

MAHINDRA FORGINGS LIMITED

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

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2007

(Rs. Lakhs)

| | Particulars | Quarter Ended | | |
|----|--|-----------------|-----------------|------------------|
| | | 30th June, 2007 | 30th June, 2006 | 31st March, 2007 |
| | | UNAUDITED | UNAUDITED | AUDITED |
| 1 | Gross Sales / Income from Operations | 5,451.38 | 5,630.99 | 24,587.75 |
| | Less: Excise Duty | 716.18 | 726.90 | 3,447.94 |
| | Net Sales/Income from Operations | 4,735.20 | 4,904.08 | 21,139.81 |
| 2 | Other Income | 44.21 | 107.31 | 561.10 |
| | Total Income | 4,779.41 | 5,011.39 | 21,700.91 |
| 3 | Total Expenditure: | | | |
| | a) (Increase) / decrease in stock in trade | (533.80) | (146.46) | 351.90 |
| | b) Consumption of raw materials | 3,014.68 | 3,029.29 | 12,247.35 |
| | c) Staff cost | 339.29 | 217.41 | 1,035.07 |
| | d) Other expenditure | 1,452.61 | 1,235.30 | 5,712.30 |
| | Total | 4,272.78 | 4,335.55 | 19,346.62 |
| 4 | Profit before Depreciation, Interest & Tax | 506.63 | 675.85 | 2,354.29 |
| 5 | Interest | 287.47 | 166.88 | 752.69 |
| 6 | Amortisation of Goodwill | 434.63 | 434.63 | 1,738.53 |
| 7 | Depreciation | 225.87 | 148.79 | 841.19 |
| 8 | Provision for Contingency | - | - | 44.71 |
| 9 | Profit Before Tax | (441.34) | (74.45) | (1,022.84) |
| 10 | Provision for Taxation | - | - | - |
| | (a) Current Tax | 2.57 | - | 43.50 |
| | (b) Deferred Tax | (111.22) | - | 176.57 |
| | (c) Fringe benefit tax | 4.10 | 2.66 | 10.20 |
| 11 | Profit After Taxation | (336.79) | (77.11) | (1,253.10) |
| 12 | Paid-up Equity Share Capital (Face value per share - Rs.10) | 2,802.06 | 2,802.06 | 2,802.06 |
| 13 | Reserves excluding Revaluation Reserve | | | 11,480.99 |
| 14 | (a) Basic Earnings per Share | (1.20) | (0.46) | (4.97) |
| | (b) Diluted Earnings per Share | (1.20) | (0.46) | (4.97) |
| 15 | Aggregate of public shareholding | | | |
| | a) No of shares | 14,820,206 | 14,820,206 | 14,820,206 |
| | b) Percentage of shareholding | 52.89% | 52.89% | 52.89% |

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Notes: -

1. The Company operates only in one business segment, viz Forging Components.
2. 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 has accepted the joint valuation reports submitted by the valuers viz. namely 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 40,547,150 equity shares to the share holders of the amalgamating Companies. The Scheme, is subject to requisite approval of the shareholders/creditors of the Company and the transferor companies and the sanction/confirmation by the Honourable High Court of Judicature at Bombay and any other appropriate authority and will be effective from 1st April 2007.

The above 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) for the quarter ended 30th June 2007 (neither audited nor subjected to limited review) are Rs. 511 crore, Rs. 58 crore and Rs. 16 crore respectively.

3. From 1st April 2007, the Company has implemented ERP solutions 'SAP'. On migration to SAP, the Company has changed the basis of valuation of Raw Material and Die Steel to 'Moving Weighted Average' method as against 'Specific Identification' method followed earlier. This change has no material impact on the Profit & Loss account for the quarter.
4. As of last year, the Company followed the Accounting policy of writing off Dies over a period of two years. From the current quarter 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 Loss for the Quarter is increased by Rs. 102.42 Lakhs.

The unamortised value of dies at the beginning of the year will be written off equally during the year. Accordingly, an amount of Rs. 79.93 lacs written off during the quarter. The above impacts are included under the head ' Other Expenditure'.

5. The revised Accounting Standard on 'Effect of changes in Foreign Exchange Rate' (AS -11) issued by the Institute of Chartered Accountants of India has become effective from 1st April 2007. Accordingly net Foreign Exchange Loss of Rs. 6.18 Lakhs relating to acquisition of fixed assets has been included under the head 'Other Expenditure'.
6. During the quarter, there were no investor complaints.(Previous quarter Nil).
7. Previous period's / year's figures have been regrouped, wherever necessary, in order to make them comparable.
8. In compliance with Clause 41 of the Listing Agreement with the Stock Exchange, a limited review of the results for the quarter ended 30th June, 2007 has been carried out by the Statutory Auditors.
9. The results have been reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its Meeting held on 25th July, 2007.

For and on behalf of Board of Directors

sd/-

Date: 25th July, 2007
Place: Mumbai

S. Ravindran
Managing Director