

# BHARAT FORGE



**KALYANI**

## INVESTORS PRESENTATION

November 2014 | Bharat Forge Ltd. | Pune

**MAKING IN INDIA FOR THE WORLD**





# Bharat Forge Limited - A Global Industrial Conglomerate

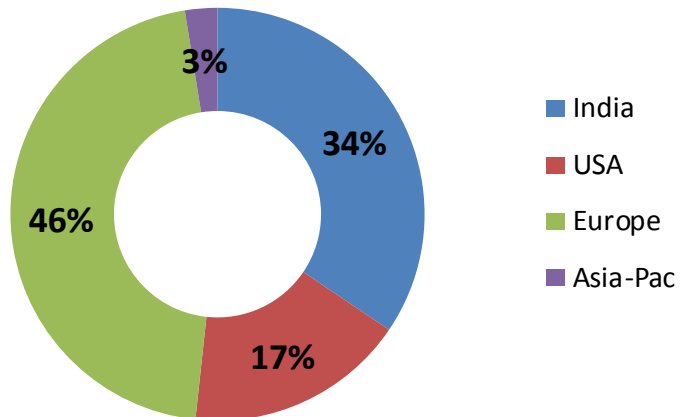
## Bharat Forge: Profile

- Consolidated Revenues: ~ US\$ 1.2 bn.
- 8 Manufacturing locations across 3 countries.
- Global Marquee Customer base of more than 35 OEM's & Tier- 1 companies across automotive & non automotive applications.
- Non Auto: 37% of consolidated revenues in FY 14.
- No single customer exceeds 6-7% of consolidated revenues.

