

BHARAT FORGE

February 10, 2022

To,

BSE Limited,

1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, Fort,
Mumbai - 400 001

BSE SCRIP CODE – 500493

National Stock Exchange of India Ltd.

'Exchange Plaza',
Bandra-Kurla Complex, Bandra (East)
Mumbai- 400 051

Symbol: **BHARATFORG**

Series: **EQ**

Dear Sirs,

Re: Earning Update for Q3 of FY 2021-22

Please find enclosed herewith Earning Update issued by the Company for Q3 of FY 2021-22.

Thanking you,

Yours faithfully,

For **Bharat Forge Limited**

Tejaswini Chaudhari
Company Secretary



Encl.: As above



KALYANI



BHARAT FORGE



BHARAT FORGE LTD
ANALYST UPDATE – Q3FY22

Analyst Update- Q3FY22 Results

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BFL 3 Month Report: “Q3 FY22 performance was on expected lines. Total sales were flat as compared to the previous quarter with exports revenues declining by around 10% while the domestic revenues grew by 16.5%. The drop in exports revenues were primarily on account of curtailment of production of Class 8 trucks due to semi conductor chip shortage.

The international operations in 9M CY21 have registered revenues of Rs 23,485 million and EBITDA% of 10.6%. The Capex for AI forgings facility in North Carolina has been completed and commercial production is expected to commence soon. We expect this facility along with European AI forgings facility to drive meaningful topline and profitability growth in the overseas operations in the coming 3-4 years.

For 9M FY22, the Indian operations has secured new orders worth around US\$ 100 million including around US\$ 50 million for EV Platforms across export and domestic customers.

Looking ahead into Q4 FY22 for the standalone operations, while Demand continues to remain robust, supply chain issues persists and is creating a big hangover especially in the export markets. We expect both the domestic and export markets to witness positive sales development across all major sectors barring the Agri equipment sector in India.”

For the international operations, While demand is robust, severe and unprecedented inflationary cost pressures across all variable cost elements (RM, logistics and Energy) are expected to take a toll on the profitability of our companies in Europe in the initial quarters of CY22 and we are actively engaged with customers in recovery of these cost increases.

B.N. Kalyani,

Chairman & Managing Director

Standalone Financial Highlights Q3 FY22

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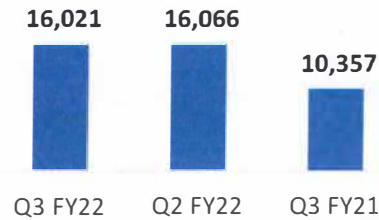
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REVENUE



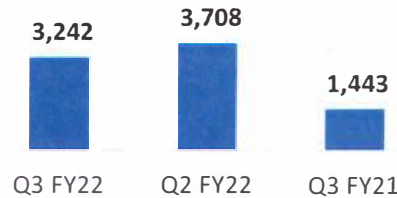
- Total revenues in Q3 FY22 at Rs 16,021 million witnessed a marginal decline as compared to the previous quarter. While domestic revenues witnessed a healthy 16.5% growth, exports registered a predictable decline of 9.6%.

EBITDA



- EBITDA margins at 25.2% in Q3 FY22 as against 28.3% in Q3 FY22 is on account of lower export incentives, product mix.

PBT before Ex. Gain/ (Loss)



- PBT of Rs 3,242 million in Q3 FY22 as against Rs 3,708 million in Q2 FY22, a decline of 12.6%. This is primarily on account of overall lower volumes and unfavorable product mix.

