

BHARAT FORGE



Company Presentation

November 2024



Presenters



Amit Kalyani

Vice-Chairman & Joint Managing Director

- Associated with Bharat Forge for over 25 years



Kedar Dixit

Chief Finance Officer

- Working with Bharat Forge for over 22 years



Rajhagopalan S

Vice President, IR and M&A

- Working with Bharat Forge for over 19 years



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Bharat Forge Overview

Bharat Forge at a Glance

Scaled, Truly Global Company with Capabilities Built Over Decades



Backed by **more than 50 years of experience in manufacturing** wide range of performance, critical and safety components



Global player in metal forging, supplying forged and machined powertrain and chassis components



Vertically integrated with end-to-end capabilities from engineering steel to finished components and aggregates driven by technology and engineering across sectors

**Combining
Tonnage
With
Technology**



Global footprint with capacities across **28 manufacturing locations** spread across **India, France, Germany, Sweden, and North America**



100+ global and domestic customers and 75.56% of consolidated revenue from operations from geographical areas outside India in FY24



Diversified business across sectors, customers and processes

Diversified Product Offerings and Capabilities To Serve Customers Across Multiple End Use Sectors

Automotive Segments

- Serves major Commercial Vehicle OEM's and Passenger Vehicle OEM's
- Includes crankshafts, connecting rods, front axles, steering knuckles, and transmission parts among others

Engine

Chassis

Transmission

Driveline

Industrial Segments

- Serves major customers across industrial sector
- Includes mud pump and valves for oil & gas, structural engine components for aerospace, engine components for construction & mining

Oil and Gas

Off Highway/
Construction/
Mining

Rail

Power

Marine

Space and Nuclear

Defence and Aerospace

Product Ranges from 0.2 KG to 30+Ton Finished Weight

Steel and Aluminum Forging

- Aluminum / Titanium / Steel



Ductile Iron Casting and Machining

- Ductile iron casting
- Foundry
- Machining



Aluminum Casting and Machining

- HPDC⁽²⁾ and LPDC⁽³⁾
- High Vacuum Technology
- Local Squeeze Technology
- NOX technology
- Machining



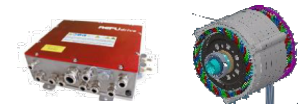
Defence and Aerospace

- Defence – Armored vehicles, ancillary solutions, artillery systems
- Aerospace – Landing gears, engine, turbine and gearbox



E-Mobility

- Power electronics for EV and hybrid vehicles
- End of the line testing and validation



Transformed from a Single-product, Single-location Enterprise into a Diversified, Multi-product Company Serving Multiple Sectors

Compelling Market Opportunities

India Macro Tailwinds



- ✓ Strong consumer demand
- ✓ Rise in middle class incomes
- ✓ Higher spends on infrastructure
- ✓ Proactive government policies
- ✓ Government's focus on developing India as a global manufacturing centre

Growth in Automotive, Castings and Forgings



- ✓ Significant growth in automotive industry
- ✓ Shift in global OEMs outsourcing components from manufacturers in lower cost countries
 - India auto component sector grew by 10% in FY24 led by robust domestic sales, strong aftermarket sales and rising exports
- ✓ Industrialization and urbanization and technological advancements

Increasing Demand for Defence Products



- ✓ Rising global military spendings due to increasing geopolitical tension
 - Non-US NATO members spend 32% more on defence since Russia's 2014 invasion of Crimea
- ✓ 'Make in India' initiative to develop India as leading global defence manufacturing hub
 - India defence budget of US\$74.7 Bn in 2014 was 4th largest globally

