

BHARAT FORGE



KALYANI



BHARAT FORGE LTD

ANALYST UPDATE – Q4FY22

MANAGEMENT COMMENTS

STANDALONE HIGHLIGHTS

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BFL 3 Month Report: “The company ended the year on a strong note with topline growing by 28% to Rs 16,741 million driven by pickup in both domestic & Export markets. EBITDA margins at 25.7% in Q4 FY22 were maintained as compared to Q4 FY21, despite cost inflationary pressures. PBT for the quarter at R 3,520 million was a growth of 40.3% as compared to Q4 FY21.

In FY22, the Indian operations has secured new orders worth ~ Rs 1,000 Crores across automotive & industrial application. This includes a healthy mix of existing and new customers across traditional & new products.

In the international operations, new orders worth US\$ 150 million have been secured across steel & Aluminum forging operations in North America. These orders wins from marquee OEMs provides a lot of growth visibility in the medium to long term.

The EV vertical has secured orders from a global EV OEM for supply of aluminum castings and its maiden order from an Indian OEM for supply of DC-DC converters.

At a consolidated level, we expect FY2023 to be a strong year characterized by topline growth coupled with strong cashflows, ramp up of the US Aluminium operations, revenue contribution from the newer verticals and a further diversified revenue mix. For the standalone business, we expect continued growth in the key markets across all sectors. Easing of cost pressures & supply chain tightness will provide a fillip to the end demand across geographies.”

B.N. Kalyani,

Chairman & Managing Director



MANAGEMENT COMMENTS



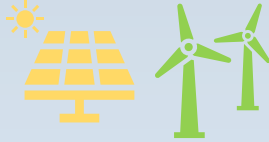

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| Elements | FY2020 | FY2022 | % change | Remark |
|---|-----------|---------|----------------|---|
|  | 1,071,132 | 946,997 | ↓ 10% | Gross Water consumption (KL) |
|  | 836 | 816 | 100% recycling | Net Waste generation (MT) |
|  | 8.8% | 24.5% | N/A | Renewable energy as % of total energy |
|  | 26,268 | 76,484 | N/A | GHG Emission avoided by use of RE (Thousand tCo2Eq) |



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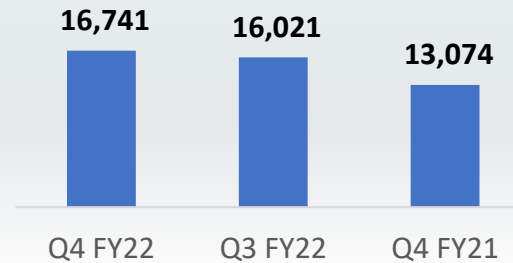
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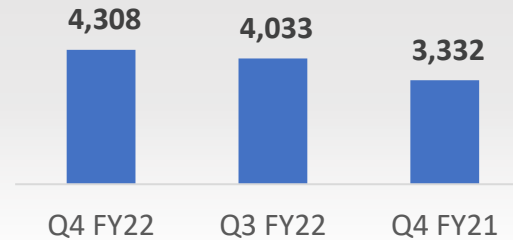
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REVENUES



Revenues at Rs 16,741 million in Q4FY22 grew by 28.0% as compared to Q4 FY21 on back of 26.7% growth in domestic revenues and 28.5% growth in export revenues.

EBITDA



EBITDA margins at 25.7% in Q4 FY22 improved marginally as compared to both Q3 FY22 and Q4 FY21. Absolute EBITDA has grown by healthy 29.3% in Q4 FY22 as compared to Q4 FY21.

