

Date: 31<sup>st</sup> October, 2023

To,  
General Manager,  
Department of Corporate Services,  
BSE Limited.,  
P J Towers, Dalal Street,  
Mumbai- 400 001.

**Sub: - Earnings Release for the Quarter and Half Year ended 30<sup>th</sup> September, 2023.**

**Ref: BSE Scrip Code: 531112.**

Dear Sir/Madam,

Kindly find enclosed herewith the Earnings Release for the Quarter and Half Year ended 30<sup>th</sup> September, 2023.

Request you to kindly take the above information on your records.

Thanking You,

Yours faithfully,

**For Balu Forge Industries Limited**

**Tabassum Begum**  
**Company Secretary & Compliance Officer**  
**Membership No.: - A58602**



**BALU FORGE INDUSTRIES LTD**

**CIN: L29100MH1989PLC255933**

506, Imperial Palace, 45 Tolly Park Road, Andheri East, Mumbai – 400 069, India  
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# EARNINGS RELEASE & SHARE HOLDERS' LETTER

Q2 FY24 | October 31<sup>st</sup>, 2023



## **About Balu Forge Industries Ltd (“BFIL” or the “Company”):**

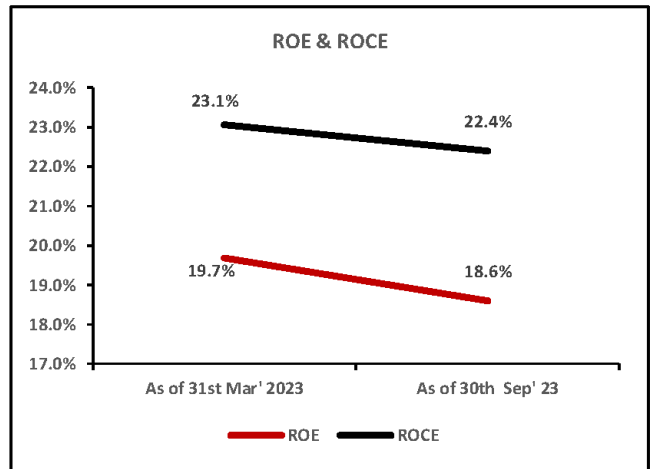
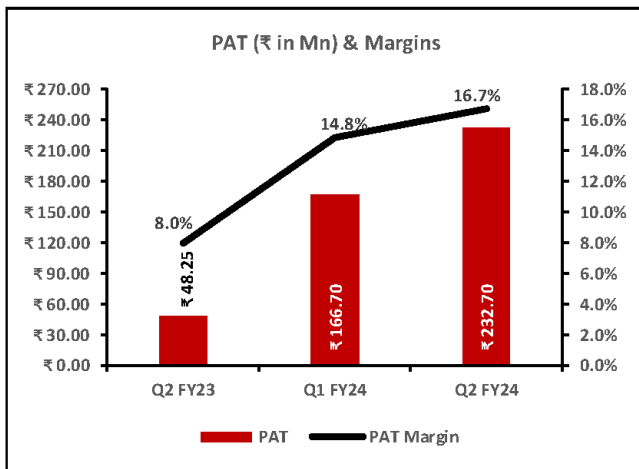
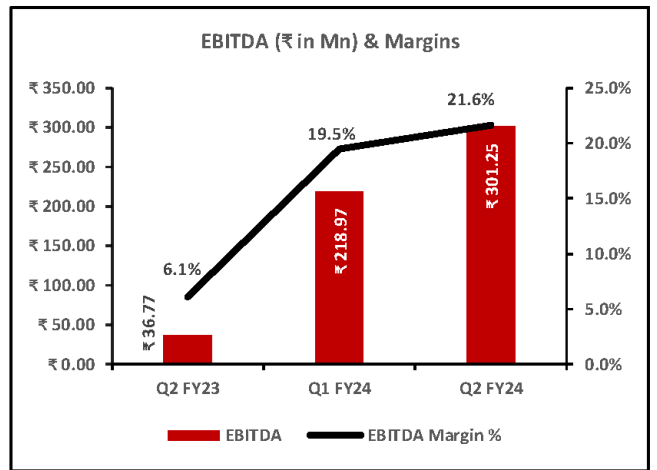
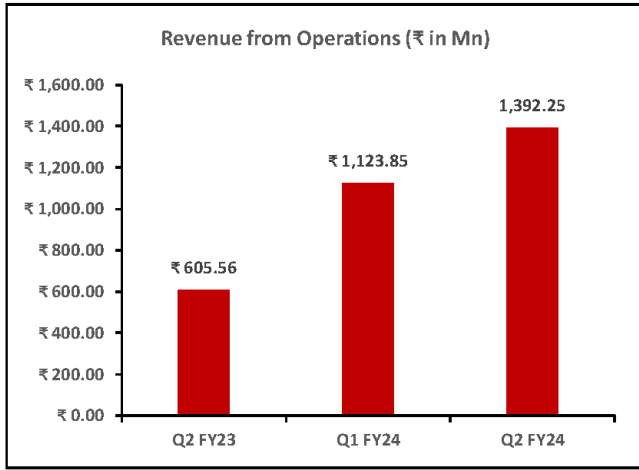
- **Balu Forge Industries Ltd is one of the leading companies in India to mass-produce Crankshafts.**
  - **It is engaged in the manufacturing of finished and semi-finished crankshafts and forged components and has a strong clientele comprising of 25+ OEM’s.**
- **The Company boasts of a precision machining unit with a comprehensive product range which caters to customers across various industries such as automobiles, ships, locomotives, aerospace, defence, oil and gas, railway, marine, prototypes and others.**
- **The facility is located in Belgaum, Karnataka and has an existing capacity to produce 18,000 tonnes Forged Components per annum which will be expanded to ~32,000 tonnes in the coming quarters.**
  - **Further, the company has R&D team comprising of ~45 people**
- **BFIL through its subsidiaries has distribution network in over 80+ countries and operates in export and domestic markets.**

