

# ANNUAL REPORT



THE POWER OF RELATIONSHIPS



**DYNAMATIC TECHNOLOGIES LIMITED**

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# message from the managing director

## THE POWER OF RELATIONSHIPS

*A customer is the most important visitor on our premises.*

*He is not dependent on us.*

*We are dependent on him.*

*He is not an interruption of our work.*

*He is the purpose of it.*

*He is not an outsider to our business.*

*He is part of it.*

*We are not doing him a favour by serving him.*

*He is doing us a favour by giving us the opportunity to do so.*

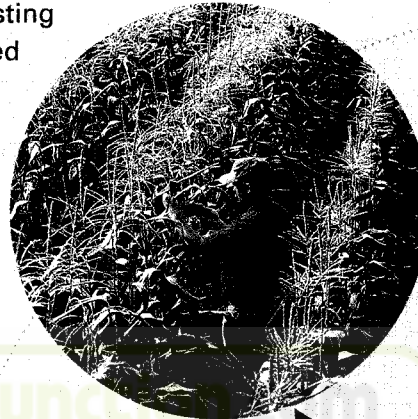
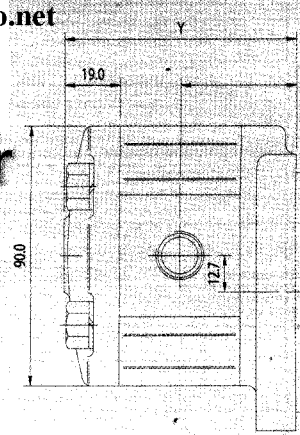
**– Mahatma Gandhi**

Over the years, Dynamatic® has forged deep and lasting relationships with its customers, which have enabled it to grow continuously. These relationships are based on mutual trust and respect, and upon recognition of your company's capabilities in delivering complex technological solutions at economically viable price levels.

## Customer-centric Research

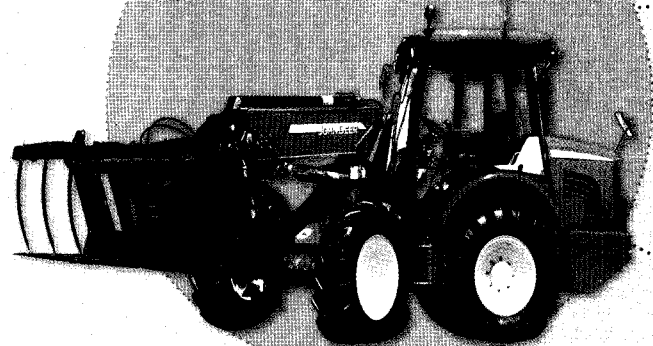
The company's strong Research and Development programme is centered around the needs of its customers.

From metallurgists who optimize materials used, to designers using the latest 3-D modeling and analysis software, to technologists prototyping new models, to application engineers testing systems at our research farm, Dynamatic® is a company geared to providing innovative and creative solutions to our customers on a continuous basis. Every business process is built around the customer. We firmly believe that our success is merely a reflection of our ability to delight our customers.

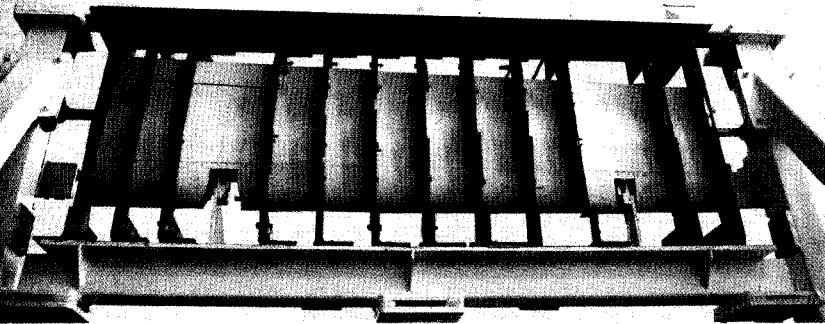


agricultural  
research

**THE  
CUSTOMER  
IS AT THE CENTER  
OF ALL OUR EFFORTS**



optimizing  
metallurgy



## Constant improvement, and continuous learning

Technology is constantly evolving. Yesterday's swan is today's ugly duckling, if one fails to improve. This is the reality of today's fast paced world, and we thrive on it. We strive to satisfy the customers' stated and unstated needs, by understanding applications and anticipating future trends. We spend considerable time in the field, listening to farmers, mechanics, drivers, equipment handlers...and very often suggest improvements to our customers, before their customers do.

