



Earnings Release

Q2 FY2013

14th February 2013

Amtek Group

Amtek Group represents Amtek Auto, Amtek India and Ahmednagar Forgings and the other subsidiaries

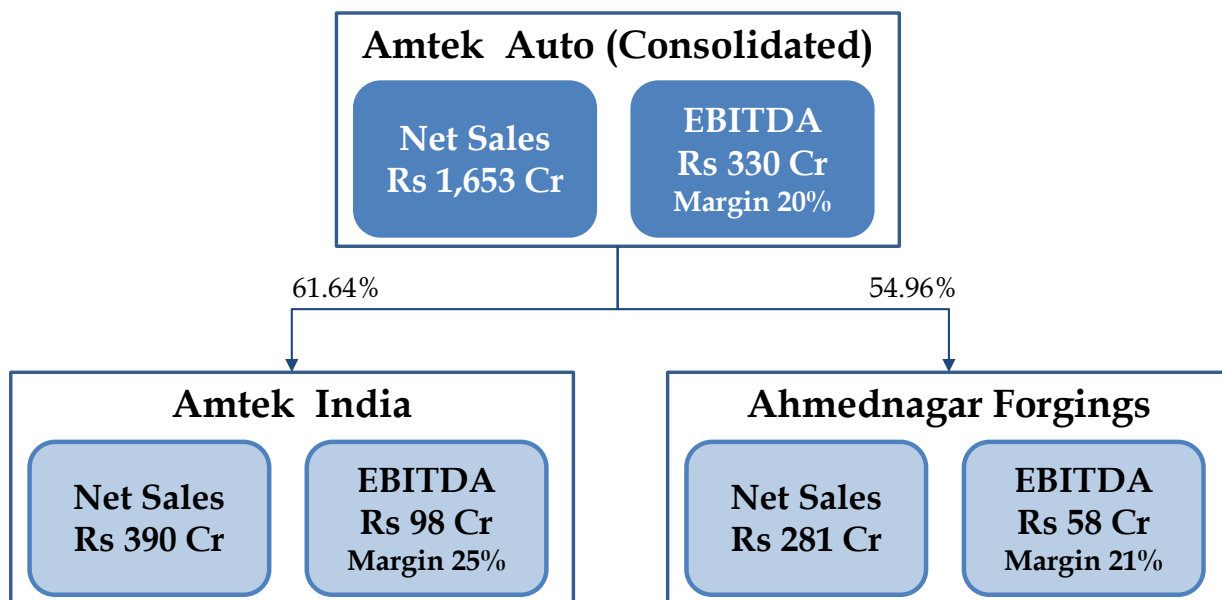
Amtek Auto Limited
NSE: AMTEKAUTO
BSE: 520077

Amtek India Limited
NSE: AMTEKINDIA
BSE: 532282

Ahmednagar Forgings Limited
NSE: AHMEDFORGE
BSE: 513335

Amtek Group

Unaudited Standalone and Consolidated Second Quarter Results for FY2013



NEW DELHI, India, February 14, 2013 - Amtek Group (referred to as the "Group"), one of the largest integrated component manufacturers in India with a strong global presence, announced its Unaudited Standalone and Consolidated Second Quarter Results for its flagship company Amtek Auto Limited (referred to as "Amtek Auto") and its listed subsidiaries Amtek India Limited (referred to as "Amtek India") and Ahmednagar Forgings Limited (referred to as "Ahmednagar Forgings") in accordance with Indian GAAP.

Commenting on the performance, **Mr. John Flintham, Senior Managing Director of Amtek Auto** said:

"During the last quarter, the global economic scenario remained volatile and uncertain. OEMs continued to implement measures to manage their working capital cycle to take them through this difficult period. Our performance was broadly in line with the auto industry trends but encouragingly the quarter-over-quarter results have shown a positive improvement both at the topline and profitability levels."

"We expect the demand in the auto industry to be relatively flat in coming months. In this context, management continues to be cautiously optimistic whilst focusing on operational excellence, lean manufacturing programs and quality enhancements. Our emphasis remains on conserving cash through continued tight fiscal measures during this tough industry climate."

Financial Highlights

Amtek Auto (Consolidated)					
(Rs. Crore)	Q2		y-o-y Growth (%)	Q1	q-o-q
	FY2013	FY2012		FY2013	Growth (%)
Net Sales	1,652.6	1,904.4	(13.2)%	1,590.1	3.9%
Other Income	136.1	70.2	93.8%	124.9	8.9%
Total Income	1,788.6	1,974.6	(9.4)%	1,715.0	4.3%
EBITDA	330.2	412.8	(20.0)%	318.9	3.5%
EBITDA Margin (%)	20.0%	21.7%		20.1%	
Net Profit	125.1	123.1	1.6%	97.2	28.7%
Net Profit Margin (%)	7.0%	6.2%		5.7%	
Basic EPS (Rs)	5.72	5.28	8.3%	4.45	28.5%