## **BUSINESS UPDATES:**

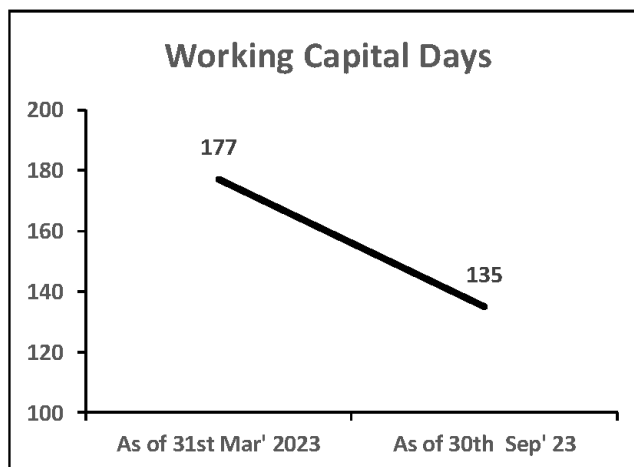
- **Raised capital of ~ ₹91.80 Crs by issuing fully convertible warrants to the promoters, where each warrant is convertible into an equivalent number of equity shares, each with a face value of ₹10/-**
- **Raised capital of ~ ₹45.90 Crs by issuing 25 lakhs equity share to Sixteenth Street Asian Gems Fund**

# KEY PERFORMING METRICS:

**“Another quarter of resilient and robust performance”**



*Note: The decline in ROE and ROCE is due to fresh infusion of equity which took place in the month of July. Further, the proceeds from the same are currently being deployed.*



