BHARAT FORGE

KALYANI

INVESTOR PRESENTATION

JULY 2014

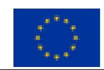
Bharat Forge Limited - A Global Industrial Conglomerate

KALYANI

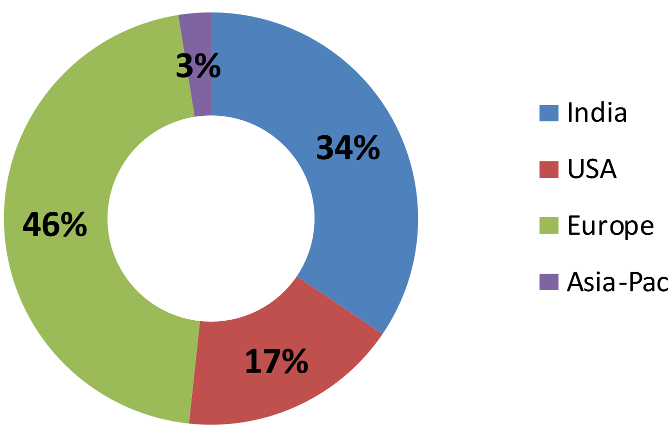
Bharat Forge: Profile

- **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.**

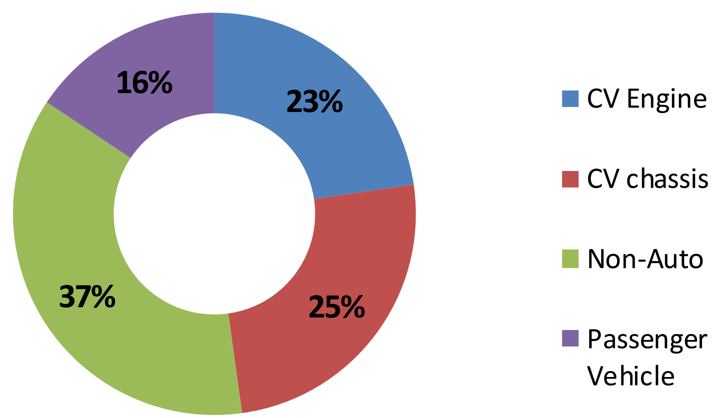
Global Forging Conglomerate

Geography	Capacity (TPA)
	385,000
	180,000
Total	**565,000**

Revenue Break-up by Geography – FY 2014



Revenue Break-up by Segments – FY 2014



Highlights for year 2013-14 : standalone operations

KALYANI

- Strong performance driven by market share increase across segments & geographies.

- Margin expansion with increase of 210 bps YOY during the year largely driven by
  - higher capacity utilization
  - growth in export market
  - critical & technology differentiated industrial products.

- Robust cash flows with surplus funds of about Rs. 1,000 crores.

- Healthy debt equity ratio with improvement in ROCE, RONW.

Standalone Results – FY 2014

KALYANI

(USD Million)

Particulars	FY14	FY13	Growth %
Shipment Tonnage	174,808	172,030	1.6%
Domestic Sales	259	261	-0.9%
Export Sales	308	264	16.5%
Total Revenue	**567**	**525**	**7.9%**
EBITDA	144	122	17.7%
EBITDA %	**25.4%**	**23.3%**	
PBT	99	74	35.3%
PAT	67	51	30.9%

Standalone Financial Ratios

KALYANI

(USD Million)

Particulars	31 March 2014	31 March 2013
Debt	332	312
Equity	449	385
Cash	166	109

Particulars	31 March 2014	31 March 2013
Debt Equity Ratio	**0.74**	**0.81**
Debt Equity Ratio (Net)	**0.37**	**0.53**
Return on Capital Employed	**16%**	**14%**
Return on Net Worth	**16%**	**14%**

Consolidated Results – FY 2014

KALYANI

(USD Million)

Particulars	FY14	FY13	Growth %
Total Income	1,119	861	30.0%
EBITDA	174	134	30.1%
EBITDA %	**15.5%**	**15.5%**	
PBT	104	69	49.9%
PAT after Minority Interest	87	51	71.7%
Loss from Discontinued operations	(4)	(10)	
Profit After Tax	83	41	101.3%

