

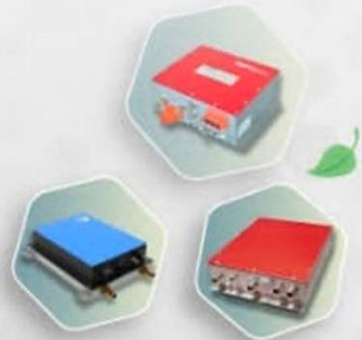


BHARAT FORGE



KALYANI

BHARAT FORGE LTD Q4 FY23 ANALYST UPDATE



Power electronics and Micro electronics



PLANET POSITIVE

AN INITIATIVE BY KALYANI GROUP

| | |

| | |

| |

|



Management Commentary: Q4 FY23 Performance

BFL 3 Month Report: “During the quarter, standalone revenues on a YoY basis rose by 19.3% to Rs 19,973 million, the highest so far for the company with sales increasing across all business areas and regions. For the year FY23, we registered record revenues of Rs 75,727 million, crossed an important milestone of US\$ 0.5 bn in Export revenues and EBITDA of Rs 19,280 million.

The year gone by was also marked by record order wins of ~ Rs 4,000 Crores across Defence, castings and the standalone business. These order wins provide strong visibility of revenue growth for the coming 2-3 years.

FY23 was a tough year for the overseas subsidiaries which recorded an EBITDA loss of 96 Crs due to ramp up challenges on the new the Aluminium forging facilities coupled with cost under recoveries which continue to impact profitability.

FY24 marks the beginning of the company’s pivot from Components to Products and the full potential benefits of this shift will be visible in the coming 2-3 years.

As we look ahead in to FY24, we expect strong growth across revenues, profitability and Return Ratios, driven by the core forging business and amply supported by all other platform businesses (Defence, Industrial & E-Mobility). We believe that many of the troubles ailing the overseas Aluminum business is behind us and expect them to be contribute to improvement in Return Ratios for the consolidated entity”.

For the standalone business, FY24 looks to be another good driven by growth in the end markets globally and ramp up of new orders won over the past 2-3 years ”.

B.N. Kalyani,

Chairman & Managing Director

Customer Awards: FY23



Global Supplier of the Year



Supplier of the Year



Performance of the Year (2021 & 2022)