Amtek India (Subsidiary)					
(Rs. Crore)	Q2		y-o-y Growth (%)	Q1	q-o-q
	FY2013	FY2012		FY2013	Growth (%)
Net Sales	389.9	461.0	(15.4)%	374.8	4.0%
Other Income	26.8	20.3	32.0%	29.3	(8.5)%
Total Income	416.7	481.3	(13.4)%	404.1	3.1%
EBITDA	98.3	124.2	(20.8)%	97.3	1.0%
EBITDA Margin (%)	25.2%	26.9%		26.0%	
Net Profit	28.2	42.3	(33.3)%	29.5	(4.3)%
Net Profit Margin (%)	6.8%	8.8%		7.3%	
Basic EPS (Rs)	1.02	1.53	(33.3)%	1.07	(4.7)%

Ahmednagar Forgings (Subsidiary)					
(Rs. Crore)	Q2		y-o-y Growth (%)	Q1	q-o-q
	FY2013	FY2012		FY2013	Growth (%)
Net Sales	281.0	298.7	(5.9)%	266.4	5.5%
Other Income	21.7	6.8	221.6%	23.5	(7.7)%
Total Income	302.7	305.5	(0.9)%	289.9	4.4%
EBITDA	58.5	64.0	(8.6)%	52.7	10.9%
EBITDA Margin (%)	20.8%	21.4%		19.8%	
Net Profit	30.8	29.0	6.5%	29.7	3.8%
Net Profit Margin (%)	10.2%	9.5%		10.2%	
Basic EPS (Rs)	8.39	7.88	6.5%	8.08	3.8%

Economic Environment

Indian Markets: Auto and Non-Auto

Domestic automotive production continues to remain weak with a moderate growth of only 1.6% y-o-y. High cost of ownership, rising fuel costs and the general slowdown in economic activity continues to dampen consumer sentiment and new purchases. During the quarter, despite no major OEM price hikes in passenger cars, higher sales failed to materialize at dealerships. Consumers may have postponed their purchases well into the following year, failing to be attracted by the year end discounts and benefits being offered.

The Passenger Cars segment delivered only a 2.0% growth compared to the same period last year. Production volumes were impacted as OEMs implemented active inventory control programs to manage working capital cycles. The trend in shifting demand from petrol engine variants to diesel has also been moderated due to the recent levy of excise duty on diesel engine cars.

The infrastructure and capital goods sectors continue to remain challenged by high interest rates, rising input costs, intense competition and delays in policy implementation. Production volumes in the Commercial Vehicle segment have decreased by (13.6)% y-o-y primarily led by a sharp decline in medium commercial vehicles (MCVs). MCV fleet expansion plans have been postponed as a result of lower cargo transportation activity levels. Operators have also been unable to increase freight charges across their end customer base in line with rising costs. Both of these effects have also resulted in a lower resale value for old trucks further reducing the commercial rationale for upgrading fleets.

During the quarter, 2/3 Wheeler production growth was effectively flat at 0.8% y-o-y whilst this sector increased production by 3.7% on q-o-q basis.

Domestic Automotive Production (No. of Units)	Q2 FY2013	Q2 FY2012	Y-o-Y Change	Q1 FY2013	Q-o-Q Change
Passenger Cars	591,749	579,934	2.0%	535,247	10.6%
Commercial Vehicles	199,171	230,409	(13.6)%	216,292	(7.9)%
MCV	63,093	91,238	(30.8)%	78,522	(19.6)%
LCV	136,078	139,171	(2.2)%	137,770	(1.2)%
2/3 Wheeler	4,175,269	4,142,360	0.8%	4,028,088	3.7%

Source: SIAM

Tractor sales experienced moderate growth in Q2 FY2013 due to weak agricultural output. Farm earnings in FY2013 are expected to be enhanced due to a ~15% increase in the food grain minimum support price (MSP) and a ~27% hike in the non-food grain MSP over the last nine months. Tractor sales in Q3 FY2013 may benefit from an anticipated reduction of interest rates.

International Markets: Auto

Passenger Vehicle sales across Western Europe continued to remain depressed, declining sharply by (10.1)% y-o-y. Although overall volumes were relatively stable compared with the previous quarter, countries within Europe showed varying performances. Sales in Germany declined by (6.2)% y-o-y and remained flat sequentially, whereas the UK market increased by 9.2% y-o-y and declined by (24.7)% q-o-q. Despite the European Central Bank holding benchmark interest rates at historic lows and full support for the Euro, GDP growth across Europe remains weak.

International Automotive Data (No. of Units)	Q2 FY2013	Q2 FY2012	Y-o-Y Change	Q1 FY2013	Q-o-Q Change
Passenger Vehicles - Sales					
Europe	2,803,245	3,118,979	(10.1)%	2,827,377	(0.9)%
<i>Germany</i>	723,706	771,898	(6.2)%	724,397	(0.1)%
<i>UK</i>	424,000	388,159	9.2%	562,929	(24.7)%

Source: ACEA

North American sales growth has been robust with overall vehicle production improving by 9.8% y-o-y. Improving household and business confidence has encouraged the replacement of aging vehicles, in turn strengthening production volumes. Light Vehicles matched the overall growth profile, increasing by 10.6% y-o-y and 3.6% q-o-q. However, Medium/Heavy Vehicle production declined further to (15.5)% y-o-y.

