance?

Amit Kalyani: No, that is for the defense business.

Gunjan: That was for the defense business, is 22% to 23%. Okay.

Amit Kalyani: That's our full-year kind of a range.

Gunjan: Okay. My first question is again, on the similar lines the newer, opportunities that you call out aerospace, data centre, semiconductor? Is there some sense that you can give, you know in the next 3 to 4 years how do you see the build out of these businesses, you know maybe a bit more colour on these three aerospace semiconductors and data centres where the scale of operations...

Amit Kalyani: I think, I can talk about the aerospace and semiconductors and my colleague Subodh can talk about the data centre side. On aerospace, we will double our business in the next 2 years or so. In -- hello, can you hear me?

Gunjan: Yes, sir.

Amit Kalyani: And then on the semiconductor side, I think we are aiming, for something in the region of 30, 40 million of business in the next 2 years organically, and then we also have to set up some machining facilities which will then allow us to grow that business almost double it. So that's the kind of business that we're looking at to doing in the semiconductor space.

I will let Subodh answer the question on the semiconductor and related sectors.

Gunjan: Sorry, how big is aerospace at the moment, you said doubling, where would that revenues be right now?

Amit Kalyani: It's about INR400 crores right now.

Subodh Tandale: On the data centres we'll actually call it energy business. We expect to double in the next four years. We already have most of the contracts in place. Long-term contracts in place. So we are in the process of adding capacities and all of that. But we have a very strong global position today on this.

Gunjan: And what is the scale again of data centres right now in terms of revenues?

Amit Kalyani: You know it's difficult to say because a lot of our products are going into multiple sectors including data. But when we say data centre growth a lot of those growth in those sectors is coming because of data centre.

Subodh Tandale: See, and one more point I'd add here is we have already been supplying these products for the last 15, 18 years. And you know these products take a lot of time to get validated and approved because they are very critical products, it typically gets 3 to 5 years just to get approved and get going. So in our case all that cycle has already happened. So now we are we are already supplying and there will be of course growth in what we are doing based on demand.

Gunjan: Got it. And my second question is just, a comment that I found very interesting in your annual report where you say that we are looking to grow India manufacturing operations at 15% CAGR for the next 5 years. I'm just trying to get a little bit more colour on this, I mean how should we think about the auto and the non-auto piece is that how you internally assess, because auto business is certainly a lot more cyclical, right? So, you know any colour that you can give us in terms of what will be the salience of auto versus non-auto and the growth we are looking between the two businesses?

Amit Kalyani: Both sectors will grow. Auto depends on, new products, because our current products are going to allow us only to grow at the rate of the market. But then the castings, the K Drive, all that come in to provide more growth. In the non-auto side of course, you know the sky is the limit because we are starting from a low base as a country itself.

Gunjan: Got it. Okay, and last just quick if I can squeeze in, on the margins you mentioned 160 basis point impact taken in this quarter. Is it fair to assume that this reverses immediately or this would take time because the conversations like how do we think about the more normalized margin for the full fiscal year?

Amit Kalyani: So it would be better than quarter 1, but also you need to mention sorry you need to consider one specific point is as we start getting recoveries from the customer optimally it has an impact on EBITDA. Because there are changes in denominator and numerator also. So optically, you know, you might still look at little better margins, but it will not be fully reflective of back to 28% because, it will add to topline also and it will add to cost also. But it will compensate the full margin per piece -- per product sold. Also per ton, yes.

Gunjan: Got it. That is useful. Thank you so much.

Moderator: Thank you. We take the next question from the line of Pramod Amthe from InCred Capital. Please go ahead.

Pramod Amthe: Yes, thanks for this opportunity. Amit, I just want to get your details on this Marine Gas Turbine Generators win. How do you see this? This is going to be auxiliary equipment but at the same time pretty challenging in terms of technology. So what is the capability you have in-house to develop it? Do you need to have a joint venture? How is it going to progress…

Amit Kalyani: We have already developed this product and it is now going into testing. We have a very strong relationship in delivering this product and a range of turbines for naval applications, ranging from 1.25 to above 25 megawatts.

Pramod Amthe: And will it be predominantly for defense itself or it can get into commercial?

