



BALU FORGE

INNOVATING THROUGH QUALITY AND COMMITMENT

INVESTOR
PRESENTATION
MAY 2023

01

SAFE HARBOUR

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





**In line with the PM's vision of "Make in India,"
by contributing to manufacturing in India and
exporting across the world.**

VISION & MISSION

Vision: Our goal is to become a global leader in the manufacturing and supply of high-quality forgings and precision engineering components.

Mission: Our mission is to manufacture and deliver superior quality products that meet or exceed our customers' expectations in terms of performance, reliability, and cost-effectiveness.



CHAIRMAN'S SPEECH

Dear Investors,

I am delighted to present Balu Forge Industries Limited to you:

We are a three-decade old company with expertise in precision engineering and have established ourselves as a reliable and trustworthy supplier to multiple industries, like automotive, construction, agriculture, defence, railways, and others.

Our key strengths include a state-of-the-art manufacturing facility, a team of skilled and experienced professionals, and a commitment to quality and customer satisfaction. Additionally, Balu's strength lies in its ability to capitalise on opportunities by purchasing potential assets at a reasonable cost, thereby gaining a competitive advantage in the market.

Balu's efforts have been reflected in the financial performance, with strong revenue growth and improvement in the overall margins. Balu aims to focus on expanding its product line and enhancing its production capabilities to meet the growing demands of its customers. We have also invested heavily in research and development to improve quality, process efficiency, and performance of our products so as to ensure that we remain at the forefront of technological innovation.

We continue to remain committed to our core values of excellence, innovation, and customer satisfaction and thank our investors/stakeholders for their continued support and confidence in our business.



05

BALU FORGE AT A GLANCE

One of the leading companies in India to supply precision engineered products, crankshafts and forging components suitable for automobiles, defence, railways and new energy space.

Integrated facilities with end-to-end capabilities for supporting Internal Combustion Engine as well as new age mobility solutions.

GLOBAL PRESENCE
WITH FOOTPRINTS IN

6

CONTINENTS

30+ Years

of experience in
Precision Engineering

ISO/TS169

49:2009

ACCREDITED BY TUV
NORD CERT GMBH

STATE OF THE ART
MANUFACTURING AND
R&D SETUP AT
**BELGAUM,
KARNATAKA**

Human assets
of the group –

~45 Employees

in the R&D team,

**~700+ Total
Employee**

Strength

R&D AS

2-4%

OF REVENUE

REVENUE FROM
EXPORTS :

~90%

COMPANY OVERVIEW

- Founded by Mr. Prehlad Singh Chandock in 1989 in Belgaum, Karnataka
- Engaged in the manufacturing of fully finished and semi-finished crankshafts and forged components
- Balu has a distribution network in over 80+ countries and operates in domestic and export markets
- Capability to manufacture components conforming to both New Emission Regulations & New Energy Vehicles
- Fully Integrated Forging & Machining production infrastructure with a large product portfolio ranging from **1 Kg to 500 Kgs** and upto **3 Metres** long
- Existing Machining Capacity to produce **18000 tonnes** Forged Components per annum
 - Annual capacity to manufacture **3,60,000 crankshafts**
 - Wheel Production capacity of **6,000** wheels per year with a diverse application suitable for railway wagons, passenger coaches & locomotives in various gauges
- Caters to some of the renowned suppliers and manufacturers of agricultural equipment, power generation equipment, commercial vehicles, off-high way vehicles, ships, locomotives, defence, oil & gas, railway, marine and other industries

LEADERSHIP AT HELM



Mr. Jaspalsingh Chandock
(Chairman & Managing Director)

- Primarily guides the company to grow with his enriched experience and technical expertise
- 2nd generation entrepreneur with decades of investment experience in a vast sphere of industries



Mr. Trimaan Chandock
(Executive Director)

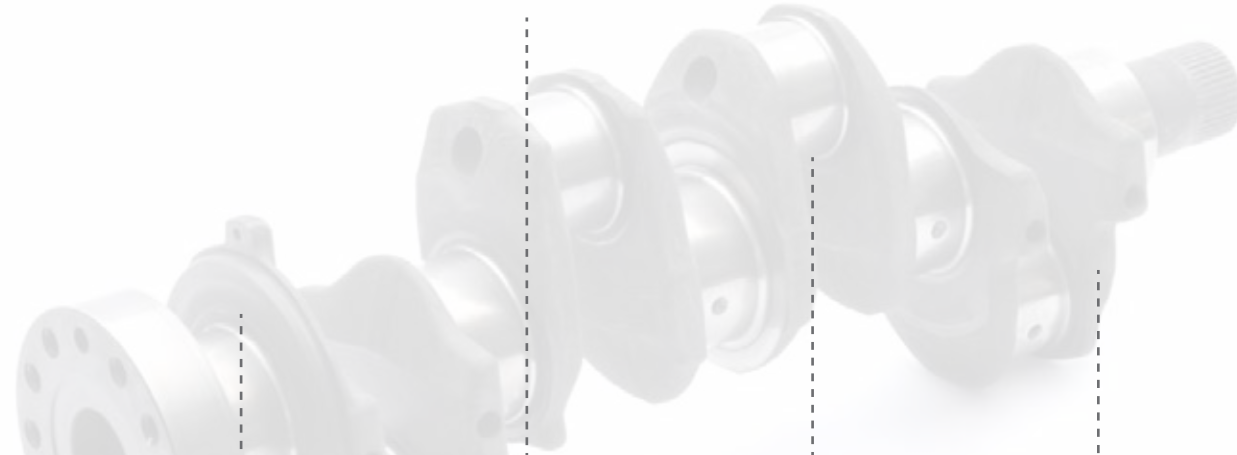
- Spearheads the Sales and Marketing function in the company
- 3rd generation entrepreneur with expertise in sales and marketing
- Holds MSc and BSc degree in Management from H.R. College, Mumbai
- Under his leadership, the company had incremental innovation at the core of its practises and also led to greater productivity, flexibility & speed in the manufacturing plants



Mr. Jaikaran Chandock
(Executive Director)

- Leads the R&D new product development team and new initiatives in the company
- Holds MSc in Strategic Marketing from Imperial College, London
- He has applied new technology in the company and further diversified into manufacturing of different engine parts from the diesel engine family
- Prior to joining Balu, he has worked at MNC's such as Reeves and Njoy E-Cigs

OUR JOURNEY SO FAR



Incorporated the company with its facility in Belgaum, Karnataka

Manufactured first component in the factory

Started exporting components in the overseas market

Won ACMA export award for consecutively 4 years for excellence in exports (1999-2000)

Purchase & Installation of the Ursus Manufacturing Plant from Ursus, Poland

Purchase & Installation of the Thyssenkrupp Plant from L'homme, France

Successfully achieved the milestone of building a presence in over 80 countries worldwide

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

1989

1991

1995

2000-2004

2006

2010

2011

2012

CONTD...