MANAGEMENT COMMENTS

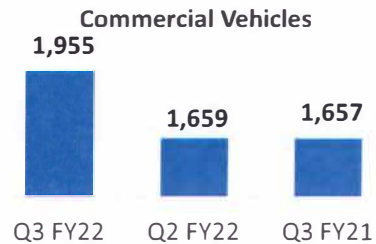
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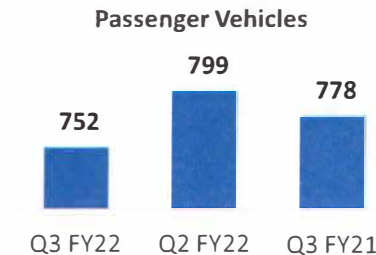
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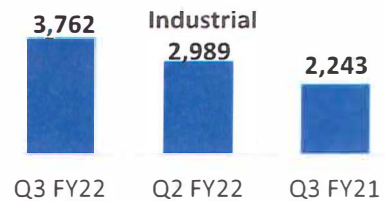
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Automotive Business: The CV sector performance in the quarter came back to normalcy ably supported by pick up industrial activity and fleet utilization rates. The sector production increased by 30.3% to 74,555 units in Q3 FY22. For 9M, MHCV Production at 173,433 units is an increase of 85.1% as compared to the same period previous year. Within the PV segment, UV segment has grown by 85% as compared to 9M FY21 while the Car segment has witnessed a decline of 10.3%.



Over the past few years, as the PV industry has witnessed product upgrades driven by Premiumization coupled with new OEM's witnessing success with their new launches, the company's revenues from this sector has grown faster than the underlying market. For the 9M, as against the underlying market growth of 28%, revenues from the PV segment has grown by around 45%.



Industrials Business: In Q3 FY22, we have completed the supply of medical grade Oxygen cylinders to the Indian government. This product revenue was Rs 150 Crores in Q3 FY22 as against Rs 69 Crores in Q2 FY22. Normalized for the supply of oxygen cylinders, industrial segment revenues were flat both sequentially and YoY despite the drop in revenues from the Agri Equipment segment.

Note: Others Revenue stood at Rs 933 million in Q3FY22

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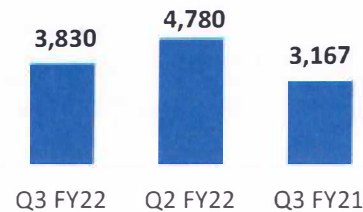
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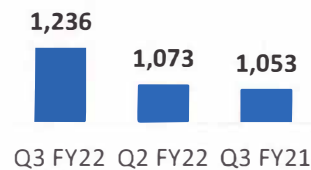
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Commercial Vehicles



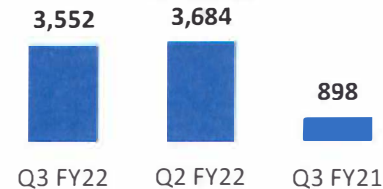
Automotive Business: The North American Class 8 truck market demand continued to remain strong with parameters such as order backlog, new orders and build rates remaining robust. For CY21, Builds at 270, 640 were lower than the earlier expected levels of around 300,000. Hopefully CY22 will witness some respite in headwinds and improvement in the supply chain situation.

Passenger Vehicles



The PV segment especially the premium segment continues to chip shortage and supply chain issues. While ignoring the near term uncertainty, this sector continues to be an interesting space where the company continues to win new orders, deepen its engagement with customers and increase its market share in the traditional powertrain and is simultaneously engaging with customers on solutions for BEV and other technologies.

Industrial



Industrials Business: High crude prices albeit a dampener on overall consumer sentiment and end demand, continues to support stable performance of the company's Oil & Gas business. We continue our endeavor to make more progress in this segment from a view point of both broad basing customer and client portfolio. Construction & Mining segment is also performing well driven by strong construction related activities globally.

Review of International Business

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Rs. Million

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PARTICULARS	Q3FY22	Q2FY22	Q3FY21
Americas	5,775	6,793	3,513
Europe	2,656	2,545	1,343
Asia Pacific	187	199	261
Total	8,618	9,537	5,117



