BHARAT FORGE

SECT/

February 8, 2013

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 2012-13

Enclosed is an Earnings Update issued by the Company for Q3 FY 2012-13.

Thanking you,

Sincerely,

Ajay Sharma
Vice President (Legal) &
Company Secretary

Encl: As above.

ANALYST RELEASE 8 FEBRUARY 2013 BHARAT FORGE

BFL 9 MONTH REPORT

On the back of continued weak and uncertain macroeconomic fundamentals globally, the company witnessed a sharp drop in demand across all sectors, customers & geographies in the export market in addition to the continued weakness in the domestic market.

The demand drop coupled with inventory destocking at OEM level led to capacity utilization dropping from 70% in Q2 FY13 to around 55% in Q3 FY13. We undertook manufacturing cuts to reduce inventories and match our production levels with the new demand environment.

We have initiated series of measures aimed at tight cost control and productivity improvements which has given some benefit in the quarter but we expect the full benefit to flow in the coming quarters.

The overall macro environment is volatile with still a lot of uncertainty. However, at this point we expect demand in the 4th quarter to continue at the same level as the previous quarter but still lower year over year.

Table 1 **Rs Million**

Key Figures	*Q3 FY13*	*Q3 FY12*	*9M FY13*	*9M FY12*
Total Revenue	6,726	8,676	24,766	27,480
EBITDA	1,387	2,084	5,812	6,658
EBITDA %	20.6%	23.9%	23.5%	24.6%
PBT	681	1,462	3,661	4,399
PAT	475	1,028	2,555	3,069

STANDALONE FINANCIAL HIGHLIGHTS Q3

Table 2 Rs. Million

Particulars	Q3 FY13	Q2 FY13	YoY %	Q3 FY12	QoQ %
Shipment Tonnage	**37,483**	**46,350**	**-19.1%**	**55,412**	**-32.4%**
Domestic Revenue	3,500	3,855	-9.2%	4,562	-23.3%
Export Revenue	3,105	4,667	-33.5%	4,644	-33.1%
Other Operating Income	121	154		205	
Total Revenue	**6,726**	**8,676**	**-22.5%**	**9,411**	**-28.5%**
EBIDTA	1,387	2,074	-33.1%	2,391	-42.0%
EBIDTA %	***20.6%***	***23.9%***		***25.4%***	
Other Income	195	285		124	
PBT	645	1,369	-52.9%	1,635	-60.6%
PBT %	***9.6%***	***15.8%***		***17.4%***	
Exchange Gain/ (loss)	36	(13)		(162)	
Exceptional Items	-	106		-	
PBT	681	1,462	-53.4%	1,473	-53.8%
Profit After Tax	475	1,028	-53.8%	1,031	-53.9%

- BFL shipment tonnage declined by 19.1% & 32.4% on a sequential & yearly basis respectively on back of decline in demand across major sectors & geographies.
- Revenues declined by 22.5% in Q3 FY13 to Rs 6,726 million as compared to Q2 FY13 on back of a sharp 33.5% decline in export revenues.
- EBITDA for Q3 at Rs 1,387 million is a decline of 42.0% compared to the same period previous year as a result of decline in capacity utilization.

- EBITDA margins at 20.6% for the quarter has been achieved on the back of control measures undertaken across areas during the quarter. Full benefit will be visible in the coming quarters.
- PBT before Exchange gain/ (loss) and Exceptional item reduced by 52.9% in Q3 FY13 to Rs 645 million compared to Q2 FY13.
- PAT for the quarter declined to Rs 475 million, a drop of 53.8% compared to Q2 FY13.

