

BHARAT FORGE



KALYANI

INVESTOR PRESENTATION

February 2016 | Bharat Forge Ltd. | Pune

MAKING IN
INDIA
FOR THE WORLD



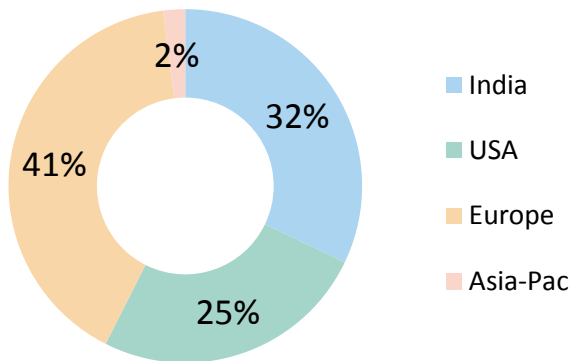
Bharat Forge Limited - A Global Industrial Conglomerate



BHARAT FORGE: PROFILE

- Consolidated Revenues: ~ US\$ 1.3 bn.
- 9 Manufacturing locations across 4 countries.
- Global Marquee Customer base of more than 35 OEM's & Tier-1 companies across automotive & industrial applications.
- Non Auto: 38% of consolidated revenues in FY 2015.
- No single customer exceeds 6% of consolidated revenues.