Global Supplier of the Year



Sustainability Initiatives Lead



ESG Award



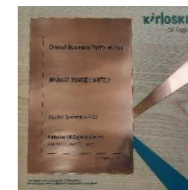
Supplier Excellence for the year



Quality for the year



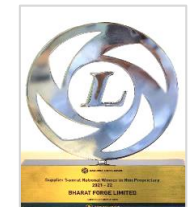
Supply Chain Excellence



Overall Business Performance

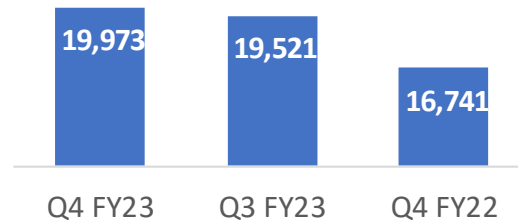


Partner Level Performance

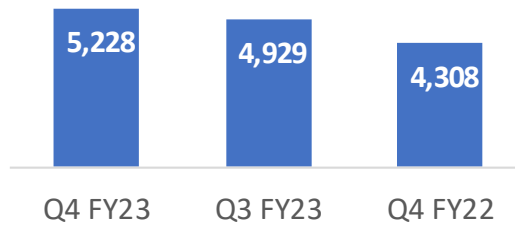


Business Alignment – Gold

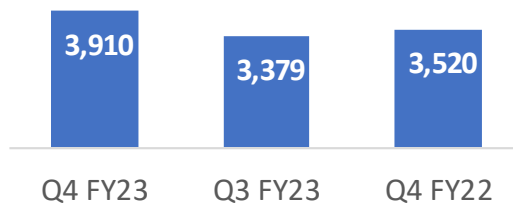
Revenue



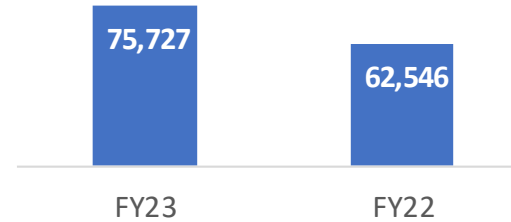
EBITDA



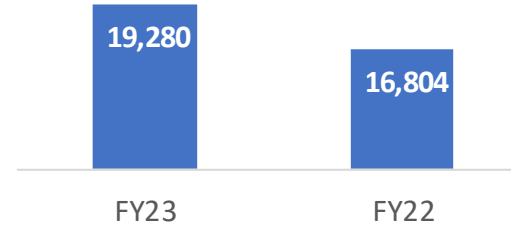
PBT before Ex. Gain/ Loss



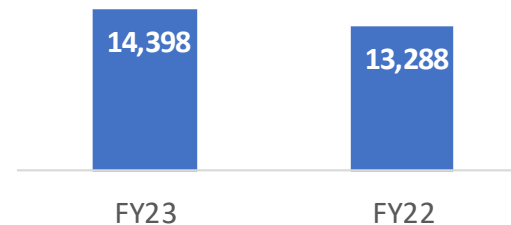
Revenue



EBITDA



PBT before Ex. Gain/ Loss

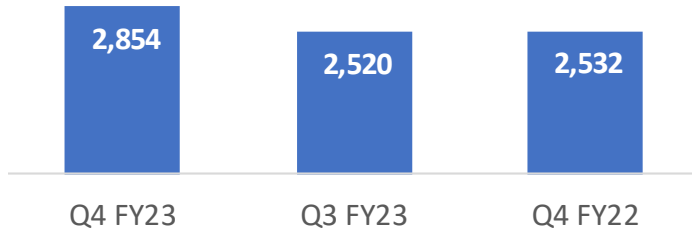


- Revenues at Rs 19,973 million in Q4FY23 grew by 19.3% as compared to Q4 FY22 driven by 11.2% growth in domestic revenues and 25.7% growth in export revenues.

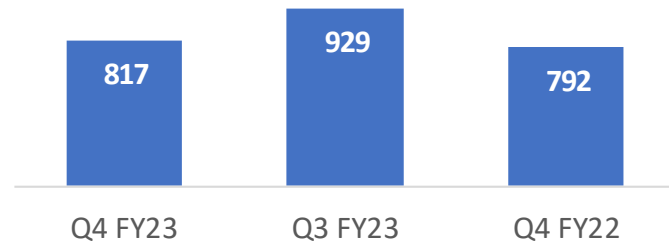
- EBITDA margin at 26.2% in Q4 FY23 represents a 50 bps improvement YoY driven by RM, energy related tail-winds and better product mix

- PBT before Exchange gain/ (loss) of Rs 3,910 million in Q4 FY23 as against Rs 3,520 million in Q4 FY22 impacted by rising interest costs.

