BHARAT FORGE

Date: November 8, 2017

To,

BSE Limited,
1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street Fort,
Mumbai-400001
BSE SCRIP CODE-500493

National Stock Exchange of India Limited.,
'Exchange Plaza',
Bandra-Kurla Complex, Bandra(East)
Mumbai-400051
Symbol: **BHARATFORG**
Series: EQ

Sub: Earning Update for Q2-FY 2017-18

Dear Sir/Madam,

Please find enclosed herewith the Earning update issued by Bharat Forge Limited for Q-2 FY 2017-18.

Thanking you,

Yours Faithfully,
For Bharat Forge Limited

BHARAT FORGE LTD. PUNE 411 036 MUNDHWA

Tejaswini Chaudhari
Deputy Company Secretary

Enclosures: As above

BHARAT FORGE LIMITED

Analyst Update - Q2 FY18 Results

BFL 3 MONTH REPORT

"The company's performance in Q2 FY18 has been strong with all round growth across domestic and export business. Total revenue at Rs 12,580 million grew by 41.2% driven by 26% growth in domestic revenues and 56% growth in export revenues.



Despite continued inflationary pressures, EBITDA margins at 30.3% expanded by 190 bps as compared to the same quarter previous year driven by better product mix, enhanced productivity & favorable exchange realization.

The company's focus on new product development and increasing wallet share with customers by leveraging technology & its in-house R&D capabilities is gaining traction. The company has secured new orders worth more than US$ 40 million YTD FY18 across geographies and business applications.

BFL is setting up Centre for Light Weighting technology (LWT), a fully automated state of the art manufacturing facility in Andhra Pradesh focused on Aluminum and Magnesium components and products. This facility will enable BFL to address the need for light weighting solutions driven by the shift from BS IV to BS VI in India and also the evolving Electric Vehicle segment.

As we look ahead in to Q3 FY18, we expect to see continued improvement in underlying demand across geographies and businesses. Demand in Q3 is expected to witness improvement compared to Q3 FY17.

B.N. Kalyani, Chairman & Managing Director.

STANDALONE FINANCIAL HIGHLIGHTS Q2 FY18

TABLE 1 **Rs. Million**

Particulars	*Q2 FY18*	*Q1 FY18*	*QoQ %*	*Q2 FY17*	*YoY %*
Shipment Tonnage	58,659	55,704	5.3	46,203	27.0
Domestic Revenue	5,285	5,032	5.0	4,208	25.6
Export Revenue	7,039	6,714	4.8	4,515	55.9
Other Operating Income	256	262		186	
Total Revenue*	12,580	12,008	4.8	8,909	41.2
EBIDTA	3,815	3,457	10.4	2,528	50.9
EBIDTA %	*30.3%*	*28.8%*		*28.4%*	
Other Income	366	259		309	
PBT	3,183	2,757	15.5	1,922	65.6
PBT %	*25.3%*	*23.0%*		*21.6%*	
Exchange Gain/ (loss)	(120)	(124)		(51)	
PBT after Exchange Gain/ (loss)	3,063	2,633	16.3	1,871	63.7
Profit After Tax	2,037	1,751	16.3	1,269	60.5

*Revenue numbers for all quarters indicated above are net of excise

- Q2 FY18 reported strong numbers as total revenues grew by 41.2% as compared to the same period last year. Strong Y-o-Y growth witnessed across all geographies and business segments.
- EBITDA at Rs. 3,815 million registered a Y-o-Y growth of 50.9%.
- EBITDA margins in Q2 FY18 expanded by 190 bps on back of an improved product mix, increased operational efficiencies and favorable exchange realization.
- PBT before Exchange gain/ (loss) and Exceptional item grew by 65.6% to Rs 3,183 million in Q2 FY18
- PAT at Rs 2,037 million registered a growth of 60.5% as compared to Q2 FY17.