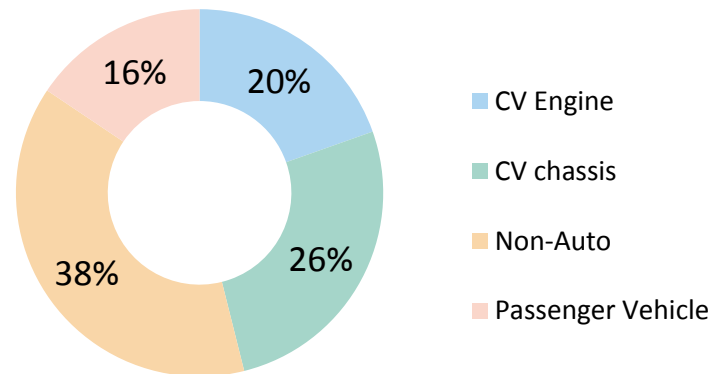
REVENUE BREAK-UP BY GEOGRAPHY – FY 2015



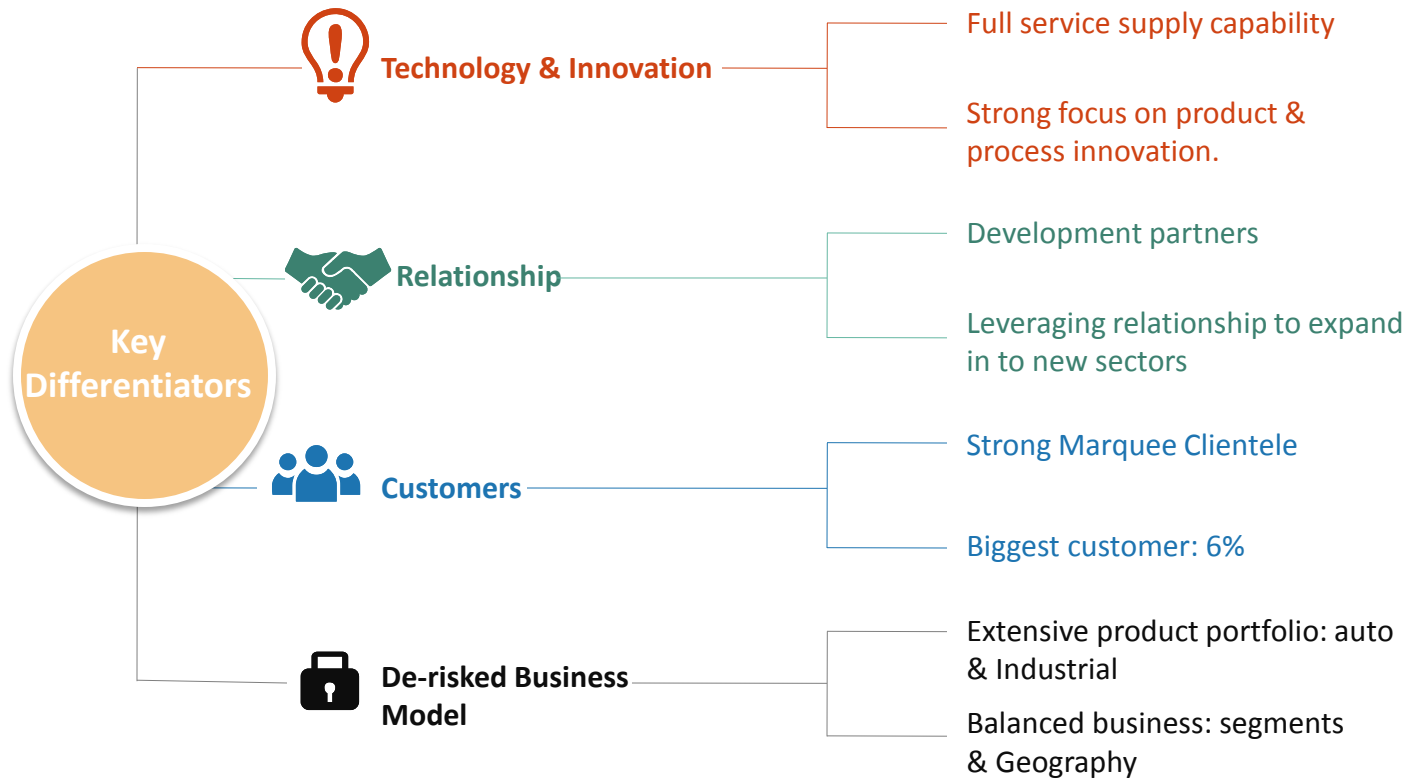
GLOBAL FORGING CONGLOMERATE

| Geography | Capacity (TPA) |
|--------------|----------------|
| | 403,750 |
| | 180,000 |
| Total | 583,750 |

REVENUE BREAK-UP BY SEGMENTS – FY 2015



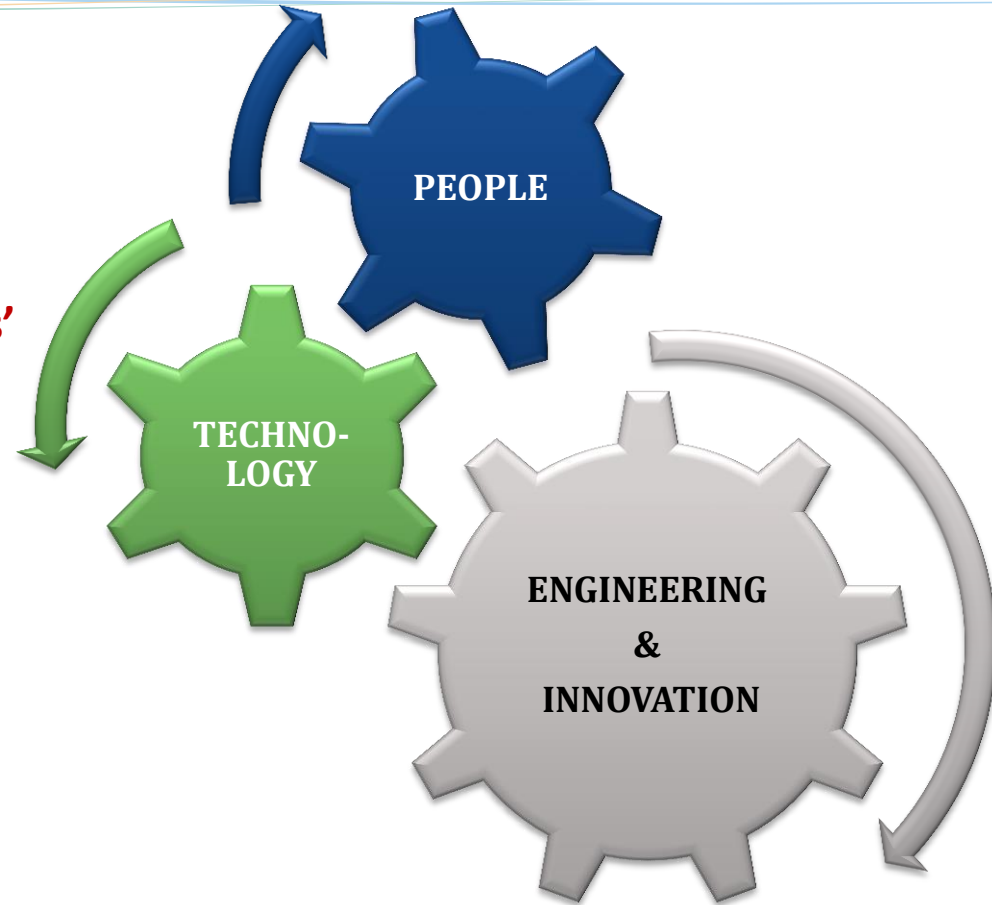
Bharat Forge Limited – Key Differentiators



