



BHARAT FORGE



KALYANI

# BHARAT FORGE LTD Q1 FY24 ANALYST UPDATE



Power electronics and Micro electronics



**PLANET POSITIVE**  
AN INITIATIVE BY KALYANI GROUP

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# Management Commentary: Q1 FY24 Performance

**BFL 3 Month Report:** “During the quarter, standalone revenues from operations rose by 21% YoY to Rs 21,273 million, the highest so far for the company. EBITDA & PBT grew by 20% and 27% respectively. New business worth Rs 200 Crores was secured in the core business, a combination of orders from Passenger Vehicles and industrial segment.

A very significant milestone was achieved in the quarter by our 100% defence subsidiary, KSSL, with the commencement of supplies of Artillery systems as part of the export order won last year. In Q1 FY24, we won cumulative orders worth INR 277.8 Cr in defence from multiple customers and product segments, to be executed over the next 18 months. The defence order book is increasing steadily and over a period will encompass orders across Artillery systems, Armored vehicles, components, solutions for Naval forces and Unmanned systems. Aligned with the governments ‘Atmanirbhar Bharat’ push in defence, in addition to Artillery systems and specialty vehicles, this marks the beginning of our journey into the other product domain and expect the share of the same to increase meaningfully in the coming years.

In the overseas business, the European operations have posted EBITDA of Rs 51 Crores in this quarter as against a loss of Rs 14 Crores in the previous quarter while the US operation have posted an EBITDA loss of Rs 35 Crores in the quarter. Subject to conducive end demand, we expect the US business to turn around by Q4 FY24.

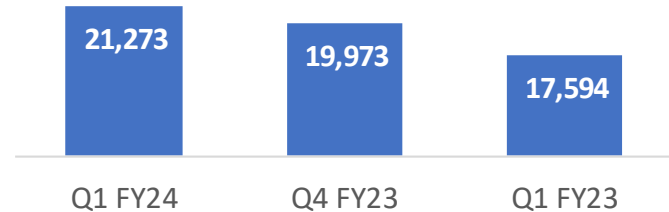
The acquisition of ISML’s assets has been completed during the quarter at a cost of around Rs 55 crores. This acquisition further strengthens our presence in the casting space.

As we progress ahead in FY24, we expect consolidated EBITDA to increase from current levels of 16% along with improvement in Return Ratios. For the standalone business, the demand environment remains benign across sectors and geographies, we expect stable demand coupled with ramp-up of new business to drive topline growth in FY24. Our Last Man Standing strategy is bearing results with the company signing LTA going upto 2035 with all our key customers. We are undertaking a fairly large and diversified capex program in India to create capacity in our core business, EV components & systems and Defence Products. These capacities and facilities will come online in a phased manner over the FY24-FY26. This capex will be funded out of internal cash accruals.”

**B.N. Kalyani,**

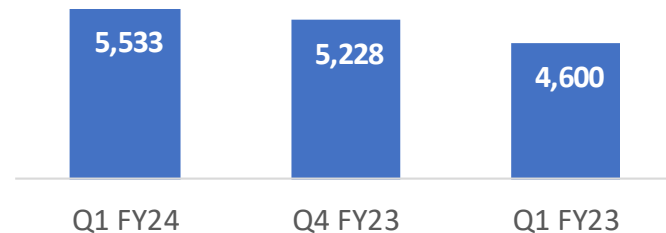
Chairman & Managing Director

## Revenue



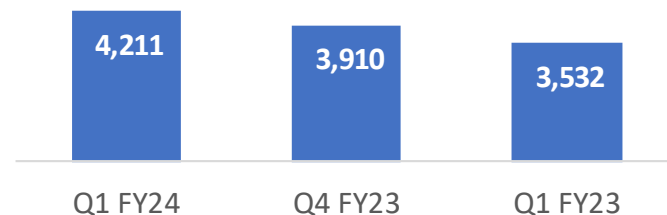
- Revenues at Rs 21,273 million in Q1FY24 grew by 21% YoY driven by 12.5% growth in export and 33.6% growth in domestic revenue. Domestic revenues in Q1 FY24 also includes supply of artillery system to KSSL for the defence export order won last year.