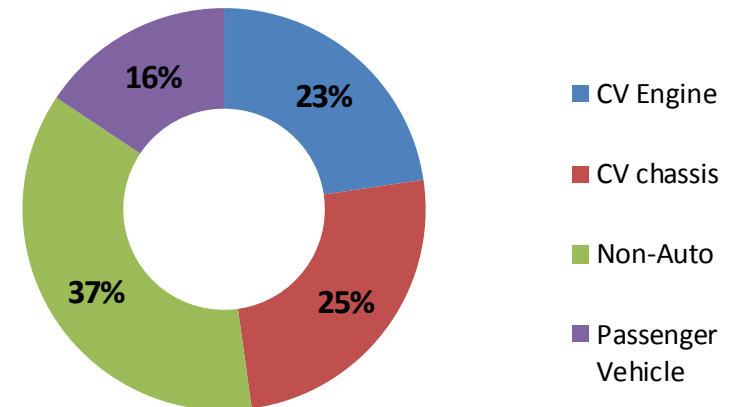
## Global Forging Conglomerate

Geography	Capacity (TPA)
	403,000
	180,000
<b>Total</b>	<b>583,000</b>

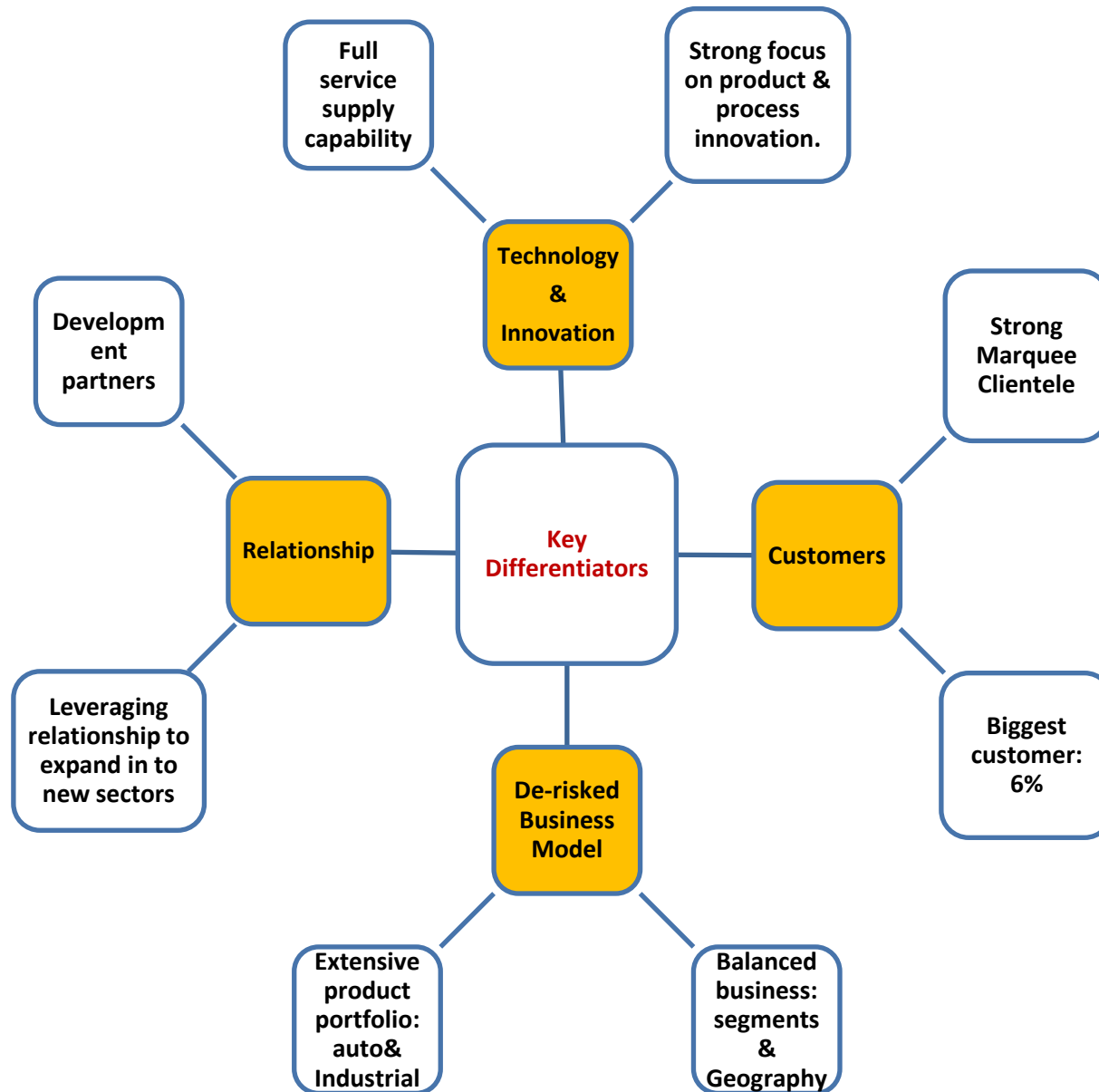
## Revenue Break-up by Geography – FY 2014



## Revenue Break-up by Segments – FY 2014



# Bharat Forge Limited – Key Differentiators



## ***Highlights for Q2 FY 2015 : standalone operations***

- Strong performance driven by market share increase across segments & geographies particularly in US.
- Strong operational margins sustained mainly on account of
  - higher capacity utilization
  - growth in export market
  - Focus on critical & technology differentiated industrial products
  - Favorable product mix
- Robust cash flows with surplus cash.
- Healthy debt equity ratio with improvement in ROCE, RONW.

# Standalone Results – Q2 FY 2015

(INR Million)

Particulars	Q2 FY15	Q1 FY15	Growth %	Q2 FY14	Growth %
Shipment Tonnage	52,560	49,123	7.0	42,812	22.8
Domestic Sales	4,408	4,363	1.0	3,817	15.5
Export Sales	6,975	5,518	26.4	4,634	50.5
<b>Total Revenue</b>	<b>11,383</b>	<b>9,881</b>	<b>15.2</b>	<b>8,451</b>	<b>34.7</b>
EBITDA	3,313	2,908	13.9	2,228	48.7
<b>EBITDA %</b>	<b>29.1%</b>	<b>29.4%</b>		<b>26.4%</b>	
PBT	2,635	2,176	21.1	1,426	84.8
PAT	1,745	1,450	20.3	964	81.0

# Standalone Financial Ratios

(INR Million)

Particulars	30 September 2014	31 March 2014
Debt	17,742	19,943
Equity	30,850	26,933
Cash	9,615	9,967