PBT before Ex. Gain/ (Loss)



PBT before Exchange gain/ (loss) of Rs 3,520 million in Q4 FY22 as against Rs 2,509 million in Q4 FY21, a growth of 40.3%



MANAGEMENT COMMENTS

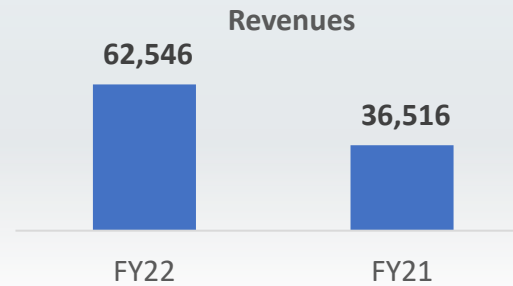
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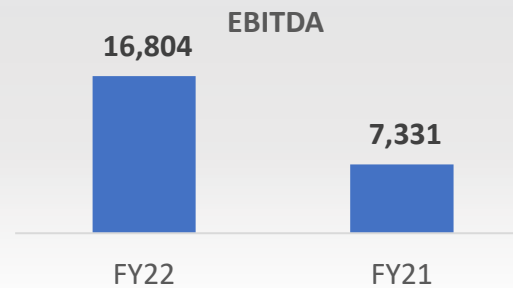
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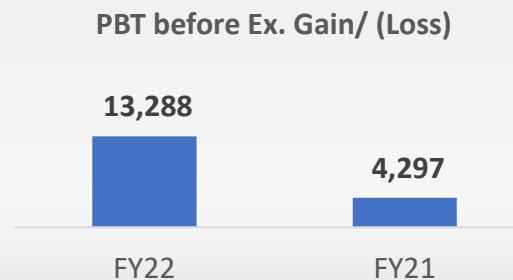
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Robust revenue growth of 71.3% on back of sharp recovery in Domestic & Export markets and pass thru impact of raw material inflation.



EBITDA in FY22 has more than doubled as compared to FY21 benefitting from a sharp increase in utilization and favorable product mix. EBITDA margins at 26.9% in FY22 as compared to 20.1% in FY21.



PBT of Rs 13,288 million in FY22 has witnessed a sharp growth of 209.2% as compared to FY21.

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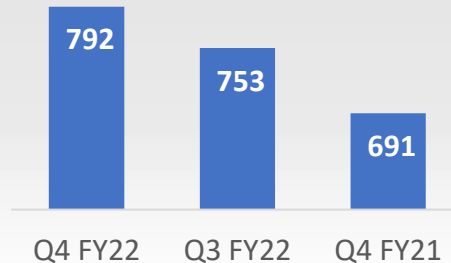
Commercial Vehicles



Automotive Business: The Automotive industries performance in FY22 has been very encouraging despite unabated challenges the industry has had to weather ranging from supply chain related issues, increased cost of ownership due to regulatory challenges, high input cost inflation etc.

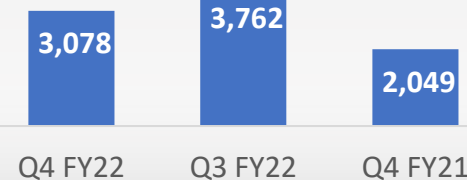
All segments of the industry have shown double digit growth ranging from 20% for PVs to 50% for MHCVs. Outlook for MHCV sector looks promising driven by healthy freight rates, improving fleet operators' profitability and the strong focus of the government on infrastructure development. The company's revenue growth from the CV segment has been inline with the underlying market growth.

Passenger Vehicles



The stark performance between the PV segment which grew by 4% and the Utility Vehicle segment which grew by 43% is a clear signal about the leaning towards product premiumization in the domestic car market. BFL's presence in the PV/UV segment has been strengthened over the past few year with both new product and customer addition. As against the industry growth of 19%, the company's revenue has grown by 36%.

Industrial



Industrials Business: The Industrial segment in FY22 has grown by 57% to Rs 11,666 Million including revenues of Rs 2,209 Million attributable to a one-time supply of Medical Oxygen Cylinders. The domestic industrial segment is going to be a big growth area over the medium term as we focus our attention towards addressing areas which has 100% dependency on imports and areas which will see exponential growth driven by AtmaNirbharta and the Governments stimulus with an aim to make manufacturing >20% of GDP from the current ~15%.

