

**INDEPENDENT AUDITORS' REVIEW 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 and Half Year Ended September 30, 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 notified under the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) 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 and Half Year Ended September 30, 2013 of the Statement, from the details furnished by the Registrar.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 117366W)



Shyamak R Tata
Partner
(Membership No. 38320)



Mumbai, October 29, 2013



MAHINDRA UGINE STEEL COMPANY LIMITED
Regd. Office : 74, Ganesh Apartment, 7th Floor, Opp. Sitaladevi Temple, Lady Jamshedjee Road,
Mahim (W), Mumbai 400 016.

PART I

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2013

(Rs. in lakhs)

	Particulars (Refer Notes below)	Standalone Results					
		Quarter ended 30/09/2013	Quarter ended 30/06/2013	Quarter ended 30/09/2012	Half Year ended 30/09/2013	Half Year ended 30/09/2012	Financial Year ended 31/03/2013
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Gross Sales/Income from operations Less: Excise duty	153,39.94 14,20.93	169,82.80 16,33.20	204,52.53 19,59.79	323,22.74 30,54.13	600,19.93 59,78.28	965,97.61 96,46.31
a.	Net Sales/Income from operations	139,19.01	153,49.60	184,92.74	292,68.61	540,41.65	869,51.30
b.	Other operating income	24,42.79	28,79.79	29,10.76	53,22.58	58,40.44	121,31.40
2	Total income from operations (1a+1b)	163,61.80	182,29.39	214,03.50	345,91.19	598,82.09	990,82.70
	Expenses						
a.	Cost of materials consumed (including outside processing charges for materials)	118,36.36	134,94.08	157,83.43	253,30.44	433,07.80	727,24.81
b.	Changes in inventories of finished goods, work-in-progress and stock in trade	69.35	1,06.87	2,30.36	176.22	(23,04.82)	(23,04.82)
c.	Employee benefit expenses	16,65.12	16,06.95	17,10.96	32,72.07	44,12.12	78,91.65
d.	Depreciation and amortisation expense	4,02.28	3,85.96	4,05.95	7,88.24	12,62.31	20,15.57
e.	Power and fuel	3,33.96	2,95.87	5,46.64	6,29.83	57,15.70	64,32.26
f.	Stores and packing material consumed	4,45.76	4,17.68	5,11.31	8,63.44	23,35.39	30,47.23
g.	Other expenses	7,44.74	7,72.96	9,04.75	15,17.70	32,11.61	49,05.50
	Total expenses	154,97.57	170,80.37	200,93.40	325,77.94	578,45.40	947,12.20
3	Profit (+)/Loss (-) from operations before other income, finance costs and exceptional items (1-2)	8,64.23	11,49.02	13,10.10	20,13.25	20,36.69	43,70.50
4	Other income	63.95	13.26	2.66	77.21	42.22	2,05.94
5	Profit (+)/Loss (-) from ordinary activities before finance costs and exceptional items (3+4)	9,28.18	11,62.28	13,12.76	20,90.46	20,78.91	45,76.44
6	Finance costs	6,82.60	6,57.95	11,50.16	13,40.55	26,91.21	42,18.59
7	Profit (+)/Loss (-) from ordinary activities after finance costs but before exceptional items (5-6)	2,45.58	5,04.33	1,62.60	7,49.91	(6,12.30)	3,57.85
8	Exceptional items						
a.	(Loss on transfer of steel business)/adjustment of loss	-	-	19.31	-	(4,730.69)	(47,00.39)
b.	Profit on sale of investments in associates/fellow subsidiaries (net)	1,66.29	-	-	1,66.29	-	-
9	Profit (+)/Loss (-) from ordinary activities before tax (7+8)	4,11.87	5,04.33	1,81.91	9,16.20	(53,42.99)	(43,42.54)
10	Tax expense / (credit)	69.19	1,37.93	(38.67)	2,07.12	(1,715.49)	(9,70.91)
11	Net Profit (+)/Loss (-) from ordinary activities after tax (9-10)	3,42.68	3,66.40	2,20.58	7,09.08	(36,27.50)	(33,71.63)
12	Paid-up equity share capital (Face Value of the Share Rs. 10 each)	32,48.25	32,48.25	32,48.25	32,48.25	32,48.25	32,48.25
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 and half year)	0.54	1.13	0.62	1.67	(0.48)	0.10
	- Before exceptional item					(11.17)	
	- After exceptional item	1.05	1.13	0.68	2.18	(10.38)	
	See accompanying notes to the financial results						

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**MAHINDRA UGINE STEEL COMPANY LIMITED**

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PART II**SELECT INFORMATION FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2013**