Amit Kalyani: No, it can get into commercial also, it can even go into power gen, it can go into a lot of sectors. And it's multi-fuel.

Pramod Amthe: Yes, sorry, go ahead.

Amit Kalyani: It is multi-fuel.

Pramod Amthe: Okay, and within this, if you look at the content per se, how much group can itself supply versus what you need to source in terms of...

Amit Kalyani: Yes, I think in the beginning the generator will be sourced from outside, but the that's the electrical generator, but the entire turbine will be made by us.

Pramod Amthe: Okay, and does it require further investments or the existing machinery can support it?

Amit Kalyani: No, it requires some small investments. Not, not large investments.

Pramod Amthe: Okay. And the second question is with regard to the AP plant which you are opening up for the substantial investments. Is it going to be predominantly for new areas or how are you looking at it?

Amit Kalyani: So, AP is going to be a propellant and explosive facility for filling ammunition and for making explosives.

Pramod Amthe: Whereas this naval one will continue to be at the KSSL Pune site?

Amit Kalyani: Naval one will be actually at a new location where we are already working, it's close to a naval shipyard, it's actually almost like a part of the naval shipyard.

Pramod Amthe: But can it open up the naval one open up a completely new stream for you both in terms of global as well as domestic?

Amit Kalyani: Absolutely. It's a huge new opportunity. See in the naval side we were originally only on the shafting and propellers. Now we'll be on the power gen also, and then we will also get into the flight side. So, we will be on the entire value stream of the naval side. So, the content per ship will go up dramatically. And you know, 140 new ships coming is a lot.

Pramod Amthe: Right, right, right. And any rule of thumb in terms…

Amit Kalyani: Also, also I wanted to tell you that we have already tied up the MRO for turbines with the navy. For their existing as well as for the future.

Pramod Amthe: For the existing also?

Amit Kalyani: Yes.

Pramod Amthe: So that is going to be a much more sustainable other than just these orders.

Amit Kalyani: Exactly.

Pramod Amthe: Sure. Thanks, thanks for detailed explanation. All the best.

Moderator: Thank you. We take the next question from the line of Arvind Sharma from Citi. Please go ahead.

Arvind Sharma: Hello, good evening, sir. Thanks for taking my question. Just a bit of housekeeping question on the CDP Bharat Forge restructuring. Post the restructuring is done, what would be the form of this entity? Will orders be shifted away, will margins improve? How should we see CDP Bharat Forge post the restructuring?

Amit Kalyani: So, post the end of the restructuring that entity will not survive. It will not exist and part of their orders are going to be transferred to us, and that will be provided shifted out from India at a good margin. So that's really what's gonna happen.

Arvind Sharma: Right, so all the current orders would be, would be intact, they would be shifted to India or other entities?

Amit Kalyani: Not all, because they also have certain orders that are getting phased out or products that are getting phased out. So, the remainder of the orders will move here. But it's a sizable amount.

Arvind Sharma: Got it, sir. And sir, one thing which you have kind of alluded to as well, the ATAG order, is there any timeline that you would want to share…

Amit Kalyani: I tell you what, the day we get the FOPM approval we can start the clock. Till then I can't tell you anything -- because there are two suppliers and both have to be ready.

Arvind Sharma Got it, sir. Thank you so much sir.

Moderator: Thank you. We take the next question from the line of Abhishek Shah from Fortitude Fund Management. Please go ahead.

Abhishek Shah: Hi sir. Thank you for the opportunity, this is I think in line with the capex, just wanted some clarity on some time in 2024 say maybe around February I think there was, there were a few news articles and we were talking about you know, having a mega project in Odisha. So maybe if you can give us any update on that maybe, you know, I think environmental clearance is still not received, it's been about 2.5 years. So, if you can give us some idea on the exact status, by when do we expect…

Amit Kalyani: You know, I think on that we are looking at that as our third new mega site. So that that is something where I hope that by the end of the year, we'll get all our approvals and after that we will look at, you know, building a large new complex which will do things that are not made in India, so large aerospace components etcetera. It will be a multi-modal facility doing multiple things for a variety of sectors. So, we're still awaiting, you know, it's all in the process. Hopefully by the end of this year we should be, you know, in the, we should have that...