International Automotive Data (No. of Units)	Q2 FY2013	Q2 FY2012	Y-o-Y Change	Q1 FY2013	Q-o-Q Change
<i>North America - Production</i>	3,889,257	3,543,039	9.8%	3,758,451	3.5%
Total Light Vehicle	3,795,555	3,432,110	10.6%	3,662,327	3.6%
Total Med./Hvy. Truck	93,702	110,929	(15.5)%	96,124	(2.5)%

Source: Wards Auto

Financial Results

Amtek Auto: Consolidated

Q2 FY2013 consolidated Net Sales improved by 3.9% q-o-q and EBITDA by 3.5%. Net Profit has increased significantly by 28.7% q-o-q. Consolidated Net Sales declined by (13.2)% y-o-y, with domestic sales decreasing by (8.6)% y-o-y. In Europe, Q2 FY2013 Net Sales in the UK business delivered a marginal growth of 1.9% y-o-y which was offset by a significant decline of (42.5)% y-o-y in Germany. During the quarter, sales in Western Europe were significantly impacted on account of the extended holiday season as OEMs attempted to reduce inventory levels. Q2 FY2013 Exports sales declined by (12.7)% y-o-y, whilst it has increased by 4.3% q-o-q. The Non-Auto segment has also been impacted by significantly reduced industrial activity. This segment accounted for ~23% of sales during the quarter.

Given the decline in topline driven by market trends, consolidated EBITDA in Q2 FY2013 decreased by (20.0)% compared to the prior year. Interest expense increased slightly from Rs. 136 Crores in Q2 FY2012 to Rs. 139 Crores in Q2 FY2013. Q2 FY2013 consolidated Net Profit increased by 1.6% compared to the prior year.

Amtek India

Q2 FY2013 financials are not comparable with Q2 FY2012 due to one off supplementary invoice benefits taken in Q2 FY2012. On a sequential basis, Net Sales increased by 4.0% and EBITDA by 1.0%. Interest expense is relatively flat on q-o-q basis. Net Profit during the quarter declined by (4.3)% q-o-q.

Ahmednagar Forgings

Q2 FY2013 Net Sales increased by 5.5% q-o-q and EBITDA by 10.9% q-o-q. Ahmednagar Forgings has been consistently maintaining EBITDA margins of ~20%. Interest expense has increased by 14.6% as compared to the previous quarter. In line with the market trends, Net Sales decreased by (5.9)% and EBITDA by (8.6)%, compared to Q2 FY2012. However, Net Profit during the quarter increased by 6.5% as compared to last year. Net Profit margins improved slightly by 71 bps.

Performance Outlook

Over the year, SIAM has gradually reduced its year ending March 2013 forecast for the automobile sector from a range of 5-7% to only 3-5% at present. In the context of a difficult environment, Passenger Cars are now expected to remain effectively flat with an anticipated growth of 0-1% in year ending March 2013. Commercial vehicles are expected to show low levels of growth at 0-2%. In contrast, the 2/3 Wheeler segment is expected to perform relatively well at 4-7%, as compared to the overall industry growth.

Any reduction in interest rates by the RBI may stimulate both consumer demand and industrial activity for CVs in the near term. New product launches by OEMs are also expected to generate some incremental interest from end consumers. However, much of this demand may be offset, should diesel prices continue to increase or consumer confidence unexpectedly weakens.

Although the US automotive markets have shown some growth, the overall economy faces upcoming fiscal challenges which may threaten the sustainability of the early stages of recovery. Passenger Vehicle sales in the North America should continue to perform well in the coming months while volumes are likely to stay flat in Europe compared with 2012. Despite this, in context of previous years, European automotive markets are clearly depressed.

OEMs, such as Audi, BMW, JLR and Volvo, continue to invest in establishing new or expanding their existing manufacturing bases in India. Strategically, India's importance increases as one of the largest hubs from which compact cars are exported to Europe.



With this background, management operational and financial decision making is cautious. At the plant site level, the focus is on operational excellence, lean manufacturing programs and quality enhancement. The improvements coupled with the specific cost cutting initiatives are tracked continuously and are meeting management expectations. Any proposed capital expenditure is evaluated to meet specific return criteria and is tightly controlled.

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Accounting Notes:

1. Net Sales: Excludes Other Income
2. EBITDA: Earnings before interest, taxes and depreciation; Excluding Other Income
3. Net Profit: Profit after tax (including Other Income), after minority interest
4. Basic Earnings per Share (excludes extraordinary item) as of December 31, 2012:
 - a. **Amtek Auto**: Share face value of Rs. 2.00; 21.86 Crore shares outstanding
 - b. **Amtek India**: Share face value of Rs. 2.00; 27.68 Crore shares outstanding
 - c. **Ahmednagar Forgings**: Share face value of Rs. 10.00; 3.675 Crore shares outstanding

Safe Harbor:

This release contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Amtek Group’s (i.e. “Amtek Group” represents Amtek Auto, Amtek India & Ahmednagar Forgings and their subsidiaries) future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macroeconomic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Amtek Group undertakes no obligation to publicly revise any forward looking statements to reflect future /likely events or circumstances.