	Particulars	Quarter ended 30/09/2013	Quarter ended 30/06/2013	Quarter ended 30/09/2012	Half Year ended 30/09/2013	Half Year ended 30/09/2012	Financial Year ended 31/03/2013
A	PARTICULARS OF SHAREHOLDING						
1	Public shareholding						
	- Number of shares	14463040	14463040	14463040	14463040	14463040	14463040
	- Percentage of shareholding	44.53	44.53	44.53	44.53	44.53	44.53
2	Promoters & promoter group shareholding						
	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)	-	-	-	-	-	-
	Non-encumbered						
	- Number of shares	18019489	18019489	18019489	18019489	18019489	18019489
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00	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	55.47	55.47	55.47

	Particulars	Quarter ended 30/09/2013			
		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	1	1	0

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Standalone Statement of Assets and Liabilities as at September 30, 2013*(Rs. in lakhs)*

PARTICULARS	Standalone	
	As at 30.09.2013	As at 31.03.2013
	Unaudited	Audited
A		
1		
EQUITY AND LIABILITIES		
Shareholders' Funds :		
a Share capital	32,48.25	32,48.25
b Reserves and surplus	142,67.79	135,58.71
Sub-total - Shareholders' funds	175,16.04	168,06.96
2		
Non-current liabilities		
a Long-term borrowings	157,50.00	159,37.50
b Deferred tax liability (net)	10,98.50	10,76.38
c Long-term provisions	8,28.75	7,53.56
Sub-total - Non-current liabilities	176,77.25	177,67.44
3		
Current liabilities		
a Short-term borrowings	65,00.00	68,51.92
b Trade payables	61,14.79	75,31.41
c Other current liabilities	16,76.74	12,71.29
d Short-term provisions	2,42.20	1,73.98
Sub-total - Current liabilities	145,33.73	158,28.60
TOTAL - EQUITY AND LIABILITIES	497,27.02	504,03.00
B		
ASSETS		
1		
Non-current assets		
a Fixed assets	142,72.13	139,56.96
b Non-current investments	-	111,34.30 *
c Long-term loans and advances	72,16.09	65,68.16
d Other Non-current assets	86.04	95.16
Sub-total - Non-current assets	215,74.26	317,54.58
2		
Current assets		
a Current investments	111,26.00 *	-
a Inventories	34,45.68	40,68.24
b Trade receivables	112,06.67	132,14.95
c Cash and cash equivalents	11,34.94	5,41.16
d Short-term loans and advances	12,39.47	8,24.07
Sub-total - Current assets	281,52.76	186,48.42
TOTAL - ASSETS	497,27.02	504,03.00

* Investment in Mahindra Sanyo Special Steel Private Limited amounting to Rs. 111,26.00 lakhs which was included in non-current investments as at 31st March, 2013 has been classified as current investment as at 30th September, 2013 (See Note 3b).



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SEGMENT - WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs. in lakhs)

PARTICULARS	Standalone Results					
	Quarter ended 30/09/2013 Unaudited	Quarter ended 30/06/2013 Unaudited	Quarter ended 30/09/2012 Unaudited	Half Year ended 30/09/2013 Unaudited	Half Year ended 30/09/2012 Unaudited	Financial Year ended 31/03/2013 Audited
Segment Revenue (Net Sales/Income from operations)						
a) Stamping	163.61.80	182.29.39	200.38.56	345.91.19	375.30.17	766.38.74
b) Steel (discontinuing operations)	-	-	13.64.94	-	223.51.92	224.43.96
Total	163.61.80	182.29.39	214.03.50	345.91.19	598.82.09	990.82.70
Less: Inter Segment revenue	-	-	-	-	-	-
Net Sales/Income from operations	163.61.80	182.29.39	214.03.50	345.91.19	598.82.09	990.82.70
Segment Results (Profit(+)/Loss(-) before finance cost and tax expense from each segment) (after exceptional items)						
a) Stamping	9.14.77	12.29.96	16.88.42	21.44.73	31.19.90	57.89.05
b) Steel (discontinuing operations)	-	-	(2.57.92) @	-	(55.59.32) @	(55.29.02) #
Total	9.14.77	12.29.96	14.30.50	21.44.73	(24.39.42)	2.60.03
Less: 1. Finance costs (net of interest income)	(6.78.89)	(6.52.17)	(11.50.15)	(13.31.06)	(26.58.79)	(41.79.41)
2. Unallocated (expenditure) / Income (net) not relating to operating activities	175.99	(73.46)	(98.44)	1.02.53	(2.44.78)	(4.23.16)
Profit (+)/Loss (-) from ordinary activities before tax	4.11.87	5.04.33	1.81.91	9.16.20	(53.42.99)	(43.42.54)
Segment Capital Employed (Segment Assets - Segment Liabilities)						
Stamping Segment	266.72.46	270.56.60	284.98.23	266.72.46	284.98.23	266.60.76

Steel division results for the "Financial year ended 31/3/2013" include loss on transfer of steel business of Rs. 47,00.39 lakhs.