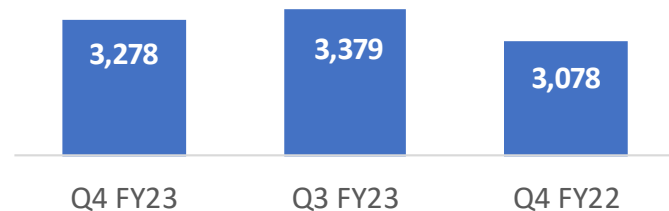
Commercial Vehicles



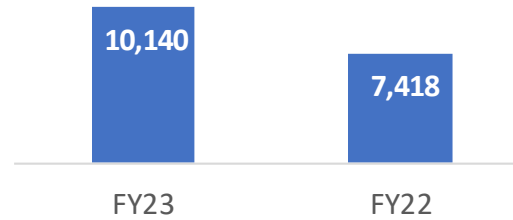
Passenger Vehicles



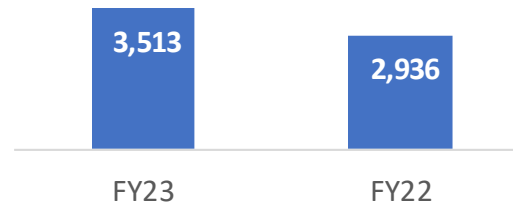
Industrial



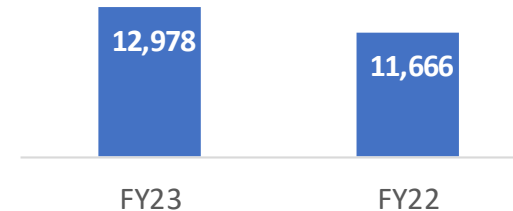
Commercial Vehicles



Passenger Vehicles



Industrial



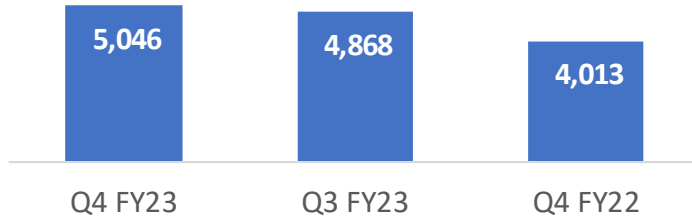
Automotive Business: The automotive industry performance remains encouraging. Specifically Commercial vehicles continue to move ahead with strength; BFL remains a strong partner in this journey with our FY23 CV revenue growth at 37% being in tandem with the overall industry growth.

The premiumization trend in the PV segment continues, with Utility vehicles now accounting for almost ~50% of the sales. This has created a profitable opportunity for BFL to cater to UV/ SUV segment with healthy growth prospects in the medium term.

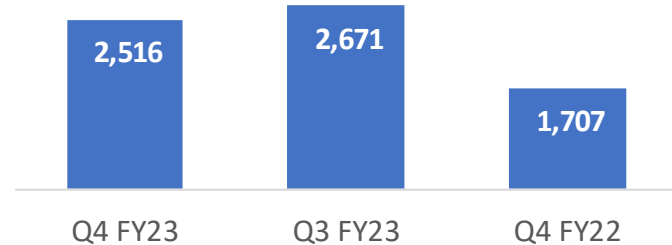
Industrials Business: The Industrial segment has grown by 11% to Rs 12,978 million in FY23. The company is well poised to capture future growth opportunities with an expanded product portfolio catering to critical-use areas such as Renewable Energy, Construction & Mining etc.