Coined its very own 'Concurrent Engineering' to achieve better flexibility & speed in Development projects

2013

Achieved manufacturing of **1,000 crankshafts in a single day**

2014

Manufactured & Supplied components for Railways & Military application

2015

Became a supplier of Choice to over **25 OEMs** spread over **6 Continents**

2017

The Birth of Naya Energy, a wholly owned subsidiary with a focus on New Energy Solutions

2018

- Got listed on the BSE
- Got Accredited with the 14001:2015 & ISO 45001:2018 Certifications
- Became an Approved Vendor to the Ordnance Factory Board

2020

• Acquired Mercedes Benz Truck, Mannheim, Precision Machining Plant

- Co-founded Kelmarsh Technologies FZ LLC
- Entered into leave and lease agreement with Hilton Metal Forging Ltd enabling Balu to backward integrate from precision machining player to Forging and Machining player

2021

- Laid the foundation to establish a new factory in Belgaum, Karnataka
- Successfully completed the ESG audit by a reputed audit firm & joined the United Nation Global Compact Program in its efforts to be ESG compliant

2022

OUR GROUP STRUCTURE

THE COMPANY HAS 3 SUBSIDIARIES

(Two Based Out Of Uae And One Based Out Of India)

Safa Otomotiv FZ LLC (100%)

- Focusing on the machining and assembly of products in order to increase localization in the MENA region as well as meeting the product requirements for Agriculture and Oil & Gas industry
- In-house capability and state of the art automotive engineering capability to manufacture any type of crankshaft in a large range of applications namely suitable for Agricultural & Oil & Gas applications
- Supplier of choice for major OEMs around the world due to our technological advantage and the highest standards of quality in the industry.

Naya Energy Works Pvt Ltd – (100%)

- Naya Energy is engaged in manufacturing of products for New Energy Sector.

PRODUCTS MANUFACTURED

- 1) Motors Division**
 - a. Electric Carriage Project
- 2) Precision Component**
 - a. Forging Aluminium Components for the Electric Vehicle Industry
 - b. Precision Machined components for the New Energy Sphere
 - c. Development of Electric Motors

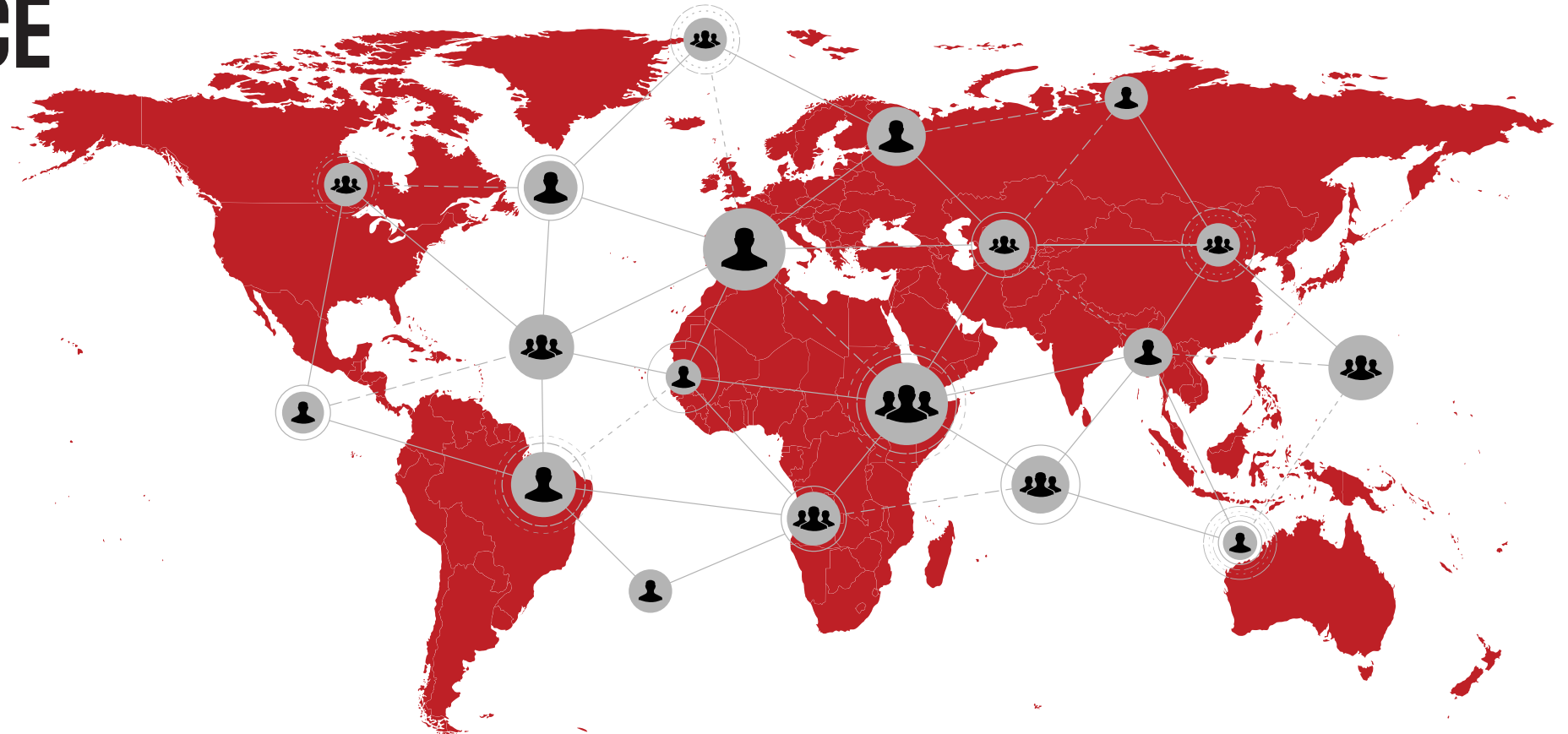
CURRENTLY UNDER OUR R&D

- 3) Ecosystem Building**
 - a. Wall Mounted Charging Stations
 - b. Wireless Charging Stations
- 4) Recycling Division**
 - a. Lead Acid Recycling
 - b. Lithium Recycling
- 5) Battery Division**
 - a. Lithium-Ion Battery development
 - b. Metal air Battery Development
 - c. Development of the Proprietary Battery Management System
- 6) Energy Storage**
 - a. The Hydrogen Opportunity

