

February 17, 2026

To,

Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Tower, Dalal Street,
Fort, Mumbai-400001
Scrip Code: 513509

National Stock Exchange Of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai-400051
Symbol: **KALYANIFRG**

Dear Sir/Madam,

Sub : Transcript of the Analyst/Investor Conference Call held on February 12, 2026.

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of the Analyst/Investor Conference Call held on February 12, 2026.

The same is available on the website of the company www.kalyaniforge.com.

Kindly take the same on record.

Thanking you,

Yours Faithfully,
For **Kalyani Forge Limited**

Ms. Aishwarya Parwal
Company Secretary & Compliance Officer
M. No. A67170

Encl: As Mentioned Above**CIN: L28910MH1979PLC020959**

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KALYANI FORGE



**KALYANI FORGE LIMITED
ANALYST / INVESTOR CONFERENCE CALL
Q3 RESULTS ENDED ON DECEMBER 31, 2025 - TRANSCRIPT**

The Company hosted an Analyst / Investor Conference Call (Virtual - Mode) to discuss the financial performance for the third quarter ended on December 31, 2025 on –

**Date: Thursday, February 12, 2026
Time: 11:00 AM – 12:10 PM IST**

The Management team represented by **Mr. Viraj G. Kalyani**, Managing Director.

E&OE - This transcript is edited for factual errors. In case of discrepancy, the video recording available on the website of the company will prevail.

Moderator: Mr. Rajkumar Diksangi (Associate Company Secretary).

INTRODUCTION:

Moderator: Good morning everyone. I welcome you all to the investor and analyst conference call of Kalyani Force Limited for Q3. I am Rajkumar Diksangi.

Before we begin, I would like to make a few disclosures on behalf of the company. This call is being recorded. The video recording and the transcript of this conference call will be made available on the company's website and stock exchange portal within the prescribed time period.

During the course of this call, there may be certain forward-looking statements based upon current expectations and assumptions. These statements involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied. All the material information required to be disclosed under applicable SEBI regulations have been duly shared with stock exchanges.

No unpublished, price-sensitive information i.e. UPSI will be shared during this call. All the participants are on mute by default. You may raise your hand or use the chat box to ask the questions after the presentation.

We have with us our Managing Director, Mr. Viraj G. Kalyani. Now, I hand over the platform to our MD, Viraj Kalyani. Over to you, Viraj sir.

Mr. Viraj Kalyani: Thank you, Rajkumar. Very good morning to all of you. I welcome all the shareholders, investors, and all the general public that is interested in our stock and following us. Especially, a warm welcome to all our regular participants as well.

Today, we have our quarterly investor call for Q3 FY26 company updates. So, I will take you through the presentation.

Rajkumar, can you confirm that the presentation is visible?

Moderator: Yes, sir. It is visible.

Mr. Viraj Kalyani: Okay. All right. So, this is our investor presentation for Q3 FY26. This is our safe harbour statement. I request you all to please go through it after the call as well. We do not have any forward-looking statements and these are subject to risks. So, please take all the information within this context.

The Q3 FY26 highlights record margins and stronger disciplines. Revenue was at Rs. 58.22 crores. It was resilient despite deliberate exit from low-quality business. **EBITDA margin was at 15.7%, which is the highest in the company history.** And I will talk more about the factors contributing to it. PBT was at Rs. 3.95 crores, also almost an all-time high and highest in the last several quarters. Operating profitability has structurally improved. Export mix is strengthened. European transmission programme is scaling up, which I had updated last quarter and CAPEX is aligned to areas. Funding options are also more structured and disciplined.

For those of you who are new to our business, and just as a fresher, these are our product offerings. We make critical high-performance components, leveraging decades of experience. And we have **three major product groups – engine, driveline, and axle.**

The engine group especially has connecting rods, which is our signature product. We also make smaller crankshafts and a few other engine parts. But the connecting rod is our core capability and strength since inception.

So, it continues to grow and support the new growth areas. And the new growth areas are driveline and axle, which are also critical components. And these are products which we have developed with new technologies.

