BHARAT FORGE

May 20, 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 Q4 FY 2018-19

Please find enclosed herewith Earning Update issued by the Company for Q4 FY 2018-19.

Thanking you,

Yours faithfully,

For **Bharat Forge Limited**

BHARAT FORGE LTD. PUNE 411 036 MUNDHWA

Tejaswini Chaudhari

Company Secretary & Compliance Officer

Encl.: As above

BHARAT FORGE LIMITED

Analyst Update - FY 2019 Results

BFL 12 MONTH REPORT

"FY19 has been a record year for the company with strong revenue and Profit growth. In FY19, the company registered revenue growth of 22.6% and PAT growth of 51.5%. For the quarter, revenues grew by 13.8% while PAT grew by 198.3% on a YoY basis. We continued to strengthen the balance sheet with all key financial ratios improving compared to FY2018.

During the year, the company has secured business wins of US$ 50 million across sectors and geographies. An encouraging trend is the large proportion of wins driven by our work on new product development. We continue to develop a strong order pipeline which we hope to convert in the coming year.



The Centre for Light Weighting Technology at Nellore is expected to come on stream in the coming few months. In the 1st phase, the facility will manufacture critical light weight components in Aluminum. Having already secured contracts, this facility is expected to provide a fillip to growth as it gradually ramps-up.

After a strong two year performance wherein we delivered 30% & 35% CAGR topline & profit growth, we are starting to witness demand flattening out in the export markets. The condition is compounded by the lack of momentum in the domestic market across sectors. We expect the situation to improve in the coming months.

The company will focus on navigating through the challenging demand environment, utilizing a combination of accelerated new product development and cost optimization.

B.N. Kalyani, Chairman & Managing Director.

BHARAT FORGE CO. LTD. PUNE 411 036 MUNDHWA

STANDALONE FINANCIAL HIGHLIGHTS FY 2019

TABLE 1 — Rs. Million

Particulars	*Q4 FY19*	*Q3 FY19*	*Q4 FY18*	*FY 2019*	*FY 2018*
Shipment Tonnage	62,690	66,764	65,050	265,952	242,103
Domestic Revenue	6,577	6,739	6,186	26,268	22,272
Export Revenue	9,626	9,755	8,148	37,258	29,712
Other Operating Income	483	431	332	1,674	1,176
Total Revenue	**16,686**	**16,925**	**14,666**	**65,200**	**53,160**
EBIDTA	4,849	4,870	4,375	18,760	15,762
EBIDTA %	***29.1%***	***28.8%***	***29.8%***	***28.8%***	***29.7%***
Other Income	501	479	342	1,661	1,186
PBT	4,214	4,307	3,709	15,931	13,033
PBT %	***25.3%***	***25.4%***	***25.3%***	***24.4%***	***24.5%***
Exchange Gain/ (loss)	323	388	(198)	299	(394)
Exceptional Items	-	-	(1,332)	-	(1,332)
PBT after Ex Gain/ (loss) & Exceptional Item	4,537	4,695	2,179	16,230	11,307
Profit After Tax	2,995	3,099	1,004	10,713	7,073

- Total Revenues grew by 13.8% in Q4 FY19 to Rs. 16,686 million as compared to Rs. 14,666 million in Q4 FY18. For the full year FY 2019, with total revenues of Rs. 65,200 million, the company posted a strong Y-o-Y growth of 22.6 % on back of 25.4% growth in export revenues and 17.9% growth in domestic revenues.
- PBT before Exchange gain/ (loss) for Q4 FY19 grew by 13.6 % to Rs 4,214 million as compared to Q4 FY18, while for FY 2019 the same grew by 22.2 % on a yearly basis.
- PAT stood at Rs. 2,995 million in Q4 FY19 and Rs. 10,713 million in FY 2019.