Note: Other Revenue stood at Rs 1,221 million in Q4FY23

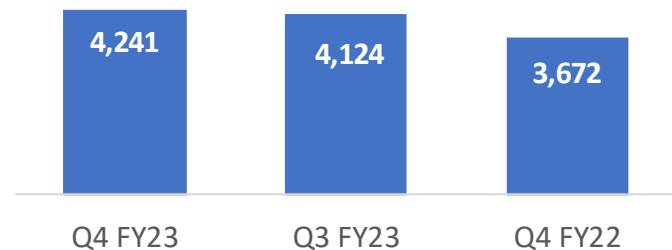
Commercial Vehicles



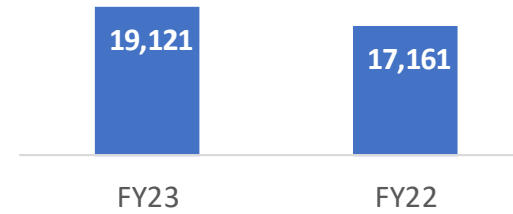
Passenger Vehicles



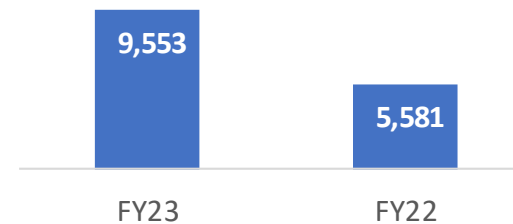
Industrial



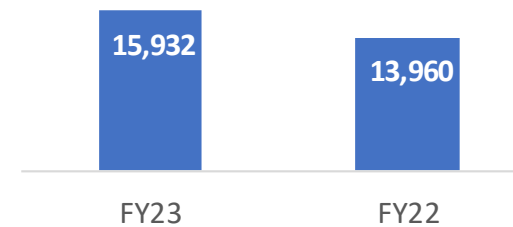
Commercial Vehicles



Passenger Vehicles



Industrial



Automotive Business: CV revenue is up 4% QoQ and 26% YoY. Order backlog, inventory and cancellation rates remain at reasonable levels. North America Class 8 production is likely to sustain at CY22 levels. Though inflationary and energy pressures have abated in Europe, they still continue to be higher than the steady state levels. However, with some green shoots in Europe combined with a stable outlook from North America, Auto exports remain on course for a steady year ahead.

PV revenues in FY23 have grown by 71% YoY registering revenues of Rs 9,553 million. Strong demand coupled with an improved supply chain ecosystem propelled the FY growth. BFL will continue to expand its product and client portfolio to capitalize on this opportunity as OEMs scout for reliable suppliers world-wide

Industrials Business: FY23 industrial revenue at Rs 15,932 million has expanded 14% YoY. A combination of richer product mix and improved industrial activity post the pandemic continue to boost Non-Auto revenues. On a FY basis Aerospace now accounts for 11% of Industrial exports. Going ahead we expect Aerospace to post robust performance as program ramp ups happen. HHP engines too remains solidly on growth trajectory with expanding industrial activity.

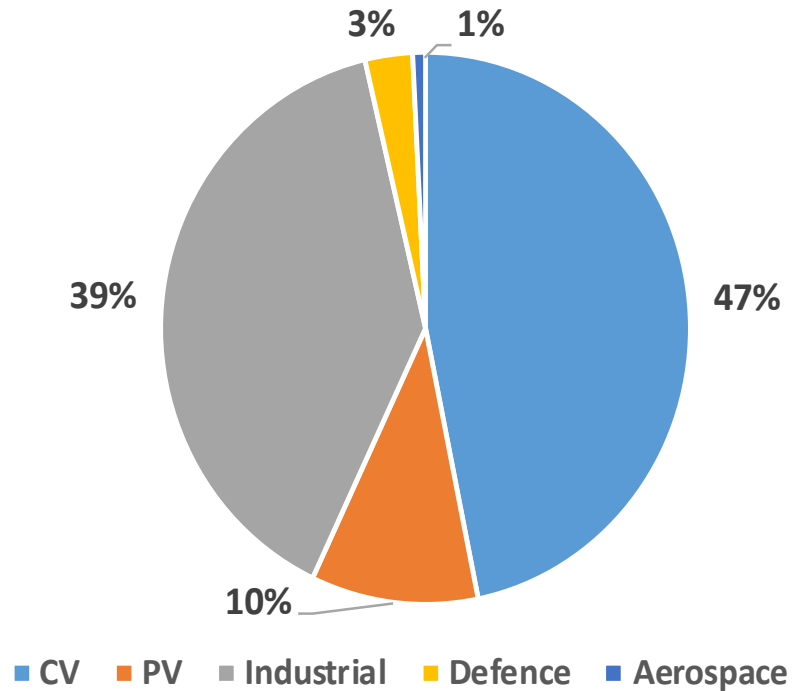
We continue to focus on building new relationships within the Industrial space targeted at Construction & Mining, Railways, Agri equipment, Aerospace etc.