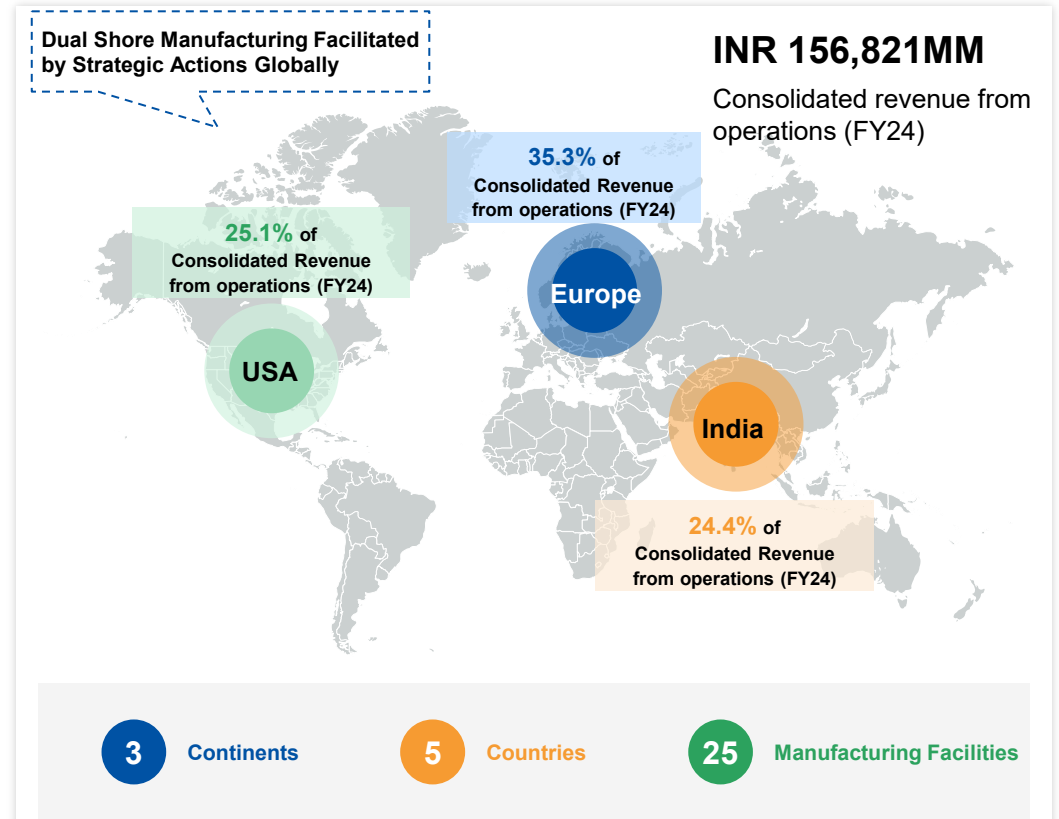
Well Positioned to Benefit from Industry Tailwinds with Transcontinental Presence in all High Growth Markets

Fungibility of Assets Allowing Us Flexibility to Address Different Customers, Products and Sectors

12 manufacturing facilities for forging and casting capacity

Geographies and number of facilities for forging & casting	Specialty	Key Highlights
India (7)	High pressure die casting, ductile iron casting, forging, machining, innovation center, testing and validation, fabrication and assembly	Diverse portfolio of products and process
Europe [Germany (2) and Sweden (1)]	Forging, aluminum, steel and specialty machining	Serves local demand here through exports from Indian units and 4 local manufacturing units
USA (2)	Steel and aluminum forging	Serves local demand through exports from Indian units and 1 local manufacturing unit

With 16 additional facilities located in India (14), Germany and France (1 each) for machining, assembly and prototype

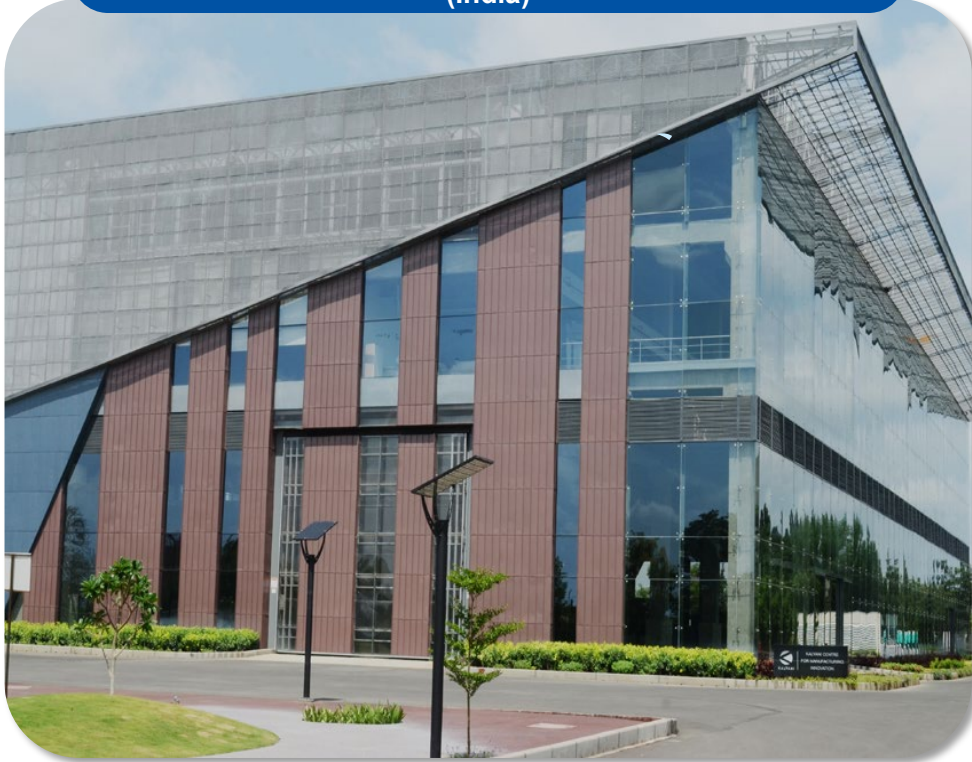


Fully Automated Machining Facilities with Global Installed Forging Capacity

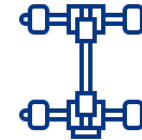
Advance Research and Engineering Capabilities with Innovation DNA