Kelmarsh Technologies FZ LLC (100%)

- Headquartered in the UAE with operations spread across 3 countries in Africa
- Focused on manufacturing and innovation of agricultural equipment predominately tractors and tractor ancillary components

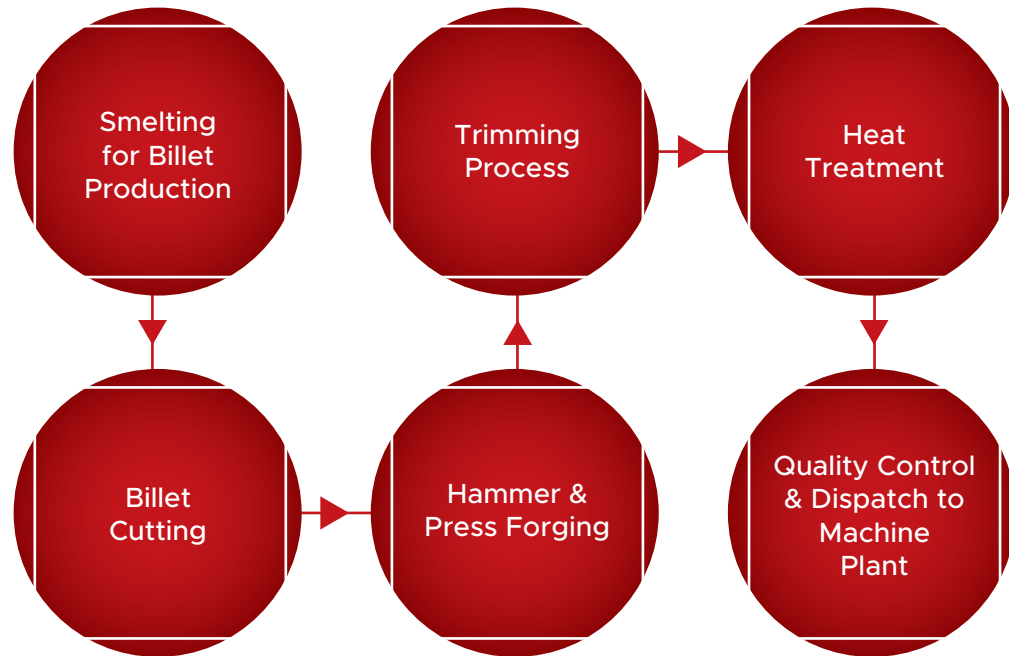
OUR GEOGRAPHICAL PRESENCE



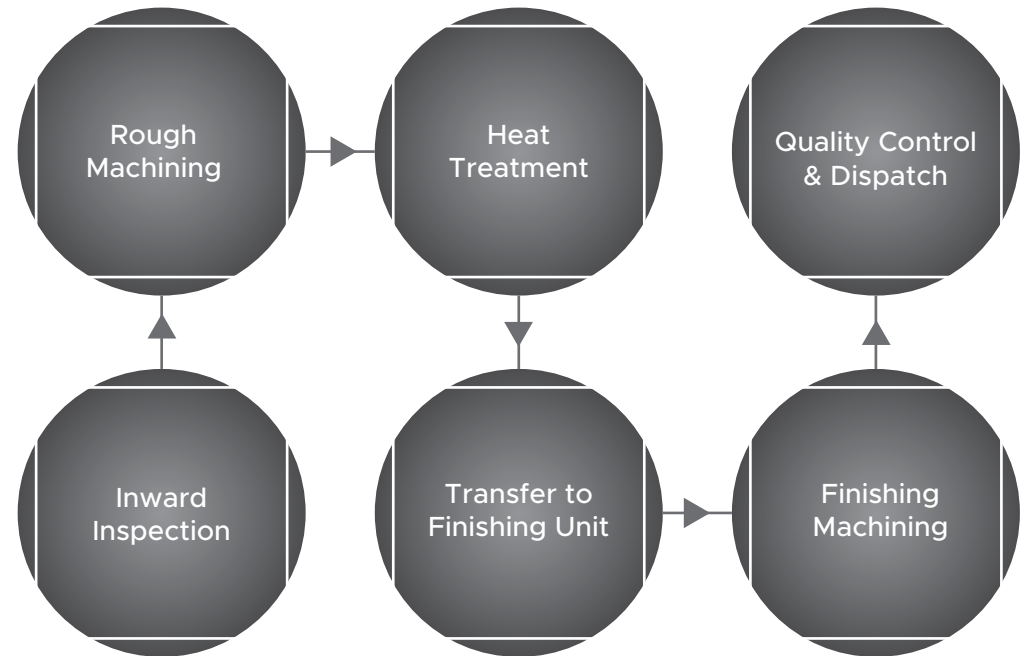
EXPORT & DISTRIBUTION NETWORK IN
OVER 80 COUNTRIES & 6 CONTINENTS

FULLY INTEGRATED MACHINING AND FORGING PROCESS

FORGING PLANT



MACHINING PLANT



OUR MACHINING PLANT

Existing Plant in
Belgaum,
Karnataka and
UAE:
**8 Acre + 1
Acre**

+

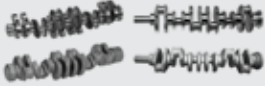



New Proposed
Land Area
in Belgaum:
13 Acres

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Total Land Area:
22 Acres

Existing Machining Capacity at Belgaum, Karnataka : **18,000 tonnes**

DISCOVER OUR DIVERSE ARRAY OF PRODUCTS

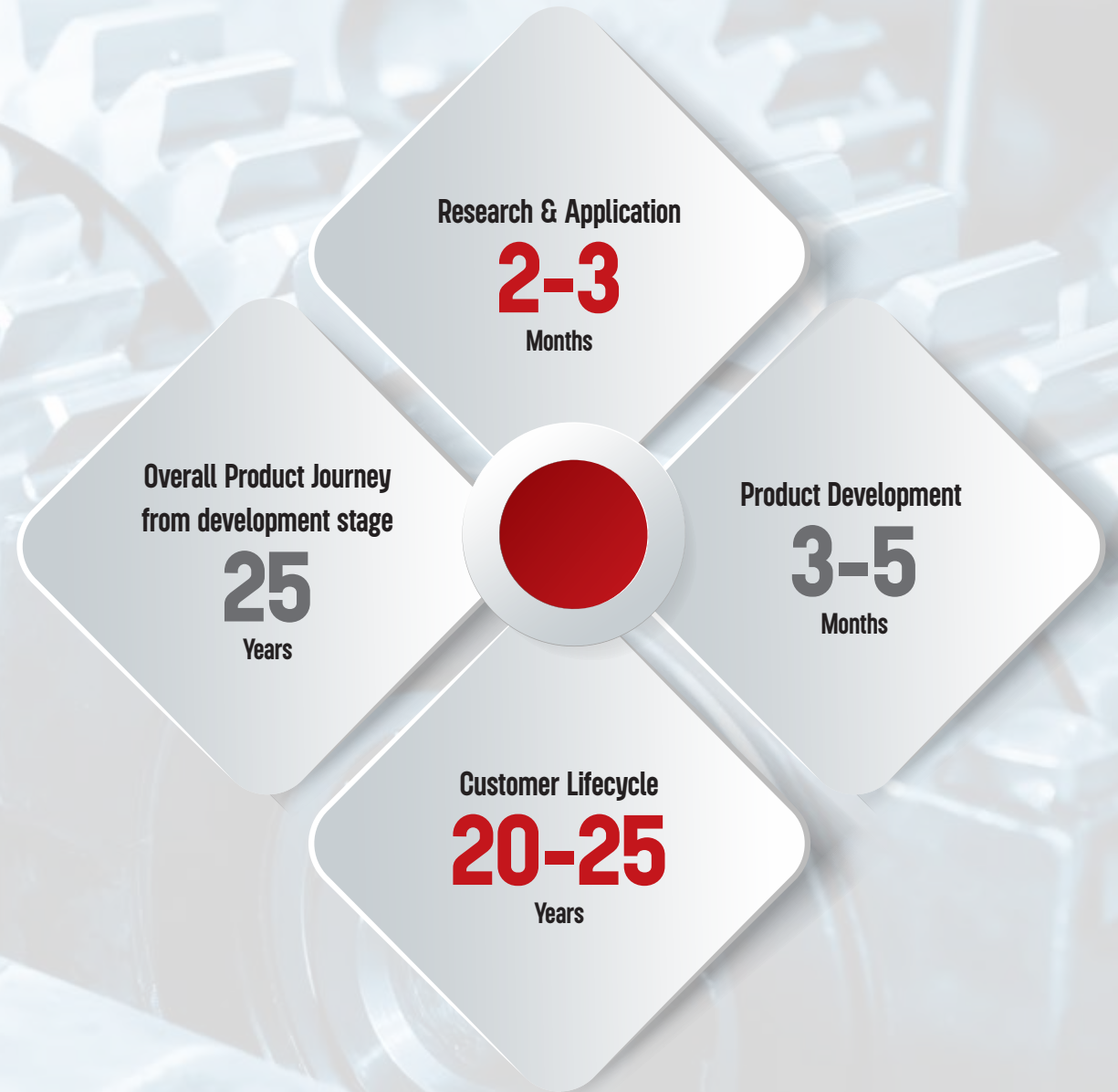
Product & Capability	Product Description	Image
Crankshafts	Mechanical component that converts reciprocating motion into rotational motion in internal combustion engines and other machines. A vital part of the engine assembly that plays a critical role in the engine's performance	
Railway Wheels : Axles and Wheel Sets	Railway wheels are typically made of steel and are mounted on steel axles, which rotate freely in bearings. The axles are connected to the locomotive or carriage through a suspension system that provides stability and absorbs shocks and vibrations. The wheels and axles work together to support the weight of the train, transmit power and torque from the locomotive, and enable the train to move along the rails.	
Under Carriage : Track Shoe, Track Link, Track Roller, Carries Roller, Sprocket, Track Chain, Idler	<ul style="list-style-type: none"> -Track shoes are the outermost part of the undercarriage and provide traction and support on the ground. -Track links connect the track shoes together and form the track chain. -Track chain is driven by the sprocket, which is powered by the vehicle's engine and provides the necessary torque to move the vehicle forward or backward. -Track rollers and carrier rollers support the weight of the vehicle and guide the track chain as it moves along the sprocket and idler. 	
Transmission & Clutches: Drive Shafts, Input & Output Shafts, Main Shafts, Yokes	<ul style="list-style-type: none"> - Drive shafts transmit torque and rotation from the transmission to the differential or axle, which then powers the wheels. - Input and output shafts are located inside the transmission and are responsible for receiving power from the engine and delivering it to the drive shaft or other transmission components. - Main shafts are also located inside the transmission and are responsible for transmitting torque and rotation to the gears. - Yokes are components that connect the drive shaft to the transmission or differential and transmit torque between the two components. 	

DISCOVER OUR DIVERSE ARRAY OF PRODUCTS CONTD...