BHARAT FORGE LTD. PUNE 411 036 MUNDHWA



KEY FINANCIAL PARAMETERS: STANDALONE

TABLE 2 Rs Million

Particulars	March 31, 2019	March 31, 2018
Long Term Debt	15,722	13,462
Working capital & Bill Discounting	16,220	11,666
Equity	53,982	46,143
Cash	17,252	16,028
D/E	**0.59**	**0.54**
D/E (Net)	**0.27**	**0.20**
Long Term D/E (Net)	**(0.03)**	**(0.06)**
ROCE (Net of cash)	**24.7%**	**22.5%**
RONW	**19.8%**	**17.7%**

REVIEW OF INDIAN BUSINESS

- **Automotive**

FY 2019 was a year of two halves for the Indian automobile industry. The Passenger vehicle & two wheeler segment posted modest growth whereas the Commercial vehicle, three wheelers and Tractors segment posted healthy double digit growth in volumes as compared to FY 2018. However, bulk of the robust performance in the automotive space came in the first half of FY 2019 while the performance in the second half remained fairly subdued.

The M&HCV segment saw quite robust growth in the initial months but it started declining from October 2018 onwards, impacted by the tightening financing environment, surplus capacity created through revised axle load norms, higher fuel cost and weak freight rates. In totality, sales volumes for FY 2019 showed a growth of 15% as compared to FY 2018.

In FY 2020, the demand environment is expected to be weak in the first quarter and hopefully revive going forward. Tailwinds for the sector is expected from pick-up in infrastructure development and potential pre-buying ahead of the implementation of BS-VI emission norms (from 1st April 2020). Volatility in demand could be the norm in the CV space in FY20 to ensure no significant pile up of inventory and smooth change over to BS VI compliant vehicles.

The company continues to focus on new product development and increase content per vehicle in the M&HCV space. In FY 2019, at Rs. 10,988 million, BFL recorded its highest ever revenues from the India Commercial Vehicle segment.

In the passenger vehicle segment, the company has made significant progress on new product development. This has helped in adding new customers and also increase its share with existing customers. In a subdued underlying market, revenues from the passenger car segment in FY 2019 have shown a strong growth of 16.2% as compared to FY 2018.

- **Industrials**

The company recorded strong growth in all the sectors of the Industrial business it operates in with defence, agri and infrastructure related sectors contributing the strongest growth. In FY 2019, the segment recorded its highest revenues of Rs. 10,094 million, growth of 28% as compared to FY 2018.

INDIA REVENUES

TABLE 3 **Rs. Million**

Particulars	Q4 FY19	Q3 FY19	Q4 FY18	FY 2019	FY 2018	Y-o-Y Growth (%)
Commercial Vehicles	2,278	2,695	3,297	10,988	10,380	5.9
Industrial	2,873	2,682	1,815	10,094	7,895	27.9
Passenger Vehicles	672	616	520	2,373	2,043	16.2
Others*	1,237	1,177	886	4,487	3,130	
Total	**7,060**	**7,170**	**6,518**	**27,942**	**23,448**	**19.2**

* Others include other operating income, sale of manufacturing scrap etc.

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REVIEW OF INTERNATIONAL BUSINESS

➢ Automotive

The US Class 8 market remained strong throughout CY 2018 and reported a strong growth of 27% as compared to CY 2017 on the back of a strong economy and solid freight demand. Order activity has moderated in the initial months of CY 2019 and expected to normalize going ahead in the second half of the year as compared to last year's record numbers. But still, this year is expected to show modest increase in production on account of a robust build schedule and order backlog.

The company's focus on increasing content per vehicle and increasing share with customers is yielding good results. The company recorded highest revenues from the heavy commercial vehicle business in FY 2019 at Rs. 15,912 million.

The passenger vehicle segment has been on a positive growth trajectory from the past 5 years (from Rs. 420 million in FY 2014 to Rs. 4,875 million in FY 2019). We expect the passenger vehicle business to contribute more going forward as we continue to expand our presence in this segment by increasing our product portfolio, moving up the value chain and adding new customers.