18 Research Collaborations with Globally Renowned Institutions and Organizations

Kalyani Center for Manufacturing and Innovation, Pune (India)



Enhance efficiency in manufacturing to reduced cost and higher return on investment



Expertise in transmissions, drivelines and axles (including electrified powertrains)



180+ engineering, prototyping and testing manpower as of 30th September, 2024



Design, prototyping and testing solutions



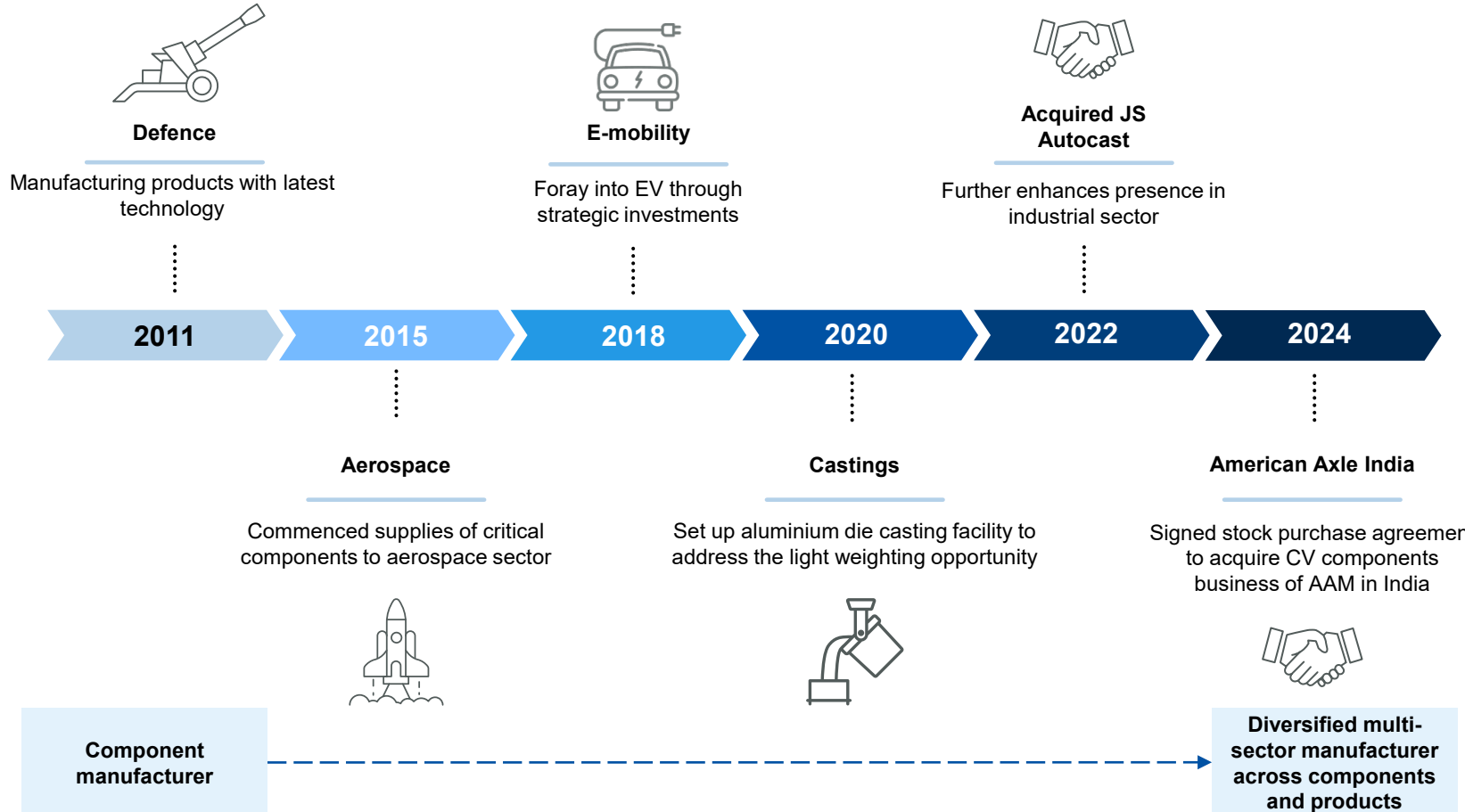
Decades of experience in metallurgy



70+ patents granted; 50+ patents under application as of 30th September, 2024

One-stop-shop for Customers offering Services Ranging from Concept to Product Design, Engineering, Manufacturing, Testing and Validation

