

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF MAHINDRA UGINE STEEL COMPANY LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **MAHINDRA UGINE STEEL COMPANY LIMITED** ("the Company") for the Quarter ended 30th June, 2013 ("the Statement"), being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 4 below. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to investor complaints disclosed in Part II - Select Information for the Quarter Ended 30th June, 2013 of the Statement, from the details furnished by the Registrar.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants
(Firm Registration No. 117366W)



Rajesh K Hiranandani
Partner

(Membership No. 36920)



Mumbai, 25th July, 2013



**MAHINDRA UGINE STEEL COMPANY LIMITED**

Regd. Office : 74, Ganesh Apartment, 7th Floor, Opp. Sitladevi Temple, Lady Jamsheedee Road,
Mahim (W), Mumbai 400 016.

PART I**STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2013****(Rs. in lakhs)**

Particulars	Standalone Results (Continuing and Discontinuing Operations)			
	Quarter ended 30/06/2013	Quarter ended 31/03/2013 (See Note 2)	Quarter ended 30/06/2012	Financial Year ended 31/03/2013
	Unaudited	Audited	Unaudited	Audited
Gross Sales/Income from operations	169,82.80	173,33.65	395,67.40	965,97.61
Less: Excise duty	16,33.20	18,21.15	40,18.49	96,46.31
1 a. Net Sales/Income from operations	153,49.60	155,12.50	355,48.91	869,51.30
b. Other operating income	28,79.79	32,50.21	29,29.68	121,31.40
2 Total income from operations (1a+1b)	182,29.39	187,62.71	384,78.59	990,82.70
Expenses				
a. Cost of materials consumed (including outside processing charges for materials)	134,94.08	139,95.76	275,24.37	727,24.81
b. Changes in inventories of finished goods, work-in-progress and stock in trade	1,06.87	2,07.33	(26,29.89)	(23,04.82)
c. Employee benefits expense	16,06.95	17,93.82	27,01.16	78,91.65
d. Depreciation and amortisation expense	3,65.96	3,81.36	8,56.36	20,15.57
e. Power and fuel	2,95.87	3,46.89	51,69.06	64,32.26
f. Stores and packing material consumed	4,17.68	3,45.49	18,24.08	30,47.23
g. Other expenses	7,72.96	8,98.95	23,06.86	49,05.50
9. Total expenses	170,80.37	179,69.60	377,52.00	947,12.20
3 Profit (+)/Loss (-) from operations before other income, finance costs and exceptional item (1-2)	11,49.02	7,93.11	7,26.59	43,70.50
4 Other income	13.26	1,58.62	39.56	2,05.94
5 Profit (+)/Loss (-) from ordinary activities before finance costs and exceptional item (3+4)	11,62.28	9,51.73	7,66.15	45,76.44
6 Finance costs	6,57.95	7,42.72	15,41.05	42,18.59
7 Profit (+)/Loss (-) from ordinary activities after finance costs but before exceptional item (5-6)	5,04.33	2,09.01	(7,74.90)	3,57.85
8 Exceptional item	-	30.30	(47,50.00)	(47,00.39)
9 (Loss on transfer of steel business)/excess provision written back (See note 3a)	5,04.33	2,39.31	(55,24.90)	(43,42.54)
10 Tax expense	1,30.50	82.60	83.54	2,52.60
a. Current tax charge / (credit)	7.43	1,13.75	(17,60.36)	(12,23.51)
b. Deferred tax charge / (credit) (See note 3a)	1,37.93	1,96.35	(16,76.82)	(9,70.91)
Total	3,66.40	42.96	(38,48.08)	(33,71.63)
11 Net Profit (+)/Loss (-) for the period (9-10)	32,48.25	32,48.25	32,48.25	32,48.25
12 Paid-up equity share capital (Face Value of the Share Rs. 10 each)	-	-	-	135,58.81
13 Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-
14 Earnings per share (EPS) (Face value Rs. 10 per share) (in Rs.)	-	-	-	-
Basic and diluted (not annualised for quarters)	1.13	(0.07)	(1.10)	0.10
- Before exceptional item	1.13	0.13	(11.85)	(10.38)
- After exceptional item	-	-	-	-

See accompanying notes to the financial results



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PART II

SELECT INFORMATION FOR THE QUARTER ENDED 30TH JUNE, 2013

Particulars	Quarter ended 30/06/2013	Quarter ended 31/03/2013	Quarter ended 30/06/2012	Financial Year ended 31/03/2013
A	PARTICULARS OF SHAREHOLDING			
1	Public shareholding			
	- Number of shares	14463040	14463040	14463040
	- Percentage of shareholding	44.53	44.53	44.53
2	Promoters and promoter group shareholding			
a.	Pledged/Encumbered			
	- Number of shares	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-
	- Percentage of shares (as a % of the total share capital of the Company)	-	-	-
b.	Non-encumbered			
	- Number of shares	18019489	18019489	18019489
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00
	- Percentage of shares (as a % of the total share capital of the Company)	55.47	55.47	55.47