Especially in driveline, it requires warm forging and **we are the only forging company that has hot, warm, and cold forging technology all under one roof.** So, we are able to offer all these three product groups – engine, driveline, and axle – to all the OEM customers. So, our strategy is to increase customer share of wallet as well as vehicle share of wallet by offering all these three products.

Our KFL growth formula is strong execution plus business development plus CapEx equals growth. And this is a formula that I have been highlighting since our first investor call last year and it is something we stick to, and all our major business decisions are guided on this formula.

As you all know, we are a company going through a major transformation and that is the reason that a very clear pathway for growth is important.

So, I'll take you through each of those three areas, starting with **strong execution**, which is reflected in our financial performance. **As I said earlier, revenue is at 58.22 crores. This is up 1.99 crores from last quarter.**

EBITDA margin is 15.7%, highest in the company history. Profit before tax is 3.94 crores, which is also strongest in the last four quarters.

And profit after tax is negative 0.12 crores or 12 lakhs, which is impacted by non-cash deferred tax adjustment. This quarter demonstrates improved structural profitability, even as the company continues to streamline its business mix and strengthen financial governance systems. So, related to our, more about our EBITDA margin expansion, major factors have been exit from low margin business, improved material and power cost discipline, and operational stabilisation, which has come from machine reconditioning and dye run prioritisation.

These are several actions that are part of the Vriddhi Council projects that I have shared with you in the earlier presentations. So, a lot of the efforts of those strategic initiatives for cost savings, for productivity improvement, for output increasing and scaling up the business, they're all bearing fruit in terms of, and reflected in our EBITDA margin. Of course, we do not give any forward-looking guidance for the EBITDA margin, but our top priority and focus is to stabilise at this level.

As you know, that this has also been our medium-term target to achieve at least 15% EBITDA margin. Over a longer term, our next target and next milestone would be around at a 20% EBITDA level.

Now, this is our sales by product group. As you can see that our core business in the engine segment has grown with a focus on OEM growing demand and the domestic PV business also experienced increased demand, which is seen in our ramp-up programmes. This is both in the driveline and axle programmes. So, our core businesses have been stable or growing while we have done some selective pruning of non-core businesses, which I will also detail out in the later slides.

Coming to geography, our exports have grown this quarter to 10.6 crores. There was more of a slump in the previous quarter because of the tariff uncertainty. But the major factor for this growth is our new exports business. It's a new transmission business, which is scaling up. We had started SOP, that's start-up production, about two quarters before and now, it is getting into a steady state or scaling up ramp-up phase. So, we are on track with getting the right exports business in and old legacy volume export businesses have been pruned.

Coming to business development, we have submitted samples for a new MNC customer in the axle business in Q3. We have also achieved ramp-up of xEV driveline new business programmes. Additional orders received from existing businesses and vehicle share of wallet is increasing with offerings of engine plus driveline plus axle components across multiple vehicle platforms. And as I said earlier, Kalyani Forge is the only forging company to offer engine driveline and axle components to OEMs due to a combination of hot and warm forging technologies built over several decades. Thus, this is our new business order book value.

In the previous presentations or investor calls, there were a lot of questions in terms of the mix of this new business order book, what type of products there are. So, here is the more clear picture. Around 107 crores of new business is from connecting rods, which is our core business. But the new growth areas contribute significantly to the new business order book which implies 45 crores from driveline and 10 crores of new business in the axle segment.

If we look at existing sales base for each of these segments, you will notice that the driveline and axle new business as a percentage of existing business is in multiples. So, the engine business already has a pretty strong base.

Now, coming to the business mix optimisation, this is a progress update and this also relates to business development. There were questions in earlier investor calls about how long this will sort of business rationalisation is going to continue. So, we wanted to showcase a clear phased plan that we have been executing over the last say one and a half years or so: The phase one: has been about product rationalisation, phase two: customer quality upgrade and phase three: volume and price optimisation.

In phase one in product rationalisation: we exited from unrelated non-core product lines and we started to focus on engine, driveline and axle portfolios. As we were doing this, the biggest filter we started applying was for all new RFQs that were coming in and we were rejecting a lot of RFQs that are from these unrelated and non-core product lines so that we don't repeat the same business that we are trying to phase out and therefore, the RFQ

quality, that is request for codes, drastically improved and the focus has come in. So, our new order book pipeline is of a much better quality.

