



BHARAT FORGE



BHARAT FORGE LTD

ANALYST UPDATE – Q3FY23

MANAGEMENT COMMENTS

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BFL 3 Month Report: “The company registered a good performance in Q3 FY23 with record revenues of Rs 1,952 Crores. During the quarter, revenues grew sequentially by 4.7% while PAT grew sequentially by 8%. In Q3 FY23, the Indian operations secured new business worth ~Rs 265 Crores across automotive & industrial applications.

In Q3 FY23, JSA performance has witnessed a sequential growth of 20% in topline and 52% in EBITDA. During the quarter, they secured new orders worth Rs 153 Crores. To further grow its presence in the Castings space, JSA has signed a BTA with Indo Shell Mould Limited to acquire its SEZ unit in SIPCOT, Erode. We expect the transaction to close by March 2023.

In Q3 FY23, BFL along with KSSL, has secured contracts worth Rs 600 crores, taking the orderbook to Rs 1,950 Crores as of Q3 FY22. The fulfilment of these orders along with the export of Artillery Gun system will commence from beginning of FY24.

The overseas operations posted an EBITDA loss of Rs 62 Crs due to ramp up related issues of the new AI forgings capacities in Germany & USA. They continue their journey towards profitability with focus on improving capacity utilization, cost optimization, price increases & cost compensation from customers.

As we look ahead in to Q4 FY23, we expect growth momentum to continue across both the domestic and export markets. Aiding the standalone performance, we expect the new verticals to start registering meaningful contribution at a consolidated level and EPS accretive in FY24”.

B.N. Kalyani,

Chairman & Managing Director

MANAGEMENT COMMENTS

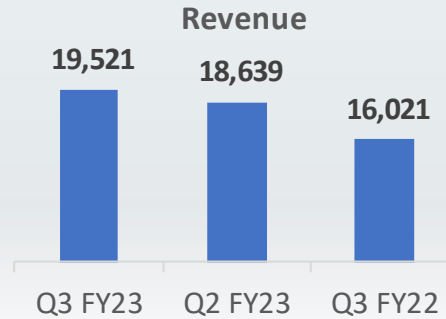
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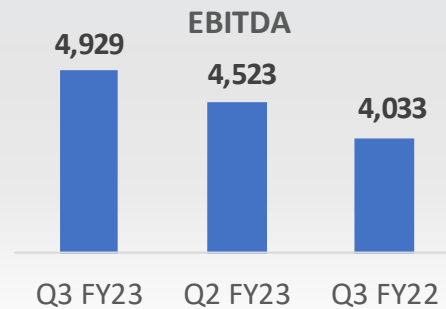
INTERNATIONAL BUSINESS

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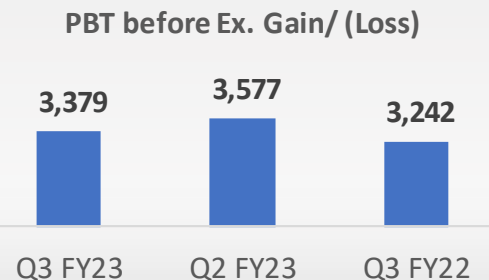
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Revenues at Rs 19,521 million in Q3FY23 grew by 4.7% as compared to Q2 FY23 driven by 9.4% growth in Export sales. Domestic revenues declined by 1.7% due to lower PV production & seasonal weakness in tractors.



EBITDA margins at 25.2% in Q3 was a 90 bps improvement QoQ driven by better product mix.



PBT before Exchange gain/ (loss) of Rs 3,379 million in Q3 FY23 as against Rs 3,577 million in Q2 FY23 impacted by rising interest costs.

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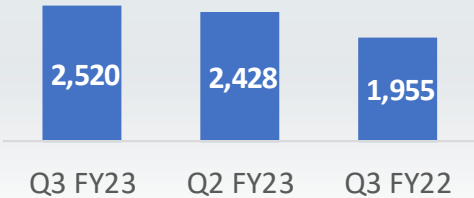
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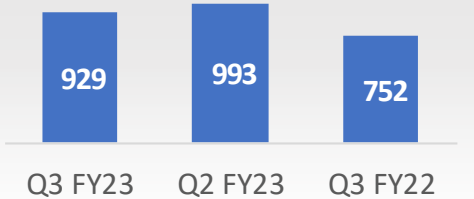
ANNEXURES

Commercial Vehicles



Automotive Business: During the quarter, MHCV production witnessed sequential growth while the Passenger vehicles and LCV sector production declined by ~ 10% & 14% respectively. BFL’s revenues from the PV segment declined in-line with industry volumes.

Passenger Vehicles



Industrials Business: The industrial business continues to display stable performance with the segment registering flat sequential performance largely due to seasonality in Agri/ tractor segment. Q3FY22 revenue included supply of Oxygen cylinders, normalized for this the YoY performance is a 50% improvement.

Industrial



Note: Other Revenue stood at Rs 1,030 million in Q3FY23



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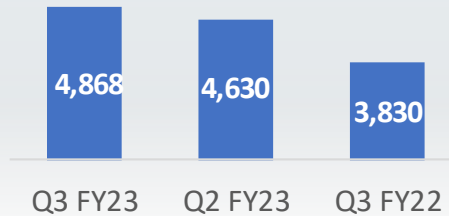
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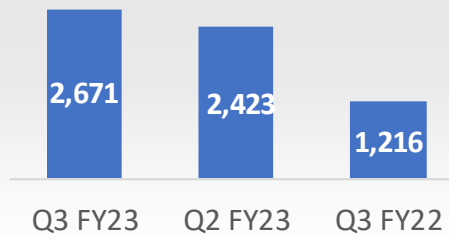
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Commercial Vehicles



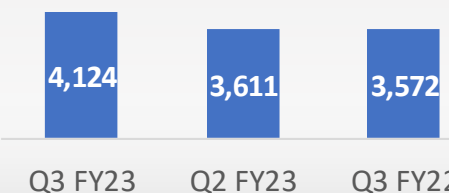
Automotive Business: The automotive export revenues has witnessed growth on both QoQ & YoY basis across Commercial & Passenger Vehicle segments. Revenues from the CV segment have grown by 5% while the PV segment revenues have grown by 10% sequentially. PV revenues at Rs 2,671 million are at a record high; we expect this trend to continue as demand sustains.

