BHARAT FORGE

August 3, 2015

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

Dear Sir,

Re: Earnings Update for Q1 FY 2015-16

Please find enclosed the Earnings Update issued by the Company for Q1 FY 2015-16.

Thanking you,

Yours faithfully,
For Bharat Forge Limited

Anand Daga
Vice President (Legal)
& Company Secretary

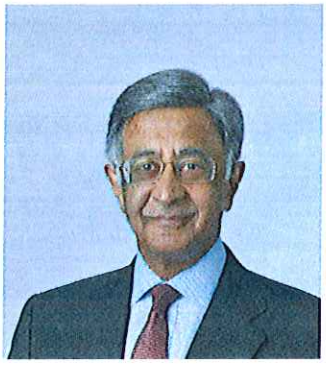
Encl: As above.

BHARAT FORGE | KALYANI

BHARAT FORGE LIMITED
Analyst Update - Q1 FY16 Results

BFL 3 MONTH REPORT

"Despite challenging demand environment in the commodity & allied sectors, BFL registered strong performance with revenues growing 14% on back of 21% growth in Exports. Topline growth coupled with strong focus on execution, operational efficiency and better cost control translated into EBITDA margin expansion of 240 bps.



We continue to focus on innovation to strengthen and broaden our product portfolio and offer solutions to our global customers. This extensive effort on creating internal capabilities to deliver technology differentiation to our customer has helped us increase market share, enhance value addition and win new business across sectors and geographies.

The order pipeline continues to remain healthy in the automotive space with new export order wins in the Passenger & commercial vehicle segments. On the industrial business, new order wins from Railways and expansion of product portfolio in the aerospace sector were the key highlights.

Focus of "Make in India" initiative is starting to produce results with new orders from the domestic industrial segment and we expect this to accelerate with pick up in industrial activity.

Looking ahead in to Q2, we anticipate demand to be higher compared to Q2FY15 with positive automotive demand while the challenging demand environment in the Industrial sector will continue for some more time as the global economies adjust to the lower commodity prices.

B.N. Kalyani, Chairman & Managing Director.

Key Figures (Rs Million)

Particulars	Q1 FY16	Q4 FY15	% change	Q1 FY15	% change
Total Revenues	11,285	12,239	(7.8)	9,881	**14.2**
EBITDA	3,590	3,675	(2.3)	2,908	**23.5**
EBITDA %	**31.8%**	**30.0%**		**29.4%**	
PBT before exchange gain/(loss)	3,023	3,154	(4.2)	2,176	**38.9**
PAT	1,954	2,032	(3.8)	1,450	**34.8**
EPS	**8.39**	**8.73**		**6.23**	



STANDALONE FINANCIAL HIGHLIGHTS Q1 FY16

TABLE 1 — Rs. Million

Particulars	*Q1 FY16*	*Q4 FY15*	QoQ%	Q1 FY15	YoY %
Shipment Tonnage	51,984	56,679	(8.3)	49,123	5.8
Domestic Revenue	4,365	4,574	(4.6)	4,125	5.8
Export Revenue	6,670	7,380	(9.6)	5,518	20.9
Other Operating Income	250	285		238	
Total Revenue	11,285	12,239	(7.8)	9,881	14.2
EBIDTA	3,590	3,675	(2.3)	2,908	23.5
EBIDTA %	*31.8%*	*30.0%*		*29.4%*	
Other Income	289	200		242	
PBT	3,023	3,154	(4.2)	2,176	38.9
PBT %	*26.8%*	*25.8%*		*22.0%*	
Exchange Gain/ (loss)	(129)	(78)		(75)	
PBT after Ex Gain/ (loss)	2,894	3,076	(5.9)	2,101	37.7
Exceptional Items	-	5		-	
PBT after Exceptional Item	2,894	3,081	(6.1)	2,101	37.7
Profit After Tax	1,954	2,032	(3.8)	1,450	34.8

- BFL shipment tonnage in Q1 FY16 increased by 5.8% compared to Q1 FY15.
- Total Revenues grew by 14.2% in Q1 FY16 to Rs 11,285 million as compared to Q1 FY15 mainly driven by a growth of 20.9% in export revenues on account of underlying market growth & increased market share.
- EBITDA margins at 31.8% in Q1 FY16 have expanded by 240 bps over Q1 FY15 on the back of improvement in operational efficiency and cost optimization.



- PBT before Exchange gain/ (loss) and Exceptional item increased 38.9% in Q1 FY16 to Rs 3,023 million compared to Rs 2,176 million in Q1 FY15.
- PAT increased by 34.8% from Rs 1,450 million in Q1 FY15 to Rs 1,954 million in Q1 FY16.