Phase two has been customer quality upgrade: We have reduced exposure to low margin and credit risk customers as well as non-strategic customers, businesses with low growth potential. And while doing this, we focused on increasing share of wallet with OEM focused accounts.

In phase three, volume and price optimisation: we have been pruning low volume, low price export as well as legacy programmes in domestic segments.

Business quality now is a primary focus over random top-line growth. So, that's the sort of core foundation where we ensure good quality business coming in and that automatically improves earnings quality. And that's the link we are executing in our strategy and our decisions. Rationalisation actions are deliberate, measured, and aimed at improving scalability, better capacity allocation, and long-term margin stability.

As you can see in the graph on the right, OEM revenue has significantly improved in Q3 to 35 crores and that's highest in last five quarters. An important point related to growth is that doing these actions is what is going to help us to grow fast. If we do not remove the misfit or wrong-fitting business from the existing business mix, it will have a dragging effect on our capacity utilisation, on our number of setups, and operational efficiencies, and it will hamper our ability to deliver for new business programmes and thus, the more we have similar strategically aligned businesses, the more economies of scale we are able to benefit from and this is getting reflected in the numbers.

And finally, CapEx is our third pillar of growth and it is fuelling all the growth initiatives. Here, I'm going to highlight a more business-orientated CapEx strategy that we have updated since the last quarter. 60% of our CapEx allocation is to future growth areas, that is driveline and actual products. So, I'm talking about our 25 crore FY26 CapEx budget. So, 60% of that has been allocated to future growth areas and the remaining 40% is for the engine, mostly for the engine product group, which is also experiencing significant growth through market share increase as well as demand increase. CapEx purpose and strategy, there is a bias for future growth areas. We are upgrading asset base for predictable growth and KFL's fixed asset turnover i.e. sales to net fixed assets, is currently at around 3.5, while the industry benchmark is 1.5 to 2. We are executing on a much smaller asset base and it's very important to strengthen that asset base, which will increase OEE and remove bottlenecks and make more predictable growth.

Our funding plan is also aligned to this CapEx strategy and we have both debt and equity options in the works in parallel. The timing of both would be slightly different and therefore, we are keeping both options open.

That's all for the Q3 updates. In the following slides, there are, there is more information about the company. I encourage any first-time participants to go through all these slides. In terms of the board of directors, there's one update I'd want to highlight.

Mr. Abhijit Sen has been an independent director at Kalyani Forge for 10 years. He had joined in 2016 and therefore, as per regulation, he's had to retire in February 2026. So, on

behalf of Kalyani Forge, I'd like to express my gratitude and appreciation for his very valuable presence on the board and strategic inputs and direction.

Now, in his place, we have Mr. Swaminathan, who has joined us as an Independent Director and in our next call, I will share more updates about him and we will also share his profile online. That's all from my side and thank you for listening. I'd like to hand over back to Rajkumar.

Q&A SESSION:

Moderator: Thank you, sir, for your insightful presentation. Now, we begin with our question and answer session. Participants who wish to ask a question may kindly raise their hand or use the chat box. Please note, each participant would be allowed two to three questions at a time. For more questions, please stand in the queue. We have Saket Kapoor over here.

Mr. Saket Kapoor: Thank you, Rajkumar bhai. Namaskar, Viraj ji. Hope I am audible. We have demonstrated operationally, definitely a good quarter in terms of the EBITDA margin, which you have alluded to. The main point for investing community is to understand the aspects of the trajectory that you are trying to unravel going ahead.

There are aspects which such suppose, when you people make investment in optimisation of your resources, in terms of product improvisation, in terms of improving the efficiency, we as investors also need that kind of inputs on the basis of which we can model out where this organisation may or may not reach over a period of time. So, in prospect of that, are these only questions where we want to understand of what's the thought process behind and it will depend on the market conditions and then how well you are into the business, because we are only the sideline.

So, the first point, sir, which I wanted to understand from you is pertaining to the employee cost. I think so, you showed it from the aspect of efficiency and Vriddhi council but, as a percentage of sales, where do you see this number? Because in this quarter also, it has remained flat at 12 crores. If we go in percentage, then it is of 21 -22 % of revenue.