Passenger Vehicles



North America CV and PV volumes continue to show robust growth on the back of fleet replacement and strong demand for personal mobility. European automotive market continues to remain gloomy with the only silver lining being MHCV truck volumes which have recorded a YoY growth in CY22.

Industrial



Industrials Business: The industrial segment has shown all-round growth on a sequential and YoY basis. Oil & Gas, Agri, Construction & mining drove the incremental growth QoQ. We continue to diversify and de-risk our client basket with targeted focus on material handling, Railways and Agri equipment



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Rs. Million

PARTICULARS	Q3FY23	Q2FY23	Q3FY22
Americas	8,135	7,186	5,775
Europe	2,832	2,860	2,545
Asia Pacific	696	618	298
Total	11,663	10,664	8,618



Consolidated Financial Highlights Q3 FY23

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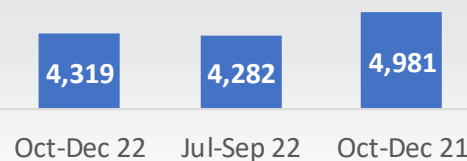
FINANCIAL ANNEXURES

Revenues



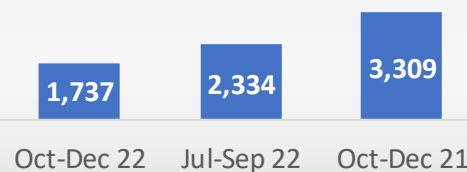
Rs. Million

EBITDA



Particulars	December 31, 2022	March 31, 2022
Long Term Debt	24,894	23,151
WC & Bill Discounting	42,053	33,394
Equity	65,797	66,267
Cash	30,006	27,334
D/E	1.02	0.85
D/E (Net)	0.56	0.44

PBT before Ex Gain/(loss)



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Standalone P&L Highlights Q3 FY23

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Rs. Million

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STANDALONE FINANCIALS	Q3FY23	Q2FY23	QoQ%	Q3FY22	YoY%
Shipment Tonnage	62,755	61,149	2.6	53,365	17.6
Domestic Revenue	7,588	7,723	-1.7	7,221	5.1
Export Revenue	11,663	10,664	9.4	8,618	35.3
Other Operating Income	269	252		183	
Total Revenue	19,521	18,639	4.7	16,021	21.8
EBITDA	4,929	4,523	9.0	4,033	22.2
EBITDA%	25.2%	24.3%		25.2%	
Other Income	378	477		358	
Profit Before Tax	3,379	3,577	(5.5)	3,242	4.2
PBT %	17.3%	19.2%		20.2%	
Exchange Gain / (Loss)	422	8		45	
Exceptional Item	43	(6)		959	
Profit Before Tax	3,844	3,579		4,246	
Profit After Tax	2,892	2,682	7.8	3,374	(14.3)



Standalone Balance Sheet Highlights as on December 31, 2022

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Particulars (Standalone)	December 31, 2022	March 31, 2022
Long Term Debt	18,351	17,834
Working Capital & Bill Discounting	26,492	21,215
Equity	74,192	71,098
Cash	19,683	24,818
ROCE (Net of Cash)	15.5%	17.2%
RONW	14.4%	14.9%
D/E (Net)	0.34	0.20



Rs. Million

Overseas Mfg. Ops	Oct - Dec 2022	Jul - Sep 2022	Jul – Sep 2021
Total Revenue	10,726	9,470	6,853
EBITDA	(626)	(341)	623
EBITDA %	(5.8)%	(3.6)%	9.1%
PBT before Ex Gain/(Loss)	(1,514)	(1,157)	(96)
EBITDA (ex of US- Alu)*	(282)	(141)	613
EBITDA %	(2.8)%	(1.7)%	9.8%

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

Rs. Million

Overseas Ops Sales	Oct - Dec 2022	Jul - Sep 2022	Jul – Sep 2021
Steel Forgings	7,730 (72%)	6,818 (72%)	5,135 (75%)
EU AI Forgings	2,996 (28%)	2,652 (28%)	1,718 (25%)
Total	10,726	9,470	6,853

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Rs. Million

Indian Subsidiaries	Oct – Dec 2022	Jul – Sep 2022	Oct – Dec 2021
Total Revenue	2,212	1,686	473
EBITDA	15	(43)	36
PBT Before Exchange Gain/(Loss)	(117)	(219)	(15)

Rs. Million

BF Industrial Solutions	Oct – Dec 2022	Jul – Sep 2022	Oct – Dec 2021
Total Revenue	1,492	1,241	187
EBITDA	167	143	31
EBITDA %	11.2%	11.5%	16.6%
PBT Before Exchange Gain/(Loss)	93	63	13

Rs. Million

BFL + BIFL (Trading Subsidiary)	Oct – Dec 2022	Jul – Sep 2022	Oct – Dec 2021
Total Revenue	20,596	19,607	16,621
EBITDA	4,930	4,666	4,322
EBITDA%	23.9%	23.8%	26.0%
PBT Before Exchange Gain/(Loss)	3,368	3,710	3,420

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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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