Successfully Scaling Up Verticals by Leveraging Research and Engineering Capabilities and Inorganic Growth Opportunities



- ✓ **Broad-based forging product offering across various end use customers**
- ✓ **Passenger Vehicle segment within auto component has significantly scaled in the last 10 Years**
- ✓ **Successfully scaling up other verticals (defence, aluminium, casting) by leveraging existing platform and capabilities**

Transforming from a Pure-play Forgings Company to a Diversified Manufacturing Conglomerate with Expertise in Engineering and Metallurgy

Inorganic Growth Opportunities for Presence Across the Value chain

JS Auto Cast (Acquired in FY23)

- ✓ **Established in 2006** as a supplier to automotive sector
- ✓ **Manufacturer of high-grade machined ductile iron castings**, with applications in wind energy, hydraulics, automotive and power generation
 - Fully-integrated manufacturing setup – 3 Foundries
 - In-house design, melting/ molding, machining, metalizing/ painting, testing, and packaging

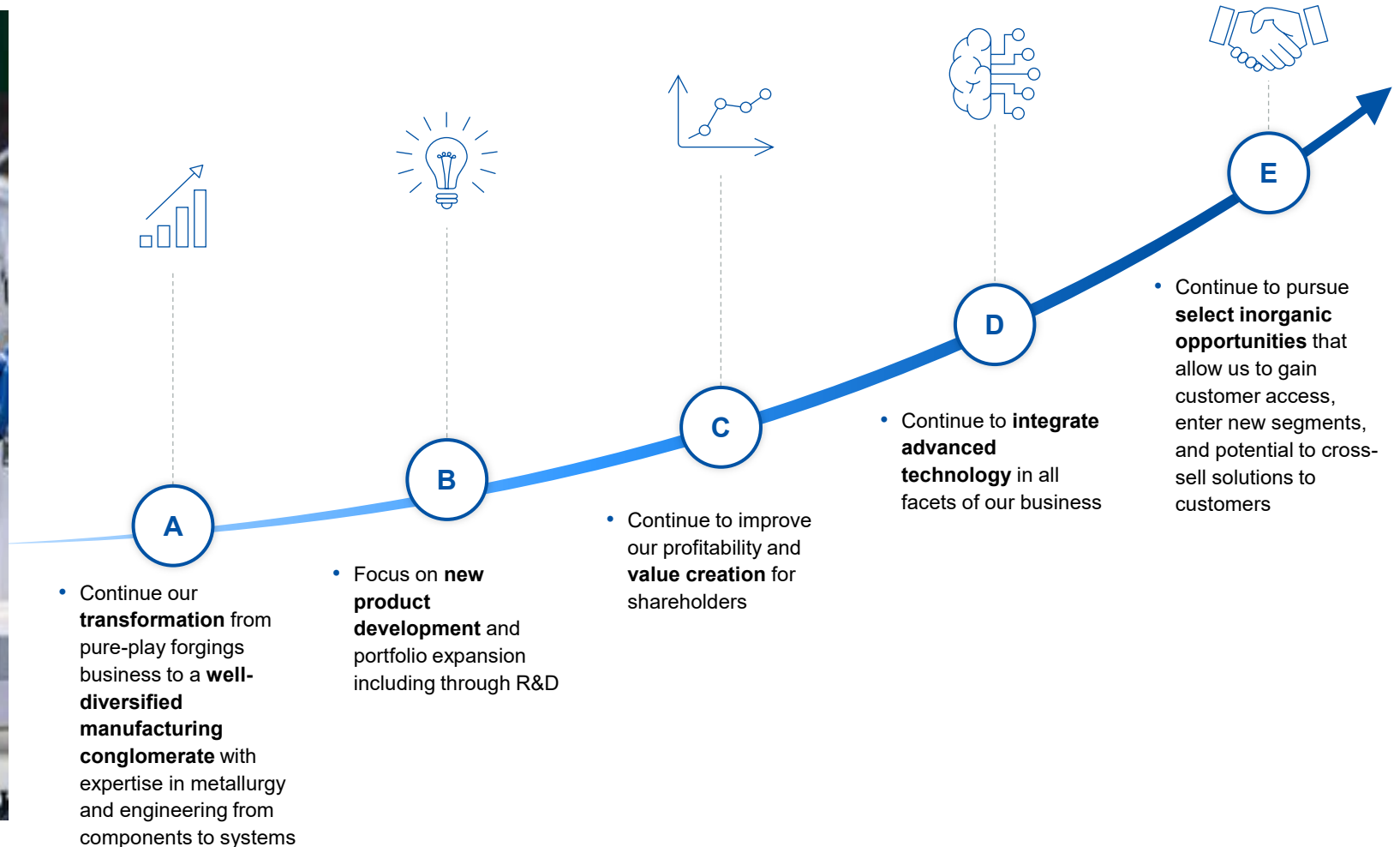
Enhances Overall Capacities and Capabilities in Castings to a Broad Range of Industrial and Automotive Applications