Note: Others Revenue stood at Rs 947 million in Q4FY22

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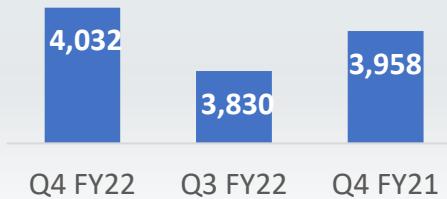
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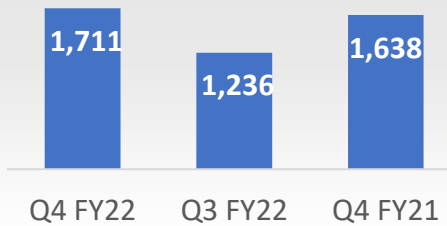
Commercial Vehicles



Automotive Business: The Automotive revenues across EU & North America and across Passenger Vehicles and Commercial Vehicles witnessed moderate recovery in the Jan – March period. CV revenues grew by 5.3% sequentially while the PV revenues grew by 38.5% sequentially. For the year, CV revenues has witnessed growth of 79% while PV revenues grew by 26%.

While the demand outlook for the industry is quite robust with fundamentals such as strong order backlog, low cancellation rates etc. Supply chain issues continue to be widespread not restricted to semi conductors. Additionally, local lockdowns/ geo-political situation in certain geographies is negatively impacting internationally sourced materials and overall causing high inflation.

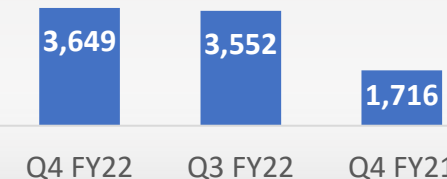
Passenger Vehicles



Industrials Business: In FY22, the industrial business registered revenues of Rs. 13,906 million , growth of 150.3% over FY21. This growth was primarily led by recovery in Shale gas drilling in the North American market. O&G revenues grew from Rs 1,360 million in FY21 to Rs 7,227 million in FY22.

While high crude prices are supportive of the drilling activities, this time around, the key players are being more financially disciplined and focusing on profitability. This coupled with the enhanced productivity of the components supplied by BFL, we expect O&G revenues to remain stable going ahead.

Industrial



The other sectors within Industrial have also done well on back of strong activity across Construction & Mining space. We continue to focus on building new relationships within the Industrial space targeted at Construction & Mining, Railways, Agri equipment's, Aerospace etc.

Rs. Million

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| PARTICULARS | Q4FY22 | Q3FY22 | Q4FY21 | FY2022 | FY2021 |
|--------------|--------------|--------------|--------------|---------------|---------------|
| Americas | 6,290 | 5,775 | 4,380 | 25,092 | 11,174 |
| Europe | 2,778 | 2,656 | 2,670 | 10,631 | 7,423 |
| Asia Pacific | 323 | 187 | 259 | 980 | 1,045 |
| Total | 9,392 | 8,618 | 7,312 | 36,703 | 19,642 |



Consolidated Financial Highlights FY22

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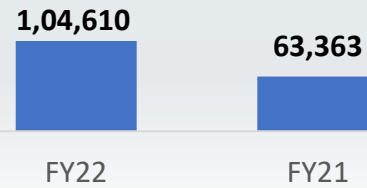
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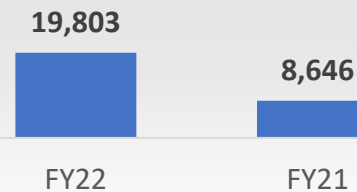
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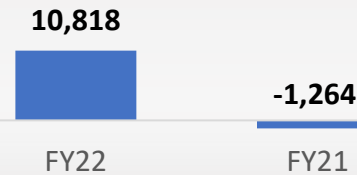
Revenues



