

# BHARAT FORGE

FAX MESSAGE

SECT/

May 27, 2014

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)

FAX: 022-22722037 / 22722039/ 22722041  
22722061 / 22723121 / 22723719

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

FAX: 022 – 26598237 / 38

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

FAX: 020 - 24461227 / 24460082

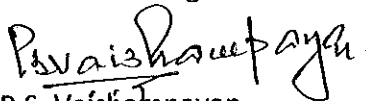
Dear Sir,

**Re: Audited Financial Results for the year ended on March 31, 2014.**

In pursuance of Clause 41 of the Listing Agreement, we enclose the Audited Financial Results of the Company for the year ended on March 31, 2014.

Thanking you,

Yours faithfully,  
For Bharat Forge Limited

  
P.S. Vaishampayan  
Vice President (Legal)  
& Company Secretary

Encl: As above.

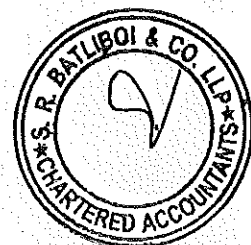


KALYANI  
GROUP COMPANY

**Auditor's Report On Quarterly Financial Results and Year to Date Results of the Company  
Pursuant to the Clause 41 of the Listing Agreement**

To  
Board of Directors of  
Bharat Forge Limited,

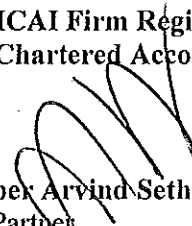
1. We have audited the quarterly financial results of Bharat Forge Limited for the quarter ended March 31, 2014 and the financial results for the year ended March 31, 2014, attached herewith, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. The quarterly financial results are the derived figures between the audited figures in respect of the year ended March 31, 2014 and the published year-to-date figures up to December 31, 2013, being the date of the end of the third quarter of the current financial year, which were subject to limited review. The financial results for the quarter ended March 31, 2014 have been prepared on the basis of the financial results for the nine-month period ended December 31, 2013, the audited annual financial statements as at and for the year ended March 31, 2014, and the relevant requirements of Clause 41 of the Listing Agreement and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these financial results based on our review of the financial results for the nine-month period ended December 31, 2013 which was prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, notified under the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs and other accounting principles generally accepted in India; our audit of the annual financial statements as at and for the year ended March 31, 2014; and the relevant requirements of Clause 41 of the Listing Agreement.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us these quarterly financial results as well as the year to date results:
  - i. are presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and
  - ii. give a true and fair view of the net profit and other financial information for the quarter ended March 31, 2014 and for the year ended March 31, 2014.



**S.R. BATLIBOI & CO. LLP**

Chartered Accountants

4. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2014 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2014 and the published year-to-date figures up to December 31, 2013, being the date of the end of the third quarter of the current financial year, which were subjected to a limited review as stated in paragraph 1 above, as required under Clause 41(I)(d) of the Listing Agreement.

**For S.R. BATLIBOI & CO. LLP****ICAI Firm Registration Number: 301003E****Chartered Accountants**  
per Arvind Sethi  
Partner

Membership No.: 89802

Place: Pune

Date: May 27, 2014





BHARAT FORGE LIMITED  
Regd. Office : Mundhwa, Pune Cantonment, Pune 411 036.  
CIN: L25209PN1961PLC012046

**BHARAT FORGE**

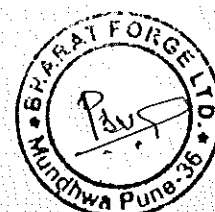
STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR  
ENDED 31 ST MARCH, 2014

(₹ In Lacs)

