BHARAT FORGE

November 13, 2019

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 FY 2018-19

Please find enclosed herewith Earning Update issued by the Company for Q3 FY 2018-19.

Thanking you,

Yours faithfully,

For **Bharat Forge Limited**

Tejaswini Chaudhari

Company Secretary & Compliance Officer

Encl.: As above

BHARAT FORGE LIMITED

Analyst Update - Q3 FY19 Results

BFL 3 MONTH REPORT

"Q3FY19 marked the 8th consecutive quarter of robust revenue & profit growth on back of strong performance across key verticals and all geographies.



Total revenue at Rs 16,925 million grew by 21.7% compared to Q3 FY18. Despite increase in raw material prices and energy cost, EBITDA margins at 28.8%, continued to be within the guided range.

Key highlights during the quarter include record quarterly revenues from Oil & Gas vertical and the Aerospace & Defence vertical. The company also secured new orders worth US$ 6.5 million from the Commercial Vehicle and Industrial sector.

The new facilities at Baramati and Nellore are nearing completion and should commence commercial production in the next two quarters, providing the impetus for organic growth going forward.

Our investments in research and innovation, strong domain knowledge and a robust order pipeline provides a strong platform for the company to outperform underlying market going forward.

ROCE (Net of Cash) has witnessed sharp improvement to 24.8% despite significant investment in new capacity creation and strategic initiatives focused on e-mobility.

"Looking ahead into the next quarter, we expect to see demand sustaining at current levels. The domestic CV sector is witnessing some softness in demand because of de-stocking and we expect it to become normal in the next few months"

B.N. Kalyani, Chairman & Managing Director.

STANDALONE FINANCIAL HIGHLIGHTS Q3 FY19

TABLE 1 — Rs. Million

Particulars	*Q3 FY19*	*Q2 FY19*	*QoQ %*	*Q3 FY18*	*YoY %*
Shipment Tonnage	66,764	69,683	-4.2	65,050	2.6
Domestic Revenue	6,739	6,951	-3.0	5,769	16.8
Export Revenue	9,755	9,434	3.4	7,811	24.9
Other Operating Income	431	407		326	
Total Revenue	**16,925**	**16,792**	**0.8**	**13,906**	**21.7**
EBIDTA	4,870	4,753	2.5	4,115	18.3
EBIDTA %	*28.8%*	*28.3%*		*29.6%*	
Other Income	479	338		219	
PBT	4,307	3,856	11.7	3,384	27.3
PBT %	*25.4%*	*23.0%*		*24.3%*	
Exchange Gain/ (loss)	388	(410)		48	
PBT after Exchange Gain/ (loss)	4,695	3,446	36.2	3,432	36.8
Profit After Tax	3,099	2,274	36.3	2,281	35.9

- Total revenue in Q3 FY19 at Rs. 16,925 million grew by 21.7% as compared to the same period last year propelled by strong growth across key verticals and geographies.
- EBITDA at Rs. 4,870 million grew by 18.3% as compared to Q3 FY18.
- PBT before Exchange gain/ (loss) grew by 27.3% on a Y-o-Y basis to Rs 4,307 million in Q3 FY19.
- PAT stood at Rs 3,099 million, a growth of 35.9% as compared to Rs 2,281 million in Q3 FY18.

TABLE 2 Rs Million

Particulars	December 31, 2018	March 31, 2018
Long Term Debt	13,874	13,462
Working capital & Bill Discounting	14,577	11,666
Equity	50,140	46,143
Cash	13,011	16,008
D/E	**0.57**	**0.54**
D/E (Net)	**0.31**	**0.20**
Long Term D/E (Net)	**0.02**	**(0.06)**
ROCE (Net of cash)	**24.8%**	**22.5%**
RONW	**20.5%**	**17.7%**

COMPANY REVIEW

TABLE 3 Rs. Million

Particulars	Q3 FY19			Q2 FY19			Q3 FY18			Y-o-Y
	Total	India	Export	Total	India	Export	Total	India	Export	% Growth
Commercial Vehicles	**6,906**	2,695	4,211	**7,104**	2,894	4,210	**6,114**	2,661	3,453	**13.0**
Industrial	**7,318**	2,690	4,628	**6,778**	2,748	4,029	**5,465**	2,041	3,424	**33.9**
Passenger Vehicles	**1,525**	608	916	**1,802**	607	1,195	**1,492**	559	934	**2.2**
Total	**15,749**	**5,993**	**9,755**	**15,684**	**6,249**	**9,434**	**13,071**	**5,261**	**7,811**	**20.5**

TABLE 4 Rs. Million

Particulars	Q3 FY19	Q2 FY19	Q3 FY18
India	7,170	7,358	6,095
Americas	6,590	6,617	5,468
Europe	2,660	2,537	1,923
Rest of World	505	280	420
Total	**16,925**	**16,792**	**13,906**



INDIA BUSINESS

For 9M FY2019, the domestic M&HCV industry continued its growth trajectory with a strong growth in sales supported by a pick-up in construction sector as well as healthy demand from consumption-driven sectors. But tightening credit environment, revision in axle load norms and sharp increase in fuel prices along with subdued freight rates have impacted demand for the last couple of months.

Though demand sentiments are expected to remain weak in the near term, easing of liquidity pressures and potential pre-buying ahead of the impending implementation of BS-VI emission norms (from April 2020 onwards) supports a positive outlook for FY 2020.

BFL's M&HCV revenues stood at Rs. 2,695 million in Q3 FY 2019.

In the PV segment, we continue to focus on new product development to increase our product portfolio and market share. Revenues from the segment have grown by 9% as compared to the same period last year.

With revenues of Rs. 2,690 million, the industrial segment has shown a growth of 32% in Q3 FY 2019. Growth was driven by all sectors, Defence and Agri being the major contributors.

INTERNATIONAL BUSINESS

CY 2018 was a strong year for the North American Class 8 market as truck orders recorded their highest numbers in more than a decade supported by strong economic activity and strong freight market. CY2019 outlook for the North American truck market looks positive supported by a high backlog of 300K+ units coupled with high freight demand.

Order activity has reduced in the past couple of months but with a strong backlog and a solid book build schedule, the drop in orders is in line with expectations. With only a few build slots remaining for 2019, orders are expected to remain muted and reach normalized levels over the next couple of months.

Demand in the European truck market continued to remain healthy on account of higher freight utilization and freight operator profitability. Market demand is expected to remain stable going forward.

Oil & Gas market continued to be stable while construction, infrastructure and mining activity continued to be good in most parts of the world. The market for industrial off-road and power generation engines also continued to be robust.

Revenues from Industrials business in Q3 FY19 of Rs. 4,628 million has grown by 35% as compared to Q3 FY18.

OVERSEAS SUBSIDIARIES

TABLE 5 — Rs. Million

Particulars	Oct – Dec 2018	Jul – Sep 2018	Oct – Dec 2017
Total Income	8,161	7,371	7,177
EBITDA	534	501	647
EBITDA %	**6.5%**	**6.8%**	**9.0%**
PBT	104	41	205

The quarterly performance has been impacted primarily on account of seasonality and WLTP related issues. To bring about a structural and sustainable improvement in the operational performance of the overseas subsidiaries, there is lot of impetus and focus on Al Forgings and productivity improvement. The investments and the actions which are being undertaken should have the desired effect.