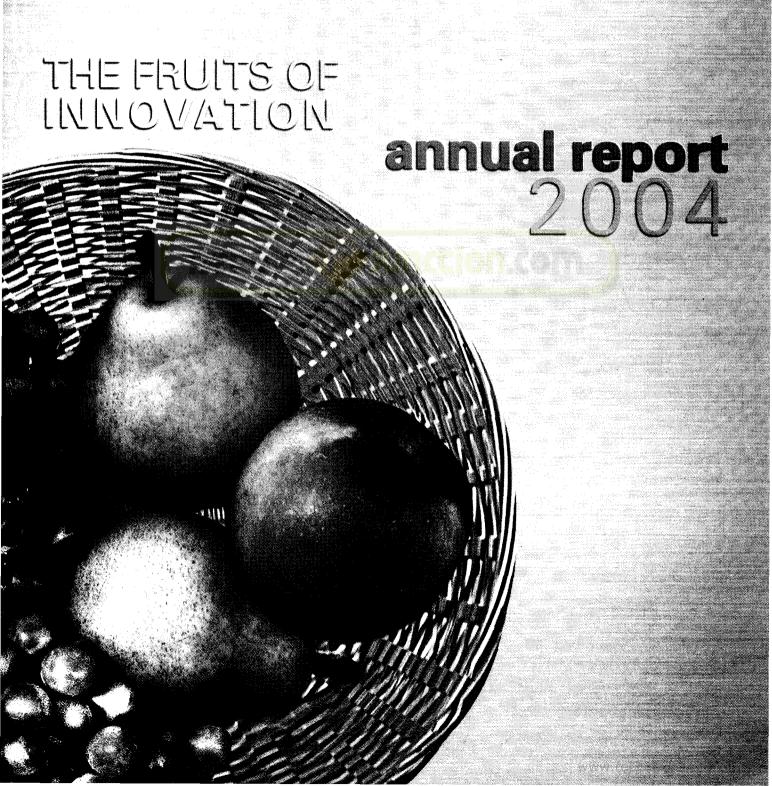


DYNAMATIC TECHNOLOGIES LIMITED



The Fruits of Innovation

"... for whatsoever a man soweth, that shall he also reap" The Bible: Letter to the Galatians

Dear Fellow Shareholder,

On behalf of the Board of Directors of Dynamatic Technologies Limited and its subsidiaries, I take pleasure in presenting you with audited financial statements for the year 2003-2004.

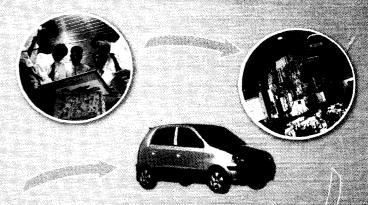
During the year under review, your company along with its subsidiaries has recorded a growth rate of 47.40% in aggregated sales and 80.87% in consolidated Net Profit before Tax. Incremental sales growth at Rs. 480 million (aggregated with subsidiaries) was the highest ever recorded by your company. When one looks at your company's

2002-03 2003-04

performance over a 15-year timeframe (graph on opposite page), evident that growth has been consistently high.

As we transition from small to mid-size, the

question uppermost in our minds is this: How can we be successful on an ongoing, continuous basis?



All our competencies, our energies and our resources are focused on serving our customers

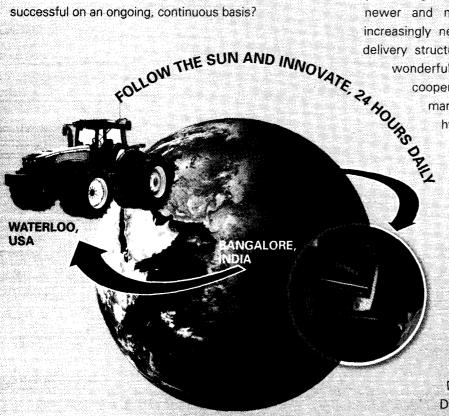


At Dynamatic®, we have attempted to answer this question. by focusing all our corporate competencies, our energies, and our resources on serving our customers. On understanding their needs, and in satisfying them. As products get increasingly commoditized, as customers find newer and newer choices available, it has become increasingly necessary to differentiate our products and delivery structure to suit customer needs completely. A wonderful example has been your company's

days.

cooperation with the world's leading tractor manufacturer John Deere on development of hydraulic pumps. Employing the latest web enabled collaborative tools; engineers at Bangalore were able to work on a followthe-sun 24-hour design schedule with Deere engineers at Waterloo, Iowa, in developing a new concept in a record 57

Recently, engineers from your company's various business units collaborated with each other in an interesting manner to serve our largest customer, Hyundai Motor India. Scientists from Powermetric' Design developed an innovative Hydraulic Gravity Die-Casting machine, which was built at Dynamatic® Hydraulics, and then installed at



