

BHARAT FORGE



KALYANI



BHARAT FORGE LTD

ANALYST UPDATE – Q2FY22

MANAGEMENT COMMENTS

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BFL 3 Month Report

“During Q2 FY22, demand continued to remain robust across most of our end markets. Total revenue grew to Rs 16,066 million driven by a sharp pick up in domestic market. However, latter part of the quarter was impacted by semi-conductor shortage and logistics related issues. Despite these challenges, we posted an EBITDA of Rs 4,553 million translating into EBITDA% of 28.3%.

The international operations in H1 CY21 have registered revenues of Rs 16,632 million and EBITDA% of 11.3% which is supported by focus on cost optimization & product mix improvement.

Looking ahead into Q3 FY22, end demand continues to remain robust across segments, but to what extent the semi-conductor and other supply chain issues will weigh in on OEM’s ability to produce is uncertain. Sequentially, We expect the company’s ~75% exposure to the domestic markets & export industrial segment will continue to do well while the performance of the export automotive business will in all probability witness a decline.”

B.N. Kalyani,

Chairman & Managing Director

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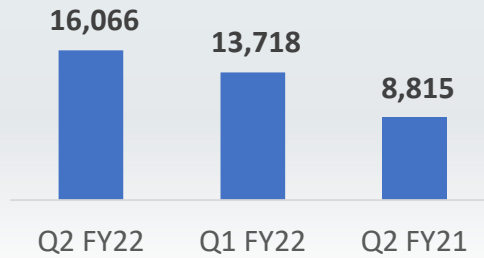
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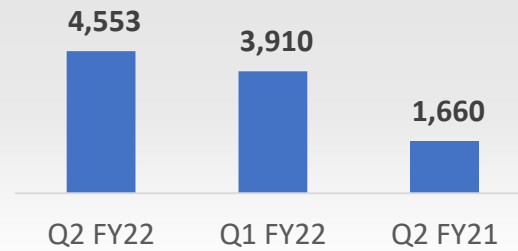
FINANCIAL ANNEXURES

REVENUE



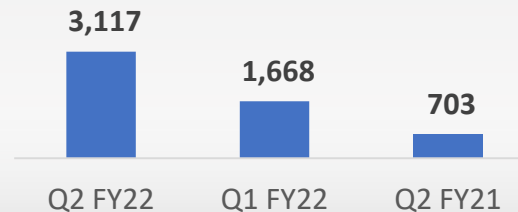
- Total revenues in Q2 FY22 at Rs 16,066 million grew by 17.1% as compared to the previous quarter supported by 40.3% jump in domestic revenues to Rs 6,197 million.

EBITDA



- EBITDA margins at 28.3% in Q2 FY22 was more or similar to Q1 FY22 despite input cost and logistics cost pressures.

PAT



- PAT of Rs 3,117 million in Q2 FY22 grew by 86.9% as compared to the previous quarter



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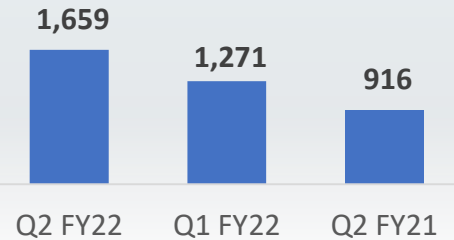
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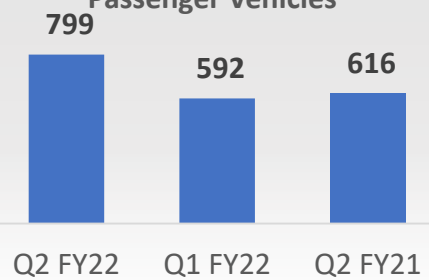
Commercial Vehicles



Automotive Business: If the performance of the automotive industry in Q1 FY22 was adversely impacted by 2nd wave Covid lockdown, semiconductor chip shortage has disrupted the momentum in Q2 FY22, especially in the Passenger Vehicle segment.

Despite the challenges, the CV sector performance was ably supported by pick up industrial activity and fleet utilization rates. The sector production increased by 37.4% to 57,220 units in Q2 FY22. Within the PV segment, UV segment grew by 23% as compared to Q1 FY22 while the Car segment witnessed marginal decline.

