

**MAHINDRA FORGINGS LIMITED**

Registered Office: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018

**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH SEPTEMBER, 2007**

(Rs. Lakhs)

	Particulars	Quarter ended		Half Year ended		Year ended
		30th September, 2007	30th September, 2006	30th September, 2007	30th September, 2006	31st March, 2007
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Gross Sales/Income from Operations	7,039.10	6,345.28	12,490.49	11,976.27	24,587.75
	Less: Excise Duty	856.74	791.83	1,572.92	1,518.74	3,447.94
	Net Sales/Income from Operations	6,182.36	5,553.45	10,917.57	10,457.53	21,139.81
2	Other Income	15.43	123.19	59.63	230.50	561.10
3	Total Income (1+2)	6,197.79	5,676.64	10,977.20	10,688.03	21,700.91
4	Expenditure					
	a. (Increase)/decrease in stock in trade and work in progress	(551.30)	(95.14)	(1,085.10)	(241.60)	351.90
	b. Consumption of raw materials	4,227.70	3,403.41	7,242.38	6,432.70	12,247.35
	c. Purchase of traded goods					
	d. Employee cost	406.64	264.89	745.93	482.30	1,035.07
	e. Depreciation	269.18	207.35	495.05	356.14	841.19
	f. Other expenditure	1,565.02	1,414.65	3,017.63	2,649.95	5,712.30
	Total	5,917.24	5,195.16	10,415.89	9,679.49	20,187.81
5	Interest	245.66	185.91	533.13	352.79	752.69
6	Exceptional items	489.68	434.64	924.31	869.27	1,783.24
7	Profit before Depreciation, Interest, Exceptional Items and Tax (3)-(4)+(4e)	549.73	688.84	1,056.36	1,364.68	2,354.29
8	Profit (+)/ Loss(-) from ordinary activities before tax (3)-(4+5+6)	(454.79)	(139.07)	(896.13)	(213.52)	(1,022.83)
9	Tax expenses					
	(a) -Current Tax	(45.06)		(42.49)		43.50
	(b) -Deferred Tax	(300.04)	150.00	(411.26)	150.00	176.57
	(c) -Fringe Benefit Tax	8.90	1.88	13.00	4.54	10.20
10	Profit (+)/ Loss(-) from ordinary activities after tax (8-9)	(118.59)	(290.95)	(455.38)	(368.06)	(1,253.10)
11	Extra ordinary items (net of tax expenses)					
12	Net Profit(+)/Loss(-) for the period (9-10)	(118.59)	(290.95)	(455.38)	(368.06)	(1,253.10)
13	Paid-up Equity Share Capital of Rs. 10 each	2,802.06	2,802.06	2,802.06	2,802.06	2,802.06
14	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year					11,480.99
15	Basic & Diluted Earnings Per Share (Rs.) ( not annualised)					
	(a) Before Extraordinary Items	(0.42)	(1.30)	(1.63)	(1.64)	(4.97)
	(b) After Extraordinary Items	(0.42)	(1.30)	(1.63)	(1.64)	(4.97)
16	Public shareholding					
	a) No of shares	14,820,206	14,820,206	14,820,206	14,820,206	14,820,206
	b) Percentage of shareholding	52.89%	52.89%	52.89%	52.89%	52.89%

**Notes :-**

- The Company operates only in one business segment, viz Forging Components.
- The Board of Directors of the Company at its meeting held on 5th June 2007 approved the Scheme of Arrangement /Amalgamation envisaging merger of Mahindra Stokes Holding Company Limited, Mahindra Forgings Overseas Limited and Mahindra Forgings Mauritius Limited with the Company. The Board accepted the joint valuation reports submitted by the valuers viz. M/S. N.M. Rajji & Co. and M/S. Dalal & Shah, Chartered Accountants, recommending the share swap ratio for the Scheme, on the basis of which the Company will issue 40547150 Equity Shares to the Shareholders of the amalgamating Companies. The Scheme has been approved by the shareholders / Creditors of the Company and the shareholders of transferor companies and the amalgamation is subject to sanction/confirmation by the Honourable High Court of Judicature at Bombay and any other appropriate authority and will be effective from 1st April 2007. These financial results do not include the results of the amalgamating companies (and their subsidiaries) mentioned aforesaid as the amalgamation is subject to obtaining of aforementioned approvals and sanctions from the appropriate authorities. The net Revenues, EBIDTA and Profit after tax of these amalgamating companies (including their subsidiaries) on a stand alone basis for the half year ended 30th September 2007 (neither audited nor subjected to limited review) are Rs. 1032 crore, Rs.95 crore and Rs. 15 crore respectively.
- From 1st April 2007, the Company has implemented SAP. During the quarter the Company has moved from valuation of Raw material and Die steel inventory from 'Specific identification method' to 'Moving Weighted Average method'. However, the change does not have any material impact on Profit / Loss of the Company.
- As of last year, the Company followed the Accounting policy of writing off Dies over a period of two years. From the current year onwards, the Company has decided to write off the cost of Dies as and when incurred in view of their short life. The impact of such change in the write off policy for Dies is that the Profit Before Tax for the Half year is reduced by Rs. 268.95 Lakhs.
- Revised AS 11 has become effective from 1st April 2007. Accordingly net Foreign Exchange Gain of Rs. 5.21 Lakhs relating to acquisition of fixed assets has been adjusted in the Profit and Loss Account.
- During the quarter, there were no investor complaints. ( Previous quarter Nil).
- Exceptional items include amortisation of Goodwill Rs. 869.26 Lakhs Amortisation of Non Compete Fees Rs. 25 Lakhs and Amalgamation expenses Rs. 30.04 Lakhs
- In compliance with Clause 41 of the Listing Agreement with the Stock Exchange, a limited review of the results for the quarter ended 30th September, 2007 has been carried out by the Statutory Auditors.
- Current tax includes reversal of earlier period's provisions of Rs. 43.00 Lakhs and provision for wealth tax of Rs. 0.51 Lakhs
- Previous period's / year's figures have been regrouped, wherever necessary, in order to make them comparable.
- The results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at its Meeting held on 26th October, 2007.

For and on behalf of Board of Directors

sd/-

 S. Ravindran  
 Managing Director

 Date : 26th October, 2007  
 Place : Mumbai