TABLE 2		Rs Million
Particulars	**September 30, 2017**	**March 31, 2017**
Long Term Debt	15,036	15,220
Working capital & Bill Discounting	9,330	9,085
Equity	44,014	42,319
Cash	15,473	14,184
D/E	**0.55**	**0.57**
D/E (Net)	**0.20**	**0.24**
Long Term D/E (Net)	**(0.01)**	**0.02**
ROCE (Net of cash)	**21.1%**	**14.9%**
RONW	**17.2%**	**12.9%**

REVIEW OF INDIA BUSINESS

- **Automotive**

The M&HCV segment in Q2 FY18 has registered a strong growth of 65% after a tepid Q1 FY18, indicative of stability returning post the disruptions of BS-4 roll out and the GST implementation. Factors such as the government's focus on infrastructure investments coupled with stricter implementation of overloading ban and overall uptick in economic activity, point in the direction of a steady period of growth for the industry leading upto the emission norm change in 2020.

BFL through a slew of measures including light weighting of components, new product development focused on entire powertrain and emission solution is well primed to capture the opportunities arising from the technological upgradation required to meet the emission norm applicable from 2020.

The Passenger Vehicle market continues to grow at a healthy rate. The company has witnessed good growth in the Passenger Vehicle market. An increased market share and ramp up of new products is supporting growth.

INDIA REVENUES

Table 3 **Rs. Million**

Particulars	Q2 FY18	Q1 FY18	Q2 FY17
Commercial Vehicles	2,341	2,081	1,715
Industrial	1,988	2,050	1,665
Passenger Vehicles	524	441	372
Others*	688	722	643
Total	**5,541**	**5,294**	**4,394**

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

REVIEW OF INTERNATIONAL BUSINESS

- **Automotive**

The recovery in Class 8 truck markets continues to build in CY 2017 as compared to the previous year. Orders continued to climb on back of a stronger freight growth spurred by a vibrant US economy. This growing truck market indicates that the demand scenario will remain positive in the remaining year as well. A continued renewal and expansion of fleets along with a strong freight environment is supporting demand for trucks in Europe. The company's revenues into the heavy truck market in Q2 FY18 have registered good growth both on a Q-o-Q and Y-o-Y basis.

The demand for passenger car markets worldwide remains stable and is expected to remain positive going ahead. New order wins by increasing share with existing customers and moving up the value chain will be the growth drivers for the company going forward.

- **Industrials**

Demand for Industrial engines is favorable as the demand for construction equipment continues to grow in most markets and the mining segment is also witnessing stability in its ongoing recovery phase.

The strengthening of market conditions and increase in land rig counts in the North America shale gas industry has been substantial from the lows of H1 CY2016. This improved environment continues to benefit us.

The improving end markets have helped grow our industrial business revenues and we expect them to remain stable at these levels.

INTERNATIONAL REVENUES

Table 4

Particulars	Q2 FY18	Q1 FY18	Q2 FY17
Commercial Vehicles	3,154	2,909	2,534
Industrial	3,366	3,378	1,324
Passenger Vehicles	520	427	656
Total	**7,039**	**6,714**	**4,515**

Table 5 — Rs. Million

Particulars	Q2 FY18	Q1 FY18	Q2 FY17
Americas	4,761	4,383	2,412
Europe	1,922	1,873	1,781
Asia Pacific	356	457	322
Total	**7,039**	**6,714**	**4,515**

GREENFIELD EXPANSION

BFL is setting up Centre for Light Weighting technology (LWT), a fully automated state of the art manufacturing facility in Andhra Pradesh focused on Aluminum and Magnesium components and products. The facility will design, engineer and manufacture for Automotive & Industrial application.

In the initial phase, BFL will invest Rs 200 crores spread over 3 years. We expect this facility to commence commercial production by end of FY 2019.

This facility will enable BFL to address the need for light weighting solutions driven by the shift from BS IV to BS VI in India and also the evolving Electric Vehicle segment.

OVERSEAS SUBSIDIARIES

Table 6 — Rs. Million

Particulars	Jul – Sep 2017	Apr – Jun 2017	Jul – Sep 2016
Total Income	6,263	6,874	4,995
EBITDA	483	506	418
EBITDA %	**7.7%**	**7.4%**	**8.4%**
PBT	51	104	29