Abhishek Shah: If you could tell us a little more why the delay, I mean, the environmental clearance…

Amit Kalyani: Just takes time. You know, because that's the way it works, you know, you have local environmental clearance and you have central and forest clearance. And in our case, there was some, you know, unique circumstances which were not there on paper which were happened to be there, you know, which we found out later on. So, some infrastructure that needed to be moved and stuff, high tension lines, etcetera. So those take time.

Abhishek Shah: Got it. But we are on track, I mean now I think you can see visibility, is that how…

Amit Kalyani: I hope so, yes, yes. We are working on it.

Abhishek Shah: Got it. Sir, and tentative timeline, once we get these approvals, when can we expect…

Amit Kalyani: I think once we get all the approvals, you know, we can have our first plant running in about 2.5 years.

Abhishek Shah: Got it. Sir, and is this the last leg of approval requirement or are we expecting -- I mean, will there be additional another…

Amit Kalyani: No, I think this is the only approval that is now needed.

Abhishek Shah: Got it, got it, some part of the fund raising also will be used for this, I presume?

Amit Kalyani: Yes, yes, yes.

Abhishek Shah: Okay, alright sir. Thank you so much.

Amit Kalyani: Thank you.

Moderator: Thank you. We take the next question from the line of Pramod Kumar from UBS Securities. Please go ahead.

Pramod Kumar: Yes, thanks for the opportunity. The, I think -- two questions here. One was on the outlook purely for FY27 given all the things what we're doing and the kind of front loading of capex what...

Amit Kalyani: Sorry, we can't hear you clearly.

Pramod Kumar Sorry, is it -- better?

Amit Kalyani: I don't know, it's, your voice is coming and going.

Pramod Kumar: Just a sec, just a sec.?

Amit Kalyani: Now it's better. Thank you.

Pramod Kumar No, I was asking, given the kind of capex what we're doing towards the new areas and the existing business as well, and the nature of the business in terms of the order wins and the execution, is it fair to assume that FY28 also could be a remarkably strong year from you? I'm not trying to get any quantitative estimate here, but generally the way you, from your vantage point, do you see the momentum what you've seen in the last couple of years and '27 continuing into even '28, when you look at all the segments, all the geographies?

Amit Kalyani: I would say so, yes. I would say based on what we see right now, I think '28 should also be a strong year.

Pramod Kumar: Okay. Thanks for that. And the second question is, and sorry, before that, with that kind of a strong growth, the levers on margin should also kick in reasonably, right, in terms of operating Of course the mix will be what bit it will be?

Amit Kalyani: Absolutely, you're absolutely right.

Pramod Kumar Yes. And sir, second question is on the defense side, given how India is very quickly becoming a defense hub even for exports. You kind of said that you're compared with the ATAGS being the lowest cost producer globally. So how do you see this as a opportunity where you can skip become the go-to partner for a lot of these global defense organizations who are trying to reduce their cost and also accelerate their time to market?

So, in that scenario, how is that bit of conversation going or how are the inbound inquiries at your end, if you can just help us get some qualitative colour and what could be the opportunities there?

Amit Kalyani: Yes, you're, you're absolutely right that defense is also a very large export opportunity. But you know in the initial stages of large platform defense exports you need a lot of hand holding support from the government. You know a lot of countries which have been successful at doing this have their government playing a very key role in enabling this.

You know, one classic example is South Korea, their government provides soft loans, provide Exim financing, etcetera. And that really helps many countries in doing this. The Indian government has also done in the past Exim financing for infrastructure projects in Africa and other places. So, I think this is a -- an industry which has geopolitical ramifications.

So, I think, one has to, you know, the, as a country also, look at it that way, and I think our country is beginning to look at it that way. It's very clear that they're serious about it. And once those steps are put in place, I think it can be a further accelerant for our business. And clearly that should only be provided to absolutely strategic products and strategic partners.

Moderator: Thank you. We take the next question from the line of Nitin Jain from Fair Value Equity Advisory. Please go ahead.