Our technology and quality processes are therefore predictive in nature, anticipating change, rather than reacting to it.

## Best of the best human resources

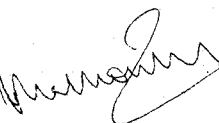
Dynamatic® is built upon a foundation of basic values and its commitment to quality and equal opportunity. Your Company strives to attract the finest talent available, and then, provides a result-oriented environment based on meritocratic and egalitarian values.

## Values, Aspirations

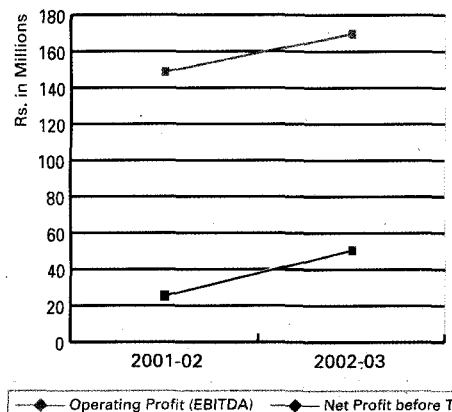
We are proud of our civilisational heritage, and the values of our ancient land. The values of trust and integrity. The need to contribute to society, and to care for our environment. The value of enduring relationships.

At the same time, we believe there are no limits to our dreams, if only we align our own aspirations, with a vision of a strong, modern and vibrant India.

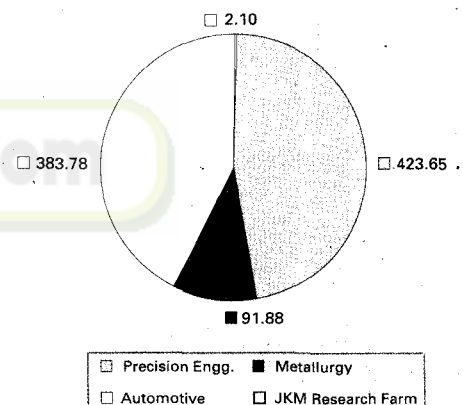
We can... and we will.

  
Udayant Malhoutra

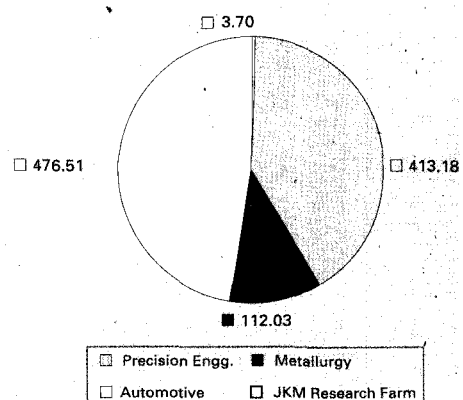
CONSOLIDATED PROFITABILITY



GROSS SALES (Aggregated) 2001-02  
(Rs. 901.41 MILLIONS)



GROSS SALES (Aggregated) 2002-03  
(Rs. 1005.42 Millions)





# BOARD OF DIRECTORS

## Dynamatic Technologies Limited

Mr. J. K. Malhoutra Industrialist, Former Parliamentarian, Founder Chairman of the JKM Group Past President - Bombay Management Association	... Chairman
Mr. A. B. Datar, IAS (Retd.) Former Chief Secretary, Government of Karnataka	... Director
Mr. Vijai Kapur Former Dy. Managing Director, GKW Limited, Past President - AIEI (now called CII)	... Director
Dr. K. Aprameyan Technocrat, Formerly Chairman and Managing Director, Bharat Earth Movers Limited Member, National Council, Confederation of Indian Industries (CII), Member, Governing Council, Institute of Robotics and Intelligence Systems (IRIS)	... Additional Director
Mr. S. H. Utamsingh Chartered Accountant, Former Head of International Computers Limited	... Director
Mr. V. Sunder CEO and Executive Director, JKM Dae Rim Automotive Limited Formerly Head of Corporate Planning and Company Secretary	... Director
Mr. Udayant Malhoutra Industrialist, Chairman, CII National Technology Committee and Member, CII National Council (2001-2002) Member, Board of Governors, IIT Kanpur (1997-2001)	... President and Managing Director
Mr. N. Rajagopal Formerly Head of Production, Materials, R & D Depts. Director, JKM Dae Rim Automotive Limited	... Director Operations
Mr. B. Seshnath Formerly Head of Marketing Dept. Dynamatic Technologies Limited	... Director Commercial