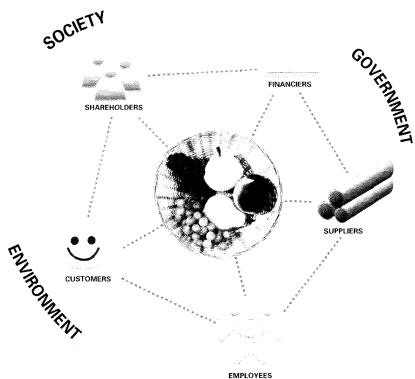
SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

Dynametal[™], where it now produces sophisticated castings. These in turn are delivered to JKM Dae Rim Automotive where they are machined for onward supply to Hyundai.

While customer-centric innovation thrives at Dynamatic®, both the aforementioned are excellent examples of thought, planning, action and result coming together in one continuous drumbeat...

At the end of the day, our aspirations are simple: to build with integrity and innovation, and to create long-term value for all our stakeholders.

On behalf of our Board of Directors and Senior Management, I take this opportunity to thank you for your continued support.



Udayant Malhoutra

President & Managing Director

SALES GROWTH "Karmanyey Vaadhikaa rastey, Maa phaleshu Kadaachanaa Maa karma phala hetur bhoor, Maa tey sangotswa, 140 akarmanee" (that our right is only over our actions, not over the fruits (outcome) of the actions) 120 47th verse of the 2nd Chapter in the Bhagavad Geeta 100 RS. CRORES 80 60 40 20 1989 1992 1995 1998 2001 2004 YEAR

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BOARD OF DIRECTORS

Dynamatic Technologies Limited

Mr. J. K. Malhoutra

Industrialist, Parliamentarian Founder Chairman of the JKM Group

Past President - Bombay Management Association

Mr. A. B. Datar, IAS (Retd.)

Administrator

Former Chief Secretary, Government of Karnataka

Mr. Vijai Kapur

Corporate Executive

Former Dy. Managing Director, GKW Limited

Past President - AIEI (now called CII)

Dr. K. Aprameyan

Technocrat Former 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)

Mr. S. H. Utamsingh

Chartered Accountant

Former Head of International Computers Limited

Mr. V. Sunder

Company Executive Director

CEO and Executive Director, JKM Dae Rim Automotive Limited

Former Head of Corporate Planning & Company Secretary, Dynamatic®

Mr. Udayant Malhoutra President and Managing Director

Industrialist

Member, Board of Governors, IIT Kanpur (1997-2001)

Chairman, CII National Technology Committee

and Member, CII National Council (2001-2002)

Mr. N. Rajagopal

Company Executive **Director Operations**

Former Head of Production, Materials, R & D Depts., Dynamatic®

Director, JKM Dae Rim Automotive Limited

Mr. B. Seshnath

Director Commercial Company Executive

Former Head of Marketing Dept., Dynamatic®

JKM Dae Rim Automotive Limited

Mr. Udayant Malhoutra

Mr. Hyo Kyon Lee

Mr. Jayant Kumar Malhoutra

Mr. N. Rajagopal

Mr. V. Sunder

Chairman

Chairman

Director

Director

Director

Director

Vice Chairman

Director

Director

CEO and Executive Director

JKM Research Farm Limited

Mr. Udayant Malhoutra

Mrs. Pramilla Malhoutra

Mr. V. Sunder

Chairman

Director

Director

Dynamatic Technologies Limited

COMPANY SECRETARY

Ms. G. Haritha

AUDITORS

Phillipos & Co.

