

November 20, 2025

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 November 13, 2025.

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 November 13, 2025.

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

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KALYANI FORGE



KALYANI FORGE LIMITED
ANALYST / INVESTOR CONFERENCE CALL
Q2 & HALF YEAR RESULTS ENDED ON SEPTEMBER 30, 2025 - TRANSCRIPT

The Company hosted an Analyst / Investor Conference Call (Virtual - Mode) to discuss the financial performance for the second quarter and half year ended on September 30, 2025 on –

Date: Thursday, November 13, 2025
Time: 11:00 AM – 11.40 AM 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 to Investor Analyst Conference call for Q2 of Kalyani Force Ltd. 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. Video recording and transcripts will be made available on our website and the stock exchanges portal within the requisite time period.

During this call, there might be certain forward-looking statements based upon the current expectations and assumptions which may involve risk and uncertainties that may cause actual results to differ. All the material information required to be disclosed as per the SEBI LODR has been shared publicly. No UPSI will be disclosed during the call.

All the participants are kept on mute by default. Interested one may raise their hands or use chat box to ask questions post the presentation. We have a managing director on a call, Mr. Viraj Kalyani. I would like to hand over the platform to our MD. Thank you.

Mr. Viraj G. Kalyani: Thank you. Rajkumar is our moderator for today's call. Good morning, everyone, and welcome to our investor meet for Q2 of FY26. I will take you through our presentation, highlighting the major events and results of the quarter as well as progress made by the company. After that, we will open up for some Q&A.

This is our investor presentation for Q2 FY26. This is our safe harbour statement. Basically, the contents of this presentation contain forward-looking statements, but these are based on assumptions and information currently available to the management. This is our standard safe harbour statement. I invite you all to please go through it after this call as our presentation is available online.

So notable highlights of this quarter. We have **robust growth momentum** despite U.S. tariff-related exports reduction. Our domestic sales maintain momentum from the post GST cut that our government had initiated around the time of just before Diwali.

So we are aware of the U.S. tariff-related risks, which were highlighted last quarter. We know that these are temporary in nature and the situation is evolving, but we are focused on more long-term sustainable business relationships with our customers across geographies.

In spite of having a reduction in revenue to some extent because of the exports coming down, our profitability remains strengthened. Our **PAT margin improved** by 53% from the previous quarter through cost control, clean audit actions, and operational efficiency. Our EBITDA margin grew to 13% in spite of the reduction in exports business and this has come through improving our product needs as well as the above-mentioned actions.

In spite of the overall risks of U.S. tariff, our **export strategy is still on track**. New exports business has ramped up and SOPs have also commenced, particularly in Europe.

Our strategic projects have also been moving forward as per plan. The Vrindhi Council delivered gains and savings worth Rs. 17 crore in value. This is the first year that we are

measuring our strategic project impacts, which ultimately have an impact on the overall company financials as well as on future growth prospects.

I would like to highlight that this quarter in Q2, we had a special focus on **Governance and compliance drive**, and we made a lot of progress in this regard. We've had clean audit review actions, which are completed, and new ERP controls implemented. We use SAP software and by implementing new controls, we have automated several workflows across departments which improve efficiency as well as increase our audit-related compliances.

Secondly, we have **implemented a compliance software**, and now we have full visibility on all compliances affecting the company, and these are tracked by our Company Secretary, Aishwarya and her team with regular reviews with our cross-functional departments and the compliance owners in each area. By implementing the software, we are now ahead of any sort of risk events that may occur and our foundations are becoming stronger. We are much more prepared, and we can ensure that we avoid any sort of non-compliance events. This really saves a lot of time, improves productivity for the entire company, and there are several gains which then indirectly improve our execution.

Thirdly, our **IFC (Internal Financial Control) score has increased** this quarter as well. Again, this is part of the clean audit roadmap, and Internal Financial Controls are a very important area which will help us scale up as a business so that a lot of decision-making can scale up, and is not based on individuals only or on variations, but largely process- and system-driven. So, that's one of the major highlights of this quarter, which I would like to make all our shareholders and investors aware.