Particulars	30 September 2014	31 March 2014
<b>Debt Equity Ratio</b>	<b>0.58</b>	<b>0.74</b>
<b>Debt Equity Ratio (Net)</b>	<b>0.26</b>	<b>0.37</b>
<b>Return on Capital Employed</b>	<b>21.5%</b>	<b>16.0%</b>
<b>Return on Net Worth</b>	<b>21.0%</b>	<b>15.0%</b>

# Performance of International Operations

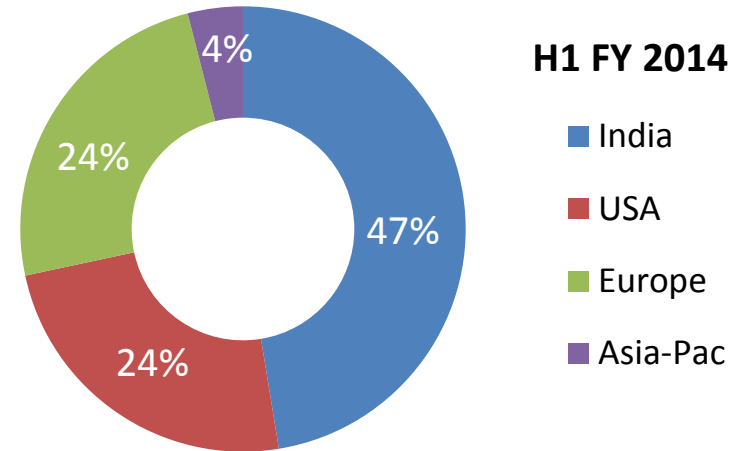
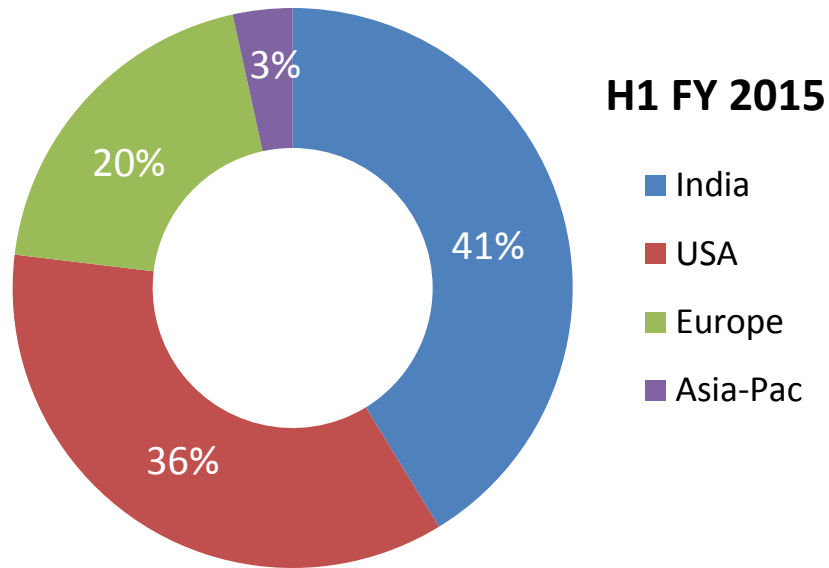
(INR Million)

Particulars	Q3 CY14	Q2 CY14	% Change
Total Revenue	5,432	6,250	(13)%
EBITDA	312	456	(32)%
EBITDA %	5.7%	7.3%	
PBT	10	151	

- Demand decline witnessed in Europe across Medium & heavy Commercial Vehicles and Passenger Vehicles.
- Passenger vehicles sales for the July – September period declined by 13% while Medium & Heavy Commercial vehicles witnessed 8% decline in sales.