## JKM Dae Rim Automotive Limited

Mr. Udayant Malhoutra	... Chairman
Mr. Hyo Kyon Lee	... Vice Chairman
Mr. Jayant Kumar Malhoutra	... Director
Mr. N. Rajagopal	... Director
Mr. V. Sunder	... CEO & Executive Director

## JKM Research Farm Limited

Mr. Udayant Malhoutra	... Chairman
Mrs. Pramilla Malhoutra	... Director
Mr. V. Sunder	... Director

## Dynamatic Technologies Limited

COMPANY SECRETARY  
G. Haritha

AUDITORS  
Phillippos & Co.,  
Chartered Accountants, Bangalore

REGISTRAR & TRANSFER AGENTS  
Karvy Consultants Limited  
51/2 TKN Complex Vanivilas Road  
Opp. National College Basavangudi Bangalore 560 004

BANKERS  
State Bank of Indore  
Indian Bank  
Punjab National Bank  
The Shamrao Vithal Co-operative Bank Limited  
HSBC

REGISTERED OFFICE  
Dynamatic Park Peenya Bangalore 560 058

# C O N T E N T S

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## **DYNAMATIC TECHNOLOGIES LIMITED**

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**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF  
DYNAMATIC TECHNOLOGIES LIMITED, BANGALORE, ON THE CONSOLIDATED FINANCIAL  
STATEMENTS OF DYNAMATIC TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES**

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We have examined the attached Consolidated Balance Sheet of **DYNAMATIC TECHNOLOGIES LIMITED, BANGALORE**, and its subsidiaries as at 31st March 2003, the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of the Dynamatic Technologies Limited's Management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

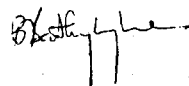
We did not audit the financial statements of two subsidiaries, whose financial statements reflected total assets of Rs.3084.67 lacs as at 31st March 2003 and total revenues of Rs.4165.34 lacs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Dynamatic Technologies Limited and its subsidiaries included in the consolidated financial statements.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give a true and fair view :

- a) in the case of the Balance Sheet, of the state of affairs of Dynamatic Technologies Limited and its subsidiaries as at 31st March 2003;
- b) in the case of the Profit & Loss Account, of the Profit of Dynamatic Technologies Limited and its subsidiaries for the year on that ended, and
- c) in the case of Cash Flow Statement, of the cash flows of Dynamatic Technologies Limited and its subsidiaries for the year ended on that date.

For **PHILLIPOS & CO.**,  
Chartered Accountants



PLACE : BANGALORE  
DATE : 14<sup>th</sup> AUGUST, 2003

**B. V. SATHYANARAYANA**  
Partner

CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2003

		AS AT 31-03-03 Rs.	AS AT 31-03-02 Rs.
<b>SOURCES OF FUNDS</b>		<b>SCHEDULE</b>	
1) Shareholders Fund			
(a) Capital	I	65,935,600	65,935,600
(b) Reserves & Surplus	II	104,737,152	91,308,180
		<u>170,672,752</u>	<u>157,243,780</u>
2) Minority Interest	III		
(a) Capital		21,601,400	21,601,400
(b) Reserves & Surplus		3,804,455	1,242,052
		<u>25,405,855</u>	<u>22,843,452</u>
3) Deferred Tax Liability (Net)		54,081,520	47,685,798
4) Loan Funds			
(a) Secured Loans	IV	430,479,333	488,727,686
(b) Unsecured Loans	V	25,885,054	10,135,149
		<u>456,364,387</u>	<u>498,862,835</u>
	<b>TOTAL</b>	<b>706,524,514</b>	<b>726,635,865</b>
<b>APPLICATION OF FUNDS</b>			
1) Fixed Assets			
(a) Gross Block	VI	691,945,951	683,794,542
(b) Less: Depreciation		297,044,835	255,400,270
(c) Net Block		<u>394,901,116</u>	<u>428,394,272</u>
(d) Capital Work in Progress		72,976,816	23,943,792
(e) Incidental Expenses during Construction period (IEDC period)		10,222,872	-
2) Investments	VII	1,914,060	1,914,060
3) Current Assets, Loans and Advances:			
(a) Inventories	VIII	145,735,520	125,366,786
(b) Sundry Debtors	IX	180,354,071	204,643,529
(c) Cash & Bank Balances	X	11,270,918	8,467,442
(d) Loans & Advances	XI	76,217,007	74,032,469
		<u>413,577,516</u>	<u>412,510,226</u>
Less: Current Liabilities and Provisions:			
(a) Liabilities	XII	161,275,657	134,397,248
(b) Provisions	XIII	28,436,450	10,970,300
		<u>189,712,107</u>	<u>145,367,548</u>
4) Net Current Assets		223,865,409	267,142,678
5) Miscellaneous Expenditure		2,644,241	5,241,063
	<b>TOTAL</b>	<b>706,524,514</b>	<b>726,635,865</b>
Significant Accounting Policies & Notes on Accounts		XX	