Sr. No.	Particulars	Quarter ended			Year ended		Consolidated Results for the year ended	
		31st March, 2014 (Audited)	31st December, 2013 (unaudited)	31st March, 2013 (Audited)	31st March, 2014 (Audited)	31st March, 2013 (Audited)	31st March, 2014 (Audited)	31st March, 2013 (Audited)
1	<b>PART I</b>							
	a) Sales and Income from operations							
	- Within India	43,547	36,188	38,629	160,732	166,227	240,330	176,786
	- Outside India	50,788	47,973	31,123	184,821	158,663	436,977	349,636
	Total sales	94,335	84,171	69,752	345,553	324,890	677,307	526,422
	Less : Excise duty	3,963	3,309	3,727	15,016	15,972	15,085	15,972
	Total net sales	90,372	80,862	66,025	330,537	308,918	662,222	510,450
	b) Other operating Income	2,680	2,346	1,443	9,390	6,205	9,390	6,205
	Total income from operations (net) (a+b)	93,052	83,208	67,468	339,927	315,123	671,612	516,655
2	<b>Expenses</b>							
	a) Cost of materials consumed	40,904	34,014	29,183	141,055	134,309	254,204	228,761
	b) Changes in Inventories of finished goods, work-in-progress and stock in trade	(2,371)	(2,057)	(799)	(3,675)	1,415	(8,079)	(8,476)
	c) Project cost	-	-	-	-	-	76,288	7,634
	d) Employee benefits expense	6,896	6,971	6,127	27,885	25,739	79,006	70,159
	e) Depreciation and amortisation expense	5,981	6,166	5,454	24,531	22,394	35,787	31,953
	f) Manufacturing expenses	17,195	16,009	12,857	61,251	59,525	111,853	100,576
	g) Other expenses	7,397	6,823	5,921	27,044	22,578	55,626	38,848
	Total expenses	76,002	67,926	58,743	278,091	265,960	604,685	469,455
3	Profit from operations before other income, finance costs and exceptional items (1-2)	17,050	15,282	8,725	61,836	49,163	66,927	47,200
4	Other Income	3,260	2,539	2,052	11,470	9,163	12,490	11,206
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	20,310	17,821	10,777	73,306	58,326	79,417	58,406
6	Finance costs	3,485	3,994	3,336	14,957	15,336	16,915	16,715
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	16,825	13,827	7,441	58,349	42,990	62,502	41,691
8	Exceptional items (see note 4)	1,235	-	-	1,235	1,057	10,370	3,657
9	Profit from ordinary activities before Tax (7+8)	18,060	13,827	7,441	59,584	44,047	72,872	45,348
10	<b>Tax expenses</b>							
	(a) Tax expenses for the period / year	6,162	4,430	2,433	19,657	13,888	21,068	15,692
	(b) Adjustment of tax relating to earlier periods / year	-	-	-	(66)	(400)	(66)	(400)
11	Net Profit from ordinary activities after Tax (9-10)	11,898	9,397	5,008	39,993	30,559	51,870	30,056
12	Extraordinary items (net of tax expenses)	-	-	-	-	-	-	-
13	Net Profit for the period/year (11-12)	11,898	9,397	5,008	39,993	30,559	51,870	30,056
14	Share of profit/(loss) of associate companies	-	-	-	-	-	-	19
15	Minority interest	-	-	-	-	-	(285)	(391)
16	Net profit/(loss) after taxes, minority interest from continuing operations (13+14-15)	-	-	-	-	-	52,155	30,466
17	Net (loss) from discontinued operations	-	-	-	-	-	(2,302)	(5,708)
18	Income attributable to the consolidated group (16 - 17)	-	-	-	-	-	49,853	24,758
19	Paid-up equity share capital (Face Value ₹ 2/- each)	4,657	4,657	4,657	4,657	4,657	4,657	4,657
20	Paid-up debt capital of the Company *	-	-	-	68,850	77,600	-	-
21	Reserves excluding revaluation reserves as per balance sheet of previous accounting year	-	-	-	264,674	226,456	263,667	220,982
22	Debenture redemption reserve	-	-	-	18,527	14,489	-	-
23	a) Basic earning per share of ₹ 2/- each before and after extraordinary items (not annualised for the quarters) (₹)	5.11	4.04	2.15	17.18	13.13	21.41	10.63
	b) Diluted earning per share of Rs.2/- each before and after extraordinary items (not annualised for the quarters) (₹)	5.11	4.04	2.15	17.18	13.13	21.41	10.63
24	Debt Equity Ratio ** (also see note 6)	-	-	-	0.35	0.52	0.50	0.82
25	Debt Service Coverage Ratio *** (also see note 6)	-	-	-	1.48	1.41	1.67	1.48
26	Interest Service Coverage Ratio **** (also see note 6)	-	-	-	6.62	5.33	7.42	5.63

Additional Information:

Profit before tax, before exchange gain / (loss) & exceptional items	17,096	14,125	8,517	57,243	44,814	62,383	42,649
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**BHARAT FORGE LIMITED**  
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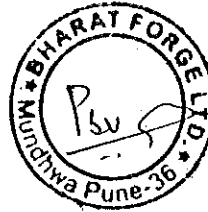
**BHARAT FORGE**

**STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR  
 ENDED 31 ST MARCH, 2014**

(₹ in Lacs)