# Geographical Breakup - Standalone

## Business Diversity yielding good results

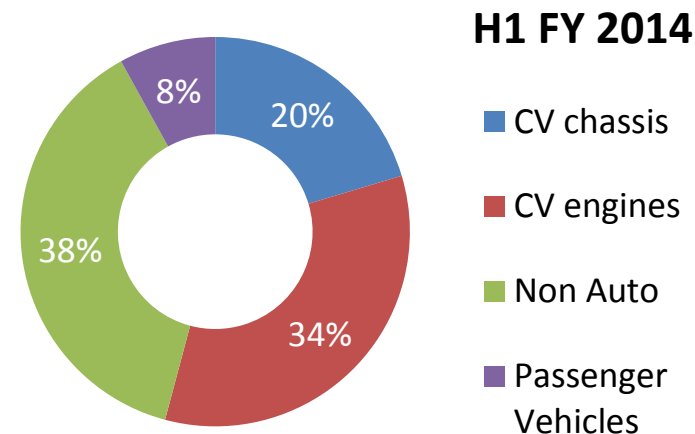
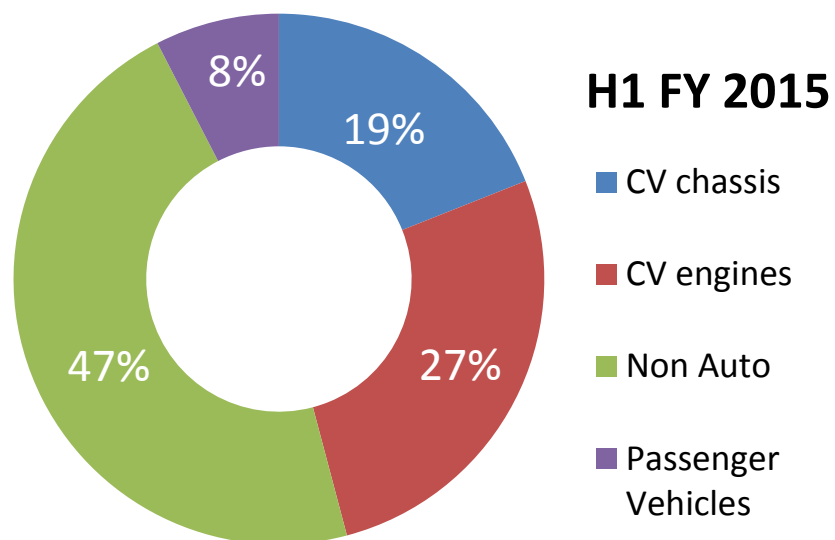


Particulars (INR Million)	H1 FY 2015	H1 FY 2014
India	8,771	7,761
US	7,581	3,965
Europe	4,180	3,986
Asia Pac	731	655



# Segmental Breakup... Increasing share of Industrial

- Expanded addressable market segment & New customer additions



Particulars (INR Million)	H1 FY 2015	H1 FY 2014
CV Chassis	3,732	3,060
CV Engines	5,288	5,077
Industrial	9,154	5,682
Passenger Vehicle	1,489	1,208

# Passenger Cars.. New order wins & Increasing product portfolio

DAIMLER

CHRYSLER



Audi



Mahindra



**Current Scenario:** Passenger car business account for 16% of consolidated revenues but less than 10% of standalone sales .

**Actions Taken:** Have won 4 export orders from Global OEM for supply of engine components. Working on many more deals in the pipeline.

**Future Scenario:** Orders to ramp up from FY16 and increase share of passenger car revenues to 20% of standalone operations.

We expect to grow powertrain & transmission business by increasing content per car & increase value addition.

