BHARAT FORGE

SECT/ February 8, 2012

The General Manager,
Corporate Relationship Deptt.,
Bombay Stock Exchange Ltd.,
1st Floor, New Trading Ring,
Rotunda Building, P. J. Towers,
Dalal Street, Fort,
Mumbai 400 001.

(BSE SCRIP CODE – 500493)

The Manager,
Listing Department,
National Stock Exchange of India Ltd.,
'Exchange Plaza', C-1, Block-G,
Bandra-Kurla Complex,
Bandra (East),
Mumbai 400 051.

Symbol	BHARATFORG
Series	EQ

The Secretary,
Pune Stock Exchange Ltd.,
Shivleela Chambers,
752, Sadashiv Peth,
R. B. Kumthekar Marg,
Pune 411 030.

Dear Sir,

Re: Earnings Update for Q3 FY 2011-12

Enclosed is an Earnings Update issued by the Company for Q3 FY 2011-12.

Thanking you,

Sincerely,

Ajay Sharma
Vice President (Legal) &
Company Secretary

Encl: As above.

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Bharat Forge Limited

Q3 FY12 Earnings Update

8th February 2012

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Financial Highlights Q3

Bharat Forge Stand alone Financials

Table 1 Rs. Million

Particulars	Q3 FY12	Q3 FY11	YoY %	Q2 FY12	QoQ %
Shipment Tonnage	**55,412**	**48,116**	**15.2%**	**53,740**	**3.1%**
Domestic Sales	4,562	3,947	15.6%	4,499	1.4%
Export Sales	4,644	3,593	29.3%	4,316	7.6%
Other Operating Income	205	229		285	
Total Revenue	**9,411**	**7,769**	**21.1%**	**9,100**	**3.4%**
EBIDTA	**2,391**	**1,892**	**26.4%**	**2,186**	**9.4%**
EBIDTA %	*25.4*	*24.4*		*24.0*	
Other Income	124	99		134	
PBT before Exchange Gain/ (Loss)	**1,635**	**1,194**	**36.9%**	**1,471**	**11.1%**
PBT %	*17.4*	*15.4*		*16.2*	
Exchange Gain / (Loss)	(71)	(7)		(32)	
MTM Premium/(Discount) on forward contract	(91)	27		73	
Total Exchange Gain / (Loss)	**(162)**	**20**		**41**	
PBT after Exchange Gain/ (Loss)	**1,473**	**1,214**	**21.3%**	**1,512**	**-2.6%**
Profit After Tax	**1,031**	**826**	**24.8%**	**1,064**	**-3.1%**

Highlights

- BFL volumes grew by 15.2% & 3.1% on a yearly & sequential basis respectively.
- Revenues grew by 21.1% on a YoY basis driven by strong exports growth of 29.3% and domestic revenue growth of 15.6%.
- Other Operating Income has reduced from Rs 285 million in Q2 FY12 to Rs 205 million in Q3 FY12. This drop is due to replacement of DEPB scheme with the Duty Drawback scheme at lower rates.
- EBITDA margins before exchange loss have increased by 100 bps over the same period previous year to 25.4%.
- Exchange loss of Rs 162 million in Q3 FY12 is due to significant volatility in the exchange rates. The exchange loss is notional in nature and may get reversed considering recent appreciation in rupee.
- PBT for the quarter before exchange loss is Rs 1,635 million a growth of 36.9% over the same quarter previous year.

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Review of Business - Standalone operations - Components Business

Following table summarizes the geographical distribution of the company's revenue streams in Q3 FY12 against that in the corresponding previous periods.

Table 2 *Rs. Million*

Particulars	Q3 FY12	% of Total	Q3 FY11	% of Total	Growth %
India	4,562	49.6	3,947	52.3	*15.6*
USA	2,317	25.2	1,716	22.8	*35.0*
Europe	1,940	21.1	1,524	20.2	*27.3*
Asia Pacific	387	4.2	354	4.7	*9.3*
Total	9,206	100	7,541	100	*22.1*

Review of Indian Market

Table 3: Domestic Automotive Production Data

Particulars	Q3 FY 12	Q3 FY 11	YoY%	Q2 FY 12	QoQ %
LCV	137,775	106,648	29.2%	135,808	1.4%
Medium & Heavy CV	91,179	78,747	15.8%	92,485	-1.4%
Total CV Market (M&HCV +LCV)	**228,954**	**185,395**	**23.5%**	**228,293**	**0.3%**
Passenger Cars	710,335	737,950	-3.7%	731,042	-2.8%
Total Auto Market	**939,289**	**923,345**	**1.7%**	**959,335**	**-2.1%**

Source: SIAM

The domestic M&HCV sector witnessed volume growth of 15.8% in the 3rd quarter of the financial year compared to the same quarter previous year despite several headwinds. BFL domestic sales growth was more or less in line with the underlying market growth.

Review of Export Markets

The export markets, mainly North America & Europe witnessed strong automotive demand in CY 2011. The Heavy truck (Class 8) segment in North America has grown by more than 65% from CY 2010 levels to around 250,000 vehicles driven by replacement demand. Despite the strong growth in volumes, the markets are still way below the previous peaks of over 376,000.

The European Heavy Truck markets also witnessed robust growth in CY 2011 with new truck registrations increasing by about 36% in CY 2011. Similar to North America, the Heavy truck volumes in Europe is also much lower than the previous peak.

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Non Auto Update:

Components Business

Non Auto revenue in the quarter has increased by 12.7% to Rs 3,180 million as against 2,823 million in the corresponding quarter previous year. The non-auto growth on a sequential basis was marginally impacted to due to continued lack of capital investments in India.

Contribution to the top line from the new facilities has increased by 55.5% from Rs 1,219 million in Q3 FY11 to Rs 1,895 million in Q3 FY12.

Financial highlights - Overseas Manufacturing Subsidiaries - Component Business

The financial statement for October - December 2011 for the Subsidiaries is as below.

Table 4 *Rs Million*

Particulars	Oct-Dec 2011			Oct-Dec 2010			
	WOS	China	Total	WOS	China	Total	YoY %
Total Income	5,154	1,429	6,583	4,457	1,774	6,231	5.6
EBITDA	292	67	359	220	104	324	10.8
EBITDA %	5.7%	4.7%	5.5%	4.9%	5.9%	5.2%	
PBT	54	(22)	32	8	57	65	-50.7

The Subsidiaries performance in the quarter recorded topline growth of 5.6% year on year and growth of 10.8% at the EBITDA level. The China operations in the quarter gone by operated at lower capacity utilization on account of weakness in Chinese automotive market.

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Conclusion

- Export markets continue to perform well on back of strong demand, new client additions and increasing penetration with global customers.
- Domestic market especially the M&HCV segment has shown resilience and registered growth despite lot of headwinds.
- Non Auto revenue continues to grow on back of new orders, ramp up of facilities & strong traction from existing clients.