And finally, our **cash flow and working capital improvement actions** are underway to fuel growth. As some of you may be aware, whenever a business is growing, it sucks up cash, and so we have to be a lot more vigilant in terms of our fund management and our ability to grow without getting cash flow stuck in any particular area.

So, that's an area we are giving a lot of attention. These are our product offerings. Many of you are already familiar with them, but just for the sake of newcomers here, our three product groups are Engine, Driveline, and Axel.

These are all critical high-performance components leveraging decades of experience. And we have especially seen **good growth in the Axel business** this quarter and last quarter as well, and this is an area we want to increase more on.

KFL GROWTH FORMULA:

The KFL growth formula is strong execution plus business development plus CapEx. These are the three main pillars on which our growth objectives stand. So, I'll take you through each of them and that's the usual structure in which we have our investor presentations.

This is our financial performance, the major highlights are that our total income is 56.23 crores. It has reduced largely due to U.S. tariff-related exports coming down to some extent. On the other hand, the domestic business has been sustained as well as increasing in the new business areas.

PAT has also increased to 2.15 crores compared to 1.4 crores in the previous quarter. EBITDA is at 7.11 crores, and EBITDA margin is at 12.6 crores. This is also our highest in the last four quarters and almost as much as our level in the same Q2 last year.

As I said earlier, we have been able to maintain profitability and operating profits through our transformation actions of cost control, clean audit, better product mix and more strategic approach to taking on new business. This was also a question that several people asked last year about whether we are going to sustain our EBITDA margins. And I would like to highlight that that is a very important objective for us and as you can see that we are levelling up on the operating profitability. In spite of reduction in the top line, which is due to a temporary global phenomenon.

Then this is our sales by product group, the engine and driveline revenues have been have slightly reduced, particularly the engine due to where the US exports have come down. On the other hand, the Axel business has been growing over the last two quarters, and we have maintained that level of sales. We expect to see much more growth in both the driveline and Axel product groups.

In Q2 of FY26, engine business accounted for 62% of revenues, driveline 19%, Axel 10%, and other products around 10%. This is our sales by geography and of course, this is one of the major factors affecting the top line in the quarter. Hence, we wanted to highlight what exactly is going on. Tariffs and stock reduction have reduced US truck related business. Export sales are still at around 20% of total sales. In previous quarter, they were slightly higher at 23%.

We have successfully ramped up high volume non-auto export business in the US. This is largely related to stationary engines and the power gen sector.

In Europe, there's a new transmission business whose consignments have commenced from our factory. And we expect to see that scaling up in the coming quarters as well. We are reevaluating old legacy low volume export businesses, which are a drag on growth momentum.

So as part of our transformation journey, in all areas, including in exports, we have to look at which businesses are working and which are future proof, which are scaling up and which ones are not aligning to our long term growth strategy. And those are the calls we are taking and by doing that, we are seeing very good traction in our business priorities, in our execution priorities, as well as our new business development approach.

So speaking of new business development, I'm happy to announce that we have acquired a **new MNC customer** in the Axel business in Q2 and we recently won their order. This business will kick in in the next over a period of six months based on validation cycles. SOP has also commenced for Europe transmission business.

As I mentioned earlier, SOP means startup production. And we have had a ramp up of driveline new business programmes as well.

And our third pillar of growth is CapEx. So here we have seven crores of projects commissioned in the last quarter, commissioned and capitalised from CWIP i.e. Capital Work

in Progress. So earlier, our fixed asset property plant and equipment was 62 crores. It has come up to 69.1 crore and the details of the CapEx programmes are in the graph below. About 58% of this CapEx programme is either in process or completed, which is the green and yellow bars in this graph. And our four major programmes of CapEx are Recon and Productivity that's our A programmes, which relates to existing business. Then second one is ramp up business, which is what we call B programmes. Third is new business, which is what we call C programmes. Fourth is infrastructure upgrades across all the plants in multiple areas, which are very foundational for the company's sustaining growth.

So that's all for updates about this quarter's presentation. The next couple of slides are about the company. I won't go through all of them because these have been presented multiple times in the past, but they are available for you to go through at your leisure.