Passenger Vehicles



Strong industrial recovery in India, robust investment in infrastructure & road constructions, etc. points to a bright future for the industry. However, there are headwinds in the form of input cost pressure, high diesel prices and disruptions such as potential market share shift towards DFC, transition to EV etc. Our investments in CLWT, strategic stake in EV start-up and significant R&D work focused on E-mobility puts the company in a sweet spot, where we believe that we will have solutions ranging from components to sub systems and systems across the full spectrum right from 2W to Commercial vehicles.

Industrial



Industrials Business: The 63% growth in revenues was primarily driven by commencement of supply of forged aluminum Cylinders used for delivering medical grade oxygen. Revenues from this product in Q2 FY22 was Rs 69 crores. This product was developed & manufactured in a record time of 3 months. We continue to address opportunities to grow the industrial business in India with focus on Renewable Energy, Construction & Mining and Defense.

Note: Others Revenue stood at Rs 1,081 million in Q2FY22

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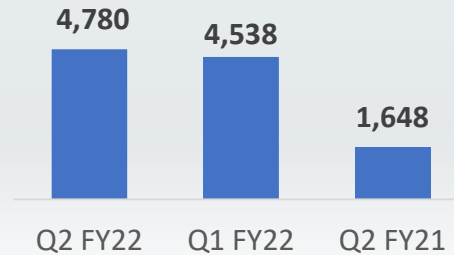
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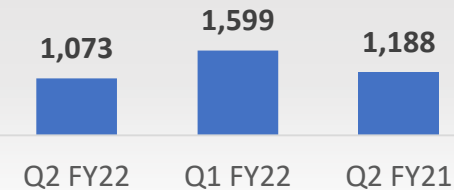
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Commercial Vehicles



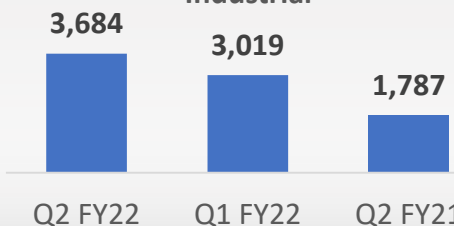
Automotive Business: The recovery in the trucking industry has been temporarily disrupted due to semiconductor shortage & logistics related issues. The impact was visible on the quarterly builds in the NA class 8 truck production in Q3 CY2021 at 62,718 units as against 69,488 in Q2 CY21, a drop of around 10%. Builds in Q3 CY21 was flat as compared Q3 CY2020. While the outlook for the industry continues to remain robust, supply chain constraints are impeding higher production.

Passenger Vehicles



The PV segment especially the premium segment has been significantly impacted by the chip shortage and supply chain issues. While ignoring the near term uncertainty, this sector continues to be an interesting space where the company continues to increase its market share in the traditional powertrain and is simultaneously engaging with customers on solutions for BEV and other technologies.

Industrial



Industrials Business: The Industrial business revenues have started to recover meaningfully primarily driven by the Oil & Gas space. With crude prices hovering around the US\$ 80 mark, the viability of the shale drilling industry has improved and prospects over the coming few quarters looks positive. We continue to work on addressing newer opportunities and new growth markets across geographies.



Rs. Million

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PARTICULARS	Q2FY22	Q1FY22	Q2FY21
Americas	6,793	6,247	2,791
Europe	2,545	2,645	1,502
Asia Pacific	199	265	330
Total	9,537	9,156	4,623



Consolidated Financial Highlights Q2 FY22

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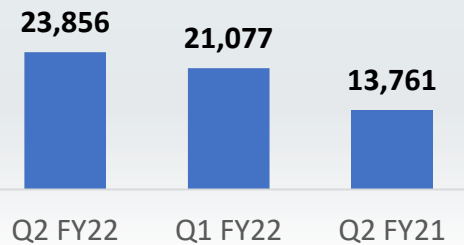
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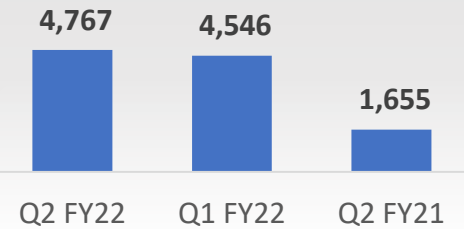
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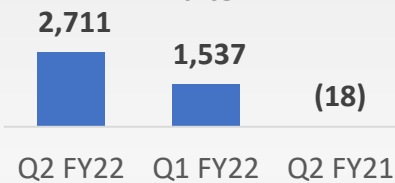
REVENUE