<b>J. K. MALHOUTRA</b> CHAIRMAN	<b>Dr. K. APRAMEYAN</b> DIRECTOR	This is the Balance Sheet referred to in our report of even date.  For <b>PHILLIPPOS &amp; CO.,</b> Chartered Accountants  <b>B. V. SATHYANARAYANA</b> Partner  PLACE : BANGALORE DATE : 14 <sup>th</sup> AUGUST, 2003
<b>A. B. DATAR</b> DIRECTOR	<b>N. RAJAGOPAL</b> DIRECTOR OPERATIONS	
<b>S. H. UTAMSINGH</b> DIRECTOR	<b>B. SESHNATH</b> DIRECTOR COMMERCIAL	
<b>VIJAI KAPUR</b> DIRECTOR	<b>UDAYANT MALHOUTRA</b> PRESIDENT & MANAGING DIRECTOR	
<b>V. SUNDER</b> DIRECTOR	<b>G. HARITHA</b> COMPANY SECRETARY	

# CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2003

		YEAR ENDED 31-03-03 Rs.	YEAR ENDED 31-03-02 Rs.
<b>INCOME</b>	<b>SCHEDULE</b>		
Sales & Services	XIV	910,152,193	824,351,869
Other Income	XV	3,532,868	3,627,356
Increase/(Decrease) in Stock	XVI	8,191,813	(6,800,783)
	<b>TOTAL</b>	<b>921,876,874</b>	<b>821,178,442</b>
<b>EXPENDITURE</b>			
Raw Materials & Components consumed	XVII	375,308,831	332,059,579
Operating and Other Expenses	XVIII	376,601,578	340,328,831
		<b>751,910,409</b>	<b>672,388,410</b>
<b>OPERATING PROFIT (EBITDA)</b>		<b>169,966,465</b>	<b>148,790,032</b>
Finance Charges	XIX	67,932,867	72,623,053
Depreciation		51,247,355	50,489,500
		<b>119,180,222</b>	<b>123,112,553</b>
<b>PROFIT BEFORE TAX</b>		<b>50,786,243</b>	<b>25,677,479</b>
Less :			
Provision for tax - for the year		16,928,910	7,370,300
- Deferred Tax		6,395,722	4,725,188
Provision for Investments		-	7,372,240
<b>PROFIT AFTER TAX</b>		<b>27,461,611</b>	<b>6,209,751</b>
Excess (Short) provision of taxation of earlier years		32,721	(916,703)
Profit applicable to Minority Interest		2,562,403	1,236,427
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>24,931,929</b>	<b>4,056,621</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend on Preference Shares		3,600,000	3,600,000
Proposed Dividend on Equity Shares		6,290,340	-
Tax on distributed profits (on proposed dividend)		1,267,200	-
Balance transferred to General Reserve		13,774,389	456,621
		<b>24,931,929</b>	<b>4,056,621</b>
Significant Accounting Policies & Notes on Accounts	XX		

<b>J. K. MALHOUTRA</b> CHAIRMAN	<b>Dr. K. APRAMEYAN</b> DIRECTOR	This is the Profit and Loss account referred to in our report of even date.  For <b>PHILLIPPOS &amp; CO.,</b> Chartered Accountants  <b>B. V. SATHYANARAYANA</b> Partner
<b>A. B. DATAR</b> DIRECTOR	<b>N. RAJAGOPAL</b> DIRECTOR OPERATIONS	
<b>S. H. UTAMSINGH</b> DIRECTOR	<b>B. SESHNATH</b> DIRECTOR COMMERCIAL	
<b>VIJAI KAPUR</b> DIRECTOR	<b>UDAYANT MALHOUTRA</b> PRESIDENT & MANAGING DIRECTOR	
<b>V. SUNDER</b> DIRECTOR	<b>G. HARITHA</b> COMPANY SECRETARY	
PLACE : BANGALORE DATE : 14 <sup>TH</sup> AUGUST, 2003		