➢ Industrial

The Oil & Gas industry in North America witnessed another good year of increased activity and output supported by the shale gas industry. The other elements of our industrial business have also performed well driven by transportation, construction & mining sector. In FY 2019, the company recorded highest ever revenues from the Industrial segment at Rs. 16,471 million.

We continue to expand our product offerings and have been successful in adding new customers, increasing share with existing customers and winning new orders across the segments we operate in. However, global economic uncertainty, volatility in crude oil prices and bottleneck issues in transportation of shale output is starting to adversely impact production activity.

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INTERNATIONAL REVENUES

TABLE 4

Rs. Million

Particulars	Q4 FY19	Q3 FY19	Q4 FY18	FY 2019	FY 2018	Y-o-Y Growth (%)
Commercial Vehicles	4,061	4,136	3,554	15,912	13,039	22.0
Industrial	4,210	4,618	3,593	16,471	13,611	21.0
Passenger Vehicles	1,355	1,001	1,001	4,875	3,062	59.2
Total	**9,626**	**9,755**	**8,148**	**37,258**	**29,712**	**25.4**

TABLE 5

Rs. Million

Particulars	Q4 FY19	Q3 FY19	Q4 FY18	FY 2019	FY 2018	Y-o-Y Growth (%)
Americas	7,075	6,590	5,614	26,022	20,236	28.6
Europe	2,233	2,654	2,334	9,912	7,995	24.0
Rest of World	318	511	200	1,324	1,481	(10.6)
Total	**9,626**	**9,755**	**8,148**	**37,258**	**29,712**	**25.4**

BHARAT FORGE LTD. PUNE 411 036 MUNDHWA

CONSOLIDATED FINANCIALS

TABLE 6 OVERSEAS MANUFACTURING OPERATIONS — **Rs. Million**

Particulars	CY 2018	CY 2017
Total Revenue	32,321	26,807
EBITDA	2,123	1,753
EBITDA %	**6.6%**	**6.5%**
PBT before Exchange Gain/(Loss)	559	291
PAT	267	55

TABLE 7 INDIAN SUBSIDIARIES — **Rs Million**

	FY 2019	FY 2018
Total Income	1,318	100
EBITDA	94	(78)
Profit Before Tax	79	(146)
PAT after minority Interest	56	(68)

TABLE 8 BFL + BFIL — **Rs. Million**

	FY 2019	FY 2018
Total Income	67,818	56,670
EBITDA	18,067	16,112
Profit Before Tax	15,193	13,327
PAT	9,999	7,638

BHARAT FORGE LTD. PUNE 411 036 MUNDHWA

CONSOLIDATED FINANCIALS – FY 2019

TABLE 9 — Rs. Million

	FY 2019				FY 2018				
Particulars	**BFL + BFIL**	**WOS**	**Indian Subs**	**Total**	**BFL + BFIL**	**WOS**	**Indian Subs**	**Total**	**% Change**
Total Revenue	67,818	32,321	1,318	**1,01,457**	56,670	26,807	100	**83,577**	21.4%
EBITDA	18,067	2,123	94	**20,284**	16,112	1,753	(78)	**17,787**	14.0%
EBITDA %	26.6%	6.6%	7.1%	20.0%	28.4%	6.5%		21.3%	
PBT	15,193	559	79	**15,831**	13,327	291	(146)	**13,472**	17.5%
PBT %	22.4%	1.7%	6.0%	15.6%	23.5%	1.1%		16.1%	
PAT	9,999	267	56	**10,322**	7,638	55	(68)	**7,625**	35.4%

TABLE 10 — Rs Million

Particulars	**March 31, 2019**	**March 31, 2018**
Long Term Debt	19,350	16,721
Equity	54,059	46,811
Cash	18,352	17,246
Long Term D/E	0.36	0.36
Long Term D/E (Net)	0.02	(0.01)

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