		(₹ in Lacs)						
Sr No.	Particulars	Quarter ended			Year ended		Consolidated Results for the year ended	
		31st March, 2014	31st December, 2013	31st March, 2013	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)		
	PART II							
A	Particulars of Shareholding							
1	Total Public Shareholding							
	- Number of Shares	123,967,196	123,967,196	134,887,946	123,967,196	134,887,946	-	-
	- Percentage of shareholding	53.25%	53.25%	57.95%	53.25%	57.95%	-	-
2	Promoters and Promoter Group Shareholding							
	a) Pledged / Encumbered							
	- Number of Shares	0.00	0.00	0.00	0.00	0.00	-	-
	- Percentage of shares { as a % of the total shareholding of Promoter and Promoter Group}	0.00	0.00	0.00	0.00	0.00	-	-
	- Percentage of shares { as a % of the total share capital of the company}	0.00	0.00	0.00	0.00	0.00	-	-
	b) Non-encumbered							
	- Number of shares	108,817,920	108,817,920	97,897,170	108,817,920	97,897,170	-	-
	- Percentage of shares { as a % of the total shareholding of Promoter and Promoter Group}	100.00%	100.00%	100.00%	100.00%	100.00%	-	-
	- Percentage of shares { as a % of the total share capital of the company}	46.75%	46.75%	42.05%	46.75%	42.05%	-	-

B	Investor Complaints	Quarter ended
		31st March, 2014
	Pending at the beginning of the quarter	Nil
	Received during the quarter	Nil
	Disposed off during the quarter	Nil
	Remaining unresolved at the end of the quarter	Nil





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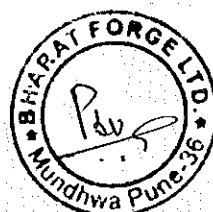
**BHARAT FORGE**

Notes to financial results:

1 Standalone / Consolidated Statement of Assets and Liabilities

(₹ In Lacs)

	Particulars	STANDALONE		CONSOLIDATED	
		As at 31st March, 2014 (Audited)	As at 31st March, 2013 (Audited)	As at 31st March, 2014 (Audited)	As at 31st March, 2013 (Audited)
<b>A</b>	<b>EQUITY AND LIABILITIES</b>				
1	Shareholders' funds				
	(a) Share capital	4,657	4,657	4,657	4,657
	(b) Reserves and surplus	264,674	226,456	263,667	220,982
	Sub total- Shareholders' funds	269,331	231,113	268,324	225,639
2	Share application money pending allotment	-	-	-	-
3	Minority interest	-	-	1,702	16,425
4	Non-current liabilities				
	(a) Long-term borrowings	135,999	144,898	152,120	182,740
	(b) Deferred tax liabilities (net)	17,910	13,643	16,446	13,454
	(c) Other long-term liabilities	46	74	1,806	3,828
	(d) Long term- provisions	3,033	3,329	11,687	10,694
	Sub total- Non-current liabilities	156,988	161,944	182,059	210,716
5	Current Liabilities				
	(a) Short-term borrowings	10,701	3,901	48,616	50,524
	(b) Trade payables	56,250	42,411	105,542	92,113
	(c) Other current liabilities	66,165	62,821	128,839	153,416
	(d) Short term provisions	10,415	9,081	18,369	10,635
	Sub Total- current liabilities	143,531	118,214	301,366	306,688
	<b>TOTAL- EQUITY AND LIABILITIES</b>	<b>569,850</b>	<b>511,271</b>	<b>753,451</b>	<b>759,468</b>
<b>B</b>	<b>ASSETS</b>				
1	Non-current assets				
	(a) Fixed assets	215,684	222,161	311,101	353,901
	(b) Goodwill on consolidation	-	-	568	325
	(c) Non-current investments	57,035	54,535	2,906	2,851
	(d) Long-term loans and advances	15,169	35,633	23,613	22,333
	(e) Other non-current assets	2,614	4,239	2,618	3,744
	Sub total - Non-current assets	290,502	316,568	340,806	383,154
2	Current assets				
	(a) Current investments	77,054	38,530	77,214	38,744
	(b) Inventories	50,841	47,570	103,858	113,202
	(c) Trade receivables	52,521	47,423	86,597	79,669
	(d) Cash and bank balances	25,166	27,908	42,274	55,535
	(e) Short-term loans and advances	34,658	25,706	53,975	45,859
	(f) Other current assets	39,108	7,566	48,714	37,843
	(g) Assets held for sale	-	-	13	5,462
	Sub total- Current assets	279,348	194,703	412,645	376,314
	<b>TOTAL - ASSETS</b>	<b>569,850</b>	<b>511,271</b>	<b>753,451</b>	<b>759,468</b>





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BHARAT FORGE

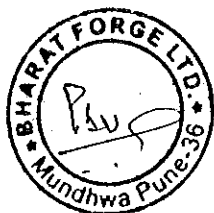
STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR  
ENDED 31 ST MARCH, 2014

- 2 The above results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on May 27, 2014.
- 3 Directors recommend a final dividend of ₹ 2.50 per equity share of ₹ 2/- each (125%), subject to approval of shareholders at the ensuing Annual General Meeting.
- 4 Exceptional Items represent:
  - (i) Provision for diminution in value of investment in Bharat Forge Infrastructure Ltd. (BFIL)

Considering the losses and uncertainties in the business activity carried out by BFIL, the Company has as a matter of prudence tested the Investments in BFIL for Impairment/ diminution. Accordingly the Company has provided an amount of ₹ 3,081 lacs towards diminution in the carrying cost of its Investments during the quarter in the standalone financial statements.
  - (ii) Sale of land

During the quarter, the Company has sold land at one of the location resulting into surplus amounting to ₹ 4,316 lacs and is included in stand alone and consolidated financial statements.
  - (iii) Disposal of Investment in FAW Bharat Forge (Changchun) Company Ltd.

