BHARAT FORGE

August 9, 2018

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 Q1 of FY 2018-19

Please find enclosed herewith Earning Update issued by the Company for Q1 of FY 2018-19.

Thanking you,

Yours faithfully,
For **Bharat Forge Limited**

Tejaswini Chaudhari
Deputy Company Secretary

Encl.: As above

BHARAT FORGE LIMITED

Analyst Update - Q1 FY19 Results

BFL 3 MONTH REPORT

"Q1 FY19 was the 7th consecutive quarter of sequential revenue growth, driven by a combination of our de-risked business model and end market growth. Total revenue at Rs 14,797 million grew by 23.2% compared to Q1 FY18. Despite continued inflationary pressures on raw material and energy front, EBITDA margins at 29.0% were maintained compared to the same quarter previous year.



During the quarter, we have secured new business wins of Rs 120 crores across domestic & export markets.

Our German operations, CDP BF has secured a multi-year € 40 million business win for supply of Al Forgings for a marquee global premium vehicle manufacturer.

Our focus on indigenization of critical components & products for the defense sector is progressing well. BFL is proud to be part of the supply chain that enabled the indigenization of the engines for the armed forces recently.

With earlier announced expansion in Nellore & Baramati, we are creating capacity well ahead of time to meet customer needs.

As part of our focus on enhancing our presence in the light material space, the board has approved setting up of Aluminum Forging facility in BF PMT in Tennessee, USA. This facility will be set up at a cost of US$ 55 million and will address the needs of the North American car market. This facility will commence production in CY 2020.

As we look ahead in to the next quarter, we expect to see demand sustaining at current elevated levels. While demand is extremely strong on the export front across sectors, domestic demand especially on the CV front could be volatile due to the recent regulatory change in axle load norms and the understanding of its impact on end demand. However, the Indian CV story remains intact."

B.N. Kalyani, Chairman & Managing Director.

STANDALONE FINANCIAL HIGHLIGHTS Q1 FY19

TABLE 1 **Rs. Million**

Particulars	*Q1 FY19*	*Q4 FY18*	*QoQ %*	*Q1 FY18*	*YoY %*
Shipment Tonnage	66,815	68,706	(2.8)	55,704	19.9
Domestic Revenue	6,001	6,186	(3.0)	5,032	19.3
Export Revenue	8,443	8,148	3.6	6,714	25.8
Other Operating Income	353	332		262	
Total Revenue	**14,797**	**14,666**	**0.9**	**12,008**	**23.2**
EBIDTA	4,288	4,375	(2.0)	3,457	24.0
EBIDTA %	*29.0%*	*29.8%*		*28.8%*	
Other Income	343	342		259	
PBT	3,554	3,709	(4.2)	2,757	28.9
PBT %	*24.0%*	*25.3%*		*23.0%*	
Exchange Gain/ (loss)	(2)	(198)		(124)	
Exceptional Items	-	(1,332)		-	
PBT after Exchange Gain/ (loss) & Exceptional Items	3,552	2,179	63.0	2,633	34.9
Profit After Tax	2,345	1,004	133.6	1,751	33.9

- Total revenues in Q1 FY19 grew by 23.2% as compared to the same period last year. Growth was witnessed in both the Auto & Industrial business.
- EBITDA at Rs. 4,288 million grew by 24.0% as compared to Q1 FY18.
- PBT before Exchange gain/ (loss) and Exceptional item grew by 28.9% on a Y-o-Y basis to Rs 3,554 million in Q1 FY19.
- PAT stood at Rs 2,345 million, a growth of 33.9% as compared to Rs 1,751 million in Q1 FY18.



TABLE 2		Rs Million
Particulars	June 30, 2018	March 31, 2018
Long Term Debt	15,744	13,462
Working capital & Bill Discounting	12,519	11,666
Equity	47,230	46,143
Cash	18,108	16,008
D/E	**0.60**	**0.54**
D/E (Net)	**0.22**	**0.20**
Long Term D/E (Net)	**(0.05)**	**(0.06)**
ROCE (Net of cash)	**24.8%**	**22.5%**
RONW	**19.8%**	**17.7%**

REVIEW OF INDIA BUSINESS

Automotive Business

The domestic automotive production witnessed significant double digit growth in this quarter as compared to the same quarter last year, when the volumes were largely affected due to the uncertainty related to the GST roll-out on 1st July 2017.