Transformational Shifts around the three Success Levers



1. From 'Muscle Power' to '**Brain Power**'
2. Creating a '**Knowledge Workforce**'
3. Modernizing '**Technology & Operations**'
4. From a 'Generic Supplier' to a '**Partner of Choice**'
5. From an 'Indian Company' to a '**Global Company**'
6. Business Model is **diversified** across –
 - i. Geographies
 - ii. Industry Segments



Highlights for 9M FY 2016



Strong growth in the Auto segment with market share gain in specific products and geographies.

Improved product mix, efficient manufacturing practices and cost control measures has helped to improve EBIDTA margins.

Passenger Vehicle focus remains steadfast with export revenues growing more than 100% Y-o-Y

Strong concentration on R&D and innovation giving a competitive edge in the “Make in India” initiative.

Continued weakness in the global commodities and its allied sectors is affecting the demand in Industrial segment

Maintaining a healthy balance sheet by focus on free cash generation. Aim to be net debt free by 2018.

Started serial production of aerospace parts. Witnessing good progress in the sector.

Continue to focus on expanding product portfolio across sectors and acquire new customers across geographies.

Standalone Results – Q3 FY 2016 Vs Q2 FY 2016



(INR Million)

| Particulars | Q3 FY16 | Q2 FY16 | Q-o-Q % change |
|----------------------------|--------------|--------------|-------------------|
| Shipment Tonnage | 50,741 | 54,559 | (7.0)% |
| Domestic Revenue | 4,230 | 4,789 | (11.7)% |
| Export Revenue | 6,290 | 6,379 | (1.4)% |
| Total Revenue | 10,520 | 11,168 | (5.8)% |
| EBITDA | 3,301 | 3,362 | (1.8)% |
| EBITDA % | 31.4% | 30.1% | |
| PBT before Ex Gain/ (loss) | 2,632 | 2,742 | (4.0)% |
| PAT | 1,661 | 1,751 | (5.1)% |

Standalone Results – Q3 FY 2016 Vs Q3 FY 2015



(INR Million)

| Particulars | Q3 FY16 | Q3 FY15 | Y-o-Y % change |
|----------------------------|--------------|--------------|----------------|
| Shipment Tonnage | 50,741 | 53,306 | (4.8)% |
| Domestic Revenue | 4,230 | 4,643 | (8.9)% |
| Export Revenue | 6,290 | 7,335 | (14.2)% |
| Total Revenue | 10,520 | 11,978 | (12.2)% |
| EBITDA | 3,301 | 3,668 | (10.0)% |
| EBITDA % | 31.4% | 30.6% | |
| PBT before Ex Gain/ (loss) | 2,632 | 2,908 | (9.5)% |
| PAT | 1,661 | 1,963 | (15.4)% |

Standalone Results – 9M FY 2016



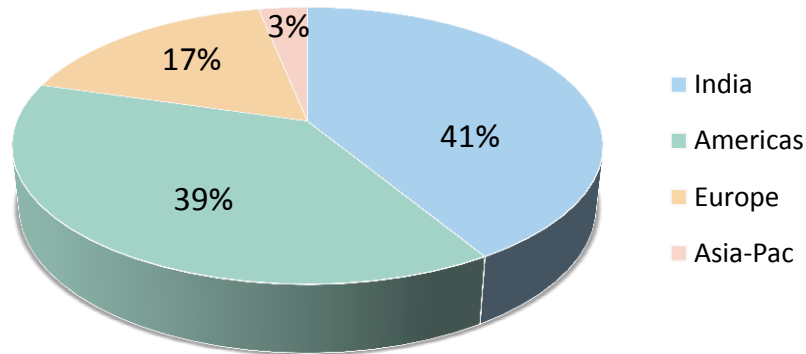
(INR Million)

