Mahindra Forgings

Mahindra Forgings Ltd.
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22nd October, 2013

National Stock Exchange of India Ltd.
Listing Department, Exchange Plaza
Plot no. C/1, G-Block
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051.

Dear Sir/ Madam

Sub: Press Release of the Standalone and Consolidated Unaudited Financial Results of the Company for the quarter ended 30th September, 2013.

Scrip ID: MAHINDFORG

We are enclosing a copy of the Press Release in respect of the Standalone and Consolidated Unaudited Financial Results of the Company for the quarter ended 30th September, 2013.

Kindly acknowledge receipt of the same.

Yours faithfully,
For Mahindra Forgings Limited

Krishnan Shankar
Company Secretary & Head – Legal
Encl. as above.

For immediate release

MAHINDRA FORGINGS LIMITED ANNOUNCES UNAUDITED FINANCIAL RESULTS

Mumbai, October 22, 2013: The Board of Directors of Mahindra Forgings Limited (MFL) today announced the unaudited financial results for the Quarter ended 30th September, 2013 of the company.

MFL Consolidated Highlights

Particulars (Rs crs)	Q2 (2013-14)	Q2 (2012-13)	H1 (2013-14)	H1 (2012-13)	F2013 (2012-13)
Revenue	645	565	1234	1,162	2,216
EBIDTA	53	20	113	62	43
PAT	16	-19	21	-14	-114

MFL Standalone Highlights

Particulars (Rs crs)	Q2 (2013-14)	Q2 (2012-13)	H1 (2013-14)	H1 (2012-13)	F2013 (2012-13)
Revenue	95	117	198	222	440
EBIDTA	10	17	25	29	66
PAT	4	10	10	14	41

Highlights : July - September '13

India

Revenue in Q2 F14 is Rs 95 Crs, 19% lower than in Q2 F13 mainly due to slow down in auto market in India.
EBITDA Margin is 11% in Q2 F14.

Europe

Revenue in Q2 F14 is Euro 68 Mn as against Euro 67 Mn. in Q2 F13.

Consolidated

- The revenue numbers for the current quarter include a currency translation gain of Rs 94 crores while the EBITDA includes currency translation gain of Rs 26 crores in stock valuation due to fluctuation in Euro-Rupee Exchange Rate.
- Revenue has increased by 14 % in Q2 F14 as compared to Q2 F13, without considering Currency Translation Gain, Revenue is lower by 2.5 % compared to Q2 F13.
- EBITDA Margin in current quarter is 8 %. After excluding currency translation Gain of foreign subsidiaries, EBITDA works out to 4% in Q2 F14.

Highlights: April – September 13

India

- Revenue reduced by 11% in H 1 F14 as compared to H 1 F 13 mainly due to slow down in auto market in India.
- EBITDA margin is maintained at 13% in H1 F14.

Europe

- Revenue has reduced marginally to Euro 136 Mn in H 1 F14 as compared to Euro 139 Mn in H 1 F 13.

Consolidated

- In H1 F 14, currency translation gain of Rs 117 Crs is included in revenue due to appreciation of Euro compared to Rupee; while the EBITDA includes currency translation gain of Rs 57 crores in stock valuation due to fluctuation in Euro-Rupee Exchange Rate.
- Revenue increased by 6% in H 1 F14 as compared to H 1 F 13. Without considering the currency translation gain consolidated revenue is lower by 4% due to appreciation of Euro compared to Rupee.
- EBITDA Margin in H 1 F14 is 9.1% compared to 5% in H1 F 13. Without considering the currency translation gain consolidated EBITDA Margin is 4.5%.

Update on Alliance with CIE:

Pursuant to and in accordance with the Implementation Agreement and the Share Purchase Agreement dated 15th June, 2013, "Participaciones Internacionales Autometal Dos, S.L." ("PIA 2"), on 4th October, 2013 acquired equity shares from Mahindra & Mahindra Limited (M & M) aggregating to 50.81% of fully paid diluted equity share capital of the Company.

Consequent to the aforesaid acquisition of equity shares,:

- PIA 2 has become one of the Promoters of the Company in addition to the existing Promoter of the Company.
- The Company would cease to be a subsidiary of M & M and become subsidiary of PIA 2 with effect from 4th October, 2013.
- Upon receipt of Shareholders' and Regulatory approvals, the name of the company will change to "Mahindra CIE Automotive Limited."

OUTLOOK

India

- MFL supplies primarily to utility vehicles (UVs) and passenger cars in India.
- In the current financial year, the production of UVs shrank by 6% in Q2 compared respectively to the corresponding quarter of the last year. Overall the UV production has declined marginally in H1FY14 by ~1% compared to the corresponding period last year.
- Overall, passenger vehicle (cars + UVs) production shrank by 10% in Q1FY14 and grew by 8% in Q2FY14 compared respectively to the corresponding quarters of the last year. Thus, the Passenger vehicle production has declined marginally in H1FY14 by ~1.5% compared to the corresponding period last year.
- Due to it's existing customer's platform mix, MFL has experienced a larger drop in sales during Q2. Key customer programs at M&M, Tata Motors Limited and Maruti Suzuki Limited contributed to this drop.
- The UV market will continue to experience flat growth, the car market is slowly recovering and taken together the overall passenger vehicle market will remain flat in the next quarter.

Europe

- MFL target segment in Europe is heavy trucks. Data on heavy truck (>6T) registrations in Germany for FY14 indicates a decline of ~4% over the same period last year. Heavy truck registrations declined by 8% in Q1FY14 (Apr-Jun'13), but after seven consecutive quarters of decline show a marginal positive growth of 1% in Q2FY14 (July-Sept'13). Overall in H1FY14 the registrations have declined by about 4% compared to the corresponding period last year. The market conditions in the next quarter are expected to be flat.

ABOUT MAHINDRA FORGINGS LIMITED (MFL)

We are one of the leading forging companies in the world. We manufacture and supply engine and chassis forged components for commercial and passenger vehicles and other non-automotive products..
We are a part of the Mahindra group referred to as 'Mahindra Systech'.
We have a diversified and complementary product portfolio across geographies. In India, our Company is focused on design, development and machining of crankshafts and steering knuckles for cars and multi-utility vehicles. Schöneweiss, our German subsidiary, is one of the leading axle beam manufacturers in the world. Jeco-Jellinghaus GmbH ("Jeco"), Gesenkschmiede Schneider GmbH ("GSA") and Falkenroth Umformtechnik GmbH ("Falkenroth"), our other German subsidiaries, are providers of a diverse range of forging products, primarily for heavy commercial vehicles, and collectively manufacture more than 250 products. Stokes Group Limited, our subsidiary in UK, has an expertise in flashless forgings for passenger car applications.

ABOUT CIE Automotive

CIE Automotive; headquartered in Bilbao – Spain, is one of the main suppliers of components and sub-components for the automobile sector operating in Europe, Brazil, NAFTA and China with sales of EUR 1.65 Billion / USD 2.2 Billion. CIE operates across seven processes or technologies (forging, machining, aluminum, stamping, plastic, iron casting and painting). CIE's operations in Brazil, Mexico, USA and China are constituted under its subsidiary, Autometal, listed on the Sao Paolo stock exchange (Ticker: AUTM3).
CIE Automotive (Listed; Madrid, Bilbao: CIE.SM)

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