Review of Export Revenue by Geography

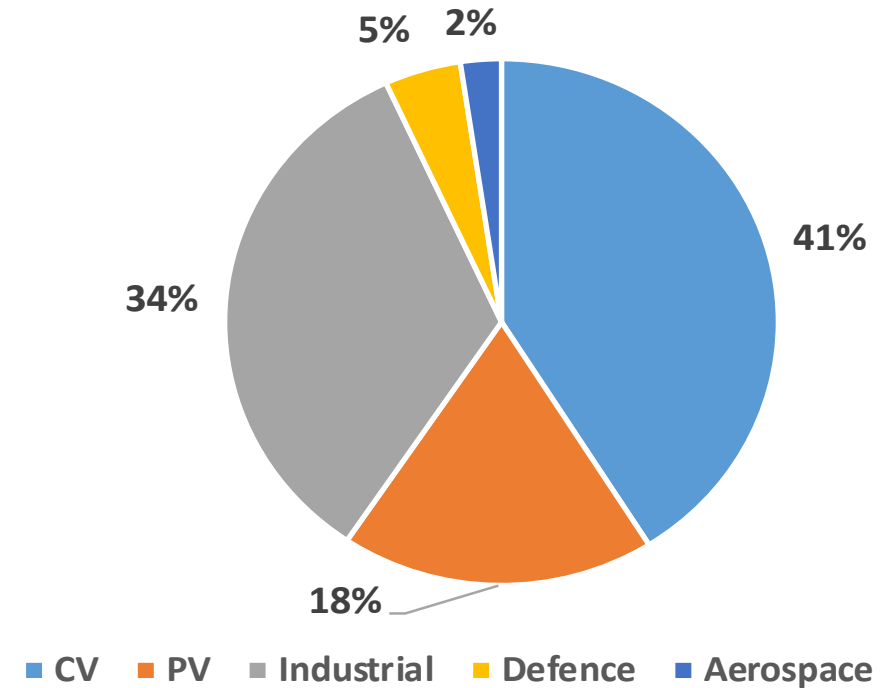
Rs. Million

Particulars	Q4FY23	Q3FY23	Q4FY22	FY2023	FY2022
Americas	8,108	8,135	6,290	30,459	25,105
Europe	3,072	2,832	2,663	11,871	10,397
Asia Pacific	623	696	439	2,275	1,201
Total	11,803	11,663	9,392	44,605	36,703

FY 2018



FY 2023



(Rs. million)

	FY 2018	FY 2023	CAGR	
CV	23,419	29,260	4.6%	Steady growth in mature market
PV	5,104	13,065	20.7%	Led by new business & market share gain in exports
Industrial	19,662	23,996	4.1%	Diversified verticals balancing volatility
Defence	1,452	3,222	17.3%	Shift from components to products
Aerospace/Turbo	392	1,692	34.0%	Value addition with sub-assembly

2022-23 – Metrics update - Environment

- Scope 1 (35%) & Scope-2 (60%) lesser emissions 2035
- 50% lesser Carbon footprint 2035
- Carbon Neutral 2040

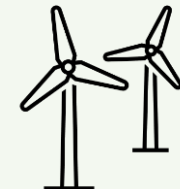


Scope-1- 48% & Scope-2 – 28% lesser emissions



38% of energy intensity reduction (1.54 to 1.00)

- 40% reduction in Energy Intensity 2025
- Energy Efficiency 2%/Annum 2030
- 80 % Renewable Energy 2035



28.29% of RE (105 Million Units)



83,129 tCO2e of emissions avoided

- 35% lesser freshwater 2025
- Water Positive 2030



26% of water recycled in the operations



3% reduction in specific consumption

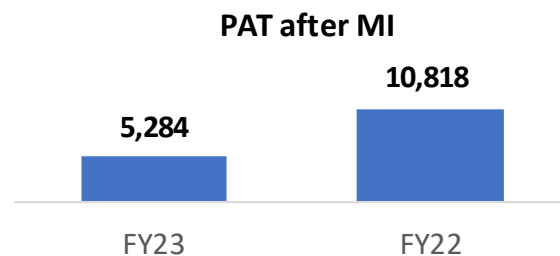
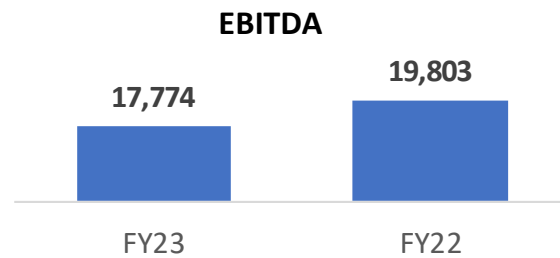
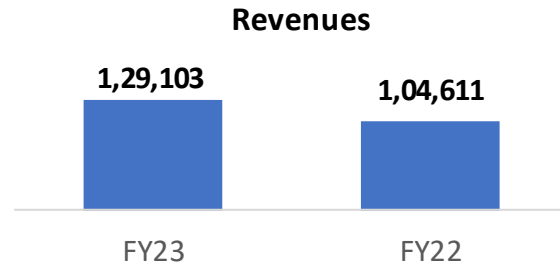
- Zero Waste to Landfill 2025
- 50% Sustainable Packaging 2030
- 50% Secondary RM 2030