| Particulars | 9M FY16 | 9M FY15 | Growth % |
|----------------------------|----------------|----------------|-------------|
| Shipment Tonnage | 157,284 | 154,989 | 1.5% |
| Domestic Revenue | 13,634 | 13,415 | 1.6% |
| Export Revenue | 19,339 | 19,827 | (2.5)% |
| Total Revenue | 32,973 | 33,242 | (0.8)% |
| EBITDA | 10,253 | 9,888 | 3.7% |
| EBITDA % | 31.1% | 29.7% | |
| PBT before Ex Gain/ (loss) | 8,397 | 7,718 | 8.8% |
| PAT | 5,366 | 5,158 | 4.0% |

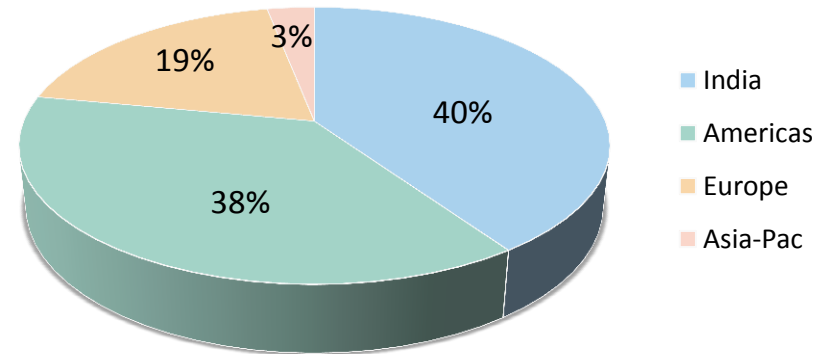
Geographical Breakup - Standalone



9M FY16



9M FY15

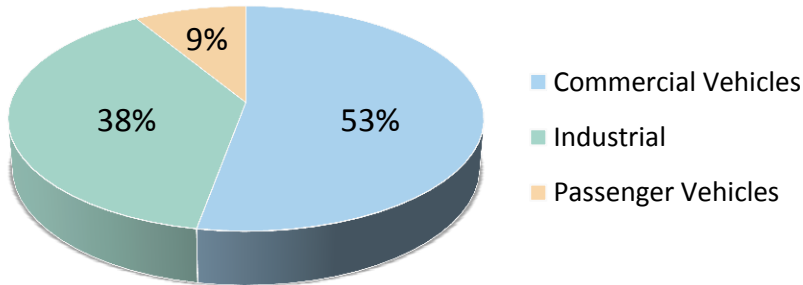


| Particulars (INR Million) | 9M FY 2016 | 9M FY 2015 | % Change |
|---------------------------|------------|------------|----------|
| India | 13,635 | 13,414 | 1.6 |
| Americas | 12,590 | 12,509 | 0.7 |
| Europe | 5,708 | 6,302 | (9.4) |
| Asia Pacific | 1,041 | 1,016 | 2.5 |