Mr. Viraj Kalayni: Namaskar! Yes, the employee costs have increased in the last two years as we have had some wage agreements with our unions in the operations in the plants. We have also improved our salaries, we are paying at or above market rates and we are improving the quality of our people in our overall team. Now, this is again part of fuelling growth because employees are also an asset or a form of asset, that's how we look at it and in terms of financials, there will be a fixed cost element to it while also there's some part of temporary workforce which we can scale up and scale down as per the business conditions. So, we are completely conscious of the high employee cost percentage right now and our focus is on improving productivity, reducing manual work in all the operations, improving staff productivity as well through technology and better training.

Thus, we definitely want to bring this percentage down. We are aware of the benchmarks in our industry and the main approach is to be increasing sales and increase productivity to bring this cost down while you have seen that many other costs have come down because those are easier to improve and typically employee cost structure is that impact and that improvement comes in a later stage.

Mr. Saket Kapoor: You are absolutely correct. We understand the limitations here. So, what I wanted to understand further, the three more points and I'll join the queue. Point number one is you have alluded to that this 15 to 16% EBITDA margin, we can also improve upon and our trajectory may be 20% going ahead. So, that is correct about the EBITDA margin part. But when we invest, we have a PAT margin number which is more important for us than even the EBITDA margin number. So, even if you reach 20% above the line but that improvisation is not improvised below the line, then it does not translate into the PE ratio. So, my understanding I wanted to hear from you is that how you will improve PAT margin.

Mr. Viraj Kalyani: Very important and insightful question and it gives us an opportunity to explain better. The strategy for improving that is through multiple levels and it starts from sales, then we get to contribution, then gross margin, EBITDA margin, and PBT and then optimising for tax. As you can see, our PBT performance has been very good this quarter and we've had a deferred tax expense which is a non-cash expense. Here, the sort of optimisation, if we're strictly looking at from PBT to PAT, is to optimise our asset capitalisation, depreciation, and the deferred tax planning, that's something we will structure as we structure our CAPEX programmes.

But what's going to improve the PAT margin the most, the biggest lever is EBITDA margin and that's why that has been our top most focus. Historically, our EBITDA margin was pretty low and improving that was the top priority. The moment, the more you increase EBITDA margin, it just lifts up PBT as well as PAT, as long as we keep depreciation and interest costs in control. So, definitely, that is our strategy. We are keeping a good control on depreciation and interest costs. I know that the interest cost has slightly increased in these nine months compared to last year, but that was a function of our working capital optimisation and improving our banking facilities.

So, we are getting new banking facilities with lower or better interest rates. We're getting new types of facilities which are more suited to our business, where interest rates can be further optimised and our treasury team is now fully focused on that as well.

Another part of EBITDA margin expansion which flows into PAT is price improvement, which improves the revenue itself. We have been negotiating prices with customers and for many old products which did not have a price revision for many years and we have got positive confirmations from many of the customers who are very supportive and understand the business in our industry. Hence, these are major levers to improve PAT. I wouldn't declare a PAT margin target right away. I still urge all our investors to stay focused on the EBITDA margin growth because that's where the biggest impact will take place.

Mr. Saket Kapoor: I joined the queue and we would also like to understand from you, by when are we trying to get to this number of 20% since you have given the order book and the product profile also mix changing, so by when should we start exhibiting those numbers that would have suffice and the follow up I will take post the second part.

Mr. Viraj Kalyani: I mean, as I said, I won't give a forward looking guidance on EBITDA margin, our current priority is stabilised at this level, 20% is the next milestone. It will take a little more time but it is definitely within sight and you know, we know the approaches for it. It's too early to give a milestone date or expected time frame for that.

Moderator: Moving ahead with the next question, we have question from Vansh. What is your deferred tax adjustment done this quarter? Will any of that come in next quarter also?