Nitin Jain: Yes, thanks for this opportunity. I joined a little late, so not sure if this is already answered. So just wanted to understand your commentary in the media interview in very detail. I believe there was some mention about Q2 being strong in the sense that we might take price hikes and there might be some reversal in margins in Q2. So, if you could just provide some more colour here?

Amit Kalyani: Yes, so Q2 would be better than Q1, considering the discussion with customers on the price increase and the volumes

Management: And the one-time impact that we have had in Q1.

Nitin Jain: Right. So, how will the margin trajectory be like, will there be a one-time jump in Q2 and we will be back to the 28% range or will it be gradual throughout the year?

Amit Kalyani: Yes, it would be gradual because earlier we explained that you know even though we get recovery from customers, from a mathematical perspective, you could see…

See, the numerator goes up and the denominator goes up. You understand? So it would be a gradual improvement in margins.

But the margin per ton will come back to its normal levels.

Nitin Jain: Okay, okay, that's very helpful. That's it from my side. Thank you.

Amit Kalyani: Yes.

Moderator: Thank you. We take the next question from the line of Raunak Singhi from Nafa Asset Managers. Please go ahead.

Raunak Singhi: Hello. So, I want to know that like have you got license for your AP plant that is for explosives, and additionally the capacity would be same as to fill your existing empty shell manufacturing or it will be bigger than that, so that you can buy empty shells from other places and fill that in your plant?

Amit Kalyani: So initially we are setting up a facility to manufacture and fill a certain amount of shells. But this is a modular facility, so you keep adding lines, you can add fill more and more shells. And we have we have not yet got the license, we have applied and the process is on.

Raunak Singhi: Okay. So, what is your current capacity for empty shell manufacturing?

Amit Kalyani: It's very large.

Raunak Singhi: Any numbers?

Amit Kalyani: It depends on the product mix. So, it's very, very large.

Raunak Singhi: Okay, got it. Thank you.

Moderator: Thank you. We take the next question from the line of Chandramouli Muthiah from Goldman Sachs. Please go ahead.

Chandramouli Muthiah: Hi, good evening and thank you for taking my questions. First question is just around the European business. So just want to understand what could be the timeframe for a shift of some of the business we look to shift manufacturing from CDP to India and also just related on the other two subsidiaries, Aluminiumtechnik and Kilsta, under the new India Europe FTA proposals, is there opportunity to shift some of that business as well to manufacturing on Indian shores?

Amit Kalyani: So, let's first talk about CDP. Our timeline for the closure is between second to third week, or third quarter of next year, or Q3 of ’27, calendar quarters.

Well, business will of course have to move at or before that time.

Chandramouli Muthiah: Got it. That's helpful. Second question is this around the fuel and the manpower situation. So, you did mention that going forward, we will see an improvement in most of your ability to get supplies. I just wanted to check on the manpower side, are we sort of back to normalcy now, and also on the fuel switches?

Amit Kalyani: Almost. Not, not fully, I would say we're back to about 70% to 75% of normalcy. There are some amount of migrant labour or casual labour that has not come back.

Chandramouli Muthiah: Got it, got it. And on the fuel situation?

Amit Kalyani: The fuel situation is under control. Only problem is in Maharashtra there is an energy price hike.

Chandramouli Muthiah: Got it. Thank you.

Moderator: Thank you. We take the next question from the line of Radha from Motilal Oswal Financial Services Limited. Please go ahead.

Radha: Hi sir, thank you for the opportunity. Just one question. On the M&A opportunity in India, could you give us some colour on the key product areas or technologies where you see some potential for collaboration?

Amit Kalyani: No, no, no, sorry I can't. We are evaluating certain opportunities but I can't give you any details at this point. We are under an NDA and, I'm not, once it reaches a certain level then we will talk about it.

Radha: Alright sir. Thanks, and all the best.

Moderator: Thank you. We take the next question from the line of Rakesh Roy from Boring AMC. Please go ahead.

Rakesh Roy: Yes, hi sir. My one question is sir regarding restructuring of our business, so we have taken a provision of INR330 crores. This is a one-time expense or again you need some provision for Q3, Q4?

Amit Kalyani: This is the cost for the manpower redundancy.

Rakesh Roy: Okay.