99.5% of waste recycled



2% reduction in specific waste generation



Rs. Million

Particulars	March 31, 2023	March 31, 2022
Long Term Debt	24,436	23,151
WC & Bill Discounting	43,534	33,394
Equity	67,416	66,267
Cash	31,405	27,334
D/E	1.01	0.85
D/E (Net)	0.54	0.44
ROCE (Net)	10.2%	15.3%

Financials Annexures

Standalone P&L Highlights Q4 FY23

Rs. Million

Standalone Financials	Q4FY23	Q3FY23	QoQ%	Q4FY22	YoY%	FY23	FY22	% Change
Shipment Tonnage	64,648	62,755	3.0	57,543	12.3	246,467	221,514	11.3
Domestic Revenue	7,876	7,589	3.8	7,161	10.0	30,083	24,997	20.4
Export Revenue	11,803	11,663	1.2	9,392	25.7	44,605	36,702	21.7
Other Operating Income	294	269		188		1,040	847	
Total Revenue	19,973	19,521	2.3	16,741	19.3	75,727	62,546	21.2
EBITDA	5,228	4,929	6.1	4,308	21.4	19,280	16,804	14.7
EBITDA%	26.2%	25.2%		25.7%		25.5%	26.9%	
Other Income	391	378		662		1,505	1,675	
Profit Before Tax	3,910	3,379	15.7	3,520	11.1	14,398	13,288	8.4
PBT %	19.6%	17.3%		21.0%		19.0%	21.2%	
Exchange Gain / (Loss)	(347)	422		4		(167)	353	
Exceptional Item	(408)	43		(25)		(401)	318	
Profit Before Tax	3,154	3,844		3,499		13,824	13,959	(1.0)
Profit After Tax	2,446	2,892	(15.4)	2,619	(6.6)	10,455	10,778	(3.0)

Rs. Million

Particulars (Standalone)	March 31, 2023	March 31, 2022
Long Term Debt	17,661	17,834
Working Capital & Bill Discounting	26,386	21,215
Equity	77,000	71,098
Cash	22,067	24,818
ROCE (Net of Cash)	16.2%	16.7%
RONW	13.6%	15.2%
D/E (Net)	0.29	0.20
Net Debt/ EBITDA	1.14	0.85

Consolidated Financial Reconciliation

BHARAT FORGE



Rs. Million

FY 2023	BFL + BFIL	Overseas Subs	Indian Subs	Total
Total Revenue	79,473	42,785	6,845	129,103
EBITDA	18,993	(961)	(258)	17,774
PBT	14,052	(4,233)	(659)	9,160
Exchange Gain/(loss)	(92)	(65)	58	(99)
Exceptional Items	(441)	(16)	-	(457)
Associate/JV Profit/(Loss)/ MI		-	-	(134)
PAT	10,449	(4,330)	(701)	5,284

FY 2022 – 15 months	BFL + BFIL	Overseas Subs	Indian Subs	Total
Total Revenue	62,225	40,641	1,745	1,04,611
EBITDA	15,994	3,947	(138)	19,803
PBT	12,308	793	(245)	12,856
Exchange Gain/(loss)	409	(53)	-	356
Exceptional Items	759	(106)	271	924
Associate/JV Profit/(Loss)	-	-	-	(283)
PAT	10,419	672	10	10,818