Mr. Viraj Kalyani: Yeah. So deferred tax is a tax that it's a sort of tax accounting rule where you have to look at tax as per income tax act and tax calculated as per the company's books. There is some difference in the rules of calculating it and that difference is what has to be booked as a deferred tax. Sometimes it can be plus sometimes it can also be minus. So the major factor was that in Q1 and Q2, there was some significant capitalisation of assets this year and therefore the deferred tax expenses come up. We expect in next quarter, it may become negative as well. That means it will add to the bottom line. But please don't hold me for that. It depends on several factors.

Moderator: Hope Mr. Vansh, you got your answer. Moving on to the next question, sir, it is from Jagdish. What is FY26 revenue and EBITDA guidance?

Mr. Viraj Kalyani: Our FY26 revenue, we are looking at a similar level as last year or slightly higher. I cannot give an exact guidance. EBITDA margin, we should see some improvement for overall financial year basis.

Moderator: Okay. So we have next participant, Ms. Neha Saxena. Hello, Neha ji. Please unmute yourself.

Ms. Neha Saxena: Is it audible?

Moderator: Yeah.

Ms. Neha Saxena: So I just wanted to ask, is the operating reset phase that you're doing in the company, is it complete now? Because since this year was involved in operational cleanup and efficiency actions that were taking place at Kalyani Forge, should we expect the FY performance to reflect the normalised operations?

Mr. Viraj Kalyani: Yes, definitely. In terms of impact, our operational resetting is bearing fruits, as we can see in the margin expansion, in the operating margin expansion, which means EBITDA margin. This is a multi-year transformation exercise, which we started about one and a half years ago or two years ago.

Some major highlights of this resetting have been reconditioning of our forging presses, replacing equipment, which should have been replaced sometime back, improving die life, resetting production strategies, making sure capacity is allocated to high-volume business first and high-value business first. So bringing all these strategies aligned, getting all the departments in the company to align on the same and in line with the company's targets, that has been a major part of this operational resetting.

What was happening earlier was external stakeholder competing demands were kind of taking more priority than a coherent internal strategy of the company. So that's another big shift that we're doing. I wouldn't say it's done or complete because operational excellence and continuous improvement is a very core part of manufacturing philosophy.

It comes from the manufacturing philosophy, which companies like Toyota had made into a fine science, so to speak. So continuous improvement will be our next phase as we finish a

lot of the resetting and reconditioning or restructuring activities. We will then graduate to continuous improvement, bringing out more efficiencies, upgrading technologies, and so on. I hope that answers your question.

Ms. Neha Saxena: Yeah, yeah. That's clear now. So I just had one more question is how much improvement do you expect because of this in cash conversion?

Mr. Viraj Kalyani: Oh, yes. Cash flow is a very important ingredient in our growth journey. We have targeted to reduce working capital. Currently, it is higher than what we expect, but we are now bringing in a more coherent method of reducing working capital.

As we improve our capacity utilisation, as we do more long die runs, more high volume production, it automatically improves inventory management and shipment and cash flows along with that there is a lot of efforts on suppliers, terms, as well as getting the right kind of suppliers on board, rationalising, purchasing, getting rid of unnecessary purchase items that will reduce our payables burden.

On the receivable side, I'm happy to announce that we have installed an automatic credit control system through our ERP. Therefore, we're able to immediately control if there are any sales happening where there is a credit risk from the customer side. This brings in a lot of discipline, automatically puts in discipline in various internal departments, as well as in our interactions with customers, therefore improving our receivables.

As I was talking about our CAPEX strategy and looking at cash flow, one high level strategy that we identified is that we need to increase our fixed assets and reduce our current assets and therefore, we also need to reduce our short term debt or working capital debt and increase our long term debt, which is the more healthy mix that will fuel growth. That's how we are going about it.

Ms. Neha Saxena: Yeah, thank you. Thank you so much.

Moderator: So moving with our next question, it is from Swami. Revenue grew only two quarters, quarter on quarter, despite strong margin expansion. Is the company consciously sacrificing growth for margin?

Another question we have, is there any seasonality expected in Q4?

Mr. Viraj Kalyani: Yes. Thank you for your question, Mr. Swami.

Short answer is NO, the company is not consciously trying to control revenue to increase margins.

We are consciously removing bad business and bringing in good business into the company. And this is what will improve future ability to increase sales as well as future sales and improve the margins and that's what we have highlighted in our business mix optimisation roadmap.