EBITDA



PAT after MI



Rs. Million

| Particulars | March 31, 2022 | March 31, 2021 |
|-----------------------|----------------|----------------|
| Long Term Debt | 23,151 | 26,328 |
| WC & Bill Discounting | 33,394 | 23,626 |
| Equity | 66,267 | 54,468 |
| Cash | 27,334 | 28,755 |
| D/E | 0.85 | 0.92 |
| D/E (Net) | 0.44 | 0.39 |



FINANCIAL ANNEXURES

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Standalone P&L Highlights Q4 FY22

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Rs. Million

| STANDALONE FINANCIALS | Q4FY22 | Q3FY22 | QoQ% | Q4FY21 | YoY% | FY22 | FY21 | % Change |
|-------------------------|---------------|---------------|------------|---------------|-------------|----------------|----------------|-------------|
| Shipment Tonnage | 57,543 | 53,365 | 7.8 | 55,837 | 3.1 | 221,514 | 165,396 | 33.9 |
| Domestic Revenue | 7,161 | 7,221 | (0.8) | 5,653 | 26.7 | 24,997 | 16,388 | 52.5 |
| Export Revenue | 9,392 | 8,617 | 9.0 | 7,310 | 28.5 | 36,702 | 19,642 | 86.9 |
| Other Operating Income | 188 | 183 | | 111 | | 847 | 486 | |
| Total Revenue | 16,741 | 16,021 | 4.5 | 13,074 | 28.0 | 62,546 | 36,516 | 71.3 |
| EBITDA | 4,308 | 4,033 | 6.8 | 3,332 | 29.3 | 16,804 | 7,331 | 129.2 |
| EBITDA% | 25.7% | 25.2% | | 25.5% | | 26.9% | 20.1% | |
| Other Income | 662 | 358 | | 320 | | 1,675 | 1,406 | |
| Profit Before Tax | 3,520 | 3,242 | 8.6 | 2,509 | 40.3 | 13,288 | 4,297 | 209.2 |
| PBT % | 21.0% | 20.2% | | 19.2% | | 21.2% | 11.8% | |
| Exchange Gain / (Loss) | 4 | 45 | | 259 | | 353 | (56) | |
| Exceptional Item | (25) | 959 | | (8) | | 318 | (92) | |
| Profit Before Tax | 3,499 | 4,246 | | 2,760 | 21.1 | 13,959 | 4,149 | 236.4 |
| Profit After Tax | 2,619 | 3,374 | (22.4) | 2,055 | 15.7 | 10,778 | 3,121 | 245.3 |



Standalone Balance Sheet Highlights as on Mar 31, 2022

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Rs. Million

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| Particulars (Standalone) | March 31,2022 | March 31, 2021 |
|------------------------------------|---------------|----------------|
| Long Term Debt | 17,834 | 20,643 |
| Working Capital & Bill Discounting | 21,215 | 15,560 |
| Equity | 71,098 | 59,486 |
| Cash | 24,818 | 26,809 |
| ROCE (Net of Cash) | 17.2% | 5.3% |
| RONW | 14.9% | 5.2% |
| D/E (Net) | 0.20 | 0.16 |
| Net Debt/ EBITDA | 0.85 | 1.28 |



Consolidated Financial reconciliation

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Rs. Million

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| FY 2022 – 15 months | BFL + BFIL | WOS | Indian Subs | Total |
|-----------------------------|------------|--------|-------------|-----------------|
| Total Revenue | 62,225 | 40,641 | 1,745 | 1,04,611 |
| EBITDA | 15,994 | 3,947 | (138) | 19,803 |
| PBT | 12,308 | 793 | (245) | 12,856 |
| Exchange Gain/(loss) | 409 | (53) | - | 356 |
| Exceptional Items | 759 | (106) | 271 | 924 |
| Associate/JV Profit/ (Loss) | - | - | - | (283) |
| PAT | 10,419 | 672 | 10 | 10,818 |