Subsidiary Financials - FY23

Rs. Million

Overseas Mfg. Ops	Jan – Mar 2023	Oct – Dec 2022	Jan – Mar 2022	Apr 22 – Mar 23	Jan 21 – Mar 22
Total Revenue	12,099	10,726	9,083	42,785	40,641
EBITDA	(489)	(626)	746	(961)	3,947
EBITDA %	(4.0)%	(5.8)%	8.2%	(2.2)%	9.7%
PBT Before Ex Gain/(Loss)	(1,341)	(1,514)	147	(4,233)	793
EBITDA (ex of US- Alu)*	17	(282)	807	399	4,284
EBITDA %	-	(2.8)%	8.9%	1%	10.5%

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

Overseas Mfg. Ops	Jan – Mar 2023	Oct – Dec 2022	Jan – Mar 2022	Apr 22 – Mar 23	Jan 21 – Mar 22
Steel Forgings	8,349 (69%)	7,730 (72%)	6,893 (76%)	30,389 (71%)	30,605 (80%)
AI Forgings	3,750 (31%)	2,996 (28%)	2,190 (24%)	12,396 (29%)	10,036 (20%)
Total	12,099	10,726	9,083	42,785	40,641

€ Million

BF-AT	Apr 22 – Mar 23	Jan – Mar 23
Total Revenue	124.0	34.3
EBITDA	(18.9)	(7.7)
EBITDA %	-	-
PBT Before Ex Gain/(Loss)	(31.7)	(10.1)

US\$ Million

BF- Aluminum NC	Apr 22 – Mar 23	Jan – Mar 23
Total Revenue	22.08	7.60
EBITDA	(16.92)	(6.22)
EBITDA %	-	-
PBT Before Ex Gain/(Loss)	(26.08)	(9.81)

The manufacturing platform set up in EU & NA for Aluminum forgings are an essential part of our journey of enhancing the product mix and more importantly, playing a vital role in the Electrification growth and the light weighting endeavours of global customers.

FY23 was an exceptional year beset by ramp up cost, inflationary impact on input cost coming together.

We are already seeing improvement in both the facilities.

Indian Subsidiary & Overseas Operations Financials

KSSL	Jan – Mar 2023	Oct – Dec 2022	Jan – Mar 2022	FY2023	FY2022
Total Revenue	814	486	467	1,654	933
EBITDA	18	14	(7)	(16)	(17)
EBITDA%	2.2%	2.9%	-	-	-
PBT Before Exchange Gain/(Loss)	159	52	5	137	(38)
KPTL	Jan – Mar 2023	Oct – Dec 2022	Jan – Mar 2022	FY2023	FY2022
Total Revenue	87	104	-	264	14
EBITDA	(397)	(213)	(141)	(933)	(233)
EBITDA%	-	-	-	-	-
PBT Before Exchange Gain/(Loss)	(464)	(278)	(167)	(1,165)	(271)
BFISL	Jan – Mar 2023	Oct – Dec 2022	Jan – Mar 2022	FY2023	FY2022
Total Revenue	1,533	1,492	211	4,446	533
EBITDA	177	167	(9)	515	43
EBITDA%	11.6%	11.2%	-	11.6%	8.1%
PBT Before Exchange Gain/(Loss)	117	93	29	300	51
BFL + BIFL (Trading Subsidiary)	Jan – Mar 2023	Oct – Dec 2022	Jan – Mar 2022	FY2023	FY2022
Total Revenue	21,610	20,596	17,804	79,473	62,225
EBITDA	5,430	4,930	4,199	18,993	15,994
EBITDA%	25.1%	23.9%	23.6%	23.9%	25.7%
PBT Before Exchange Gain/(Loss)	4,091	3,368	3,375	14,052	12,308

Thank You

Rajhagopalan S

Tel: +91 9860144866

Email: Srajhagopalan@bharatforge.com

Chinmay Chhatre

Tel: +91 9930512932

Email: chinmay.chhatre@bharatforge.com