Mahindra Forgings

Mahindra Forgings Ltd.
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22nd October, 2012

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, 2012.

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, 2012.

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, 2012: The Board of Directors of Mahindra Forgings Limited (MFL) announced the unaudited financial results for the Quarter ended 30th September, 2012 at its meeting held today.

MFL Consolidated Highlights

Particulars (Rs crs)	Q2 (2012-13)	Q2 (2011-12)	H1 (2012-13)	H1 (2011-12)	F2012 (2011-12)
Revenue	565	616	1,162	1,227	2,440
EBIDTA	20	66	62	121	208
PAT	-19	20	-14	38	51

MFL Standalone Highlights

Particulars (Rs crs)	Q2 (2012-13)	Q2 (2011-12)	H1 (2012-13)	H1 (2011-12)	F2012 (2011-12)
Revenue	117	112	222	208	432
EBIDTA	17	12	29	21	41
PAT	10	4	14	3	7

Highlights : July - September '12

Europe

Revenue in Q2 F13 is Euro 67 Mn against Euro 78 Mn. in Q2 F 12.

India

Revenue in Q2 F13 is Rs 117 Crs, against Rs 112 Crs in Q2 F 12 representing an increase of 4% over Q2 F12.

Consolidated

- The revenue numbers for the current quarter include a currency translation gain of Rs 22 crores while the EBITDA includes currency translation loss of Rs 14 crores in stock valuation due to fluctuation in Euro-Rupee Exchange Rate.
- Revenue has reduced by 8% in Q2 F13 as compared to Q2 F12 largely on account of lower revenues in Europe. Without considering Currency Translation Gain Revenue is lower by 12% compared to Q2 F12.
- EBITDA Margin in current quarter is 4%. After excluding currency translation Gain of foreign subsidiaries in Revenue Rs 22 Crs & currency translation loss in EBITDA Rs 14 Crs EBITDA works out to 6% in Q2 F13.

Highlights : April - September 12

Europe

- Revenue has reduced to Euro 139 Mn in H1 F13 as compared to Euro 158 Mn in H1 F 12. This represents 12% reduction over H1 F 12.
- In Euro terms, the EBITDA margin is 3.4% compared to 9.0% in the previous year. The reduction in margins is due partly to mix and output changes at heavy truck customers, slower introduction of new products in the European truck industry, as well as higher operating costs due to equipment downtime.

India

- Revenue increased by 7% in H1 F13 as compared to H1 F 12.
- EBITDA has improved to 13% in H1 F13 over 10% in H1 F 12, mainly due to improvement in operations.

Consolidated

- In the current year, currency translation gain of Rs 58 Crs is included in revenue due to appreciation of Euro compared to Rupee; however, there is no impact on stock valuation as the spot rates remained at same level in end Sept. 12 and March 12.
- Revenue reduced by 5% in H1 F13 as compared to H1 F 12 largely on account of lower revenues in Europe. The reduction in consolidated revenue is 10% without considering the currency translation gain due to appreciation of Euro compared to Rupee.
- EBITDA Margin in H1 F13 is 5% compared to 10% in H1 F 12. The increase in margins in India in has been countermanded by the reduction in margins in Europe.

OUTLOOK

India

- MFL target segments in India are the passenger car, utility vehicles (UV) & tractor markets. In the first half of the current financial year, the production of UVs grew 58% compared to the corresponding period of last year, in contrast production of cars shrank by 1% in the same period. Overall, passenger vehicle (cars + UVs) production experienced a growth of ~5% in H1FY13. The UV market will continue to experience growth but the high growth rates may taper, the car market is slowly recovering and taken together the overall passenger vehicle market in the second half of the financial year will continue to experience similar growth rates as in the first half. Tractor production in H1FY13 shrank by 4% compared to last year and while H2FY13 is expected to be better, growth expectations continue to be modest.

Europe

- MFL target segment in Europe is heavy trucks. Data on heavy truck (>6T) registrations in Germany H1FY13 (Apr-Sept'12) suggests a decline of 9% over the same period last year. Heavy truck registrations declined by 5% in Q1FY13 (Apr-Jun'12) and by 13% in Q2FY13 (July-Sept'12) against the corresponding periods in the last financial year. The declining trend is expected to continue into the next quarter.

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 260 products. Stokes Group Limited, our subsidiary in UK, has an expertise in flashless forgings for passenger car applications.

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