It's a very important thing to understand. You may look at several years of our history where sales have been flat but what's happening in the recent years is that we are bringing in new business and we are doing this rationalisation of old business simultaneously and that's why it is still looking flat. But this kind of the current lower sales growth is more deliberate compared to earlier and it is aimed at enabling more growth in the coming quarters.

Moderator: Okay. So moving ahead with next question, we have from Vansh. Your view on FTA with Europe? Do we get some advantage on exports? What is the current capacity utilizations? Any plans to dilute equity or add debt this year? Okay, there's multiple questions.

Mr. Viraj Kalyani: So as many of you may know, India has done a free trade agreement with Europe and then soon after that with the US as well. Both are very positive for the country as a whole and the manufacturing industry and the forging industry as well or auto component players like Kalyani Forge. With the free trade agreement in Europe, of course, there is some fine tuning and finalisation of the fine print, so to speak and the exact agreement will take effect from January 2027, if I'm not mistaken. That's when the real benefits will start kicking in but we do see good interest from European customers and we are also focused on prioritising growing business in Europe. That's how you can see some of our new business of transmission parts going to Europe for marquee OEM. That's one of our priority areas of growth.

Similarly, the US free trade agreement is also very advantageous for India as we have the lowest tariff compared to many other sort of medium or low cost countries. So that's an advantage that we would take. And our first priority would be more business in Europe and then grow the business in US but it's not very easy to predict as customer priorities can, you know, there's a lot of variables involved. But we are bullish on both geographies.

Second question was on utilisation: Utilizations have definitely improved in Q3. However, the margin expansion has been driven more by business mix, discipline and operational efficiency rather than pure volume absorption and we are not yet operating at peak capacity. In fact, there's a lot more headroom for increasing our overall equipment efficiency and therefore the productive capacities and utilisation. There's a lot of operating leverage potential that we still have.

Moderator: So next question from Jagdish. When can we expect consistently positive PAT without adjustments?

Mr. Viraj Kalyani: Yes, that's a good question and of course, this quarter was more of an aberration in terms of deferred tax expense. So our aim is always to have consistently positive PAT quarter on quarter. At the same time, I mean, in a transformation phase, there can be such instances. The core focus is to look at our fundamentals of profitability, which are pretty strong. Our operating profitability is structurally improved and that's what's reflecting in our PBT.

Moderator: So next question from Vansh. What is the max revenue potential rough figure with current capacity that we have on board?

Mr. Viraj Kalyani: I would answer that from more from a capacity point of view. Our installed capacity theoretically can produce revenues of close to 500 crores. However, the fixed asset value currently is only 74 crores, which is in the CAPEX slide. Yeah, here. 74 or 75 crores of fixed asset value. Industry benchmark for sales to net fixed assets is 1.5 to 2 and we are currently having revenues of 3.5 times the net fixed assets. Our plan is to increase the CAPEX to bring the asset base up to a good level that is what will help us realise that 500 crore installed capacity.

Right now, available capacity is much less in the range of 200 crores but that's also been a stretched capacity. What we are working on is making it more reliable capacity, more predictable so that our sales become more reliable and predictable as well and this is I'm talking on the forging side because that's the major part of the cost structure.

Machining capacity, our utilisation is much higher and there we add more capacity as and when new business programmes come in.

Moderator: OK, so moving with our next participant, Veena.

Yes, Mrs. Veena, you can unmute yourself.

Mrs. Veena: Good morning, sir. I'm Veena Revashetti here. I would like to take this opportunity to thank Rajkumar and some of your team members, especially Rajkumar for helping us to get back our shares, which were moved to IEPF. It was almost six months to one year struggle and then you helped us a lot. So I wish to thank Rajkumar for all the help. So the shares were in my father's name, Mr. Basavaraj Revashetti and my brother. So I actually took help from Rajkumar and was really very helpful. And I wish you and the entire team and the organisation for a great future.

Mr. Viraj Kalyani: I'm very happy to hear that and I'm glad you got your shares back. Thank you so much. Your blessings mean a lot to us.

Moderator: So moving with the next participant, Saket Kapoor.