# Commercial Vehicles... More Penetration & New Customer

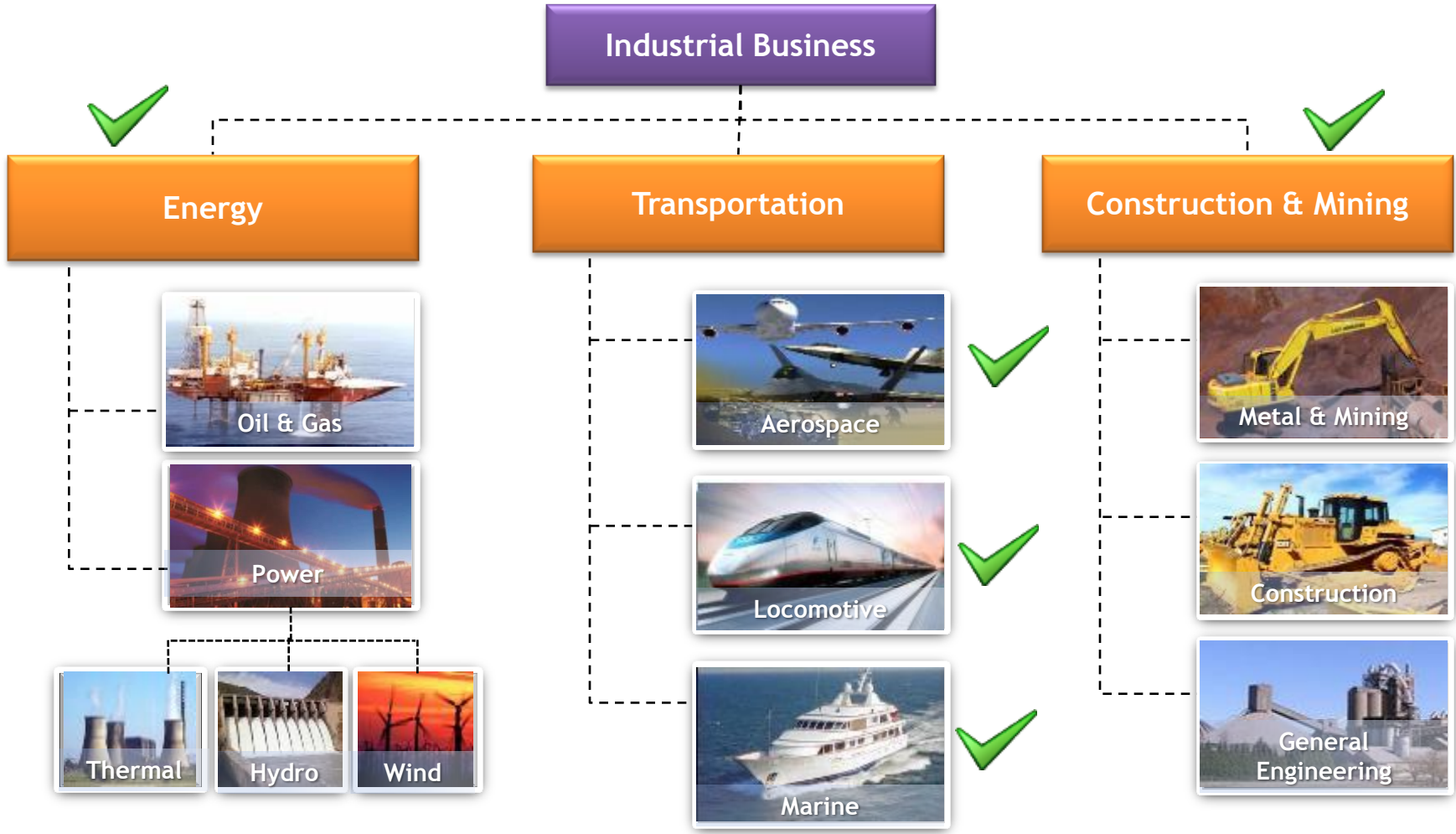


**Current Scenario:** Commercial Vehicles has been the mainstay for the company with CV(Engine & Chassis) accounting for ~50% of sales

**Actions Taken:** LTA's with existing customer in place to maintain current share of business.  
New products introduced to grow the business & new customers acquired resulting in increased penetration.

**Future Scenario:** Increase market share in the Industry and grow faster than the underlying market growth.

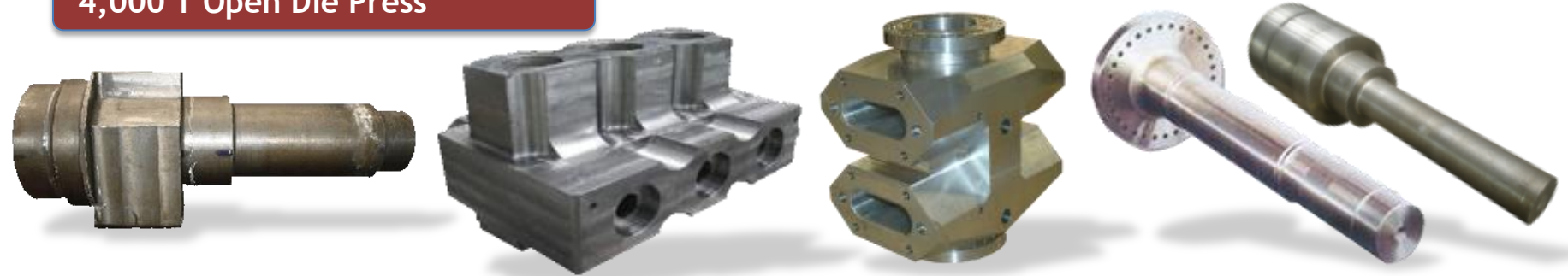
# New Verticals... Greater Focus... India's Growth