I'd also just highlight one important announcement. We have a new Independent Director who was appointed yesterday to our board, Mr. Swaminathan. So in the next quarter, I will give more details about him, but it's a very recent announcement as of yesterday. So the idea is to work on strengthening the board and Mr. Abhijit Sen will be retiring in Feb 2026 as he completes 10 years as per regulations, he has to retire. So we are bringing in his successor. All right. Thank you, everyone and Rajkumar, I'll hand over back to you.

Q&A SESSION:

Moderator: Thank you, sir, for your insightful presentation. Moving ahead with the question and answers, I request the participants over here who would like to ask questions, may raise their hands or use chat box.

We have Saket Kapoor over here.

Mr. Saket Kapoor: Yeah. Thank you, Rajkumar ji and Namaskar, sir. Viraj ji, I hope I'm audible.

Mr. Viraj Kalyani: Yes, Namaskar. How are you doing?

Mr. Saket Kapoor: I'm fine, sir. Thank you, sir. How are you?

Mr. Viraj Kalyani: Good. Good. Yeah.

Mr. Saket Kapoor: Thank you, sir. Firstly, sir, if you could just allude to us, you were explaining that it was the US tariff card that affected the business. So if you could throw some more light, what have affected, first of all, our revenue? When we are looking at on a comparative basis on year on year, that is down from 62 crore to 55.67 crore.

So is it only attributable to the US tariff part or what has gone into it? And in that sense, the employee cost has gone up, which is not commensurate. The turnover has fallen and that cost has gone up to that 2 crore impact also only these two factors, especially if you could just explain, sir?

Mr. Viraj Kalyani: Yeah. As I said, largely it is due to the exports reduction. Our customers, some of our customer schedules have been really minimized because the end customer has

destocking and they want to wait for the tariff clarity to come out, which as per the news, it should be coming up pretty soon.

So that has been the major impact and on the employee costs, as I said, we are doing a lot of clean audit actions. So there are some costs which have to be accounted, you know, which were perhaps not fully provisioned in the previous quarter.

Additionally, there have been new recruitment that we have brought in place to strengthen the overall execution, which has increased the cost to some extent. But that is an area which takes time to rationalise the costs as we are working with various factors.

Mr. Saket Kapoor: So sir, going ahead in continuation to this cost absorption, the impact on the margins will continue since we are already 40 days into the third quarter and whatever 55 days in terms of the U.S. tariff that may percolate to the last quarter. So quarter three will also have the same impact of the U.S. aspect and thereby the absorption of cost also. Is it that likelihood?

Mr. Viraj Kalyani: Q3 will have a similar impact on the business side from the U.S. tariffs. So we are looking at Q2, Q3 and Q4, there should be some uptake. But our internal efforts for efficiency improvement, EBITDA margin improvement, getting better price realisation on some of our existing old businesses, all those projects are still on track and a priority area for us.

Mr. Saket Kapoor: Sir, out of the total business or the order book we have, how much is exposed to the U.S. counterpart?

Mr. Viraj Kalyani: I would say it's about 15 percent.

Mr. Saket Kapoor: So 15 percent is not that larger one because, I think so in the previous call also some connecting rod business, a business programme you have alluded to that is a 5 to 10 year programme and their closing order book was also on the higher side. So taking that into account, we should be comfortably placed in terms of better execution rather than the only 15 percent affecting the entire pie.

Mr. Viraj Kalyani: We have maintained our margins and we are on track. Now we just have to wait out on the U.S. tariff situation to improve.

Mr. Saket Kapoor: Sir, why I'm harping on this fact is that what I could make from here is that if 15 percent of the portfolio is only affected, then we would have done better execution on the remaining 85 part also. So what is our preparation in terms of those? I think there's a product profile also you have mentioned. I will be coming to that also.

Mr. Viraj Kalyani: I think if you if you can formulate your question, maybe you can join the queue again.

Mr. Saket Kapoor: Yes, I will join the queue. Thank you.

Moderator: Moving with the next participant. Any participants who would like to ask the questions, please raise your hand.