Product & Capability	Product Description	Image
Chassis: Front Axle Beams, Steering Knuckles, Control Arm, Fork, Steering	<ul style="list-style-type: none"> -Front axle beams support the weight of the front of the vehicle and connected to the suspension system and the steering components. -Steering knuckles connect the wheels to the suspension system and allow them to turn. -Control arms are part of the suspension system and connect the steering knuckles to the vehicle's frame. -Forks are part of the steering system and connect the steering knuckles to the steering linkage. 	
Oil, Gas and Flow Control: Stainless Steel Flanges, Valve Components, Stub Ends, Forged Hydraulic Fittings	These components are essential in various industrial and mechanical applications where the reliable and efficient transfer of fluids or gases is required.	
Hydraulic Motors : Rotor, Track, Body & Piston Brakes	These components are brake systems which work by converting kinetic energy into heat energy through friction between the braking surfaces, resulting in the slowing down or stopping of the vehicle.	
Brake Parts : Hub, Brake Flange, Disc, Caliper	These components work together to provide effective braking performance and ensure the safe operation of the vehicle. The design and construction of disc brake systems vary depending on the specific application and performance requirements.	
Hooks : Sorting, Snap, Shank, Ramshorn Lifting Hooks	Sorting, snap, shank, and ramshorn lifting hooks are all types of lifting hooks used to lift and move heavy objects in various industrial and construction applications.	
Towing Accessories Swan Necks, Flange Balls, Tow Bar	These components are used in as Towing Accessories.	
Turbine Blades	Turbine blades are airfoil-shaped components that are used in the turbines of various power generation and propulsion systems, such as gas turbines, steam turbines, and jet engines.	

IN-HOUSE RESEARCH & DEVELOPMENT UNIT

- Our R&D team comprises of ~45 skilled employees
- Our R&D process follows the below steps:
 - Development of New Materials: Number of new material chemistries are worked on during the R&D Projects to assess the material compositions & applications of newer metals.
 - Product Engineering & New Product Development
 - Advanced & Additive Manufacturing: Number of additive-manufacturing methodologies to ensure flexibility and speed for rapid prototyping & New Product Development
 - State of the Art Machining: The Machining Facilities are well supported with State-of-the-Art Infrastructure namely : Comprehensive In-House Tool Room, Metallurgical Labs, Design & Process Facilities, Inspection & Tests Facilities



INDUSTRIES WE CATER TO



Agriculture
Tractors, Harvesters



Heavy Duty
Trucks, Buses, Trailers
Automotive



Generators
Industrial, Standby,
Home backup, Portable



Oil & Gas
Pumps & Compressors



Refrigeration
Compressor Industrial



Off Road & On Road
Motorcycles, Carts, Jet Skis



High Performance
Racing Series



Locomotive



Marine



Aerospace



Defence



Railways

LEVERAGING OUR STRENGTHS

Over three decade of experience in Precision Engineering

Proficient in identifying and leveraging opportunities through the strategic acquisition of potential assets at reasonable price

Diverse range of product offerings & applications

Dedicated R&D facility

Renowned brand name across the globe

State of the art manufacturing facility in Belgaum, Karnataka

Strong distribution network in over 80 countries across 6 continents

Skilled designers with a hand on experience on operating 2D, 3D and CAM Modelling Software to offer clients end to end Designing Solutions

Fully Integrated Forging and Machining Capacity

Plant Area: 22 Acres plant in Belgaum, Karnataka

OUR INDUSTRY

- Precision Engineering incorporates precision machine tool design and assessing machine design, construction, precision valuation and procedure, R&D, and production and measurement of products and parts with high accuracy
- The global precision engineering machines market size is estimated to reach **\$19.27 Bn by 2028 from \$12.33 Bn in 2021**
- Forging: The India metal forging market is projected to grow from **\$4.32 Bn in 2022 to \$8.80 Bn by 2029, at a CAGR of 10.69%**
- Factors that are leading to growth in both the industry:
 - Industries, such as aerospace, automotive, electronics, medical devices, and defence, require highly accurate and reliable components
 - Automation has become increasingly important in precision engineering, as it allows for faster production times, greater accuracy, and improved quality control
 - Precision engineering plays a crucial role in reducing waste and increasing efficiency in manufacturing

Source: <https://www.grandviewresearch.com/industry-analysis/precision-engineering-machines-market-report>
<https://www.fortunebusinessinsights.com/india-metal-forging-market-106788>



OUR WAY FORWARD...

FOCUS ON DIVERSIFICATION

- Further expansion into international markets
- Developing solutions across the entire spectrum of New Energy Component
- Company to manufacture components upto 3.0 metres long and 500 kgs
- Developing components for railway and defence industry
- Developing Powertrain sub-assemblies which will be used in the production of engines that will power a variety of tractors
- The company is seeking to expand the wheel production capacity to 48,000 wheels per year in the future

INVESTMENTS IN R&D

- Enhancing R&D capabilities to further provide better quality and cost efficiency

BACKWARD INTEGRATION

- Integrating Precision Engineering with Forging to provide end-to-end capabilities and focusing towards replicating our success in precision engineering in forging as well. Additionally, backward integration will include commissioning of integrated hammer and press line

CAPACITY ENHANCEMENT

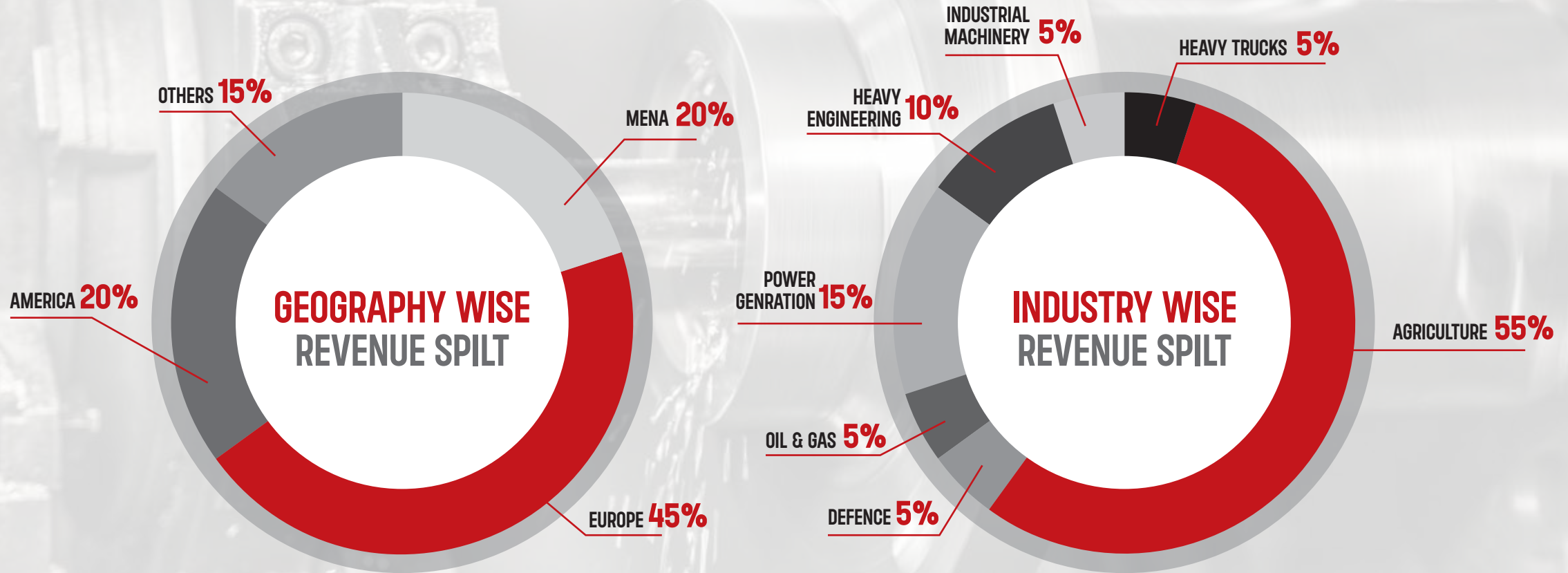
- Machining capacity to increase by ~15,000 tonnes post Mercedes Benz Plant commercialization