## FINANCIAL PERFORMANCE:

Particulars (Rs. Mn)	Q2 FY24	Q2 FY23	YoY%	Q1 FY24	H1 FY24	H1 FY23	YoY%
Revenue from Operations	1,392.25	605.56	130%	1,123.85	2,516.09	1,109.52	127%
Other Income	40.61	65.79		1.07	41.68	119.89	
<b>Total Revenue</b>	<b>1,432.86</b>	<b>671.35</b>	<b>113%</b>	<b>1,124.92</b>	<b>2,557.78</b>	<b>1,229.41</b>	<b>108%</b>
Total Expenses excl. D&A & Finance Cost	1091.00	568.79		904.88	1995.88	1,018.63	
<b>EBITDA (Excluding other income)</b>	<b>301.25</b>	<b>36.77</b>	<b>719%</b>	<b>218.97</b>	<b>520.21</b>	<b>90.89</b>	<b>472%</b>
<b>EBITDA Margin (%)</b>	<b>21.64%</b>	<b>6.07%</b>		<b>19.48%</b>	<b>20.68%</b>	<b>8.19%</b>	
Depreciation & Amortization	4.59	2.90		4.59	9.18	5.75	
Finance Cost	37.65	26.21		24.79	62.44	42.60	
<b>PBT before Exceptional Item</b>	<b>299.62</b>	<b>73.45</b>		<b>190.66</b>	<b>490.28</b>	<b>162.42</b>	
Exceptional Items	0.00	0.00		0.00		0.00	
<b>PBT</b>	<b>299.62</b>	<b>73.45</b>		<b>190.66</b>	<b>490.28</b>	<b>162.42</b>	
Tax	66.92	25.19		23.96	90.88	40.20	
<b>PAT</b>	<b>232.70</b>	<b>48.25</b>	<b>382%</b>	<b>166.70</b>	<b>399.40</b>	<b>122.23</b>	<b>227%</b>
<b>PAT Margin %</b>	<b>16.71%</b>	<b>7.97%</b>		<b>14.83%</b>	<b>15.87%</b>	<b>11.02%</b>	
Other comprehensive profit / loss	0.57	0.68		0.04	0.61	0.69	
<b>Net PAT</b>	<b>233.27</b>	<b>48.93</b>		<b>166.74</b>	<b>400.01</b>	<b>122.91</b>	
Diluted EPS (In Rs.)	2.47	0.58		2.00	4.50	1.48	

## BALANCE SHEET AS ON:

Particulars (₹ in Mn)	As of 30th Sep' 23	As of 31st Mar' 2023	Particulars (₹ in Mn)	As of 30th Sep' 23	As of 31st Mar' 2023
<b>Assets</b>			<b>Equity and Liabilities</b>		
PP&E	151.70	152.86	Equity Share Capital	1,000.92	833.65
Right to Use of Assets	2.12	4.19	Other Equity	3,303.20	1,142.65
Capital WIP	66.70	66.70	<b>Shareholders Fund</b>	<b>4,304.12</b>	<b>1,976.30</b>
Intangible Assets	0.49	0.49			
Goodwill	325.45	325.45	Long Term Borrowings	257.82	116.93
Other Financial Assets	5.48	5.31	Lease Liability	2.54	0.16
Deferred Tax Assets (Net)	23.31	21.16	Provisions	8.40	8.23
Other Non-Current Assets	744.93	142.83	Deferred Tax Liability (Net)	0.00	0.00
<b>Non-Current Assets</b>	<b>1,320.17</b>	<b>718.97</b>	<b>Non-Current Liabilities</b>	<b>268.77</b>	<b>125.31</b>
Inventories	686.49	348.22	Borrowings	446.46	396.41
Trade Receivables	2436.62	2,105.20	Lease Liability	0.06	5.22
Cash & Cash Equivalents	447.49	51.45	Trade Payables	1,057.22	655.04
Other Bank Balances	574.36	27.54	Other Financial Liabilities	352.21	409.83
Loans	263.70	11.73	Other Current Liability	21.42	22.94
Other Financial Assets	52.89	54.70	Provisions	0.90	1.26
Other Current Assets	777.35	389.76	Current Tax Liability (Net)	107.92	115.26
<b>Current Assets</b>	<b>5,238.90</b>	<b>2,988.60</b>	<b>Current Liabilities</b>	<b>1,986.18</b>	<b>1,605.96</b>
<b>Total Assets</b>	<b>6,559.07</b>	<b>3,707.57</b>	<b>Total Equity and Liabilities</b>	<b>6,559.07</b>	<b>3,707.57</b>