@ Steel division results for the "Half year ended 30/9/2012" include loss of Rs. 47,30.69 lakhs on transfer of steel division and for the "Quarter ended 30/9/2012" are net of Rs. 19.31 lakhs on account of write back of excess provision for estimated loss for transfer of steel business made in the quarter ended June 30, 2012.

Note: Steel segment and stamping segment comprises of sale of alloy steel and sale and processing of pressed metal components, respectively.

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Mumbai
 October 29, 2013

Uday Gupta
 Managing Director

Notes:

- 1 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 29th October, 2013 and have been subjected to a limited review by the statutory auditors of the Company.
- 2 The bifurcation of the above standalone results between continuing and discontinuing operations for the quarter and half year ended 30th September, 2012 and financial year ended 31st March, 2013, the periods for which discontinuing operations (steel division) was a part of the Company, is as under:

Particulars	Continuing Operations (Stamping Division)			Discontinuing Operations (Steel Division)			Total (Company)		
	Quarter ended 30/09/2012	Half Year ended 30/09/2012	Financial Year ended 31/03/2013	Quarter ended 30/09/2012	Half Year ended 30/09/2012	Financial Year ended 31/03/2013	Quarter ended 30/09/2012	Half Year ended 30/09/2012	Financial Year ended 31/03/2013
Total income from operations	200,38.56	37,530.17	76,638.74	13,64.94	22,351.92	22,443.96	214,03.50	598,82.09	990,82.70
Profit (+)/Loss (-) from ordinary activities before exceptional item	5,61.19	1,913.65	2,883.77	(3,98.59)	(2,525.95)	(2,525.92)	1,62.60	(6,12.30)	3,57.85
Exceptional item	-	-	-	19.31	(4,730.69)	(4,700.39)	19.31	(47,30.69)	(47,00.39)
(Loss on transfer of steel business)/adjustment of loss	-	-	-	(3,79.28)	(7,256.64)	(72,26.31)	1,81.91	(53,42.99)	(43,42.54)
Profit (+)/Loss (-) from ordinary activities before tax*	5,61.19	1,913.65	28,83.77	(3,79.28)	(4,614.88)	(4,885.29)	2,20.58	(36,27.50)	(33,71.63)
Net Profit (+)/Loss (-) for the period*	3,52.24	987.38	1,513.66	(1,31.66)	7,02.78	7,02.78	-	-	-
Estimated net effect of expenses pertaining to the discontinued (steel) operations#	-	(7,02.78)	(7,02.78)	-	(3,66.50)	(3,66.50)	-	-	-
Tax (charge)/credit on above expenses	-	3,66.50	3,66.50	-	(3,66.50)	(3,66.50)	-	-	-
* After exceptional item									
# comprising									
- Finance cost	-	(660.24)	(660.24)	-	660.24	660.24	-	-	-
- Other expenses (net)	-	(42.54)	(42.54)	-	42.54	42.54	-	-	-

- 3 a As stated in the earlier quarter, the Integrated Scheme of Amalgamation ("the Proposed Scheme") under Sections 391 to 394 of the Companies Act, 1956, involving the Company, Mahindra Hinojay Industries Limited, Mahindra Gears International Limited, Mahindra Investments (India) Private Limited and Participaciones Internacionales Autometal Tres S.L. ("the Transferor Companies"), with effect from the Appointed Date, 1st October, 2013, was approved by the Board of Directors on 15th June, 2013 and is subject to requisite approvals.

- b The Board of Directors of the Company, at its meeting held on 15th June, 2013, had 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 ("MSSSPL"), a subsidiary of the Company, constituting 51% of the equity share capital of MSSSPL, to Mahindra & Mahindra Limited for an aggregate consideration of not lower than Rs. 214.33.00 lakhs
 - 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 Company has sold its investment in MSSSPL and its land, etc. at Khopoli both on 3rd October, 2013. Consequent to the sale of investment, MSSSPL ceased to be subsidiary of the Company from 3rd October, 2013.

The proceeds from sale of land and investment have been largely used to repay/reduce the Company's borrowings

- 4 Figures for the previous periods have been regrouped wherever necessary.

Mumbai
29th October, 2013

Uday Gupta
Uday Gupta
Managing Director