MANAGEMENT GUIDANCE

- Revenue to grow in the range of **20.0% to 25.0%** for FY24 led by expansion in capacity and growing demand for our products in the underlying industries like agriculture, defence railways, etc.
- EBITDA Margins to remain in the corridor of **20%-22%** for FY24

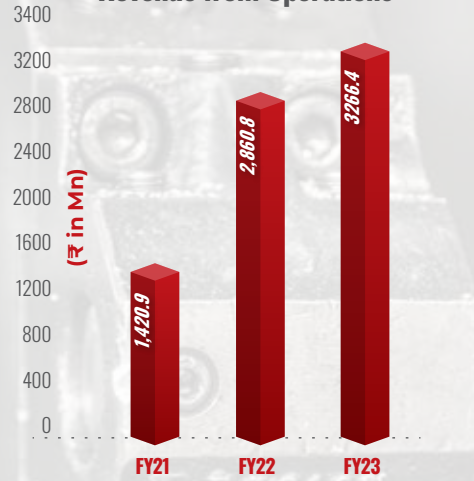


REVENUE SPILT FY23

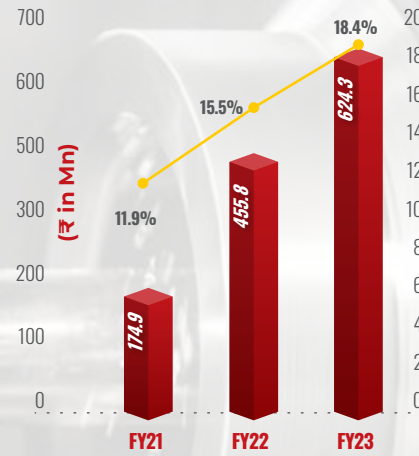


KEY FINANCIAL METRICS

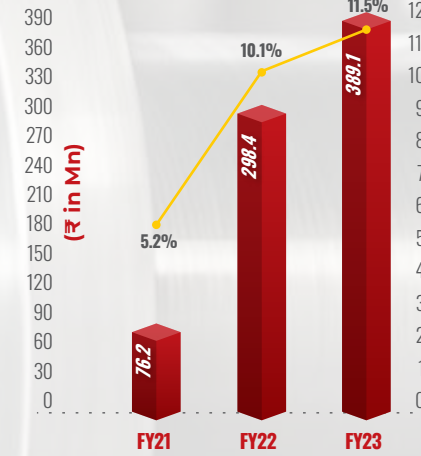
Revenue from Operations



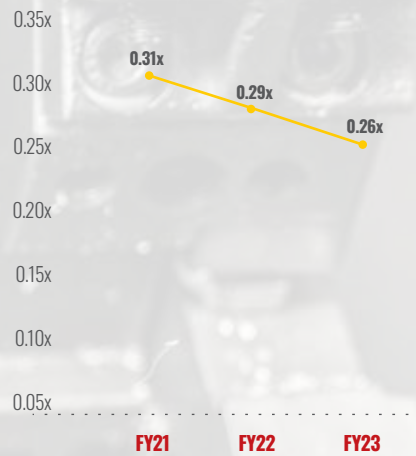
EBITDA & EBITDA Margin (%)



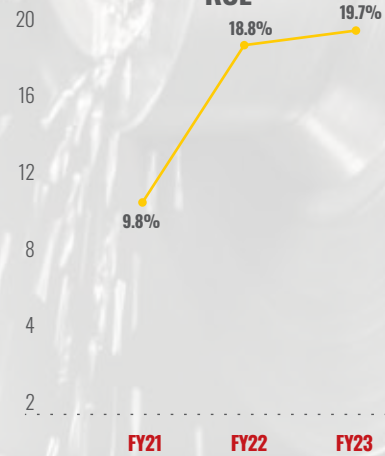
PAT & PAT Margin (%)