## EBITDA



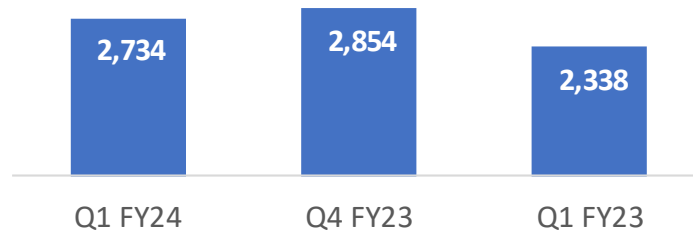
- EBITDA margin at 26.0% in Q1 FY24 was relatively flat compared to Q1 FY23.

## PBT before Ex. Gain/ Loss



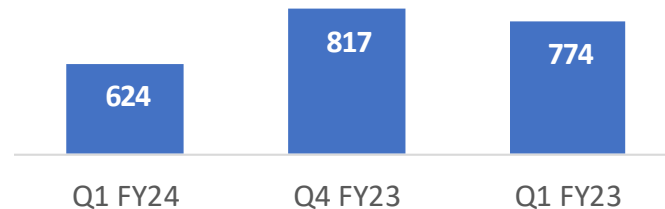
- PBT before Exchange gain/ (loss) was Rs 4,211 million in Q1 FY24 as against Rs 3,532 million in Q1 FY23 driven by higher volumes in core business and defence business.

## Commercial Vehicles



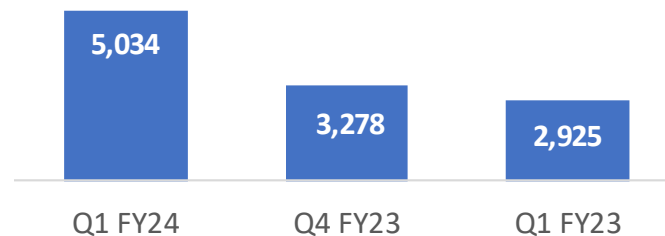
**Automotive Business:** The CV business remained resilient YoY as domestic demand continues to be in good shape. The outlook remains promising and BFL will mirror the industry growth in the coming quarters

## Passenger Vehicles



PVs had a soft quarter due to lower off-take with our OEM clients. We remain optimistic that BFL will continue to match industry growth.

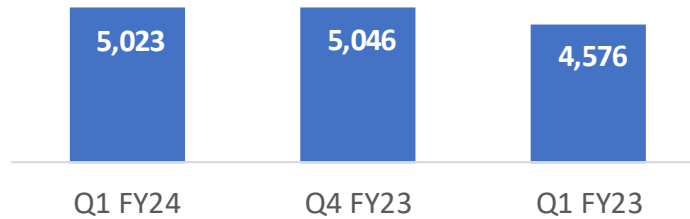
## Industrial



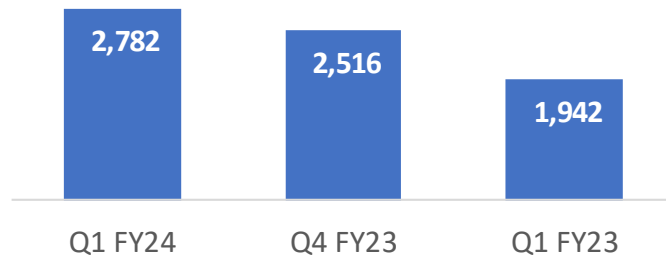
**Industrials Business:** The Industrial segment grew by 72% YoY to Rs 5,034 million. Supply of components to KSSL drove the stellar performance. Ex of Defence the revenue was up 18% YoY supported by mining, construction and renewables.

Note: Other Revenue stood at Rs 1,093 million in Q1FY24

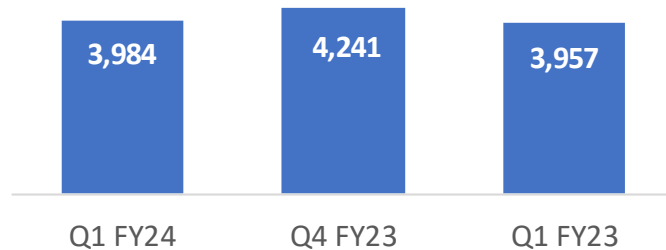
## Commercial Vehicles



## Passenger Vehicles



## Industrial



**Automotive Business:** CV business continued to remain steady. Company does not see any major hiccups through the year as build rates, inventory levels and sales momentum sustains. European CV sales remain stable as economic activity continues to recover gradually. PV business remains on strong footing as demand looks healthy. Auto exports remain on course for a steady year ahead.