Particulars	Quarter ended 30/06/2013			
	Pending at the beginning of the quarter	Received during the quarter	Disposed of during the quarter	Remaining unresolved at the end of the quarter
B	Investor complaints	0	4	4
				0

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Notes:

- The above unaudited financial results have been reviewed by the Audit committee and approved by the Board of Directors at their respective meetings held on 25th July, 2013 and have been subjected to a limited review by the Statutory Auditors of the Company.
- The figures for the Quarter ended 31/03/2013 are balancing figures between the audited figures in respect of the full financial year ended 31st March, 2013 and published year to date figures up to the third quarter ended 31st December, 2012 which have been regrouped/rearranged wherever necessary.
- The Company had transferred its steel business to Mahindra Sanyo Special Steel Private Limited (MSSSP, formerly Navyug Special Steel Private Limited) with effect from closing hours of 9th July, 2012, in accordance with the Business Transfer Agreement and Share Subscription Agreement. The Company had made a provision for the estimated loss of Rs. 47,50,00 lakhs in results for the quarter ended 30th June, 2012 for the eventual transfer of steel business. As against the provision of Rs. 47,50,00 lakhs made for the eventual loss on transfer of steel business during the quarter ended 30th June, 2012, the actual loss on transfer was Rs. 47,00,39 lakhs and the difference of Rs. 49,61 lakhs between the estimated loss and the actual loss had been written back during the quarter ended 30th September, 2012 (Rs. 19,31 lakhs) and quarter ended 31st March, 2013 (Rs. 30,30 lakhs). Further, the deferred tax liability of Rs. 13,88,56 lakhs relating to the steel business as at 31st March, 2012, had been immediately credited in tax expense in the results for the quarter ended 30th June, 2012, against which the actual credit on transfer of the steel business on 9th July, 2012 was Rs. 13,53,49 lakhs resulting in a write back of Rs. 35,07 lakhs. A deferred tax debit of Rs. 2,98 lakhs was accounted in the quarter ended 30th September, 2012 and a deferred tax credit of Rs. 38,05 lakhs was accounted in the quarter ended 31st March, 2013.

b The bifurcation of the above standalone results between continuing and discontinuing operations is as under:

Continuation of the above comparative financial statements containing the discontinuing operations is as under:-

Particulars	Continuing Operations (Stamping Division)				Discontinuing Operations (Steel Division)				Total (Company)			
	Quarter ended 30/06/2013	Quarter ended 31/03/2013	Quarter ended 30/06/2012	Financial Year ended 31/03/2013	Quarter ended 30/06/2013	Quarter ended 31/03/2013	Quarter ended 30/06/2012	Financial Year ended 31/03/2013	Quarter ended 30/06/2013	Quarter ended 31/03/2013	Quarter ended 30/06/2012	Financial Year ended 31/03/2013
Total income from operations	182,29.39	187,62.71	174,91.61	766,38.74	-	-	209,86.98	224,43.96	182,29.39	187,62.71	384,78.59	990,82.70
Profit (+)/Loss (-) from ordinary activities before exceptional item	5,04.33	2,09.01	13,52.47	28,83.77	-	-	(21,27.37)	(25,25.92)	5,04.33	2,09.01	(7,74.90)	3,57.89
Exceptional item (Loss on transfer of steel business)/ excess provision written back	-	-	-	-	-	30.30	(47,50.00)	(47,00.39)	-	30.30	(47,50.00)	(47,00.39)
Profit (+)/Loss (-) from ordinary activities before tax* (See Note 'c' below)	5,04.33	2,09.01	13,52.47	28,83.77	-	30.30	(68,77.37)	(72,26.31)	5,04.33	2,39.31	(55,24.90)	(43,42.54)
Net Profit (+)/Loss (-) for the period*	3,66.40	3,13.36	6,35.14	15,13.65	-	(2,70.40)	(44,83.22)	(48,85.29)	3,66.40	42.96	(38,48.08)	(33,71.63)
Estimated net effect of expenses pertaining to the discontinued (steel) operations#.	-	-	(7,02.78)	(7,02.78)	-	-	7,02.78	7,02.78	-	-	-	-
Tax (charge)/credit on above expenses	-	-	3,66.50	3,66.50	-	-	(3,66.50)	(3,66.50)	-	-	-	-
* After exceptional item												
# comprising												
- Finance costs	-	-	(660.24)	(660.24)	-	-	660.24	660.24	-	-	-	-
- Other expenses (net)	-	-	(42.54)	(42.54)	-	-	42.54	42.54	-	-	-	-

Rs. in lakhs

c Note: The results of continuing (stampings) operations for the quarters ended 30/06/2013 and 31/03/2013 are after charging finance cost of Rs. 618.08 lakhs and Rs. 703.00 lakhs respectively pertaining to the discontinued (Steel) operations. The results for the year ended 31/03/2013 are after charging finance cost of Rs. 23,87.54 lakhs pertaining to the discontinued (Steel) operations post transfer of steel business from 10th July, 2012.