Consolidated Financial Highlights Q3 FY22

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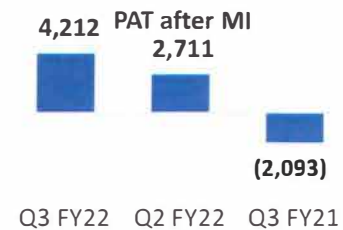
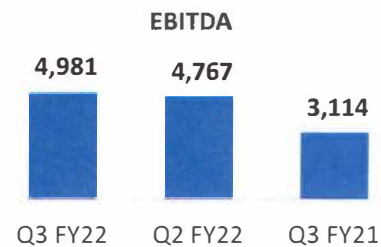
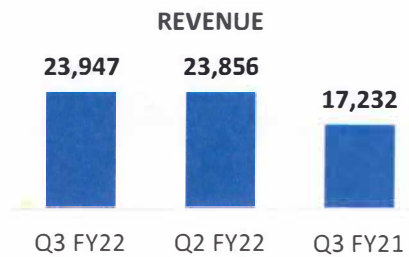
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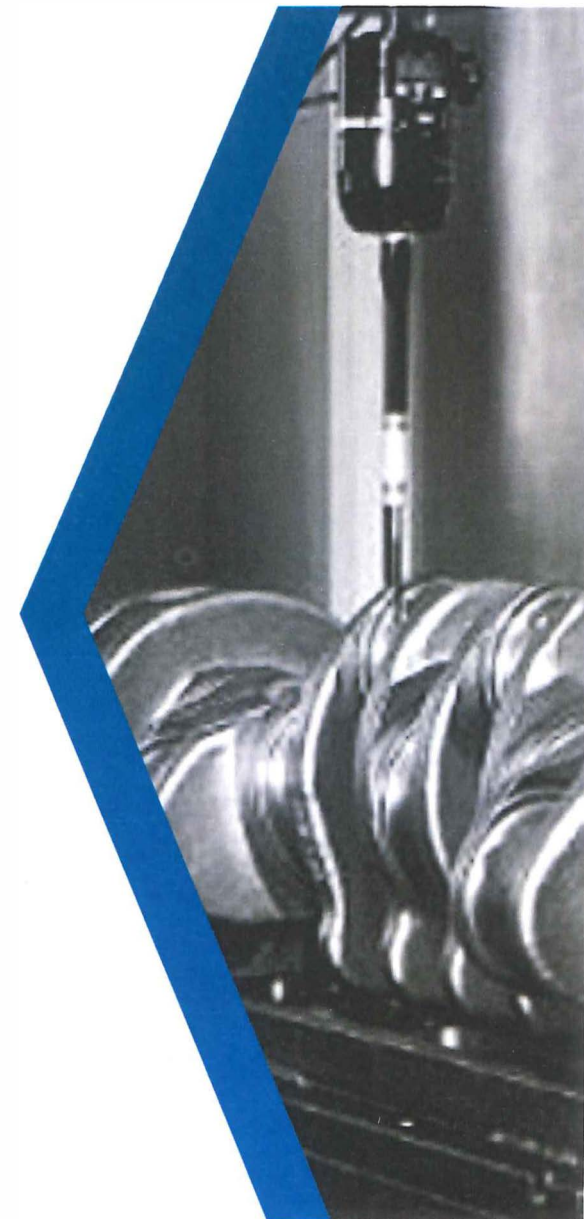


Rs. Million

Particulars	December 31, 2021	March 31, 2021
Long Term Debt	24,355	26,328
WC & Bill Discounting	30,503	23,626
Equity	63,188	54,468
Cash	24,723	28,755
D/E	0.87	0.92
D/E (Net)	0.48	0.39

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Standalone P&L Highlights Q3 FY22

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STANDALONE FINANCIALS	Q3FY22	Q2FY22	QoQ%	Q3FY21	YoY%
Shipment Tonnage	53,365	57,094	(6.5)%	50,943	4.8%
Domestic Revenue	7,221	6,197	16.5%	5,158	40.0%
Export Revenue	8,617	9,537	(9.6)%	5,117	68.4%
Other Operating Income	183	332		82	
Total Revenue	16,021	16,066	(0.3)%	10,357	54.1%
EBITDA	4,033	4,553	(11.4)%	2,332	73.7%
EBITDA%	25.2%	28.3%		22.4%	
Other Income	358	322		353	
Profit Before Tax	3,242	3,708	(12.6)%	1,443	124.7%
PBT %	20.2%	23.0%		13.9%	
Exchange Gain / (Loss)	45	300		(175)	
Exceptional Item	959	-		(55)	
Profit Before Tax	4,246	4,008	5.9%	1,213	250.0%
Profit After Tax	3,374	3,117	8.2%	926	264.4%