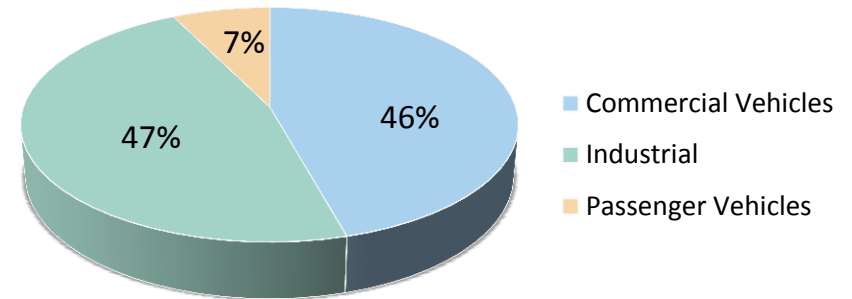
Segmental Breakup - Standalone



9M FY16

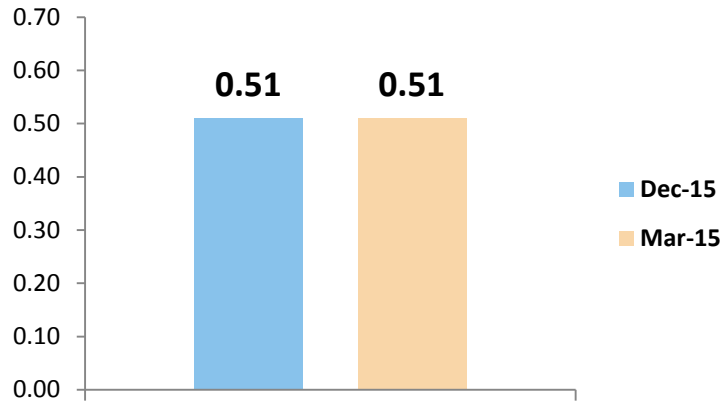


9M FY15

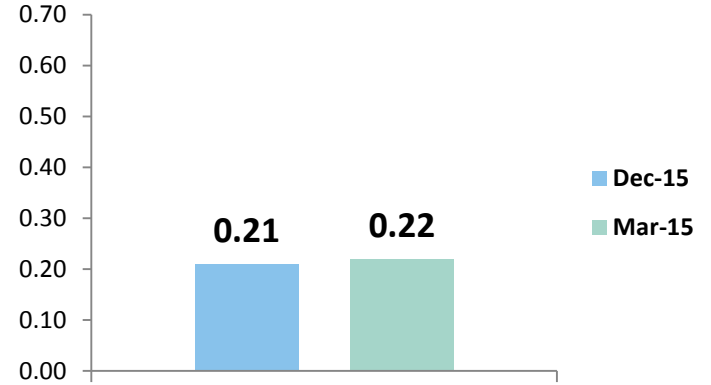


| Particulars (INR Million) | 9M FY 2016 | 9M FY 2015 | % Change |
|---------------------------|------------|------------|----------|
| Commercial Vehicles | 16,200 | 13,948 | 16.1 |
| Industrial | 11,767 | 14,347 | (18.0) |
| Passenger Vehicles | 2,673 | 2,237 | 19.5 |

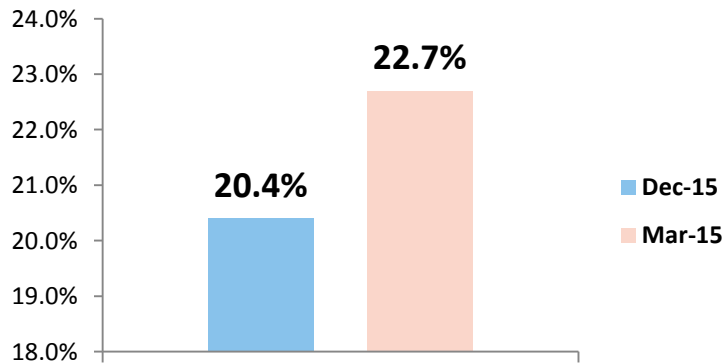
Standalone Financial Ratios



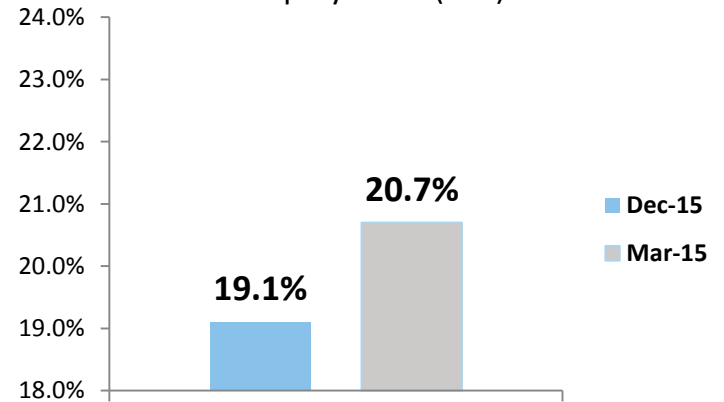
Debt Equity Ratio



Debt Equity Ratio (Net)



Return on Capital Employed



Return on Net Worth

Industrial Segment – Focus on New Sectors

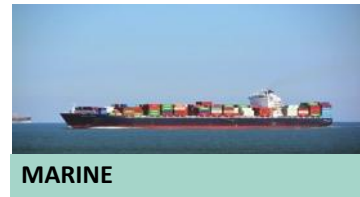


INDUSTRIAL BUSINESS

ENERGY



TRANSPORTATION



CONSTRUCTION & MINING



↑
INFRASTRUCTURE SUPPLY BUSINESS
↓

Contributing to “Make in India”