## Infrastructure Supply Business

# Select Non Auto Product Portfolio

4,000 T Open Die Press



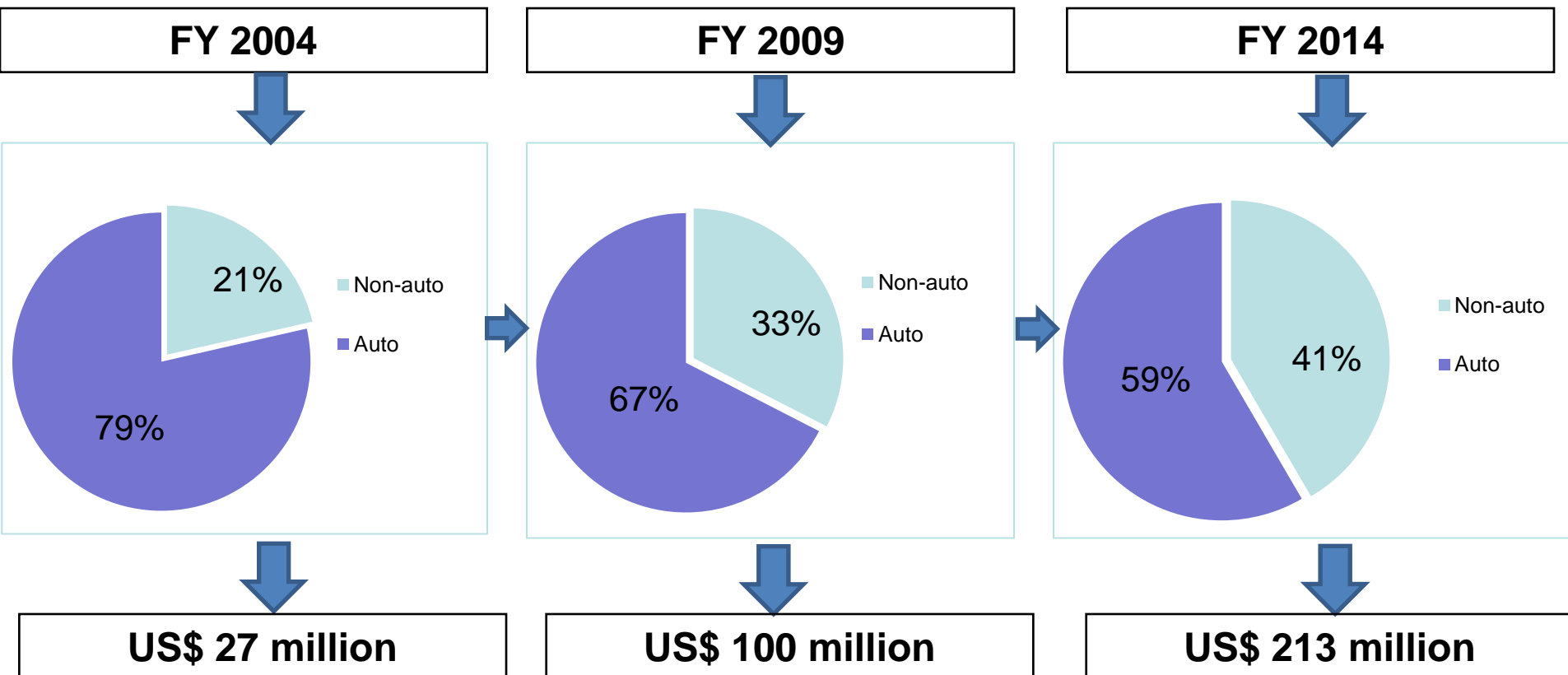
80 Mtr Ton Counterblow Hammer



Ring Rolling Line



# Progression of Industrial Business



Development of product “first time right” using in house technology & capabilities and higher value addition