American Axle India (Signed Definitive Agreement in FY24)

- ✓ **Signed agreement to acquire 100% interest** in AAM India Manufacturing Corporation Private Limited (“AAM”) on 17th October, 2024
- ✓ **Established in 2008** as a **manufacturer of axles for light, medium and heavy-duty Commercial Vehicles** and passenger buses in India
- ✓ Acquisition of the Commercial Vehicle axle manufacturing facilities of AAM in **Pune and Chennai**, and an engineering and development center **located in Pune**
- ✓ The acquisition will **enhance vehicle component product portfolio** of Bharat Forge
- ✓ Acquisition remains subject to the approval of the CCI and other customary closing conditions

Expands Presence in the Value Chain from Components to Supplier of Aggregates and Products

Strategic Roadmap to Drive Continued Growth



Board of Directors and Key Management

Board of Directors



Mr. B.N. Kalyani

Chairman & Managing Director



Mr. Amit B. Kalyani

Vice-Chairman &
Joint Managing Director



Mr. B. P. Kalyani

Executive Director- Global
Operations



Mr. S. E. Tandale

Executive Director- Global Business
Development



Mr. Dipak B. Mane

Independent Director



Ms. Sonia Singh

Independent Director



Mr. K. B. S. Anand

Independent Director



Mr. Anand S. Pathak

Independent Director



Mr. Ashish Bharat Ram

Non-Executive
Non- Independent Director

Management Team



Mr. Neelesh Tungar

CEO, Defence Business



Mr. Pankaj Sonalkar

CEO, KTPL⁽¹⁾




Mr. Sumeet Banga

President and CEO, Industrial
Business



Mr. Guru Biswal

CEO, Aerospace Business

 : Part of Board of Directors as well as the Management Team

Notes:

1. Kalyani Powertrain Limited



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Defence Business

Vertically Integrated Footprint

Process



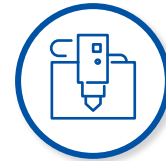
Material



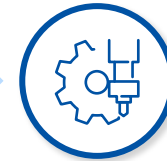
Designs and Simulations



Forging and Precision Forging



Machining and Precision Machining



Gear Cutting



Specialized Heat Treatment

Infrastructure



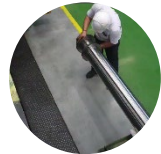
Forging & Steel Manufacturing



Ordnance Manufacturing



Ammunition Manufacturing



Defence Electronics



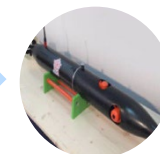
Fabrication & Machining



Assembly & Integration



Automotive & Axles



Missile Sub-system

Product



Artillery Systems



Armored Vehicles



Protected Vehicles



Ammunition



Small Arms



Marine

Strategic Focus

Core Business Line

Development of 9 Platforms

Artillery Systems

- Ordnance
- Towed gun systems
- Mounted gun systems
- Ultra-light howitzers



Integrated Value Product Supplier

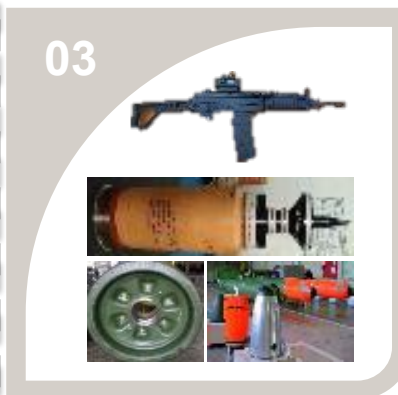
Protected Vehicles

- Protected vehicles
- Drive away chassis
- Driveline business
- Combat vehicles - tracked & wheeled armoured platforms

Established Business Line

Other Business

- Armoured vehicle spares
- Marine MRO
- Ammunition shells
- Marine under water systems



Potential Business

- Vertically integrated ammunition
- Precision ammunition
- C4ISR systems
- Small arms
- MRO services

In-house Technology and IP Enabling Us to Create Superior Products and Upgrades Across Multiple Platforms