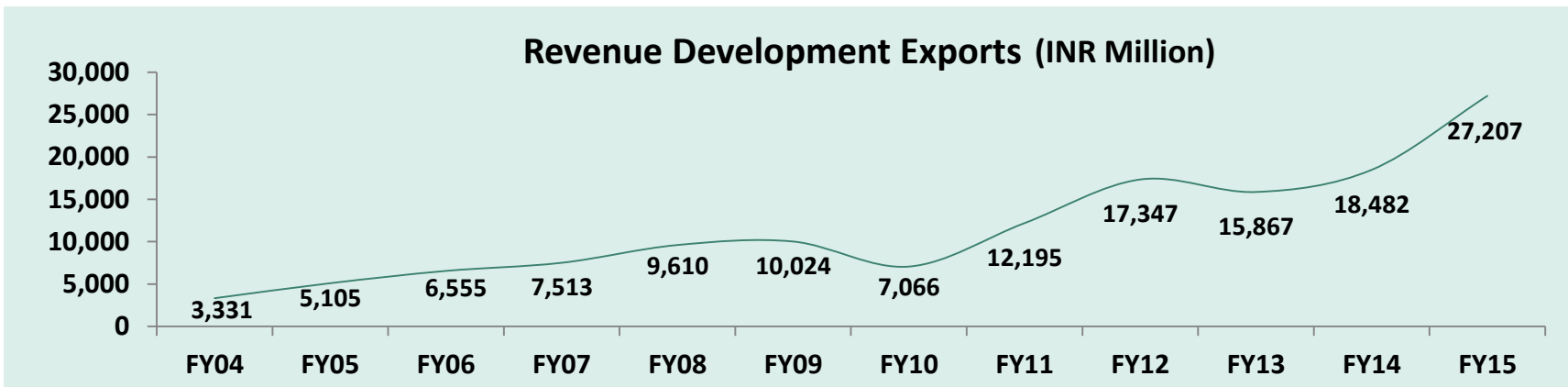
- Working on import substitution
- Identified 4 sectors - Mining, Power, Railways/Marine & Defense
- Focus on developing new and technologically differentiated products across these sectors.
- Significant progress made to get accredited with the government agencies for initial sample orders
- Won initial sample orders for new products & systems across industries.