| FY 2021 | BFL + BFIL | WOS | Indian Subs | Total |
|-----------------------------|------------|---------|-------------|----------------|
| Total Revenue | 38,997 | 23,361 | 1,005 | 63,363 |
| EBITDA | 7,415 | 1,221 | 10 | 8,646 |
| PBT | 4,311 | (1,104) | (71) | 3,136 |
| Exchange Gain/(loss) | (143) | 146 | (5) | (2) |
| Exceptional Items | (119) | (2,970) | - | (3,089) |
| Associate/JV Profit/ (Loss) | - | - | - | (294) |
| PAT | 3,046 | (3,994) | (72) | (1,264) |



Rs. Million

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| Overseas Mfg. Ops | Jan – Mar 2022 | Oct – Dec 2021 | Jan – Mar 2021 | CY 2021 | 15 Months | CY 2020 |
|---------------------------|----------------|----------------|----------------|--------------|--------------|-------------|
| Total Revenue | 9,083 | 8,073 | 8,100 | 31,558 | 40,641 | 23,361 |
| EBITDA | 746 | 702 | 951 | 3,201 | 3,947 | 1,221 |
| EBITDA % | 8.2% | 8.7% | 11.7% | 10.1% | 9.7% | 5.2% |
| PBT Before Ex Gain/(Loss) | 147 | 188 | 309 | 646 | 793 | (1,104) |
| EBITDA (ex of US- Alu)* | 807 | 791 | 951 | 3,477 | 4,284 | 1,221 |
| EBITDA % | 8.9% | 9.8% | 11.7% | 11.0% | 10.5% | 5.2% |

* US Aluminium operations have just commenced operations recently and is operating at very low utilization levels.

| Overseas Ops Sales | Jan – Mar 2022 | Oct – Dec 2021 | Jan – Mar 2021 | CY 2021 | 15 Months | CY 2020 |
|--------------------|----------------|----------------|----------------|---------------|---------------|---------------|
| Steel Forgings | 6,893 (76%) | 5,651 (70%) | 6,283 (78%) | 23,712 (75%) | 30,605 (75%) | 18,602 (80%) |
| AI Forgings | 2,190 (24%) | 2,422 (30%) | 1,817 (22%) | 7,846 (25%) | 10,036 (25%) | 4,759 (20%) |
| Total | 9,083 | 8,073 | 8,100 | 31,558 | 40,641 | 23,361 |



Overseas Operations & Subsidiary Financials

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Rs. Million

| Indian Subsidiaries | Jan – Mar 2022 | Oct – Dec 2021 | Jan – Mar 2021 | FY2022 | FY2021 |
|---------------------------------|----------------|----------------|----------------|---------------|-------------|
| Total Revenue | 772 | 473 | 491 | 1,745 | 1,005 |
| EBITDA | (136) | 36 | 68 | (138) | 10 |
| EBITDA% | (17.6)% | 7.6% | 13.8% | (7.9)% | 1.0% |
| PBT Before Exchange Gain/(Loss) | (133) | (15) | 45 | (245) | (71) |

Rs. Million

| BFL + BIFL (Trading Subsidiary) | Jan – Mar 2022 | Oct – Dec 2021 | Jan – Mar 2021 | FY2022 | FY2021 |
|---------------------------------|----------------|----------------|----------------|--------------|--------------|
| Total Revenue | 17,804 | 16,621 | 10,838 | 62,225 | 38,997 |
| EBITDA | 4,199 | 4,322 | 2,568 | 15,994 | 7,415 |
| EBITDA% | 23.6% | 26.0% | 23.7% | 25.7% | 19.0% |
| PBT Before Exchange Gain/(Loss) | 3,375 | 3,420 | 1,671 | 12,308 | 4,311 |

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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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