Mr. Saket Kapoor: Yes, sir. Just to add on to what you just spoke about the potential of this 500 crore revenue at max, given the current capacity and when you mentioned about this machining part and the forging part, if you could just briefly outline to us how are things aligned in terms of our forging and the machining capacity and the type of order book? Order wins that we have got in the in the connecting rods and all that forms part of this portfolio.

And secondly, when you said that we are doing CAPEX to improve and reach that figure of 500. Is it about the finishing lines that we are working to currently to get installed or just give us some more prospect?

Mr. Viraj Kalyani: Yeah. So the forging versus machining. Our forging asset base is much older and it tends to be that way because forging presses can run for anywhere from 20 years to 50 years or even 100 years if you really maintain them well and do regular reconditioning and that's the whole ballgame in the forging side. On the machining side, you have typical VMCs, CNC machines, which have a life of 10 to 15 years and then you have to replace it. You can do some reconditioning and extend the life a little bit, but you can't recondition it and make it working like new, which is more possible in the forging presses.

The majority of the reconditioning work refurbishment is done in forging, in the forging capacity and as you can see in this slide, about 7.6 crores of our CAPEX budget is towards reconditioning, most of this is for forging. I'd say maybe 10% of this is for machining. So that's the capacity.

In terms of new business where we're looking at driveline, engine, all products as well as axle business. In both the driveline business and some of the engine business, a lot of the CAPEX is for refurbishing the forging presses, which will increase the production output for the new business of driveline and engine and driveline is a lot of our future growth business.

We have already done two forging presses in the driveline division. We have done complete reconditioning in the last two quarters, we will take the third press now and we will replace some of the other ancillary equipment there.

So all this will improve productivity, improve quality, reduce rejections, and all of this automatically starts increasing volumes and enables a top line growth.

On the machining side, we do have machining investments in driveline, especially since we are graduating as forged supplies to fully finished spline rolled parts, machined and spline rolled parts. In the axle segment, we're also doing induction hardening. We're one of the few companies in India that does induction hardening for forgings and we have very good process capability and we are putting in new investments there. So the new machining investments are all driven by new business programmes and increase in value addition.

Mr. Saket Kapoor: Only if I may add, and then we will also conclude, I think so.

Firstly, for the nine months, how much have we spent on the CAPEX part and also what portion of the CAPEX has been capitalised? And what should be the number for 31st March 26?

Secondly Sir, in your presentation, we have, correct me there, we have not mentioned about our clientele. So if you could just give us a slide of who are our prominent client in terms of the domestic as well as the export part, if they can be disclosed?

And thirdly, sir, on the order for the connecting rod and the driveline business, what is the visibility on the same set in terms of execution? Have we commenced the execution or what's the thought process?

Mr. Viraj Kalyani: Yeah. Okay. So first question was on CAPEX, how much is spent and how much is capitalised. So out of the 25 crore budget, we have spent around 18 crores in up to Q3. This is a ballpark figure I'm telling you and the rest we are going to complete in this quarter.

In terms of capitalised value, as you can see in this fixed asset graph, it's simply 74 minus 60. Which is this is Q4 fixed asset base of 60.4 and 74 is the latest. That's a rough estimate. So around 14 crores is capitalised so far. But this 14 crores may include some projects from last year as well. So you cannot automatically relate the 18 crores to the 14 crores. I hope that makes it clear.

But what I want to highlight is that our turnaround time for CAPEX projects is pretty efficient and it is something we consciously monitor. So our goal is to productionize assets as fast as possible, productionize the CAPEX and start getting the returns as fast as possible.

There may be some very long gestation projects, but those are more of an exception. Most of the projects in this year's CAPEX is more of an immediate turnaround and return on investment.

Coming to the client base, we don't give names. We don't declare names. But I can share that we work with all the top OEMs in the passenger car and in the truck segment in India as well as in the tractor space, also in the construction segment. So all the industry leaders, you can take any of the top five names. Typically, we would work with most of them, or the top 10 names, we would work with most of them.

Third question was on the new business, what the status is and when it will kick in. So our aim is to productionize at least 30 crores of this new business in FY26. Already, a good

amount has been launched earlier this year, as well as in last quarter and around 30 crores, we are looking at productionizing this year, which will be a good jump compared to earlier years.