During the year, Bharat Forge HongKong Limited, one of the Indirect subsidiary in the group, divested its 51.85% stake in Chinese JV operation (FAW Bharat Forge (Changchun) Company Limited to its Joint Venture partner, China FAW Corporation Limited, for USD 282.08 lacs (₹ 17,938.40 lacs) The transaction was completed on November 12, 2013 with effect from October 31, 2013. Profit (including reversal of foreign currency translation reserve) pre tax amounting to ₹ 6,054.40 lacs (Tax effect: Rs Nil), on divestment of stake has been recorded in the consolidated financial statements.
- 5 The figures for the quarter ended March 31, 2014 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2014 and the published year-to-date figures up to December 31, 2013, being the date of the end of third quarter of the financial year, which were subjected to a limited review.
- 6 Previous year/ period's figures are regrouped/ restated wherever necessary to make them comparable with those of current period. As per the requirements of AS-24 "Discontinuing operations" the prior year numbers have been restated with respect to Bharat Forge America Inc. and FAW Bharat Forge (Changchun) Company Ltd.





**BHARAT FORGE LIMITED**  
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**BHARAT FORGE**

**STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR  
ENDED 31 ST MARCH, 2014**

7 The consolidated financial statements include results of all the subsidiaries of Bharat Forge Limited and their Subsidiaries, and Joint Ventures and Associates. The names, country of incorporation or residence, proportion of ownership interest and reporting dates are as under:

Name of the company	Country of Incorporation	Parent's ultimate holding as on 31st March 2014	Financial year ends on
<b>A Subsidiaries :</b>			
CDP Bharat Forge GmbH :- and its wholly owned subsidiary	Germany	100%	31-Dec-13
i. Bharat Forge Daun GmbH	Germany	100% @	31-Dec-13
ii. BF New Technologies GmbH	Germany	100% @	31-Dec-13
iii. Bharat Forge Holding GmbH and its wholly owned subsidiary	Germany	100% @	31-Dec-13
Bharat Forge Aluminiumtechnik GmbH & Co KG :- and its wholly owned subsidiary	Germany	100% @	31-Dec-13
- Bharat Forge Aluminiumtechnik Verwaltungs GmbH	Germany	100% @	31-Dec-13
iv. Bharat Forge Beteteiligungs GmbH :- and its wholly owned subsidiary	Germany	100% @	31-Dec-13
i. Bharat Forge Kilsta AB., Sweden and its wholly owned subsidiary	Sweden	100% @	31-Dec-13
- Bharat Forge Scottish Stampings Ltd.	Scotland	100% @	31-Dec-13
ii. Bharat Forge Hong Kong Ltd. and its subsidiary	Hong Kong	100% @	31-Dec-13
- FAW Bharat Forge (Changchun) Co. Ltd. (upto Nov 12, 2013)	China	52% @	31-Dec-13
iii. Bharat Forge International Limited	U.K.	100% @	31-Mar-14
Bharat Forge America Inc.	U.S.A.	100%	31-Dec-13
BF Infrastructure Limited	India	100%	31-Mar-14
BF Infrastructure Ventures Limited	India	100%	31-Mar-14
Kalyani Strategic Systems Limited (formerly BF Power Equipments Limited)	India	100%	31-Mar-14
Kalyani Polytechnic Private Limited ( not consolidated as per AS-21)	India	100%	31-Mar-14
BF Elbit Advanced Systems Private Limited	India	100%	31-Mar-14
Analogic Controls Systems India Limited	India	60%	31-Mar-14
Kalyani ALSTOM Power Limited	India	51%	31-Mar-14
BF NTPC Energy Systems Limited	India	51%	31-Mar-14
<b>B Associate :</b>			
-Tecnica UK Limited	U.K.	30% @	31-Dec-13
-Ferrovia Trans Rail Solutions Pvt. Limited	India	49% @	31-Mar-14
<b>C Joint Venture Companies:</b>			
ALSTOM Bharat Forge Power Limited	India	49%	31-Mar-14
Impact Automotive Solutions Limited	India	50%	31-Mar-14
David Brown Bharat Forge Gear Systems India Limited	India	50% @	31-Mar-14
BFIL- CEC ( AOP)- Joint Venture	India	75% @	31-Mar-14

@ held through subsidiaries.