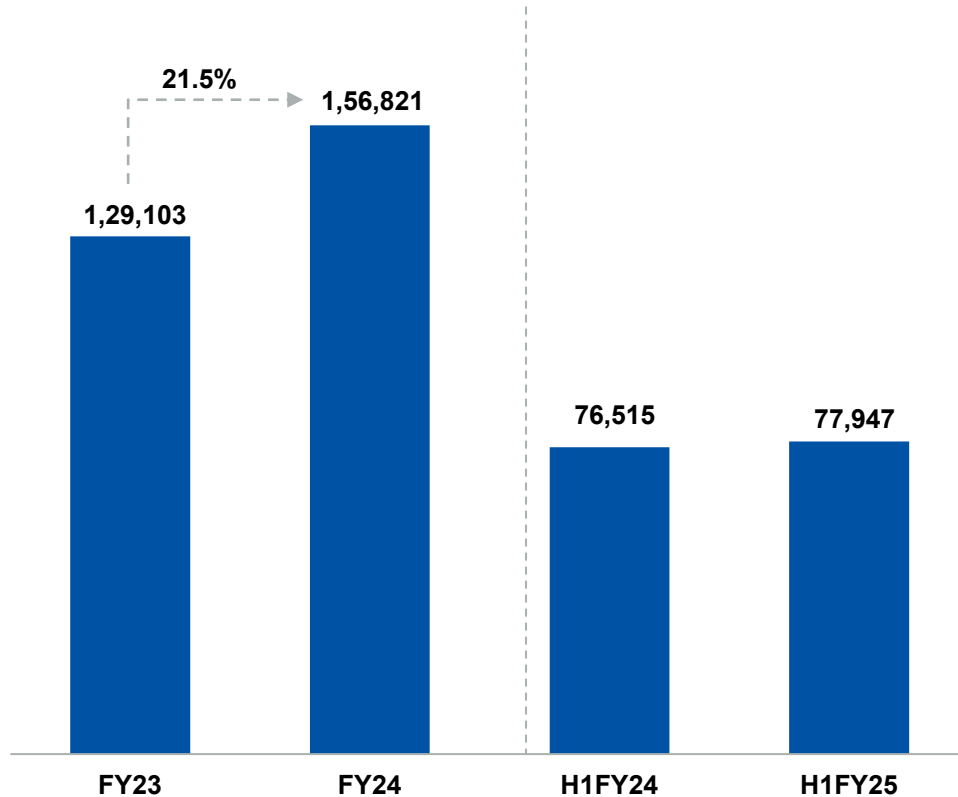
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Financial Performance

Strong Performance Across Cycles

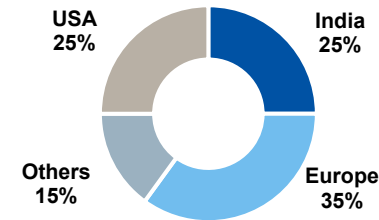
Consolidated Revenue from Operations⁽¹⁾

INR MM

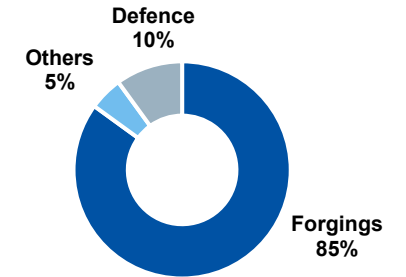


Diversified Streams of Consolidated Revenue from Operations Across Geographies and End Segments Providing Cushion in Downturns

By Geography (FY24)



By Segment (FY24)



Key Growth Drivers

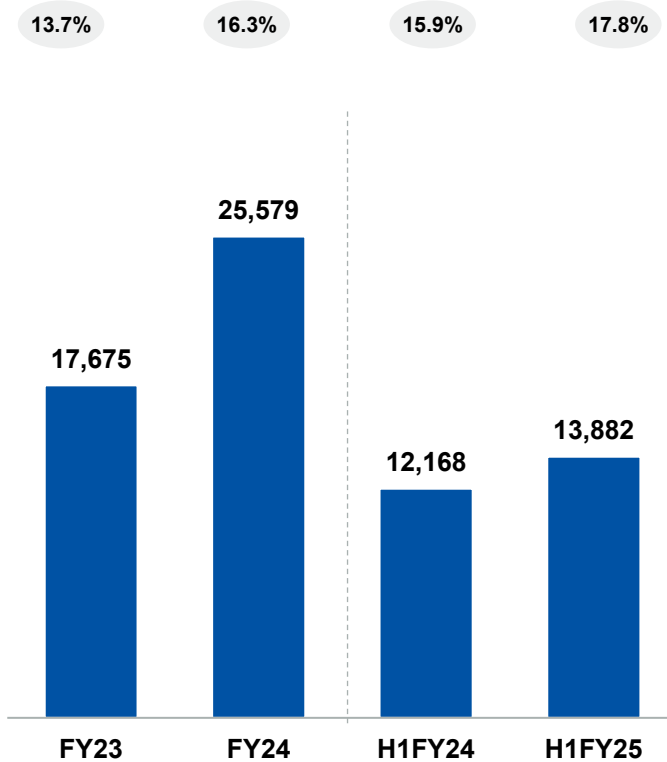
- ✓ Government capex and allied infrastructure development supporting commercial vehicle business
- ✓ Trends towards premiumization and shift towards utility vehicle within the passenger vehicle space
- ✓ Increasing infrastructural spends and private capex driving growth in industrials segment
- ✓ Benefitting from new products and expanded engagements with existing clients