Our efforts to tap new customers and enhance engagement with the existing ones has created a lucrative opportunity in Passenger vehicles. These initiatives have helped reduce cyclicity and improve capacity utilization

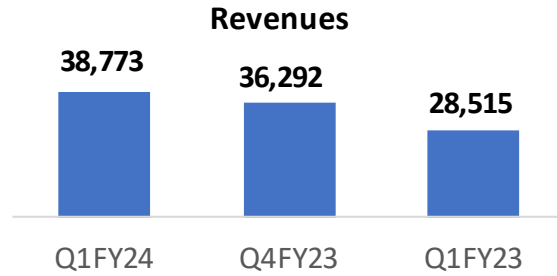
**Industrials Business:** Industrial business continued to perform well across sectors. Q1FY24 saw a strong performance in the Agri, mining and construction space. Despite a weak quarter for Oil & Gas due to a one-time inventory correction impact the overall basket dropped remained flat YoY indicating the resilience of our diversification strategy. Aerospace business continues to gain traction with the business growing by 68% YoY to Rs 65 Crores. This sector now contributes ~ 16% of the industrial export business.

We steadfastly focus on building new relationships within the Industrial space targeted at Construction & Mining, Railways, Agri equipment, Aerospace etc.

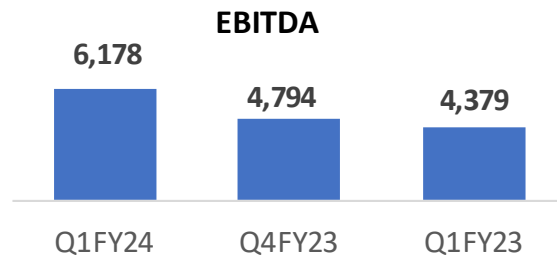
Rs. Million

Particulars	Q1FY24	Q4FY23	Q1FY23
Americas	7,645	8,108	7,029
Europe	3,404	3,072	3,108
Asia	740	623	339
<b>Total</b>	<b>11,789</b>	<b>11,803</b>	<b>10,475</b>

# Consolidated Financial Highlights Q1 FY24

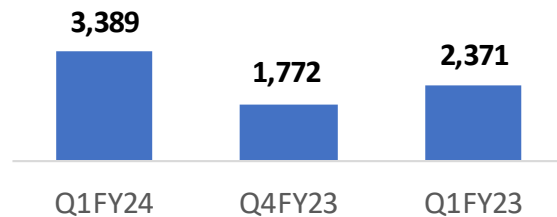


Revenues have increased by 36% on a YoY basis driven by contribution from all businesses.



EBITDA margins have improved by 50 bps driven by improvement in capacity utilization. EBITDA has increased by 41%

**PBT post Forex & Exceptional impact**



PBT has increased by 43% on a YoY basis driven by improvement in performance in European operations and KSSL.

Rs. Million

Particulars	June 30, 2023	March 31, 2023
Long Term Debt	23,521	24,436
WC & Bill Discounting	46,680	43,534
Equity	70,322	67,416
Cash	32,641	31,405
D/E	1.00	1.01
D/E (Net)	0.53	0.54

# Financials Annexures



# Standalone P&L Highlights Q1 FY24

Rs. Million

Standalone Financials	Q1FY24	Q4FY23	QoQ	Q1FY23	YoY
<b>Shipment Tonnage</b>	<b>67,780</b>	<b>64,648</b>	<b>4.8%</b>	<b>57,915</b>	<b>17.0%</b>
Domestic Revenue	9,210	7,876	16.9%	6,895	33.6%
Export Revenue	11,789	11,803		10,475	
Other Operating Income	274	294		224	
<b>Total Revenue</b>	<b>21,273</b>	<b>19,973</b>	<b>6.5%</b>	<b>17,594</b>	<b>20.9%</b>
EBITDA	5,533	5,228	5.8%	4,600	20.3%
<b>EBITDA%</b>	<b>26.0%</b>	<b>26.2%</b>		<b>26.1%</b>	
Other Income	472	391		259	
Profit Before Tax	4,211	3,910	7.7%	3,532	19.2%
<b>PBT %</b>	<b>19.8%</b>	<b>19.6%</b>		<b>20.1%</b>	
Exchange Gain / (Loss)	(47)	(348)		(250)	
Exceptional Item	0	(408)		(31)	
Profit Before Tax	4,164	3,154		3,251	
Profit After Tax	3,114	2,446	27.3%	2,435	27.9%