EBITDA



PAT after MI



Rs. Million

Particulars	September 30, 2021	March 31, 2021
Long Term Debt	24,935	26,328
WC & Bill Discounting	29,100	23,626
Equity	58,576	54,468
Cash	26,184	28,755
D/E	0.92	0.92
D/E (Net)	0.48	0.39



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Standalone P&L Highlights Q2 FY22

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STANDALONE FINANCIALS	Q2FY22	Q1FY22	QoQ%	Q2FY21	YoY%
Shipment Tonnage	57,094	53,512	6.7%	40,775	40.0%
Domestic Revenue	6,197	4,418	40.3%	4,036	53.5%
Export Revenue	9,537	9,156	4.2%	4,623	106.3%
Other Operating Income	332	144		156	
Total Revenue	16,066	13,718	17.1%	8,815	82.3%
EBITDA	4,553	3,910	16.4%	1,660	174.3%
EBITDA%	28.3%	28.5%		18.8%	
Other Income	322	333		313	
Profit Before Tax	3,708	2,818	31.6%	1,015	265.3%
PBT %	23.1%	20.5%		11.5%	
Exchange Gain / (Loss)	300	4		(94)	
Exceptional Item	-	(616)		(29)	
Profit Before Tax	4,008	2,206	81.7%	892	349.3%
Profit After Tax	3,117	1,668	86.9%	703	343.4%



Standalone Balance Sheet Highlights as on Q2FY22

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Rs. Million

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Particulars (Standalone)	September 30,2021	March 31, 2021
Long Term Debt	19,621	20,643
Working Capital & Bill Discounting	18,856	15,567
Equity	64,077	59,486
Cash	23,413	26,809
ROCE (Net of Cash)	17.8%	5.3%
RONW	14.9%	5.2%
D/E (Net)	0.24	0.16



Consolidated P&L Highlights Q2 FY22

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CONSOLIDATED FINANCIALS	Q2FY22	Q1FY22	QoQ%	Q2FY21	YoY%
Total Revenue	23,856	21,077	13.2%	13,761	73.4%
EBITDA	4,767	4,546	4.9%	1,655	188.0%
EBITDA %	20.0%	21.6%		12.0%	
PBT	3,187	2,785	14.4%	325	880.6%
Exchange Gain / (Loss)	326	(44)		7	
Exceptional Items	-	(616)		(60)	
PBT after Exchange Gain / (Loss)	3,513	2,125	65.3%	272	-
Profit After Tax	2,811	1,619	73.6%	(15)	-
Associate/ JV (Profit/Loss) share	(107)	(91)		(17)	
Minority Interest	7	9		14	
Profit After Tax	2,711	1,537	76.4%	(18)	-



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Overseas Manufacturing Operations	April-Jun 2021	Jan-Mar 2021	April-Jun 2020
Total Revenue	8,533	8,099	3,493
EBITDA	925	951	(334)
EBITDA %	10.8%	11.7%	(9.5)%
PBT Before Exchange Gain/(Loss)	246	309	(952)

Overseas Operations Sales Classifications	April-Jun 2021	Jan-Mar 2021	April-Jun 2020
Steel Forgings	6,444 (78%)	6,283 (78%)	2,956 (85%)
AI Forgings	1,889 (22%)	1,816 (22%)	538 (15%)
Total	8,533 (100%)	8,099 (100%)	3,493 (100%)



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Indian Subsidiaries	Jul-Sep 2021	April-Jun 2021	Jul-Sep 2020
Total Revenue	373	127	178
EBITDA	(14)	(24)	(15)
PBT Before Exchange Gain/(Loss)	(51)	(46)	(33)

BFL + BIFL (Trading Subsidiary)	Jul-Sep 2021	April-Jun 2021	Jul-Sep 2020
Total Revenue	14,950	12,851	10,090
EBITDA	3,856	3,619	2,004
EBITDA%	25.8%	28.2%	19.9%
PBT Before Exchange Gain/(Loss)	2,992	2,522	1,310



DISCLAIMER

This presentation contains certain forward looking statements concerning Bharat Forge's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but not limited to, risks and uncertainties, regarding fluctuations in earnings, our ability to manage growth, competition

(both domestic and international), economic growth in India and the target countries for exports, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions with respect to investments, fiscal deficits, regulations, interest rates and other fiscal costs generally prevailing in the economy. The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company. No part of this presentation shall be reproduced, copied, forwarded to any third party either in print or in electronic form without prior express consent of the company.

THANK YOU

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