## SCHEDULES TO CONSOLIDATED ACCOUNTS

	AS AT 31-03-03 Rs.	AS AT 31-03-02 Rs.
<b>SCHEDULE I - SHARE CAPITAL</b>		
Authorised Capital:	320,000,000	320,000,000
320,00,000 Equity Shares of Rs.10/- each		
5,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each	50,000,000	50,000,000
<b>TOTAL</b>	<b>370,000,000</b>	<b>370,000,000</b>
Issued, Subscribed & Paid-Up:		
41,93,560 equity shares of Rs.10/- each fully paid up (Refer Note)	41,935,600	41,935,600
2,40,000 Redeemable Cumulative Preference Shares of Rs.100/- each fully paid up issued to ICICI Ltd	24,000,000	24,000,000
<b>TOTAL</b>	<b>65,935,600</b>	<b>65,935,600</b>

Note :

Of the above shares 10,48,390 shares are allotted  
by way of bonus shares by capitalisation of share  
premium and capital redemption reserve

### SCHEDULE II - RESERVES & SURPLUS

Subsidy Received from National Horticulture Board under Back Ended Subsidy Scheme	2,500,000	2,500,000
Share Premium A/c.	600,000	600,000
Debenture Redemption Reserve as per last Balance Sheet	10,625,000	
Less: Transferred to General reserve	1,875,000	
	<b>8,750,000</b>	10,625,000
Revaluation Reserve	19,269,447	19,614,864
General Reserve:		
As per last Balance Sheet	57,968,316	
Add: Transferred from Debenture Redemption reserve	1,875,000	
Transferred from P & L a/c	13,774,389	
Minority Interest -net income for the year	2,562,403	
	<b>76,180,108</b>	
Less: Minority Interest in reserves and surplus	2,562,403	
	<b>2,562,403</b>	
	<b>73,617,705</b>	57,968,316
<b>TOTAL</b>	<b>104,737,152</b>	<b>91,308,180</b>

### SCHEDULE III - MINORITY INTEREST

a) <b>Share Capital</b>		
21,60,140 equity shares of Rs.10/- each fully paid up	21,601,400	21,601,400
Of the above shares 977,687 shares are allotted as fully paid up pursuant to a contract without payments being received in cash.		

	AS AT 31-03-03 Rs.	AS AT 31-03-02 Rs.
<b>b) Reserves &amp; Surplus</b>		
Share in reserves and surplus	1,242,052	5,625
Add : Share in current year's net income	2,562,403	1,236,427
<b>TOTAL</b>	<b>3,804,455</b>	<b>1,242,052</b>

**SCHEDULE IV - SECURED LOANS**

A) Debentures:			
IDBI - Non Convertible Debentures	(A)	35,000,000	42,500,000
B) Term Loans:			
The Shamrao Vithal Co.Op.Bank		-	4,429,450
ICICI LTD - Corporate Loan 2		40,000,000	40,000,000
ICICI LTD - Corporate Loan 3		37,924,368	40,000,000
Indian Bank - Corp Loan		7,100,000	9,500,000
Punjab National Bank - Corp Loan		8,100,000	-
State Bank of Indore - Corp Loan		17,000,000	-
The Shamrao Vithal Co.Op.Bank-Corp Loan		3,747,500	4,749,500
The Shamrao Vithal Co.Op.Bank-Term Loan 1		14,205,836	-
The Shamrao Vithal Co.Op.Bank-Term Loan 2		4,656,359	-
ICICI LTD		93,407,712	120,103,392
Indian Overseas Bank		29,099,765	15,000,000
	(B)	255,241,540	233,782,342
C) Cash Credit & Working Capital Term Loans:			
From Banks - Cash Credit/Overdraft		129,226,846	170,973,410
ICICI - Bills		-	27,500,000
SIDBI - Bills		6,973,284	13,037,942
	(C)	136,200,130	211,511,352
D) Vehicle Loans	(D)	4,037,663	933,992
	(A+B+C+D)	430,479,333	488,727,686

**SCHEDULE V-UNSECURED LOANS**

Deposits	6,309,500	5,486,500
Loans from Directors	800,000	800,000
Sales Tax Liability - Deferred	10,006,510	3,848,649
HSBC Bank - Bill Discounting	8,769,044	-
<b>TOTAL</b>	<b>25,885,054</b>	<b>10,135,149</b>