Consolidated Financial Ratios

KALYANI

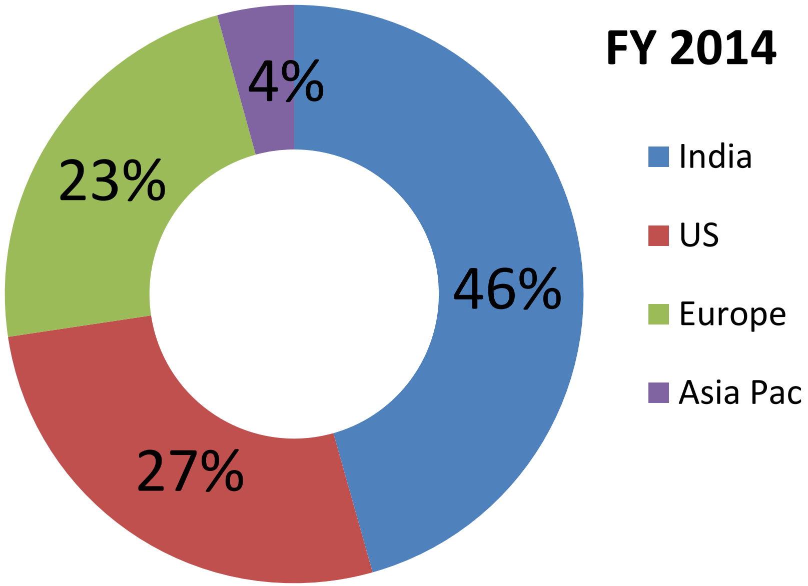
(USD Million)

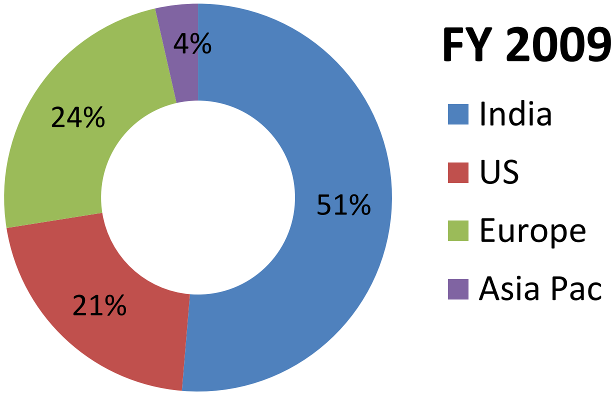
Particulars	31 March 2014	31 March 2013
Debt	427	464
Equity	447	376
Cash	199	157

Particulars	31 March 2014	31 March 2013
Debt Equity Ratio	**0.95**	**1.23**
Debt Equity Ratio (Net)	**0.50**	**0.81**
Return on Capital Employed	**15%**	**12%**
Return on Net Worth	**18%**	**12%**