4 a As a part of Mahindra Group Strategy to consolidate the auto components business and formation of global alliance with CIE Automotive, Spain (CIE), the Board of Directors of the Company, at their meeting held on 15th June, 2013, duly considering the recommendation of the Audit committee, has approved an Integrated Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956, involving the Company, Mahindra Hindray Industries Limited, Mahindra Investments (India) Private Limited and Participaciones Internacionales Automotrices S.L. ("Transferor Companies") with Mahindra Forgings Limited ("Transferee Company"), with effect from 1st October, 2013 ("The Scheme"). The Scheme is the second step in the formation of the global alliance and will be filed post the completion of the condition and the closing of the share transfers of three companies viz. Mahindra Forgings Limited, Mahindra Hindray Industries Limited and Mahindra Composites Limited to CIE, with the first two companies being a part of the Scheme. The Scheme once filed will be subject to the requisite approvals.

M/s N M Raj & Co., Chartered Accountants and M/s S R Baliboi & Co., LLP, Chartered Accountants have recommended a share exchange ratio of 284 shares of Rs. 10 each in Mahindra Forgings Limited for every 100 equity shares of Rs. 10 each held by the shareholders of Mahindra Ugine Steel Company Limited. SBI Capital Markets, Merchant Bankers have provided the fairness opinion on the share exchange ratio.

b The Board of Directors of the Company, at its meeting held on 15th June, 2013, has also approved the following:

- the Company to sell its entire shareholding of 51,00,000 equity shares of Rs. 10 each in Mahindra Sanyo Special Steel Private Limited ("MSSSP"), a subsidiary of the Company, constituting 51% of the equity share capital of MSSSP, to Mahindra & Mahindra Limited for an aggregate consideration of Rs. 214,33,00 lakhs (approx).
- the Company to sell its land at Khopoli for a consideration of Rs. 126,00,00 lakhs admeasuring about 304,398 square meters (about 76 acres) alongwith all buildings and structures standing thereon, situated at Jagdish Nagar, Khopoli, District - Raigad, Maharashtra to Mahindra & Mahindra Limited.
- the disposal of other sundry investments based on their respective fair values.
- The above proposals for sale of land and investments are subject to necessary approvals and regulatory compliances as may be required. The proceeds from the sale of land and investments, as stated above, will be used to repay / reduce the Company's borrowings.

5 Figures for the previous periods have been regrouped wherever necessary.

Mumbai
25th July, 2013

Uday Gupta
Managing Director



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SEGMENT - WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs. in lakhs)

PARTICULARS	Standalone Results			
	Quarter ended 30/06/2013 Unaudited	Quarter ended 31/03/2013 Audited	Quarter ended 30/06/2012 Unaudited	Financial Year ended 31/03/2013 Audited
Segment Revenue (Net Sales/Income from operations)				
a) Stamping	182,29.39	187,62.71	174,91.61	766,38.74
b) Steel (discontinuing operations)	-	-	209,86.98	224,43.96
Total	182,29.39	187,62.71	384,78.59	990,82.70
Less: Inter Segment revenue	-	-	-	-
Net Sales/Income from operations	182,29.39	187,62.71	384,78.59	990,82.70
Segment Results (Profit/+) / Loss(-) before finance cost, unallocated expenditure and tax expense from each segment)				
a) Stamping	12,29.96	10,58.87	14,31.48	57,89.05
b) Steel (discontinuing operations)	-	30.30	(53,01.40)	(55,29.02)
Total	12,29.96	10,89.17	(38,69.92)	2,60.03
Less: 1. Finance costs (net of interest income)	6,52.17	7,37.10	15,08.64	41,79.41
2. Unallocated expenditure, not relating to operating activities	73.46	112.76	1,46.34	4,23.16
Profit (+) / Loss (-) from ordinary activities before tax	5,04.33	2,39.31	(55,24.90)	(43,42.54)
Capital Employed (Segment Assets - Segment Liabilities)				
a) Stamping	270,56.60	266,60.76	233,65.03	266,60.76
b) Steel (discontinuing operations)	-	-	321,40.66	-
c) Unallocated	133,59.98	133,11.66	37,82.66	133,11.66
Total	404,16.58	399,72.42	592,88.35	399,72.42

Steel division results for the "Financial year ended 31/3/2013" include loss on transfer of steel business of Rs. 47,00.39 lakhs and for the "Quarter ended 31/3/2013" comprise of a write back of Rs. 30.30 lakhs being excess provision made in an earlier quarter.

@ includes provision for estimated loss that may arise on eventual transfer of steel business of Rs. 47,50.00 lakhs

Note: Stamping segment comprises of sale and processing of pressed metal components and steel segment comprised of sale of alloy steel.

Mumbai
 25th July, 2013

Uday Gupta
 Managing Director

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Uday Gupta