\* Paid up Debt Capital represents Non-Convertible Debentures

\*\* Debt to Equity : Net Debt/ Net Worth

( Net Debt : Secured Loan + Unsecured Loan - Cash and Bank - Current Investments )

( Net Worth : Equity Share Capital + Reserves and Surplus - Miscellaneous Expenditure to the extent not written off or adjusted - Foreign Currency Translation Reserve)

\*\*\* Debt Service Coverage Ratio : EBDIT / ( Finance Charges [as per the statement of profit and loss] + Principal Repayment during the year)  
( EBDIT : Profit before Taxes + Finance Charges [as per the statement of profit and loss] + Depreciation )

For calculation of ratios, profits from continuing operations has been considered for current and previous year.

\*\*\*\* Interest Service Coverage Ratio : EBDIT / Finance Charges [as per the statement of profit and loss]

For Bharat Forge Limited

*(Signature)*

(B. N. KALYANI)

CHAIRMAN & MANAGING DIRECTOR

Pune

Dated : May 27, 2014

For Bharat Forge Ltd.

*(Signature)*  
P. S. Vaishampayan  
Vice President (Legal) &  
Company Secretary





BHARAT FORGE LIMITED  
Regd. Office : Mundhwa, Pune Cantonment, Pune 411 036  
CIN: L25209PN1961PLC012046

**BHARAT FORGE**

CONSOLIDATED SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED  
FOR THE YEAR ENDED 31ST MARCH 2014

(₹ in Lacs)

Sr. No.	Particulars	31st March 2014 Audited	31st March 2013 Audited
1	Segment Revenue		
a	Steel forging	590,430	514,501
b	Projects (Capital goods)	78,176	-
c	Others	2,597	2,970
	Total	671,203	517,471
	Less: Inter Segment Revenue	943	816
	Net Sales/Income from Operations	670,260	516,655
2	Segment Results Profit/(Loss) (before tax and finance cost from each segment)		
a	Steel forging	101,167	85,326
b	Projects (Capital goods)	(930)	-
c	Others	838	1,295
	Total	101,075	86,621
	Less:		
1	Finance costs	16,915	16,715
2	Other un-allocable expenditure net of un-allocable income	21,658	28,215
	Profit before Tax & Exceptional item	62,502	41,691
	Add: Exceptional items	10,370	3,657
	Profit/(Loss) before Tax from continuing operations	72,872	45,348
	Profit/(Loss) before Tax from discontinued operations (before minority interest)	(3,593)	(7,858)
3	Capital Employed (Segment Assets - Segment Liabilities)		
a	Steel forging	348,398	432,268
b	Projects (Capital goods)	66,243	17,202
c	Others	4,208	15,340
d	Unallocable Assets less Liabilities including Unutilised Fund temporarily deployed	123,186	68,832
		542,035	533,642
4	Secondary Information in respect of Geographical segment on the basis of location of customers		
a	Within India	233,283	167,019
b	Outside India	436,977	349,636
	Total	670,260	516,655

The Company has identified its business segment as its primary reporting segment which comprises of "Steel forgings", "Projects (Capital goods)" and "Others". Secondary information is reported geographically.

The "Steel forging" segment produces and sells steel forging products comprising of steel forgings, finished machined crankshafts, front axle assembly & components and ring rolling etc. The "Projects (Capital goods)" includes engineering, procurement and commissioning business for power and Infrastructure related projects. The "Others" segment includes general engineering and windmill operations etc.

Total segment revenue from operations does not include some of the other business lines with revenue amounting to ₹ 1,352 lacs (March 31, 2013: Nil), which has been considered as unallocable income.

Segment revenue excludes revenue relating to discontinuing operations from Steel Forging segment.

Above consolidated results for the year includes the results of subsidiary companies viz. CDP Bharat Forge GmbH, Bharat Forge America Inc., U.S.A., Bharat Forge International Ltd., BF NTPC Energy Systems Ltd., Kalyani ALSTOM Power Ltd., BF Infrastructure Ltd., BF Infrastructure Ventures Ltd., Kalyani Strategic Systems Ltd. (formerly known as BF Power Equipment Ltd.), BF Eibit Advanced Systems Private Ltd., Kalyani Polytechnic Private Ltd. (not consolidated as per AS-21) and Analogic Controls India Ltd. and share of Joint Venture companies viz. ALSTOM Bharat Forge Power Ltd. and Impact Automotive Solution Ltd.

For Bharat Forge Ltd.

*P. S. Vaishampayan*

Pune

Dated : May 27, 2014

P. S. Vaishampayan  
Vice President (Legal) &  
Company Secretary

For BHARAT FORGE LIMITED

*B. N. Kalyani*

(B. N. KALYANI)

CHAIRMAN & MANAGING DIRECTOR

# BHARAT FORGE

SECT/

May 27, 2014

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.