Amit Kalyani: But this cost has now been finalized, it is not going to be paid out today, but this will be paid out over the next, nine to twelve months, or six to twelve months, as the people get released.

Rakesh Roy: Okay. Thank you, sir.

Amit Kalyani: Thank you.

Moderator: Thank you. We take the next question from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Yes, sir, thank you for taking my questions again. Just on the electric vehicle opportunity, if you could just talk about how we are thinking about tapping that opportunity?

Amit Kalyani: Yes, that's an area where honestly, we haven't been very successful. But we have some ideas and you may hear some interesting commentary about that from us, give us another three to six months.

Kapil Singh: Okay. And sir on K Drive?

Amit Kalyani: So, K Drive, one area where we are already working on EVs is through K Drive, which is already making EV axles for LCVs and LMCVs.

Kapil Singh: Sure, I was just about to ask going to ask about that. So, K Drive the margin seems to have come off any thought clear, when...

Amit Kalyani: No, no K Drive, K Drive will grow both in scale and margins, we are on track, K Drive is going to perform very well. We have a lot of new business coming and we are also going to build a new plant for K Drive in the northern part of India for one of our most esteemed customers. And that will provide us significant growth going forward.

Kapil Singh: Thanks. And sir lastly on the US manufacturing operations, when the operations normalize, what kind of margins can we expect in this business?

Amit Kalyani: See, the steel will be at about 12% and the aluminum EBITDA margin can be in the 15%, 16%.

Kapil Singh: And sir, by when can we get there?

Amit Kalyani: Hopefully next year.

Kapil Singh: Okay, great. Thank you so much.

Amit Kalyani: I mean, I'm hoping to get, let's say we'll move directionally in that direction, and we want to get there sooner than later. But the one -- I want to explain one problem in the US and that is the tariff on aluminum, on raw aluminum is 50%, because it all comes from Canada. US does not have any smelters. But components can come from certain countries at even 10% to 15% margins, problem is that today.

Kapil Singh: So unless that corrects, it will be difficult to get.

Amit Kalyani: That has happened because of this big spat with Carney, you know, the Prime Minister of Canada.

Kapil Singh: Right. So that has to correct for the margins to come to the targeted level?

Amit Kalyani: Well, yes. I mean, that would be the ideal thing. Because that will also then help volumes and that will really give us a boost. So you know, we are dealing with, let's say, unanticipated tariff situation, so you just have to ride it out without making cash losses, that's all. That is going to be our goal. Thank you.

Kapil Singh: Thank you.

Moderator: We take the next question from the line of Abhishek Jain, an Individual Investor. Please go ahead.

Abhishek Jain: Hi. Sir, I had a question about your losses in US operations. Can you tell me what is the reason, although the revenue is up as compared to both the periods?

Amit Kalyani: Mr. Jain, we are not able to hear you clearly. You said something about North American operations, but I couldn't hear you clearly.

Abhishek Jain: The reason for the EBITDA loss, although the revenue is...

Amit Kalyani: So the reason is that, our steel forging business had a major maintenance breakdown, and we had no production for almost 3 months.

Abhishek Jain: Okay, sir. Can you tell how much was the losses? Actually, can you quantify if it's possible?

Amit Kalyani: You know, I'd suggest if you can call -- it's already in the papers. You can see it. It's in our update.

Abhishek Jain: Okay.

Amit Kalyani: Thank you.

Moderator: Thank you. Ladies and gentlemen, with that we conclude the question and answer session. I now have the conference over to Mr. Amit Kalyani for his closing comments.

Amit Kalyani: Ladies and gentlemen, thank you very much for your time and interest. It's always great interacting with you and getting your questions, it gives us a lot to think about. This quarter was a little challenging on account of certain internal and external uncertainties, but I think as a company we are strong enough to overcome these.

And we see a lot of potential growth coming in our traditional business of engines and crankshafts and those areas and in new areas where high precision parts are required including power gen, including semiconductors, aerospace, large engines, marine, defense, naval, et cetera. And I think the future is bright and we're very confident of being able to continue strong growth path for your company. Thank you very much.

Moderator: Thank you. On behalf of Bharat Forge Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.