## **MANAGEMENT COMMENTARY:**

**Commenting on the performance of Q2 FY24, the management team of BFIL stated:**

*“We are delighted to share our financial and business performance for Q2 FY24. In this quarter, we achieved our highest-ever revenue, with a remarkable 130% growth in revenue from operations, increasing from ₹605.56 Mn in Q2 FY23 to ₹1,392.25 Mn in Q2 FY24. This growth can be attributed to our expanded product portfolio, including the introduction of heavy-duty crankshafts, as well as increased demand for our products across a wide range of industries, such as automotive, locomotives, defense, oil and gas, railway, marine, prototypes, and more. EBITDA grew by 719% and margins have improved from 6.07% in Q2 FY23 to 21.64% in Q2 FY24 owing to increase in scale of operations, increased contribution from high-margin products and addition of new OEM’s customer. PAT margins improved from 7.97% in Q2 FY23 to 16.71% in Q2 FY24.*

*In terms of H1 performance, revenue from operations increased by 127% and stood at ₹2,516.09 Mn in H1 FY24 compared to ₹1,109.52 Mn in H1 FY23. EBITDA increased by 472% from ₹90.89 Mn in H1 FY23 to ₹520.21 Mn in H1 FY24, and margins have improved from 8.19% in H1 FY23 to 20.68% in H1 FY24. PAT increased by 227% and stood at ₹399.40 Mn in H1 FY24 compared to ₹122.23 Mn in H1 FY23, margins have improved from 11.02% in H1 FY23 to 15.87% in H1 FY24 during the same period.*

*Additionally, we are pleased to announce a notable improvement in our working capital days which has improved from 177 days as on 31<sup>st</sup> Mar’23 to 135 days as on 30<sup>th</sup> Sep’ 23. This was primarily attributed to concerted efforts in optimizing our credit control processes while maintaining healthy customer relationships, resulting in a reduction in debtor days.*

*On the capex front, our plan for enhancing our machining capacity by ~14,000 tonnes at our newly acquired 13 acre land in Belgaum, Karnataka is progressing well. The operations from this facility are expected to commence from Q4 FY24, that will enable us to produce heavier and more complex crankshafts having better realizations and margins.*

*Further, as we evolve, we are witnessing a lot of green-shoots in the defense and railway industry. This presents a significant growth opportunity for BFIL, as we continue to expand our footprints in these sectors by leveraging on our brand and R&D expertise. Apart from this, we are increasing our reach in newer regions and are actively evaluating acquisition of plants and machines to support our pursuit of becoming a fully integrated company which will enable us to diversify our product portfolio and bolster our efficiency, productivity and margins.*

*Lastly, we are confident that our forthcoming capacity expansion, coupled with favorable macroeconomic trends, will pave the way for us to realize sustainable revenue growth and greater surpluses.*

*We would like to thank our employees for their efforts and our investors/stakeholders for their continued support and encouragement.”*

## **MANAGEMENT GUIDANCE:**

- Revenue is expected to conservatively grow by ~25.0% in FY24 over FY23, led by growth opportunities in the various industries like defence, railways, and others
- EBITDA margins are expected to be in the corridor of 22.0%-23.0% in the upcoming quarter on the back of increasing scale of operations and efficiencies thereon

## **DISCLAIMER:**

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.

## **CONTACT DETAILS:**

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