Rs. Million

Particulars (Standalone)	June 30, 2023	March 31, 2023
Long Term Debt	16,565	17,661
Working Capital & Bill Discounting	27,122	26,386
Equity	80,896	77,000
Cash	<b>23,422</b>	<b>22,067</b>
ROCE (Net of Cash)	<b>17.8%</b>	<b>16.2%</b>
RONW	<b>15.4%</b>	<b>13.6%</b>
D/E (Net)	<b>0.25</b>	<b>0.29</b>
Net Debt/ EBITDA	<b>0.92</b>	<b>1.14</b>

# Consolidated Financial Reconciliation

Rs. Million

Q1 FY2024	BFL + BFIL	Overseas Subs	Indian Subs	Total
Total Revenue	21,430	13,336	4,007	<b>38,773</b>
EBITDA	6,087	158	(67)	<b>6,178</b>
<b>EBITDA %</b>	<b>28.4%</b>	<b>1.2%</b>	<b>(1.7)%</b>	<b>15.9%</b>
PBT	4,682	(930)	(138)	<b>3,614</b>
Exchange Gain/(loss)	(79)	(145)	(1)	<b>(225)</b>
Exceptional Items	-	-	-	-
PBT after Exchange Gain/ (Loss)	4,603	(1,075)	(139)	<b>3,389</b>

Q1 FY2023	BFL + BFIL	Overseas Subs	Indian Subs*	Total
Total Revenue	17,764	10,490	261	<b>28,515</b>
EBITDA	4,006	495	(122)	<b>4,379</b>
<b>EBITDA %</b>	<b>22.6%</b>	<b>4.7%</b>	<b>(46.7)%</b>	<b>15.4%</b>
PBT	2,903	(221)	(180)	<b>2,502</b>
Exchange Gain/(loss)	(168)	67	-	<b>(101)</b>
Exceptional Items	(30)	-	-	<b>(30)</b>
PBT after Exchange Gain/ (Loss)	2,705	(154)	(180)	<b>2,371</b>

\*Excludes JS Autocast

# Overseas Subsidiary Financials – Q1 FY24

Rs. Million

Overseas Mfg. Ops	Apr – Jun 2023	Jan – Mar 2023	Apr – Jun 2022
Total Revenue	13,336	12,099	10,490
EBITDA	158	(489)	495
EBITDA %	1.2%	(4.0)%	4.7%
PBT Before Ex Gain/(Loss)	(930)	(1,341)	(221)
EBITDA - European Operations	507	(141)	759
EBITDA %	4.4%	-	7.9%

Overseas Mfg. Ops	Apr – Jun 2023	Jan – Mar 2023	Jan – Mar 2022
Steel Forgings	8,702 (65%)	8,349 (69%)	7,552 (72%)
AI Forgings	4,634 (35%)	3,750 (31%)	2,938 (28%)
<b>Total</b>	<b>13,336</b>	<b>12,099</b>	<b>10,490</b>

KSSL	Apr – Jun 2023	Jan – Mar 2023	Apr – Jun 2022
Total Revenue	2,255	814	75
EBITDA	109	18	(29)
EBITDA%	4.8%	2.2%	-
PBT Before Exchange Gain/(Loss)	241	159	(42)

KPTL	Apr – Jun 2023	Jan – Mar 2023	Apr – Jun 2022
Total Revenue	261	87	5
EBITDA	(345)	(397)	(125)
EBITDA%	-	-	-
PBT Before Exchange Gain/(Loss)	(444)	(464)	(160)

BFISL	Apr – Jun 2023	Jan – Mar 2023	Apr – Jun 2022*
Total Revenue	1,492	1,533	180
EBITDA	169	177	32
EBITDA%	11.3%	11.6%	17.6%
PBT Before Exchange Gain/(Loss)	65	117	26

BFL + BFIL (Trading subsidiary)	Apr – Jun 2023	Jan – Mar 2023	Apr – Jun 2022
Total Revenue	21,430	21,758	17,764
EBITDA	6,087	5,484	4,006
EBITDA%	28.4%	25.2%	22.6%
PBT Before Exchange Gain/(Loss)	4,682	4,116	2,903

\*Excludes JS Autocast

# Thank You

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