Mr. Saket Kapoor: May I continue? So, sir, just to take now the forward to the capital work in progress part also, since you have mentioned about the CapEx, also the number of 25 crore and we have closing balance closer to 12 crore for the September quarter. So if you could just tell us, what are we eyeing in terms of closing the year with in terms of capitalising? How is it going to benefit the increased turnover and the margins going ahead?

Mr. Viraj Kalyani: So as you can see in the slide, these are our four programmes. First is Recon and Productivity which is for improving existing business, increasing productivity, reconditioning our machines, improving OEE, we discussed about this last quarter.

The second programme is ramp up business, this is dedicated to increasing capacity on businesses, which started last year and which are increasing in volume this year as the customer's production is going up. So we have to keep adding capacity or increasing our increasing our capacity on the existing lines.

The third is the new business programmes, CapEx which is dedicated to completely new order wins. For example, the order win which we had in last quarter, we will require some capacity addition there and especially for businesses which are starting this year, there will be new lines or some new equipment dedicated for those for the production of those.

And fourthly is our infrastructure based CapEx, where we have to enhance or upgrade or replace certain old factory equipment, utility equipment, IT software, safety compliance, infrastructure, etc. So those are the objectives and the benefits that we expect to see from these CapEx programmes.

We are now at 58%. Of course, we would endeavor to reach 100% by the end of the year. But there can be some dynamic element to it based on business priorities shifting or if a certain business gets scaled up much more, we will allocate the CapEx towards it. pSo we do maintain some room for flexibility. But our endeavor is to complete this programme and to start the next year cycle.

Mr. Saket Kapoor: Sir, you mentioned about the business development part from the MNC customer in the Excel segment. If you could just give us some more colour, like you mentioned about the new order wins for FY25 of 116 crores. What would be the size of this MNC business order? And you were mentioning that you will start execution from this quarter itself. And second point is, sir, when we look at H1 versus H1, for us, we are flat. Profitability is lower, but our revenue is flat year on year. Last year, September first half, we had posted 119 crores. The revenue this time also it is closer to 120 crores and the profitability is down by 2 crores as you have explained the reason. So taking that into account and the objective of Vriddhi and those playing out the CapEx part, the order book execution, how should one facilitate the growth aspect only pertaining to the H2? These are my two concluding questions as of now, and I'll join the queue.

Mr. Viraj Kalyani: I'm just going to try and make sense of all the different points you raised. So the new business order we won, in terms of business value, I'd say it's in the range of 5 to 10 crores per annum. I don't want to give an exact number here. And it's a substantial business, which will add to our existing Axel portfolio.

Your second question was around H1 versus H2. And yes, H1 is flat compared to last year, while we have maintained the profitability as well. But in H2, in terms of top line growth, and

Business development, the main focus is on converting our 200 crore order pipeline that is this 95 crores and 115 crores into SOP. So we have already commenced an SOP for one of these projects in Q2 for the Europe transmission business.

Similarly, our efforts, our business development efforts are twofold. One is executing these new order wins and getting them into production as fast as possible. The only limitation is the customer validation cycles, engine testing cycles, etc., which have their own lead time. And the second effort on business development is getting further new order wins, which will fuel the growth for the next financial year.

Moderator: Thank you, sir. Saket Kapoor, your questions have been answered. Now, moving with the next participant, Mr. Sunil Kumar.

Mr. Sunil Kumar: Yes, good morning. Am I audible?

Moderator: Yes, sir. You are audible.

Mr. Sunil Kumar: First of all, my congratulations to our MD Sir, for sailing the ship in a troubled water. And definitely, it's an excellent show. What I understand that last quarter, there was some recessionary trends in automobile business globally. So we did pretty well, what I understand.

Second thing, what I have seen that we have some forex gain of 94 lakh rupees in this quarter. That has contributed to our profitability well. But let's do something better for this next half a year. And normally our business shines well in second half. That is what I have seen so far.

The third thing, I wish extremely nice health to our MD sir. He had passed through certain difficult times last month.

Mr. Viraj Kalyani: Thank you. Thank you so much. I didn't know you were aware of it. Yes, that's very kind.