State of Markets / BFL Engagement

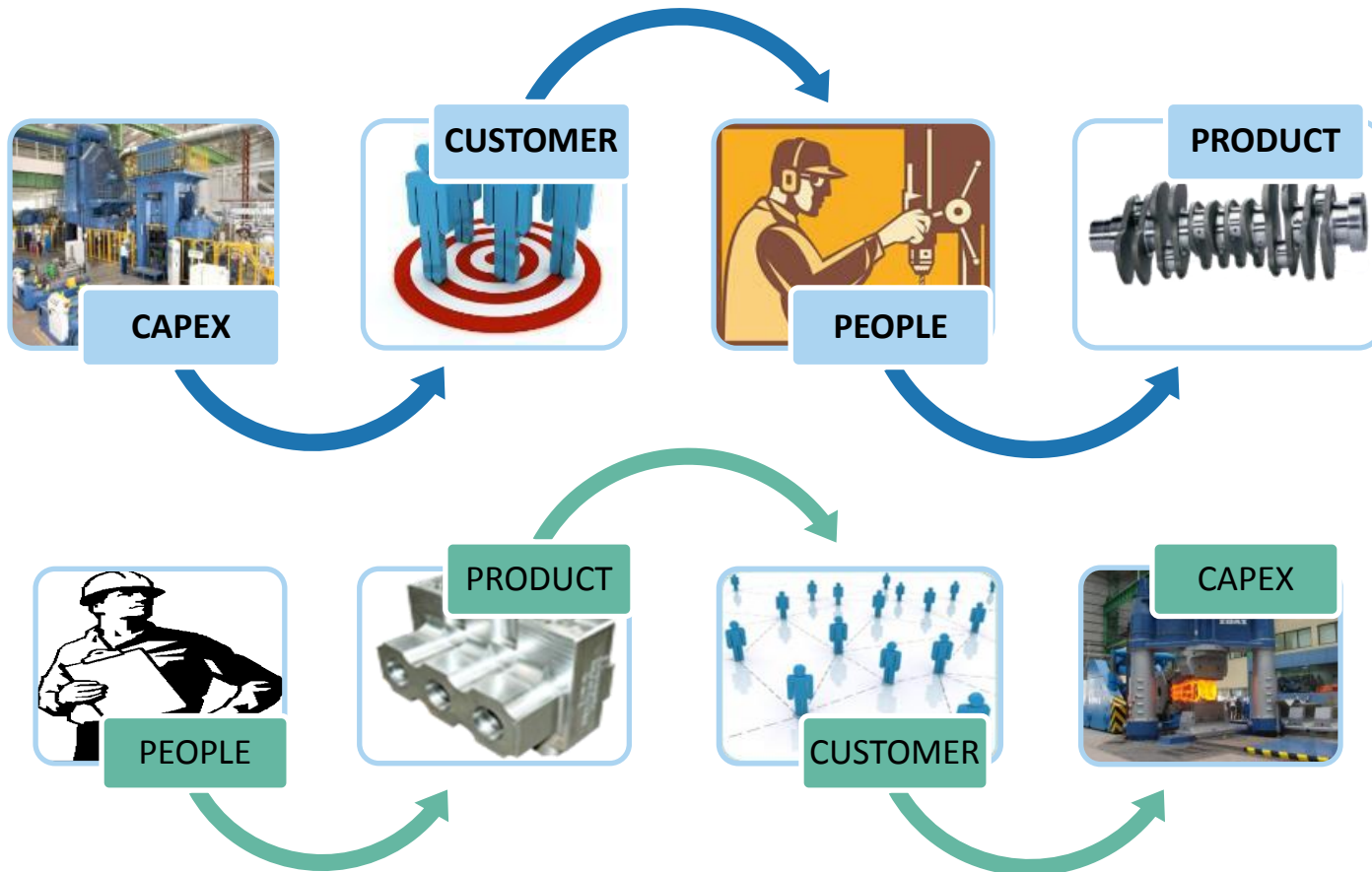


| SECTOR | YEAR 2001 | YEAR 2004 | YEAR 2012 | YEAR 2015 | YEAR 2017 |
|---------------|-----------|-----------|-----------|-----------|-----------|
| TRUCK | ● | ● | ● | ● | ● |
| PASSENGER CAR | | ● | | ● | ● |
| CONSTRUCTION | | | ● | ● | ● |
| MINING | | | ● | ● | ● |
| AGRICULTURE | | | ● | ● | ● |
| OIL & GAS | | | ● | ● | ● |
| AEROSPACE | | | | ● | ● |

| DE RISKED BUSINESS MODEL | |
|------------------------------|---|
| GEOGRAPHICAL DIVERSIFICATION | ● |
| SECTOR DIVERSIFICATION | ● |
| PRODUCT EXPANSION | ● |



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Building a highly skilled & competitive Talent Pipeline



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UNDER GRADUATE STUDIES



BITS PILANI

B Sc. , Manufacturing Engineering;
BITS Pilani, India

POST GRADUATE STUDIES (Management)



THE UNIVERSITY OF WARWICK

M Sc., Engineering Business Management;
Warwick, U.K.

POST GRADUATE STUDIES (Technical)



IIT Bombay

M Tech., Materials, Manufacturing & Model Science;
IIT Bombay, India

DOCTORAL PROGRAMS (Technical)



Ph.D. Program, Focused & Generic Research;
Deakin University, Australia

State of Markets



| Particulars | INDIA | NORTH AMERICA | EUROPE |
|----------------------------------|-------|---------------|--------|
| Commercial Vehicles | | | |
| Passenger Vehicles – High End | — | | |
| Passenger Vehicles – Mass Market | | | |
| Oil & Gas | — | | |
| Construction | | | |
| Mining | | | |
| Aerospace | — | | |
| Power (Renewable & Thermal) | | — | |

WHEN **OBSTACLES ARISE,**
YOU **CHANGE YOUR DIRECTION TO**
REACH YOUR GOAL,
YOU **DO NOT CHANGE YOUR**
DECISION TO GET THERE.

BHARAT FORGE



KALYANI

THANK YOU