Apart from low-base effect, the growth in M&HCV can be attributed to the pick-up in infrastructure projects, particularly in roads, urban infrastructure and affordable housing segment. Although growth momentum is expected to continue, recent relaxation of overloading norms in certain states and the Government's recent proposal to increase truck axle load by 20-25% may cause demand volatility in the short term. The company's M&HCV revenue stood at Rs. 3,121 million in Q1 FY19, a growth of 50% on a Y-o-Y basis.

The company using its innovation and in-house R&D expertise continues to constantly focus on new product development and address various "Make in India" initiatives. The Company's strategy is to supply components & sub-systems across sectors and target new customers. The domestic industrial business has declined primarily on account of continued delay from tender based businesses.

INDIA REVENUES

Table 3 — Rs. Million

Particulars	Q1 FY19	Q4 FY18	Q1 FY18
Commercial Vehicles	3,121	3,297	2,081
Industrial	1,796	1,815	2,050
Passenger Vehicles	474	520	441
Others*	963	886	722
Total	**6,354**	**6,518**	**5,294**

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

REVIEW OF INTERNATIONAL BUSINESS

Automotive Business

North American Class 8 orders have been very robust for the first six months of CY 2018. The increased demand for trucks from fleet operators is to capture opportunities arising from the thriving freight growth in a strong domestic economy. Increasing freight rates combined with shortage of transport capacity will continue to support demand.

The truck market demand in Europe also continues to remain good as fleet utilization improves due to high freight activity.

BFL's revenues into the heavy truck market in Q1 FY19 performed better than the underlying market and registered a growth of 21% on a Y-o-Y basis on account of increased market share.

Our growth trajectory on the passenger vehicle side remains on track as we continue to add new customers with new value added products and at the same time increasing share with existing customers.

Industrial business

The improving macro-conditions of our end markets has helped increase our revenues in Q1 FY19 from the industrial business to Rs. 3,869 million.

Our new product development programs are helping us win new orders and add new customers across sectors. This will help to further de-risk our industrial business revenues in terms of sectors and customers.

INTERNATIONAL REVENUES

Table 4

Particulars	Q1 FY19	Q4 FY18	Q1 FY18
Commercial Vehicles	3,527	3,458	2,909
Industrial	3,869	3,767	3,378
Passenger Vehicles	1,047	923	427
Total	**8,443**	**8,148**	**6,714**

Table 5 Rs. Million

Particulars	Q1 FY19	Q4 FY18	Q1 FY18
Americas	5,724	5,596	4,384
Europe	2,527	2,368	1,873
Asia Pacific	192	184	457
Total	**8,443**	**8,148**	**6,714**

Investment in Tevva Motors

During the quarter, Bharat Forge Ltd made a strategic investment of £ 10 million in Tevva Motors (Jersey) Limited. Tevva provides electric powertrain solutions for Commercial Vehicles & buses in the 7.5 -14 T weight category. This is soon to be extended for the development of new Commercial Vehicles, especially trucks and buses.

These vehicles actively and autonomously manage the use of the range extender by utilizing Tevva's ground-breaking, patented software, Predictive Range Extender Management System (PREMS), to ensure only electric drive is used in low carbon zones and other city centers.

This initiative along with our investments in Tork Motorcycles and MIRA help position Bharat Forge at the forefront in the fast-growing EV market to identify technology trends and co-develop solutions for electric mobility in India and abroad. Bharat Forge is strategically aligning to develop solutions across the entire spectrum from low voltage powertrains in personal mobility to high voltage applications for commercial vehicles that complement the requirements of OEMs.

OVERSEAS SUBSIDIARIES

Table 6 **Rs. Million**

Particulars	Apr – Jun 2018	Jan – Mar 2018	Apr – Jun 2017
Total Income	8,741	8,336	6,874
EBITDA	696	691	506
EBITDA %	**8.0%**	**8.3%**	**7.4%**
PBT	241	239	104

The subsidiaries continue to register strong performance on back of stable end market demand across their key addressable markets in North America & Europe.

During the quarter, CDP-BF has secured a prestigious multiyear € 40 million business win from a marquee premium vehicle manufacturer for supply of Al forgings. Execution of this business will commence in CY2019. Our focus is on increasing the contribution from light weight material for BFL globally.

As evident from the order win and the new CAPEX in North America, we are now putting greater focus & emphasis on Aluminum components for PV & Light Vehicles market. This strategy plays on the shift to lighter material and also improves the financial strength of the international operations.