Mr. Sunil Kumar: So, sir, do it well. And we are always with you.

Mr. Viraj Kalyani: Thank you so much. Definitely, in the second half we have a lot of work to do. And we are expecting better growth as well as market pull in the second half of this year.

So we will keep our full efforts on both business growth as well as our governance and compliance drive, which makes the longevity of the business very, very strong.

Mr. Sunil Kumar: Thank you.

Moderator: Thank you so much. Any other participants who would like to ask questions, please raise your hand or they can use chat box. Okay.

Mr. Saket Kapoor: Sir, you just mentioned that H2 is always a better business execution sentiment are there for H2. But when we look at the current year, the current year will have

the impact also for the tariff. So as investors, we must know ideally what the trajectory we are moving into. See, growth can be, sir, 1% also growth is also 20%. So depending upon the order book execution, if you could just apprise your investors and the analyst community in terms of what should be best doing in terms of revenue growth with strong order book in hand for H2 as a whole. Since we are a very small company in the large ecosystem and the information we need to model out to make our informed decisions. So that is the reason why I would like to know more from you, sir, when you are, when you have just answered that H2 looks promising. So some colour more would have been, would apprise.

Mr. Viraj Kalyani: As I said before, the major factor and the main effort is on increasing our startup production of new businesses but in terms of H2 being better, the second, that's more related to existing business where the business cycles are such that demand from the market improves in Q3 and Q4.

That's the extent to which I can give you a sort of forward looking perspective, but I cannot give exact projections. I think that's something you would have to extrapolate from the data that we presented.

Mr. Saket Kapoor: Yeah. And so coming to now the, the debt part of the story also, we have now closing debt, long-term debt. I think so is closer to 24 crore and working capital requirements, as you mentioned, the requirement will go up and it should. So what, what are our plans in terms of infusing capital, which you have already spoken much time, many times.

Mr. Viraj Kalyani: Yes, our plans are moving forward. This is something we have taken up in our, at the board level and we are doing our internal preparations for fundraising, for increasing equity, et cetera.

Once we have a very clear action that is, or clear corporate action that we plan, our team will make the relevant announcements.

Mr. Saket Kapoor: So this we can expect in the second half or it will take a longer time?

Mr. Viraj Kalyani: We do have internal timelines and targets to get these things done, but as they are price sensitive information.

Mr. Saket Kapoor: So when we look at the sales by product part, we see engines, driveline and axle as the, as the major three components. And you mentioned that major reduction in engines that is mainly particularly to the US part, which you explained, which forms only 15% of the total export by, but engines are the highest revenue. I think 62% is being mentioned. So just if you can explain this engine will have other geographies also, that is what the point you were trying to make.

Mr. Viraj Kalyani: Yes. Engine and all these product groups are across geographies, especially the engine product group is our oldest one, most mature business. So it is present in most markets and it has a mix of both.

Mr. Saket Kapoor: And the connecting rod, sir.

Mr. Viraj Kalyani: That's part of the engine. Here you can see in the image.

Mr. Saket Kapoor: Yeah. And request that I have made for even the visit part. I think so, Mr. Rajkumar is abreast about the matter and for your availability also, sir.

Mr. Viraj Kalyani: Right. I think Rajkumar will coordinate on that and since especially you have been a regular participant in our calls. So we appreciate your active involvement and interest.

Mr. Saket Kapoor: And I wish good health for you, just heard from the other participants.

Mr. Viraj Kalyani: Thank you so much. I'm fully doing well now, touch wood. I had just got some viral infection for a brief period. But our team was fully taking in charge even in my absence. And I'm very grateful for that.

Mr. Saket Kapoor: Yes, sir. Hope to meet you in person, sir. Thank you once again. Namaskar, sir

Mr. Viraj Kalyani: Thank you, Saket. Namaskar.

Moderator: With your permission, should we conclude this call?

Mr. Viraj Kalyani: Yeah, sure.

VOTE OF THANKS:

Moderator: Thank you, all the participants. Please note we will be posting this recording and the transcript shortly on the stock exchanges and our website.
With this note, we conclude this call. Thank you everyone.