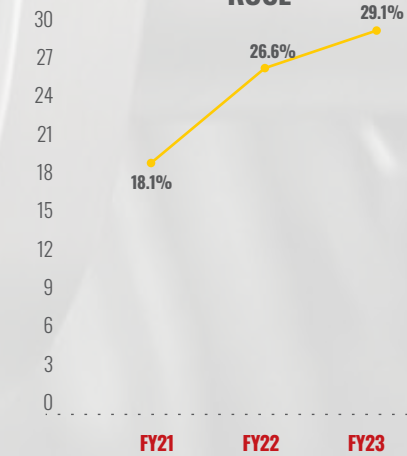
Debt/Equity



ROE



ROCE



INCOME STATEMENT

Particulars (₹ in Mn)	Q4 FY23	Q4 FY22	YoY%	Q3 FY23	FY23	FY22	YoY%
Revenue from Operations	1,237.8	822.9	50.4%	917.3	3,266.4	2,860.8	14.2%
Other Income	5.5	52.0		2.8	126.5	85.3	
Total Revenue	1,243.3	874.9	42.1%	920.1	3,392.9	2,946.1	15.2%
Total Expenses excluding D&A & Finance Cost	1,031.0	720.3		718.8	2,768.6	2,490.4	
EBITDA	212.3	154.6	37.3%	201.3	624.3	455.7	37.0%
EBITDA Margin (%)	17.1%	17.7%		21.9%	18.4%	15.5%	
Depreciation & Amortization	4.4	2.8		3.2	13.3	10.5	
Finance Cost	35.2	17.0		27.6	105.3	52.3	
PBT before Exceptional Item	172.7	134.8		170.5	505.7	392.9	
Exceptional Items	-	-2.1		-	-	-2.1	
PBT	172.7	132.7		170.5	505.7	390.8	
Tax	20.3	26.4		56.0	116.5	92.4	
PAT	152.4	106.3	43.4%	114.5	389.2	298.4	30.4%
PAT Margin %	12.3%	12.1%		12.4%	11.5%	10.1%	
Other comprehensive profit / loss	-0.4	0.1		0.2	0.9	1.7	
Net PAT	152.0	106.4		114.7	390.1	300.1	
Diluted EPS (In Rs.)	1.8	1.3		1.4	4.7	3.6	

- Revenue from Operations grew by **14.2% from ₹ 2,860.8 Mn in FY22 to ₹ 3,266.4 Mn in FY23** led by expansion in our product offerings and increasing demand for our key products across various industries.

- EBITDA grew by **37.0%** and **EBITDA margins have improved from 15.5% in FY22 to 18.4% in FY23** on account of increase in exports, greater contribution from higher margin products and operational efficiency.

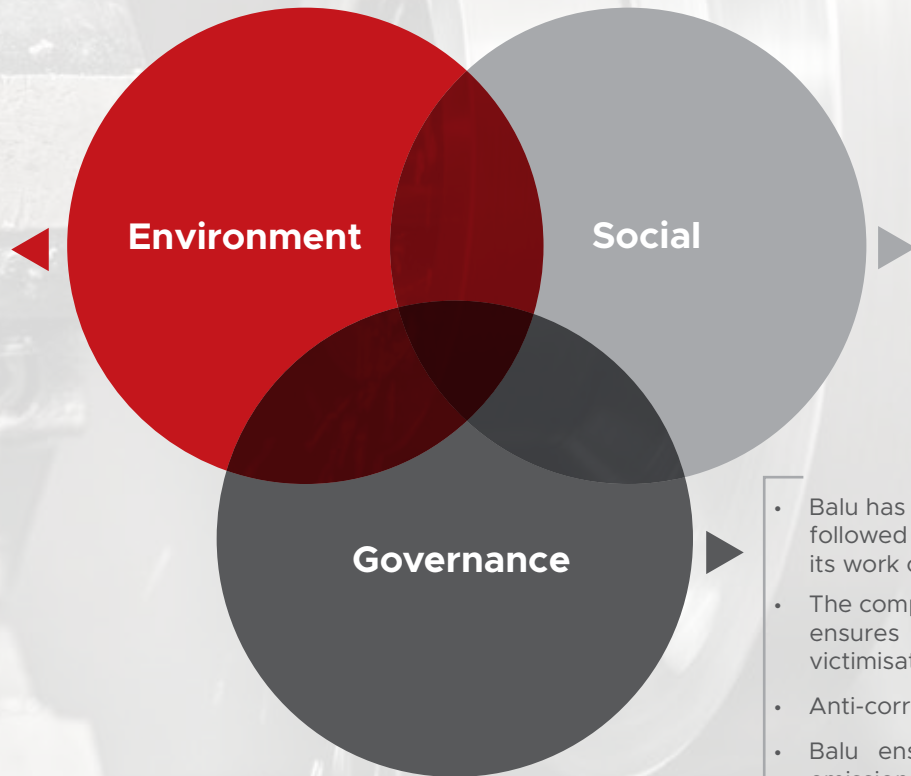
BALANCE SHEET

Particulars (₹ in Mn)	FY23	FY22	Shareholders Fund	FY23	FY23
Assets			Equity and Liabilities		
PP&E	152.9	89.9	Equity Share Capital	833.6	823.2
Right to Use of Assets	4.2	7.9	Other Equity	1,142.7	763.1
Capital WIP	66.7	66.7	Shareholders Fund	1,976.3	1,586.3
Intangible Assets	0.5	0.4			
Goodwill	325.4	325.5	Long Term Borrowings	116.9	74.3
Other Financial Assets	5.3	4.9	Lease Liability	0.2	4.9
Deferred Tax Assets (Net)	21.2	-	Provisions	8.2	7.5
Other Non-Current Assets	142.8	3.0	Deferred Tax Liability (Net)	-	0.5
Non-Current Assets	719.0	498.2	Non-Current Liabilities	125.3	87.1
Inventories	348.2	423.3			
Trade Receivables	2,105.2	1,289.6	Borrowings	396.40	390.9
Cash & Cash Equivalents	51.5	59.2	Lease Liability	5.20	3.9
Other Bank Balances	27.5	12.0	Trade Payables	655.00	452.2
Loans	11.7	3.1	Other Financial Liabilities	409.80	226.2
Other Financial Assets	54.7	68.3	Other Current Liability	23.00	10.2
Other Current Assets	389.8	490.7	Provisions	1.30	1.5
Current Tax Assets (Net)	-	-	Current Tax Liability (Net)	115.30	86.2
Current Assets	2,988.6	2,346.2	Current Liabilities	1,606.00	1,171.0
Total Assets	3,707.6	2,844.3	Total Equity and Liabilities	3,707.60	2,844.3

BALU'S 2030 GOALS IN ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

Balu operates in line with the UN SDGs and actively contributes to the Social and Economic Development of the communities. In doing so, Balu has built a better and sustainable way of life for the weaker and marginalised sections of society and raise the country's human development index.