Table 3 **Rs. Million**

Particulars	*Q3 FY13*	*% of Total*	*Q3 FY12*	*% of Total*	*Growth %*
India	3,621	53.8	4,768	50.7	***-24.0%***
Americas	1,758	26.1	2,317	24.6	***-24.2%***
Europe	1,117	16.7	1,940	20.6	***-42.4%***
Asia Pacific	230	3.4	386	4.1	***-40.7%***
Total	**6,726**	**100**	**9,411**	**100**	***-28.5%***

REVIEW OF INDIAN MARKET

Table 4: Domestic Automotive Production Data (No's)

Particulars	**Q3 FY13**	**Q3 FY12**	**YoY%**	**Q2 FY13**	**QoQ %**
LCV	136,078	139,171	-2.2%	137,770	-1.2%
Medium & Heavy CV	63,088	91,238	-30.9%	78,522	-19.7%
Total CV Market (M&HCV +LCV)	**199,166**	**230,409**	**-13.6%**	**216,292**	**-7.9%**
Passenger Cars including Vans	650,726	1,056,746	-38.4%	598,485	8.7%
Utility Vehicles	148,444	90,043	64.9%	141,031	5.3%
Total Auto Market	**998,336**	**1,377,198**	**-27.5%**	**955,808**	**4.4%**

Source: SIAM

The poor performance of the Indian Automotive industry continued unabated in Q3 FY13 as demand across segments (excluding Utility Vehicles) declined by 27.5% on a YoY basis. The M&HCV sectors witnessed a decline of 30.9% on a YoY basis on back of continued weak economic activity and softening of freight rates.

BFL sales to the automotive sector (Commercial & Passenger Vehicle including Utility vehicles) declined by 17.6% in Q3 FY13 on a YoY basis while on a sequential basis, sales to the automotive sector declined by 11.1%.

REVIEW OF EXPORT MARKETS

CY 2012 has been a difficult year with all major markets & key segments witnessing a significant & simultaneous decline in demand **primarily driven by weak economic fundamentals across emerging & developed economies.**

The Commercial Vehicle industry witnessed declines ranging from around 10% to as much as 40% in EU, India & China. CV Segment (Class 8) in North America was strong in H1 CY 12 and very weak in H2 CY 12. As a result, for most OEMS', shipments were down in a range of 30-38% Y-O-Y CY 11. H2 CY12 volumes were down more than 40% as compared to H1 CY12.

The performance of the Passenger Vehicle segment in CY12 mirrored that of the CV segment. Demand for Passenger Vehicles in the European Union declined by 8.2% to 12 million, the lowest level recorded since 1995(Source: ACEA).

Non-Auto Update:

The global slowdown impacted the Non-automotive business in both export & domestic market. In India, the decline in demand was visible across power (wind and thermal), defense and capital goods sectors. This is the 3rd straight quarter of decline in domestic non-automotive sales clearly driven by slowdown in industrial activity & lack of capital investment.

The export non-automotive business saw a sharp decline across construction & mining, Marine and Oil & Gas. This decline was on the back of lack of demand from infrastructure related sectors globally. The decline is compounded by the fact that OEM's undertook closure or production cuts in the October – December period to avoid buildup of excess inventory.

FINANCIAL HIGHLIGHTS – OVERSEAS SUBSIDIARIES

Table 5 **Rs Million**

Particulars	*Oct – Dec 2012*			*Oct – Dec 2011*		
	WOS	**China**	**Total**	**WOS**	**China**	**Total**
Total Income	5,041	1,691	**6,732**	5,154	1,429	**6,583**
EBITDA	262	(94)	**168**	291	67	**358**
EBITDA %	**5.2%**	**-5.6%**	**2.5%**	**5.6%**	**4.7%**	**5.4%**
PBT	(59)	(218)	**(277)**	53	(22)	**31**
PAT after Minority Interest	(56)	(115)	**(171)**	9	(11)	**(2)**

Subsidiaries performance continues to suffer from low utilization levels caused by downturn in the Heavy Truck market in China and decline in demand in Europe.

OUTLOOK FOR END MARKETS

Segment	*2012*	*2013*
US Truck	↑	↓
EU Truck	↓	↔
Brazil	↓↓	↑↑
China	↓↓↓	↑↑
US Car	↑	↔
EU Car	↔	↔
Construction	↓↓	↔
Oil & Gas	↔	↔

BFL's performance in Q3 FY13 has been hampered by decline in demand simultaneously across automotive & non-automotive in India, USA & Europe.

BFL continues to work on cost control & productivity improvements to minimize the impact of decline in demand.

The outlook for next 1 – 2 quarters on the domestic & export is rather subdued and BFL expects to witness some pressure due to low levels of demand across auto & non-auto globally coupled with a sluggish domestic market.