US\$ = Rs 60

# Industrial Sector

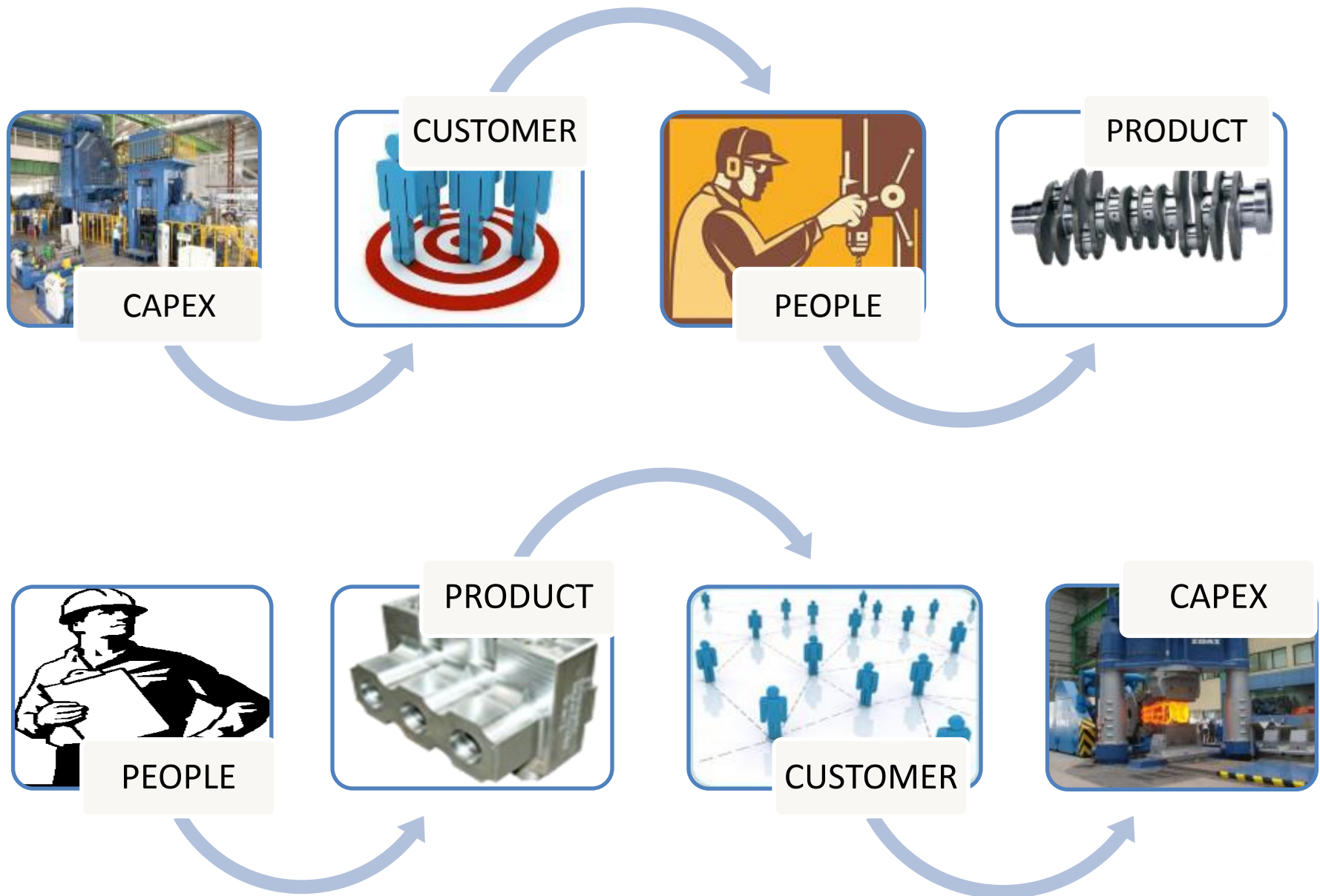


**Current Scenario:** BFL's concerted efforts in industrial is visible with the segment accounting for more than 40% of standalone revenues as against ~30% 5 years ago.