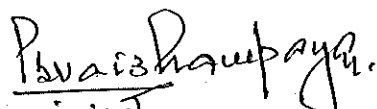
Dear Sir,

**Re: Earnings Update for FY 2013-14**

The Analyst / Investor Conference Call to discuss the financial performance of the Company for FY 2013-14 is being hosted at 4:00 P.M on Tuesday, May 27, 2014. We enclose the Earnings Update issued by the Company for the same.

Thanking you,

Yours faithfully,  
For Bharat Forge Limited



P.S. Vaishampayan  
Vice President (Legal) &  
Company Secretary  
Encl: As above.



KALYANI  
GROUP COMPANY

## BHARAT FORGE LIMITED

### Analyst Update - FY14 Results

#### BFL 12 MONTH REPORT

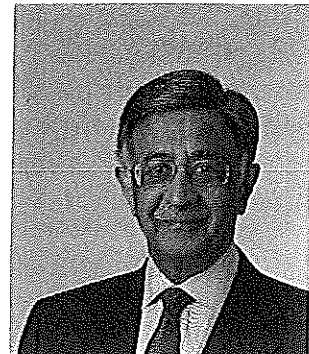
"BFL's performance in FY14 has been encouraging with robust operating leverage and cash flows despite sub optimal utilization levels in India caused by significant weakness in the Commercial Vehicle segment.

The uncertain demand environment which prevailed during FY14 is beginning to change positively especially in the external markets and we expect both North America & Europe to grow in FY15. The domestic market might witness demand recovery in 2H FY15."

The highlight of the year is the series of order wins across segments & geographies from new and existing customers and our investments in R&D delivering path breaking solutions to our marquee customers placing us at the forefront to capture demand revival"

We are witnessing strong momentum going into FY15 with topline growth expected to outpace the underlying market growth in all geographies driven by market share gains and new programs coming on stream"

Looking ahead into Q1 FY15, we anticipate demand to be slightly higher compared to Q1 FY14 & Q4 FY14"



B.N. Kalyani, Chairman & Managing Director.

#### Key Figures (Rs Million)

Particulars	Q4 FY14	Q4 FY13	FY14	FY13
Total Revenues	9,305	6,746	33,992	31,512
EBITDA	2,304	1,525	8,637	7,337
EBITDA %	24.8%	22.6%	25.4%	23.3%
PBT before exceptional item	1,683	744	5,835	4,299
PAT	1,190	501	3,999	3,056
EPS	5.11	2.15	17.18	13.13

## STANDALONE FINANCIAL HIGHLIGHTS FY14

TABLE 1

Rs. Million

<i>Particulars</i>	<i>Q4 FY14</i>	<i>Q3 FY14</i>	<i>Q4 FY13</i>	<i>FY14</i>	<i>FY13</i>
Shipment Tonnage	48,015	42,702	37,119	174,808	172,030
Domestic Revenue	3,958	3,289	3,490	14,571	15,025
Export Revenue	5,079	4,797	3,112	18,482	15,867
Other Operating Income	268	235	144	939	620
Total Revenue	9,305	8,321	6,746	33,992	31,512
EBIDTA	2,304	2,145	1,525	8,637	7,337
<b>EBIDTA %</b>	<b>24.8%</b>	<b>25.8%</b>	<b>22.6%</b>	<b>25.4%</b>	<b>23.3%</b>
Other Income	353	284	205	1,037	917
PBT	1,710	1,413	851	5,724	4,481
<b>PBT %</b>	<b>18.4%</b>	<b>17.0%</b>	<b>12.6%</b>	<b>16.8%</b>	<b>14.2%</b>
Exchange Gain/ (loss)	(27)	(30)	(107)	111	(182)
PBT after Ex Gain/ (loss)	1,683	1,383	744	5,835	4,299
Exceptional Items	123	-	-	123	106
PBT after Excp Item	1,806	1,383	744	5,959	4,405
Profit After Tax	1,190	927	501	3,999	3,056

- BFL shipment tonnage increased by 12.4% compared to Q3 FY14 primarily on back of improvement in domestic M&HCV market.
- Total Revenues grew by 11.8% in Q4 FY14 to Rs 9,305 million as compared to Q3 FY14 driven by 20.3% growth in domestic revenues & 5.9% increase in Exports.
- EBITDA margins at 24.8% in Q4 FY14 saw a 100 bps decline compared to Q3 FY14. Excluding New Business Development & certain one off items, EBITDA% for Q4 is comparable to EBITDA% of Q3 FY14.