Notes:
1. FY22 data is not comparable since it represents data for 15 months due to the change in the financial year-end for our overseas subsidiaries, associates and joint ventures in FY22 for the preparation of our consolidated financial statements

Improving Profitability

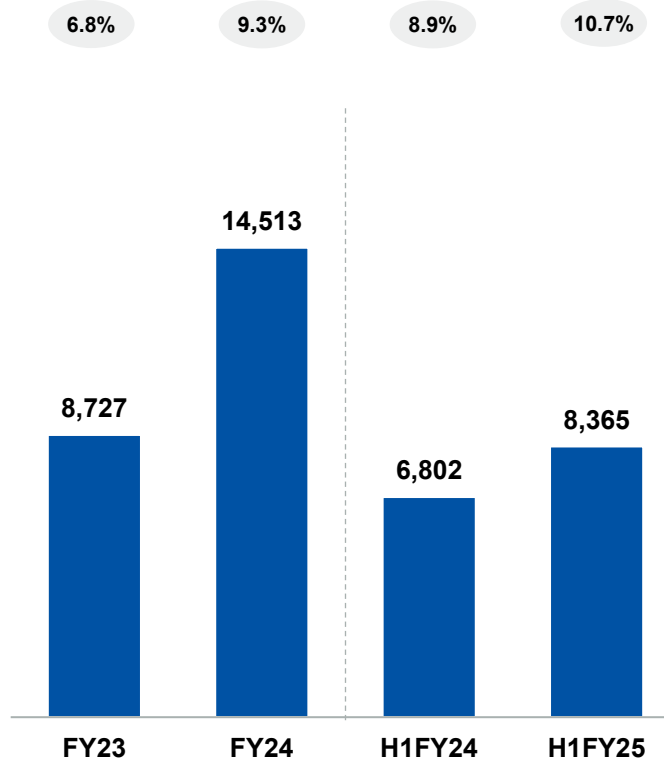
Normalized EBITDA and Normalized EBITDA Margin