**Actions Taken:** Concerted thrust on new product development, enhancing market share & value addition with existing customers and adding new customers.

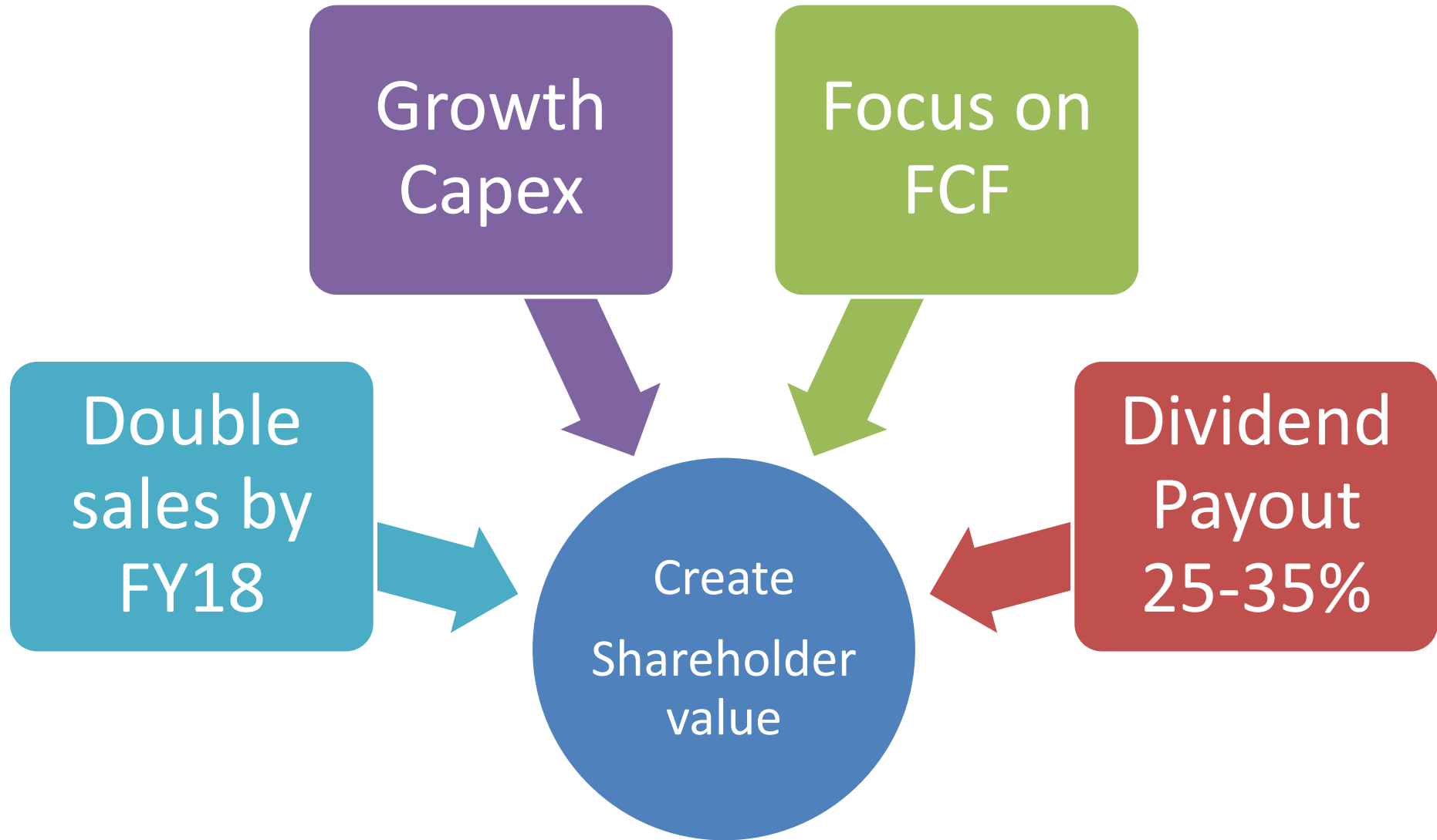
**Future Scenario:** Aim to grow each vertical to more than \$100 million each in next 4-5 years.

# Asset Light Capex: Changing the Approach





# Strategy going forward



*Thank You*