KEY FINANCIAL PARAMETERS: STANDALONE

TABLE 2 **Rs Million**

Particulars	June 30, 2015	March 31, 2015
Debt	18,769	17,974
Equity	35,365	34,957
Cash	11,593	10,130
D/E	**0.53**	**0.51**
D/E (Net)	**0.20**	**0.22**

REVIEW OF INDIAN MARKET

TABLE 3: DOMESTIC AUTO PRODUCTION (No's)

Particulars	Q1 FY16	Q4 FY15	QoQ%	Q1 FY15	YOY %
LCV	98,833	111,220	**-11.0%**	102,841	**-3.9%**
Medium & Heavy CV	75,053	82,332	**-8.8%**	62,327	**20.4%**
Total CV Market	173,886	193,552	**-10.2%**	165,168	**5.3%**
Passenger Cars	815,169	866,430	**-5.9%**	762,172	**7.0%**
Total Auto Market	989,055	1,059,982	**-6.7%**	927,340	**6.7%**

Source: Society of Indian Automobile Manufacturers (SIAM)

Automotive Business

The performance of the domestic automotive market in this quarter was a mixed bag as compared to the same period last year. While M&HCV witnessed a strong growth of 20.4% and passenger cars grew by 7.0%, the LCVs showed a marginal decline. The growth in M&HCV was mainly driven by pent up replacement demand and was supported by the increased profitability of fleet operators due to the fall in crude prices. Passenger vehicle demand was more in the urban markets due to higher disposable incomes but the unseasonal rains and an uneven monsoon has led to reduced spending in rural areas and has affected rural demand.

A gradual pick up in the economy with a revival in the infrastructure sector, increased clearances of road projects and opening of mining sector could be a significant driving force for volume growth in the remaining part of the year for commercial vehicles. Government initiatives on improving transport infrastructure by upgrading roads and highways, stricter emission standards, mandatory safety norms like ABS and speed control and adoption of advance trucking platforms could provide a fillip for the modernization of fleets.

Industrial business

The industrial sector in India is starting to see green shoots in certain pockets but clear sustainable recovery is still few quarters away. The industrial activity is expected to pick up in the coming quarters driven by government's reform initiatives of higher growth, aided by lower inflation. The recent steps taken by the government to increase investments particularly in roads, railways, power transmission and urban infrastructure projects are expected to gather momentum.

The governments "Make in India" programme, opens up a huge import substitution market opportunity. We are making focused efforts to address the programs in the Rail, Power, Defense and Aerospace sector. Our focus on technology and innovation along with a strong R & D approach would be our key differentiator in addressing these opportunities. We are starting to witness traction across sectors and have won orders which will ramp up as the industrial activity in India picks up.

REVIEW OF INTERNATIONAL BUSINESS

TABLE 4: INTERNATIONAL MARKETS REVENUE BREAK-UP **Rs. Million**

Particulars	Q1 FY16	Q4 FY15	QoQ%	Q1 FY15	YoY %
Americas	4,393	4,904	***-10.4***	3,296	***33.3***
Europe	1,795	2,145	***-16.3***	1,887	***-4.9***
Asia Pacific	482	331	***45.8***	335	***44.1***
Total	**6,670**	**7,380**	**-9.6**	**5,518**	**20.9**



Automotive Business

The revenues from the automotive segment in the export markets showed strong growth of 36% on a YoY basis on back of increasing demand from North America, Europe & Asia Pacific while on a QoQ basis it has remained flat.

The US auto industry is showing better volumes on account of a strong economic recovery. While there was a positive impact on demand for long-haulage trucks, the demand for trucks involved in the energy and construction sector was a bit sluggish. We expect the Class 8 truck production volumes to be stable and demand environment to remain favorable over the next 1-2 years. The Passenger vehicle segment is also showing good growth and demand is expected to be robust.

Europe is seeing a gradual recovery and due to a favorable monetary policy of the European Central Bank, the growth projections for many euro area economies have been revised upward. We expect the Heavy Truck segment volumes to grow by 3-5% over the next 1-2 years and a continuation in demand recovery of passenger cars.

Industrial business

The Oil & gas sector is witnessing challenging times due to recent downturn in the energy market but the pace of decline in customer spending is showing some signs of moderation. The demand environment is expected to remain volatile for few more quarters; nevertheless we continue to focus on de-risking the business by developing new products to the market and enhance our customer base in newer geographies. In the quarter gone by, new orders from Rail sector and expansion of product offering to the Aerospace sector will accelerate the process of de-risking.

The construction and mining sector is still seeing low activity levels and low utilization of existing fleet of machines. The North American market is growing but a simultaneous pick-up in the Chinese, Latin American, Australia and European markets will help in the upturn of this sector.

BFL's export revenues from the industrial business in Q1 FY16 declined by 22% to Rs 2,740 million from Rs 3,490 million in Q4 FY15 while it was flat compared to Q1 FY15. The decline in demand from Oil & Gas sector was the major factor for the drop in revenues.

OVERSEAS SUBSIDIARIES

Table 5 — Rs. Million

Particulars	April – June 2015	Jan – March 2015	April – June 2014
Total Income	6,006	5,857	6,250
EBITDA	376	351	456
EBITDA %	**6.3%**	**6.0%**	**7.3%**
PBT	3	5	151

The wholly owned subsidiaries performance in the April – June 2015 quarter saw marginal improvement compared to Jan – Mar 2015. We continue with our efforts to change product mix and improve operational efficiencies in all subsidiaries.

OUTLOOK

Indicative demand outlook for FY16 across various geographies

Particulars	India	North America	Europe
Commercial Vehicles	↑	↑	↑
Passenger Vehicles – High End	—	↑	↑
Passenger Vehicles – Mass Market	↑	↑	↔
Oil & Gas	—	↓	↓
Construction	↔	↑	↓
Mining	↓	↓	↓
Aerospace	—	↑	↑