- PBT before Exchange gain/ (loss) and Exceptional item increased 21.0% in Q4 FY14 to Rs 1,710 million compared to Rs 1,413 million in Q3 FY14.
- Exceptional Item in Q4 FY14 refers to the following items
  - Profit of Rs 432 million on sale of land
  - Impairment charge taken on investments in Indian subsidiaries of Rs 308 million which is non cash in nature.
- PAT increased 28.3% from Rs 927 million in Q3 FY14 to Rs 1,190 million in Q4 FY14.

#### KEY FINANCIAL PARAMETERS: STANDALONE

TABLE 2			Rs Million	
Particulars	March 31, 2014	March 31, 2013		
Debt	19,943	18,737		
Equity	26,933	23,111		
Cash	9,967	6,520		
D/E	0.74	0.81		
D/E (Net)	0.37	0.53		

#### GEOGRAPHICAL REVENUE BREAK-UP

TABLE 3				Rs. Million		
Particulars	Q4 FY14	Q4 FY13	Growth %	FY14	FY13	Growth %
India	4,226	3,634	16.3%	15,510	15,645	-0.9%
Americas	2,914	1,604	81.6%	9,179	8,954	2.5%
Europe	1,756	1,311	33.9%	7,847	5,857	34.0%
Asia Pacific	409	197	107.8%	1,456	1,056	37.9%
Total	9,305	6,746	37.9%	33,992	31,512	7.9%

## REVIEW OF INDIAN MARKET

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

Particulars	Q4 FY14	Q4 FY13	YOY%	FY14	FY13	YOY %
LCV	116,000	154,457	-24.9%	477,238	551,972	-13.5%
Medium & Heavy CV	62,414	67,653	-7.7%	221,626	280,677	-21.0%
<b>Total CV Market</b>	<b>178,414</b>	<b>222,110</b>	<b>-19.7%</b>	<b>698,864</b>	<b>832,649</b>	<b>-16.1%</b>
Passenger Cars	804,473	874,147	-8.0%	3,065,816	3,231,058	-5.1%
<b>Total Auto Market</b>	<b>982,887</b>	<b>1,096,257</b>	<b>-10.3%</b>	<b>3,764,680</b>	<b>4,063,707</b>	<b>-7.4%</b>

Source: Society of Indian Automobile Manufacturers (SIAM)

FY14 was the 2<sup>nd</sup> consecutive year of volume decline for the automotive sector in India, recording a 7.4% decrease compared to FY13 with slowdown in economic growth and higher interest rates continuing to weigh in on demand.

BFL's main market, the M&HCV segment witnessed a steep decline of 21% in FY14 compared to FY13 and almost a 45% decline from the highs of FY12. The volume performance was impacted by slowdown in industrial activity resulting in underutilization of fleets.

BFL sales to the M&HCV segment declined by 11.6% in FY14 on a YOY basis better than the underlying market decline. On business development front, BFL won new business from Passenger Vehicle OEM while increasing its market share with the new entrants on the Commercial Vehicle side.

The demand sluggishness was not restricted to the automotive industry. Slowdown in industrial activity & lack of capital investment continues to have an impact on demand for forged components for industrial sector across segments. The only segments which saw moderate growth were the energy sector across sources & orders from Government agencies. During the year, revenues from the industrial segment increased by 10% to Rs 560 crores.

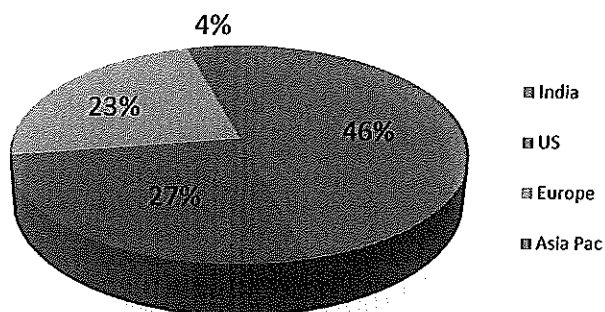
## REVIEW OF EXPORT MARKETS

The export markets both in North America & Europe had a strong end to CY13 with the Heavy Truck market in both geographies witnessing volume growth. While the production of Class 8 truck in North America declined by 11.1% to around 243,000 units, net orders in CY13 rose 17% from CY2012 to 267,000 units.

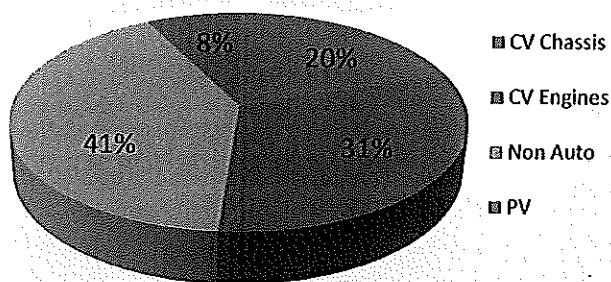
This is a clear sign of robustness in the NA Heavy truck segment which is expected to continue driven by strong US economy & aging of the fleet. The Heavy Truck market is expected to grow by 10 -15% in CY14.