Standalone P&L Highlights Q3 FY22

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STANDALONE FINANCIALS	Q3FY22	Q2FY22	QoQ%
Shipment Tonnage	53,365	57,094	(6.5)%
Domestic Revenue (Less Traded Electronic item)	6,471	6,197	4.4%
Export Revenue	8,617	9,537	(9.6)%
Normalized Other Operating Income	183	172	
Accrued RODTEP Benefits	-	-	
Total Revenue	15,271	15,906	(4.0)%
EBITDA	4,033	4,393	(8.2)%
Normalized EBITDA%	26.4%	27.6%	

- During the quarter, the company has completed the production and dispatch of medical grade Oxygen cylinder.
- The sale of oxygen cylinder in Q2 included a trading element of Electronic controllers, which inflated the top line and had an adverse impact on the EBITDA margins.
- The above table normalizes the one off positive impact of last quarter due to accrued RODTEP benefits and the negative impact of the traded sales.

Standalone Balance Sheet Highlights as on Dec 31, 2021

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Rs. Million

Particulars (Standalone)	December 31, 2021	March 31, 2021
Long Term Debt	18,369	20,636
Working Capital & Bill Discounting	20,381	15,567
Equity	67,485	59,486
Cash	22,433	26,809
ROCE (Net of Cash)	16.7%	5.3%
RONW	14.3%	5.2%
D/E (Net)	0.07	0.16

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CONSOLIDATED FINANCIALS	Q3FY22	Q2FY22	QoQ%	Q3FY21	YoY%
Total Revenue	23,947	23,856	0.4%	17,232	39.0%
EBITDA	4,981	4,767	4.5%	3,114	60.0%
EBITDA %	20.8%	20.0%		18.1%	
PBT	3,309	3,187	3.8%	1,551	113.3%
Exchange Gain / (Loss)	44	326		(280)	
Exceptional Items	1,671	-		(2,994)	
PBT after Exchange Gain / (Loss)	5,024	3,513	43.0%	(1,723)	-
Profit After Tax	4,245	2,811	51.0%	(2,068)	-
Associate/ JV (Profit/Loss) share	(25)	(107)		(37)	
Minority Interest	(8)	7		12	
Profit After Tax	4,212	2,711	55.4%	(2,093)	-

Subsidiary Financials

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Overseas Manufacturing Operations	Jul - Sep 2021	April-Jun 2021	Jul - Sep 2020
Total Revenue	6,853	8,533	6,191
EBITDA	623	925	562
EBITDA %	9.1%	10.8%	9.1%
PBT Before Exchange Gain/(Loss)	(96)	246	(82)

Overseas Operations Sales Classifications	Jul - Sep 2021	April-Jun 2021	Jul - Sep 2020
Steel Forgings	5,135 (75%)	6,444 (78%)	4,803 (78%)
AI Forgings	1,718 (25%)	1,889 (22%)	1,388 (22%)
Total	6,853 (100%)	8,533 (100%)	6,191 (100%)

Overseas Operations & Subsidiary Financials

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Indian Subsidiaries	Oct – Dec 2021	Jul-Sep 2021	Oct – Dec 2020
Total Revenue	473	373	203
EBITDA	36	(14)	(16)
PBT Before Exchange Gain/(Loss)	(15)	(51)	(38)

BFL + BIFL (Trading Subsidiary)	Oct – Dec 2021	Jul-Sep 2021	Oct – Dec 2020
Total Revenue	16,621	14,950	10,838
EBITDA	4,322	3,856	2,568
EBITDA%	26.0%	25.8%	23.7%
PBT Before Exchange Gain/(Loss)	3,420	2,992	1,671

DISCLAIMER

This presentation contains certain forward looking statements concerning Bharat Forge's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but not limited to, risks and uncertainties, regarding fluctuations in earnings, our ability to manage growth, competition

(both domestic and international), economic growth in India and the target countries for exports, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions with respect to investments, fiscal deficits, regulations, interest rates and other fiscal costs generally prevailing in the economy. The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company. No part of this presentation shall be reproduced, copied, forwarded to any third party either in print or in electronic form without prior express consent of the company.

THANK YOU

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