Geographical Breakup - Standalone

- **De-risked business model yielding good results**

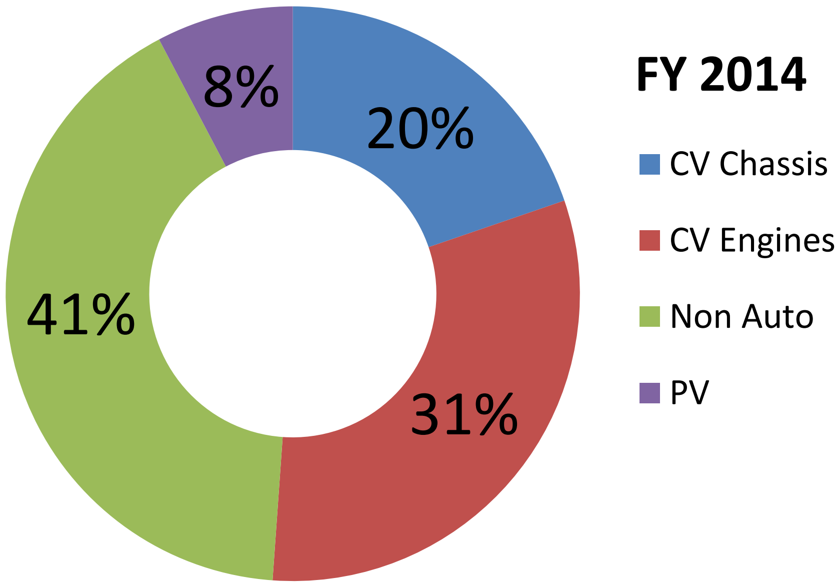


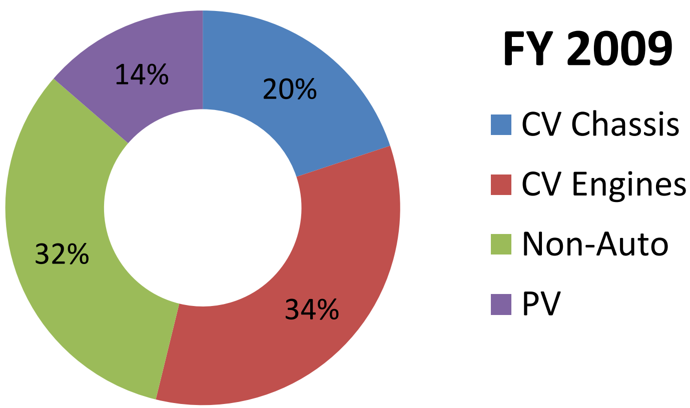


Particulars (USD Million)	FY 2014	FY 2009
India	259	176
US	153	73
Europe	131	82
Asia Pac	24	12

Segmental Breakup… Increasing share of Industrial

- **Expanded addressable market segment & New customer additions**

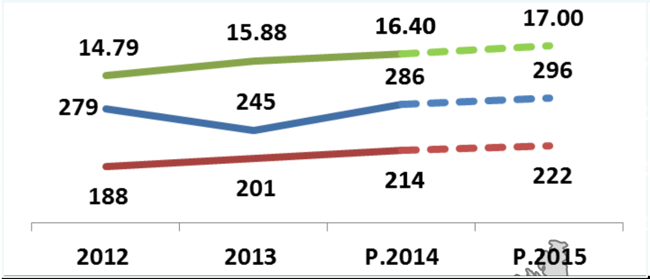




Particulars (USD Million)	FY 2014	FY 2009
CV Chassis	103	62
CV Engines	163	105
Industrial	214	101
Passenger Vehicle	40	42

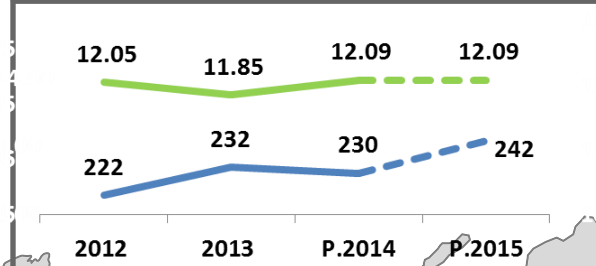
State of Market: Truck & Car

NORTH AMERICA



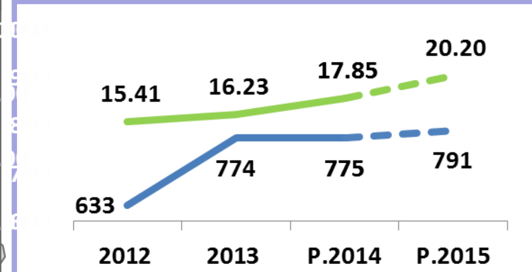
Strong order inflow, positive sentiment for future. Overall positive outlook for CY 14 & 15. BFL well positioned.

EUROPE



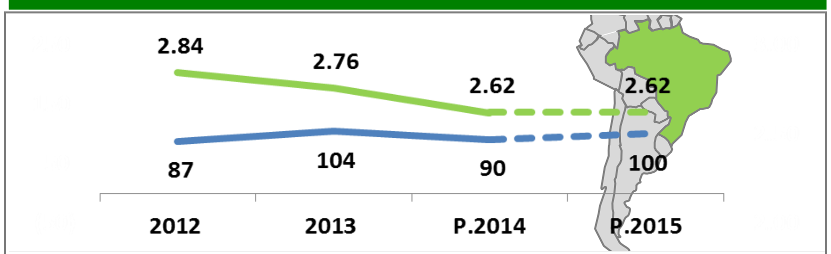
Forecast flat on YOY basis. Euro V transition issues at large. Mixed sentiment. BFL well positioned

CHINA

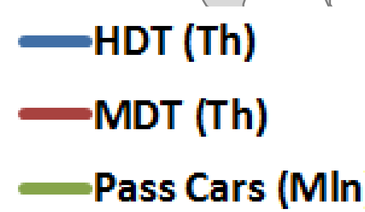


Truck market weak – industrial sentiment is weak. Car sector is strong. BFL exposure very small

BRAZIL



Weak market. Low sentiment. Increasingly protectionist trends. High inflation. BFL exposure small. But winning new business.



Source : ACT, ACEA, CBU, SIAM, Daimler, Volvo , Meritor

Passenger Cars.. New order wins & Increasing product portfolio

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.