The European Heavy Truck segment witnessed volume increase of 8.3% in CY13 but this was primarily driven by strong growth in Q4 CY13 on account of pre-buy in advance of new emission norms starting from January 2014. Although the sector is expected to be weak in the initial part of the year, there is growth anticipated in 2H CY14 resulting in a flat year for the Heavy truck segment.

FY14 GEOGRAPHY WISE



FY14 SEGMENT WISE



## CONSOLIDATED FINANCIALS – FY 2014

Table 5

Particulars	Rs. Million		
	FY14	FY13	YOY %
Total Revenue	67,161	51,665	30.0%
EBITDA	10,423	8,011	30.1%
EBITDA %	15.5%	15.5%	
PBT before exceptional item	6,250	4,169	49.9%
Exceptional Income/ (Expenditure)	1,037	366	
PBT after Exceptional item	7,287	4,535	60.7%
PAT after Minority Interest	5,215	3,047	
Loss from Discontinued Operations	(230)	(571)	
Profit After Tax	4,985	2,476	101.3%

### Key Highlights

- Total Revenue grew by 30.0% from Rs 51,665 in FY13 to Rs 67,161 in FY14
- EBITDA grew by 30.1% from Rs 8,011 million in FY13 to 10,423 million in FY14.
- PBT before exceptional item grew by 49.9% from Rs 4,169 million in FY13 to Rs 6,250 million in FY14.
- Consolidated Net Profit for the year grew from Rs 2,476 million in FY13 to Rs 4,985 million in FY14.

Exceptional Income of Rs 1,037 million in FY14 refers to profit of Rs 432 million on sale of land & Rs 605 million relating to gain on currency translation related to the divestment of stake in the China JV in accordance with Accounting Standard 11.



## KEY FINANCIAL PARAMETERS: CONSOLIDATED

TABLE 6 Rs Million

Particulars	March 31, 2014	March 31, 2013
Debt	25,612	27,845
Equity	26,832	22,564
Cash	11,949	9,427
D/E	0.95	1.23
D/E (Net)	0.50	0.81

## OVERSEAS SUBSIDIARIES FINANCIALS – CY 2013

The financial statement for CY 2013 for the overseas subsidiaries is as follows. These incorporate the financial results of its wholly owned overseas subsidiaries in Europe.

Table 7

Rs. Million

Particulars	CY 2013	CY 2012	YOY%
Total Revenue	33,500	25,441	31.7%
EBITDA	2,243	1,219	84.0%
EBITDA %	6.7%	4.8%	
PBT before Exceptional Item	889	391	127.4%
Exceptional item	605	-	
PBT after exceptional item	1,494	391	282.0%
PAT after Minority Interest	1,397	201	
Loss from Discontinued Operations	(230)	(571)	
Profit After Tax	1,167	(370)	

## FINANCIALS - INDIAN SUBSIDIARIES – FY 2014

The financial statement for FY 2014 for the Indian subsidiaries is as follows. These incorporate the financial results of its wholly owned subsidiaries and BFL's Joint Venture operations with Alstom & David Brown.

Table 8

Rs Million

Particulars	FY 2014	FY 2013
Total Income	7,953	1,066
EBITDA*	(156)	(185)
PBT*	(173)	(160)
PAT after Minority Interest	(188)	(109)

\* The above financials include onetime Impairment charge of Rs 308 million, non-cash in nature, excluding which the Indian Subsidiaries are profitable for the year with EBITDA of Rs 152 million & PBT of Rs 135 million.

## FINANCIALS – OVERSEAS SUBSIDIARIES: JAN-MAR 2014

Table 9

Rs. Million

Particulars	Jan – March 2014	Oct – Dec 2013	Jan – March 2013
Total Income	6,423	6,774	5,229
EBITDA	499	574	471
EBITDA %	7.8%	8.5%	9.0%
PBT	188	215	197

The Wholly Owned operations have registered EBITDA% of 7.8% as against 8.5% in the previous quarter. The primary reason for decline in topline & margin compression is the softness in the European CV space which declined marginally post the pre-buy in advance of Euro VI emission norms which were implemented from January 1, 2014.

### BFAT Order Win

Bharat Forge Aluminumtechnik GmbH & Co KG (BFAT) won a prestigious multi-year contract worth EURO 250 million from a German OEM. A new plant is being set up in the state of Saxony at Brand-Erbisdorf at cost of EURO 31 million funded by way of internal accruals, debt & state subsidies. This order will enhance our presence in the fast growing business of aluminum components, which is finding increasing application in passenger vehicles.