- Reduce absolute greenhouse gas emissions from Balu's operations and become Carbon Neutral by 2030
 - Total emission per crank shaft produced was reduced from 0.206 t-CO₂ per crankshaft to 0.195 t-CO₂ on account of increase in productivity and efficiency
- Reduce absolute water consumption by 30% from 2021 to 2030
- Implementing sustainable waste management system as part of the environmental policy to minimise environmental footprint and to optimise resources through energy-saving and efficiency measures



- Skills-based programs are developed locally and tailored to the specific needs of the business which aids in upskilling Balu's employees in the manufacturing division
- Rotational Development Program for early-career employees which gives them an opportunity to work with new product introduction and continuous improvement, rotating between assignments and gaining foundational training, as well as coaching, mentoring, and professional development opportunities to grow both technical and leadership skills

- Balu has an Ethics Framework in place to ensure ethical standards are followed by its vendors and contractors through appropriate clauses in its work contract
- The company has a whistle-blower policy and mechanism in place that ensures confidentiality and protection of whistle-blower from victimisation
- Anti-corruption and Anti-competitive training to all the employees
- Balu ensures strict adherence to the regulations pertaining to emissions, safety, product labelling and other applicable clauses Bureau of Indian Standard

INFRASTRUCTURE



AWARDS & CERTIFICATIONS



We have been accredited with ISO 9001 certifications for more than a decade for continuous manufacturing excellence.

We have been a IATF16949:2016 accredited company for almost a decade for offering Precision Engineering Solutions of the Highest Standards to our customers.

We have been accredited with the ISO 14001:2015 (Environmental Management System) certification in the year 2020 owing to continuous effort & commitment to an Environmental Conscious Culture at the company. We have targeted to be a Carbon Neutral company by the year 2030 & the steps towards that goal have been initiated from 2020. A large emphasis has been put on Wind & Solar Energy amongst other renewable sources. A Blueprint has also been laid out for our very own Solar Farm to fulfill the needs of our Manufacturing Plants.

We take our management systems for occupational health and safety (OH&S) very seriously at our company. The members of our team are truly our biggest assets & to inculcate a culture for their Health & Safety is our biggest priority. We were accredited with the said certification in 2020 which is a proof of our strong emphasis on the wellbeing every member of the Balu Family proving a very safe & healthy working culture & environment.

CAPITAL MARKET INFORMATION

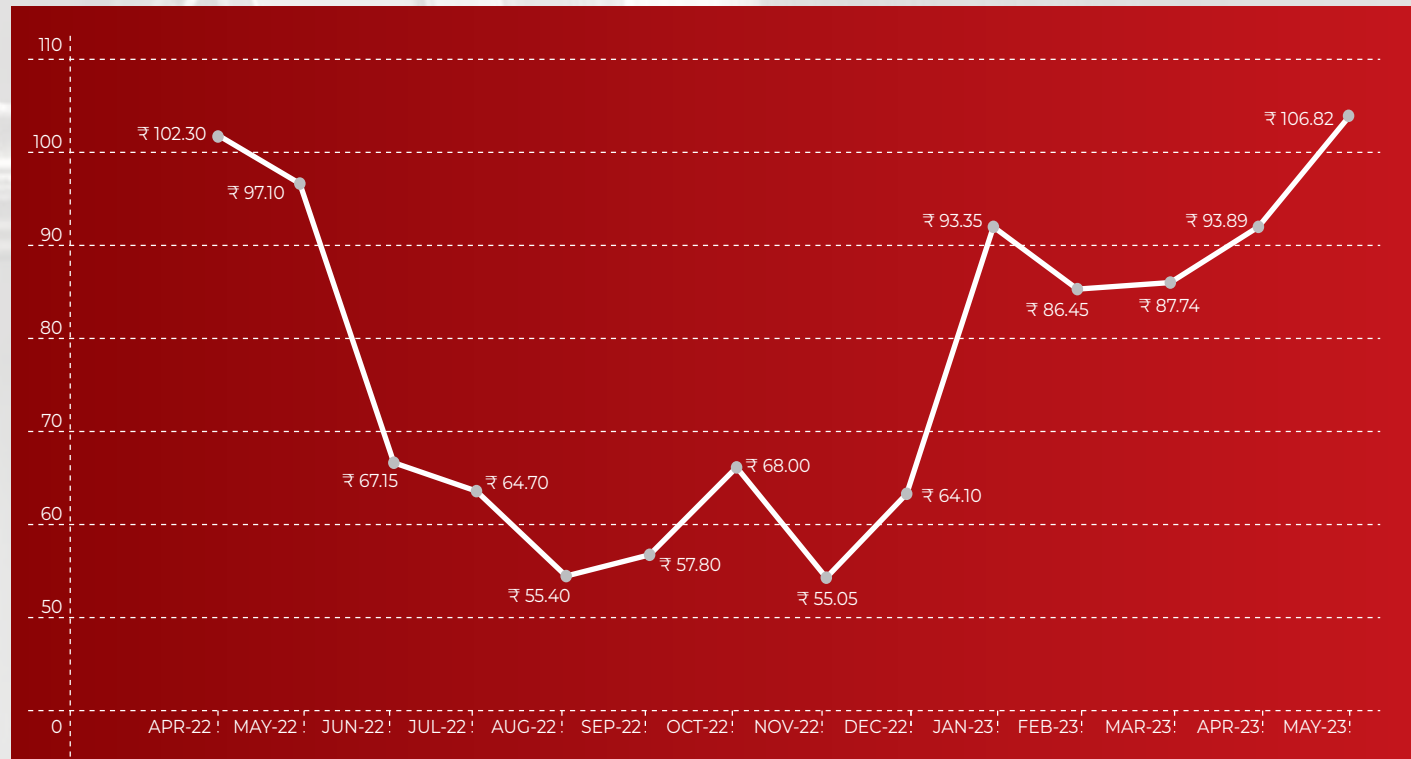
Shareholding Pattern as on 31st March, 2023

Particulars	% Shareholding
Promoter and Promoter Group	65.41%
Public	34.59%
TOTAL	100.00%

Market Indicators

Listed on	BSE
Scrip Code	BALUFORGE
Issued Shares	8,33,64,886
Share price (as on 15th May, 2023)	₹106.82
Market Capital (Rs. million)	₹890.50
52 Weeks High/Low	₹118.95/₹52.00

Market Price Performance





BALU
FORGE

THANK YOU

For further information contact
www.baluindustries.com

Krunal Shah | Naman Maheshwari

Captive IR Strategic Advisors Pvt. Ltd.

Email: krunal@cap-ir.com /
naman@cap-ir.com

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