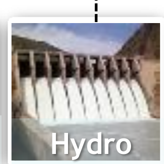
Future Scenario: **Increase market share in the Industry and grow faster than the underlying market growth.**

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

KALYANI

Industrial Business

Energy



Transportation

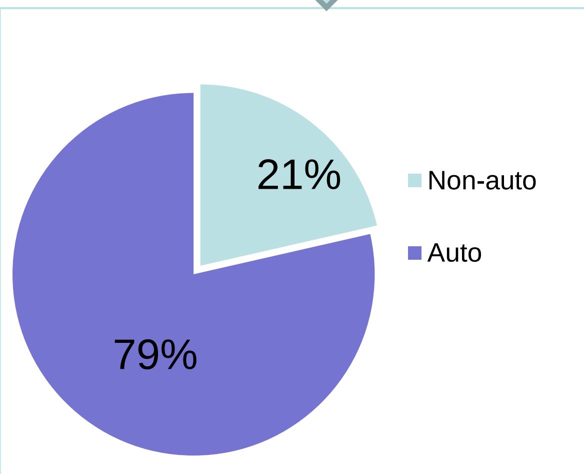
Construction & Mining

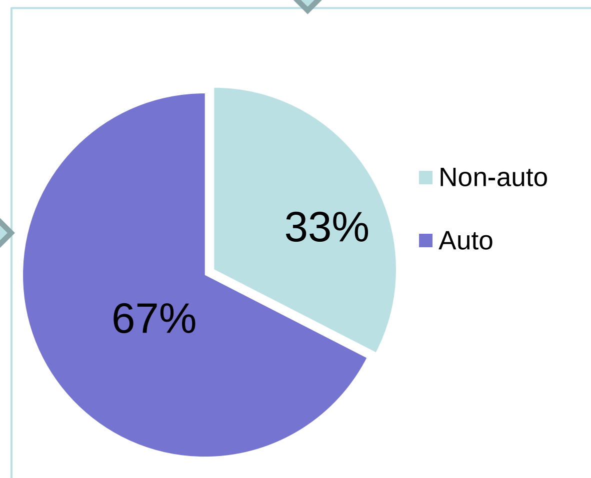
Infrastructure Supply Business

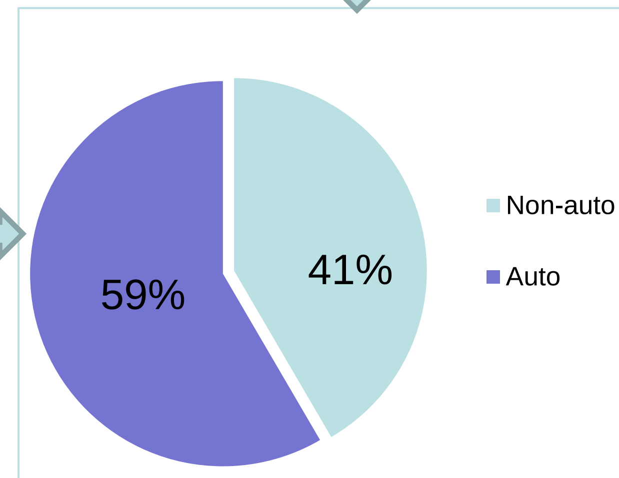
Progression of Industrial Business

KALYANI

FY 2004	FY 2009	FY 2014







US$ 27 million	US$ 100 million	US$ 213 million

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

US$ = Rs 60

State of Industry: Industrial

KALYANI

Oil & Gas	Construction, Mining & Power-Gen	Other Sectors…
• Shale gas & oil exploration very strong in N. America. Market opening in UK & E. Europe. • Surface market is quite healthy • Sub-sea activity seeing improvement	• Construction market demand seeing slow improvement. • Mining remains ebbed, but forecasted improvement in 12-18 months. • Power-Gen demand is improving slowly, however still erratic.	• Locomotive sector is stable • Wind industry holding ground • Marine demand rather low • Global agricultural industry demand high

- Customer diversification & deeper alignment strategy in shale + oil & gas areas over past 5-7 years yielding good results. Further customer specific growth initiatives identified.
- Winning new business in locomotive & high horsepower engine sector– crankshafts, rods & other engine components.
- New business alignment strategy underway with major players.

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

KALYANI

No major capex in the past 12 -15 months.

Focus on increasing value add & new product development using Technology & innovation

Focus on generating free cash flow

Become a net debt free company in 2 years &

Create value for shareholders

FOCUS ON EFFICIENT & JUDICIOUS ALLOCATION OF CAPITAL

RESTART INVESTMENT CYCLE AT APPROPRIATE TIME WITH FOCUS ON "ASSET LIGHT" MODE

KALYANI

Thank You