INR MM | %



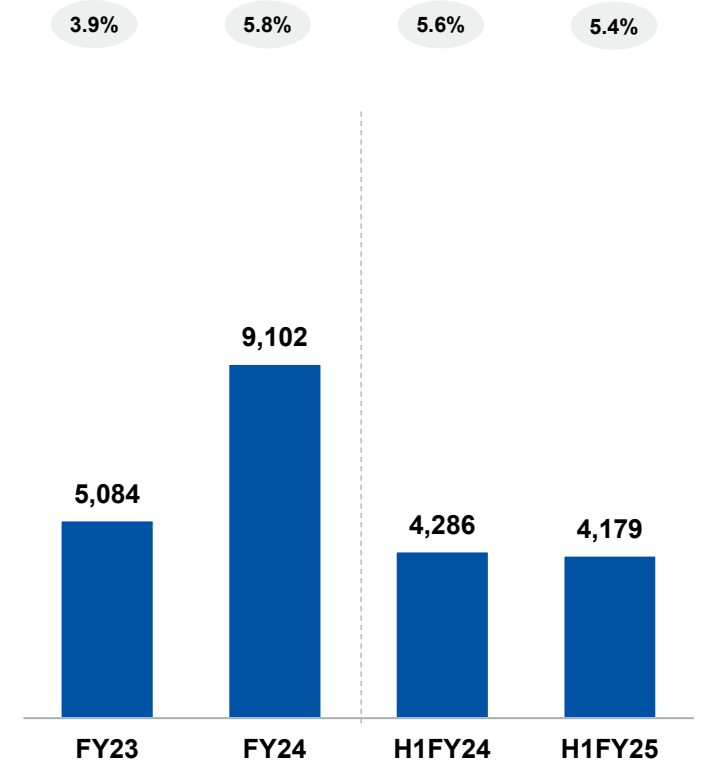
Adj. PBT and Adj. PBT Margin

INR MM | %



PAT and PAT Margin

INR MM | %

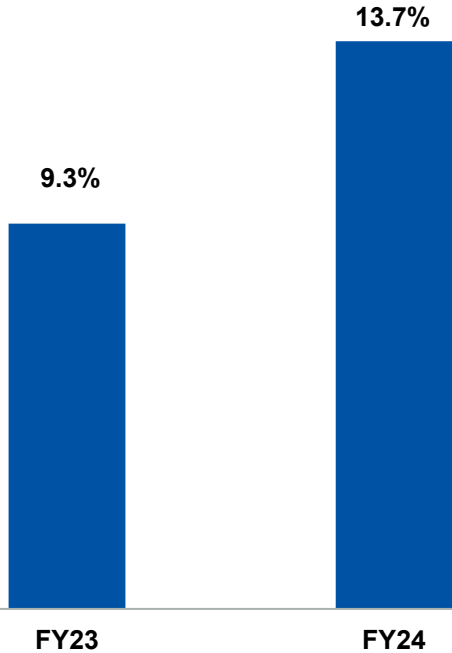


Benefitting from Low-Cost Manufacturing and Supply Chain Costs and Operating Leverage with Scale

Value Creation for all Stakeholders

Adj. Return on Capital Employed (ROCE)

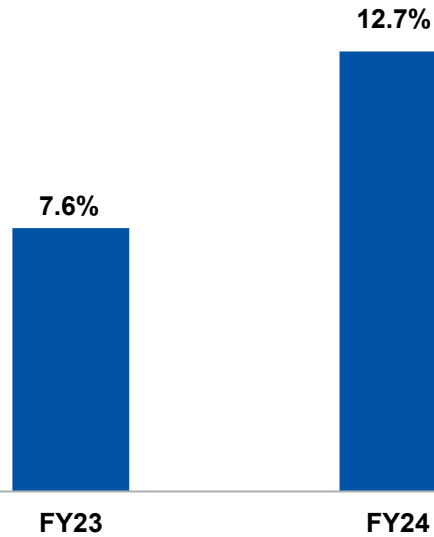
%



Improving ROCE Profile with Higher Asset Utilization

Return on Net Worth (RONW)

%



Adj. Net Debt and Adj. Net Debt to Equity Ratio

INR MM



AA+ (Stable) Rating by ICRA and CARE⁽¹⁾

Notes:

1. For Bharat Forge Limited standalone entity

Gradual Transition from Tonnage to Technology



- ✓ Growth in revenue driven by **new business and verticals**



- ✓ Improving **ROCE and margins**



- ✓ Reduction in capital intensity as **new product driven business** ramps

Deep Commitment to Sustainability

ESG Milestones

The following are the quintessential ESG milestones set forth for our business:



Attainment of **carbon neutrality by 2040**



Adoption of renewable energy in the operations, targeting an impressive **80% by 2030**



A substantial **reduction in freshwater consumption by 2030**



Significant **decrease in operational energy intensity by 2030**



Zero safety incidents

Key Performance Highlights (FY24)

1.07 L MT

Waste recovered through recycling

14

Energy saving projects to reduce oil consumption

5.52L GJ

Energy consumed from renewable sources

1,500+

Students benefited from Skill Development Project

253.79 MT

Waste disposed by incineration

INR 171.08 MM

spent on various CSR projects

1,900+

Workforce was provided with training on human rights

0.92

Lost time injury frequency rate
Focus on shop-floor safety

200,000+

people benefited from Village Development Project

Glossary

CCI	Competition Commission of India
EBITDA	EBIDTA is calculated as Profit before tax as increased by Finance costs and Depreciation, amortization and impairment expense
Normalized EBITDA	Normalized EBIDTA is calculated as EBIDTA as reduced by Other income and Share of profit/(loss) of associates and joint ventures and Exceptional items (loss)/gain
Normalized EBITDA Margin	Normalized EBIDTA Margin is calculated as Normalized EBIDTA divided by consolidated revenue from operations
ESG	Environmental, Social and Governance
EV	Electric Vehicle
GJ	Giga Joules
HPDC	High Pressure Die Casting
Adj. Net Debt to equity	Adj. Net Debt to equity is calculated as Net debt divided by Equity attributable to equity holders of the parent
LPDC	Low Pressure Die Casting
MTPA	Metric Tonne per Annum
NATO	North Atlantic Treaty Organization
Adj. Net Debt	Adj. Net Debt is calculated as Non-current borrowings increased by current borrowings deducted by current investments, cash and cash equivalents and other bank balances
OEM	Original Equipment Manufacturer
Adj. PBT	Adj. PBT is calculated as Profit before tax as increased by Exceptional items (loss)/gain
Adj. ROCE	Adj. Return on Capital Employed (ROCE) is calculated as EBIT divided by Average capital employed
RONW	Return on Net Worth is calculated as Profit for the year divided by Equity attributable to equity holders of the parent

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