Mr. Saket Kapoor: 30 crores already done, or total 30 crores for this financial year?

Mr. Viraj Kalyani: Yeah, by March we should productionize 30 crores. There are a few projects which are in the last phase of launching.

Mr. Saket Kapoor: How much have we done for nine months?

Mr. Viraj Kapoor: I don't have an exact number. So I mean, it will be less than 30 crores. Maybe you can assume 20 crores done in nine months. But again, very rough figures.

Mr. Saket Kapoor: Okay, so last point, one of the participants did ask about the seasonality aspect also, and the nature of Q4 for the industry.

Mr. Viraj Kalyani: Yes, seasonality is present in our end customer segments. So we work in passenger car, trucks, and construction, agro and industrial segments. We typically club all the non-auto in one major segment. Q4 is generally good for passenger car and trucks, on the domestic side, especially but the big growth is typically in the festive season, which is around Diwali, just before Diwali time. So that's the major festive season bump that takes place in automotive.

In a segment like construction, the demand goes down in the monsoon months, because there is less construction activity happening during the rains. So around that time, construction segment takes a dip, and then it goes back up in Q3 and Q4.

Agriculture also has a seasonality, tractor sales or associated business with tractors is dependent on the agricultural seasonality, which is also with respect to the crop seasons and so I think that those are the major trends. Now, the good thing is these take place at different times of the year. So we are fairly diversified and have a good hedge across segments.

In terms of longer period cyclicalities, there are over multiple years, there can be a peak and a slump in both in the passenger car and the truck space. And that is driven by any sort of inventory buildup in the distributors and or the dealerships. If there's a lot of inventory buildup, then OEMs tend to cut down their production, bring their inventory levels down. So that depends a lot on market demand, general demand as well. But coming to a more of a macro story, India is a high growth market, and automotive passenger car ownership is only increasing and there is also a very visible trend of premiumization in all consumer segments, and thus, these are all very strong, long term sustainable trends for us.

Mr. Saket Kapoor: Thank you, sir, for all the elaborate answers. I have only one suggestion to make, sir, before the call concludes. Firstly, sir, the presentation has been very elaborate, sir. And it has put forward the aspects very clear. But the timing of uploading is not giving us an opportunity to even appreciate the good work done by the team, that is headed by you, probably.

Since we have made press release also this time a part of our numbers, that's again a part of congratulations on that part. Kindly continue with the press release and the presentation

simultaneously or within an hour of your reporting. So that would suffice questions that would make the interaction more elaborate, more exhaustive.

Other than that, sir, all investors are only looking to invest in organisation where we can see the profitable growth ahead and it appears that we team, the Vriddhi Council, the board, everybody is working towards enriching the value for the shareholders in large. So that message should be very clear also on that front and hope to interact further with you going ahead and hope the suggestions are deliberated upon. Thank you, sir, and all the best.

Mr. Viraj Kalyani: Thank you so much Saketji. Very happy to hear your words and it's very encouraging. Your questions also help us to clarify our thinking and putting our thoughts across to all the shareholders. So thanks for your value addition in these calls.

Moderator: All right, sir. Thank you, Saketji.

So I seek your permission, sir, should we conclude this call with our last questions if any participants remaining over here? We have Mr. Sunil Kumar over here.

Mr. Sunil Kumar Amin: Sir, good afternoon. Yes, sir. I'm much happier the ride is on the right track and definitely your efforts are visible in the balance sheet. So definitely, we are hopeful for nicer days ahead. And our thanks to the team Kalyani Forge for doing pretty nice job.

And also to you for giving us very nice figures every quarter. Thank you, sir.

Mr. Viraj Kalyani: Okay, good to hear. Thanks for appreciating and always good to have you on our call.

Moderator: Thank you, Sunilji.

VOTE OF THANKS:

Moderator: So with this note, we'll conclude this call. Thank you all the participants for joining us today. Please note the recording and the transcript of this call will be made available shortly on the stock exchanges portal, as well as on the company's website.

With this, we conclude today's conference call. Thank you once again for your participation and continued support. Have a great day.

Mr. Viraj Kalyani: Thank you.