Chartered Accountants, Bangalore

REGISTRAR & TRANSFER AGENTS

Karvy Computershare Pvt. Ltd. 51/2 TKN Complex Vanivilas Road

Opp. National College Basvanagudi Bangalore 560 004

BANKERS

State Bank of Indore

Indian Bank

Punjab National Bank

The Shamrao Vithal Co-operative Bank Limited

HSBC

ICICI Bank Limited

UTI Bank Limited

REGISTERED OFFICE

Dynamatic Park Peenya Bangalore 560 058

www.reportjunction.com

| <u>C</u> | 0 | N | T | E | N | T | S |
|----------|-----------------------------|---|---|---|--------|---|--------------|
| CON | SOLIDAT | TED FINA | ANCIAL | STATEN | MENTS | | |
| Audite | ors' Report | | | | | | C-2 |
| Balan | ce Sheet | • | | ••••• | | | С-3 |
| Profit | and Loss A | ccount | | | ••••• | | C-4 |
| Sched | lules to Acc | counts | • | | | | C-5 |
| Cash | Flow State | ment | | | | | . C-16 |
| | | | | | | | |
| DYN | AMATIC | TECHNO | OLOGIES | S LIMITE | :D | | |
| Notice | e to Shareh | olders | | | ****** | | D-1 |
| Direct | tors' Report | t to Shareh | olders | | | | D-6 |
| | rate Gover | - | | | | | |
| Mana | <mark>gement's D</mark> | iscussion a | and Analys | sis | | | D-18 |
| Audit | <mark>ors' Ce</mark> rtific | cate on Co | rporate Go | overnance | | | . D-21 |
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| Balan | ce Sheet | · | | | | | D-25 |
| Profit | and Loss A | Account | | • | | | D-26 |
| Sched | dules to Ac | counts | | | | | D-27 |
| Cash | Flow State | ment | | | | | D-4 0 |
| Balan | ce Sheet A | bstract | | | | | D-41 |

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

We have examined the attached Consolidated Balance Sheet of DYNAMATIC TECHNOLOGIES LIMITED, BANGALORE, and its subsidiaries as at 31st March, 2004, 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 3932.44 Lacs as at 31st March 2004 and total revenues of Rs 6893.68 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 explanations given to us, the said accounts subject to Note 19 in Schedule XX – B relating to change in accounting policy for leave encashment by which the profit for the year is understated by Rs.25.05 Lacs, 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 2004;
- b) in the case of the Profit & Loss Account, of the Profit of Dynamatic Technologies Limited and its subsidiaries for the year ended on that date, and
- 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

Membership No: 18148 B.V. SATHYANARAYANA

Partner

PLACE : CHENNAI

DATE : 22ND JULY, 2004

| OURCES OF FUNDS) Shareholders Fund (a) Capital (b) Reserves & Surplus 1 | AS AT 31-03-04 | AS A 31-03-0 |
|--|---|------------------------|
| Shareholders Fund (a) Capital (b) Reserves & Surplus (c) Minority Interest (a) Capital (b) Reserves & Surplus (d) Deferred Tax Liability (Net) (e) Deferred Tax Liability (Net) (f) Deferred Tax Liability (Net) (g) Deferred Tax Liability (Net) (h) Loan Funds (a) Secured Loans (b) Unsecured Loans (c) V 438 (d) Secured Loans (d) Capital (e) V 438 (e) Secured Loans (f) V 438 (g) Secured Loans (g) V 56 (g) Reserves & Surplus (h) Less: Depreciation (g) Net Block (g) Capital Work in Progress (g) Incidental Expenses during Contruction period (IEDC period) (g) Investments (g) Investments (g) Uncernt Assets, Loans and Advances (g) Inventories (g) Investments (g) Uncernt Assets, Loans and Advances (g) Investments (g) Loans & Advances (g) Investments (g) Loans & Advances (g) Inventories (g) Liabilities (g) Provisions (g) Liabilities (g) Provisions (g) Liabilities (h) Provisions (h) Liabilities (h) Liabilities (h) Liabilities (h) Liabilities (h) Liabilities (| 31-03-04 Rs. | 31-03-0 R: |
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| (b) Reserves & Surplus (c) Minority Interest (a) Capital (b) Reserves & Surplus (d) Capital (e) Deferred Tax Liability (Net) (e) Loan Funds (a) Secured Loans (b) Unsecured Loans (c) Unsecured Loans (d) Capital (e) PPLICATION OF FUNDS (e) Net Block (f) Capital Work in Progress (e) Incidental Expenses during Contruction period (IEDC period) (f) Current Assets (g) Investments (g) Investments (g) Investments (g) Loans & Advances (g) Investments (g) Loans & Advances (g) Investments (h) Sundry Debtors (g) Capital Work in Progress (g) Investments (g) Investments (h) Expensions (g) Liabilities (h) Provisions (g) Liabilities (h) Provisions (g) Liabilities (h) Provisions (g) Liabilities (h) Provisions (h) Reserves & Surplus (h) Lass (h) Miscellaneous Expenditure (h) Provisions (h) Loans & Advance (h) Reserves & Surplus (h) Reserves & Surplus (h) Reserves & Surplus (h) Reserves & Surplus (h) Lass (h) Reserves & Surplus (h) Lass (h) Reserves & Surplus (h) Lass (h) Less: Current Liabilities and Provisions (g) Liabilities (h) Provisions (h) Less (h) Less (h) Less (h) Reserves & Surplus (h) Less | | |
| Minority Interest | ,935,600 | 65,935,60 |
| Minority Interest (a) Capital 21, (b) Reserves & Surplus 30, (c) Deferred Tax Liability (Net) 68, (d) Loan Funds 795, (e) Unsecured Loans 1/2 438, (b) Unsecured Loans 1/2 438, (b) Unsecured Loans 1/2 438, (c) Defection 495, (d) Gross Block 795, (e) RPPLICATION OF FUNDS 795, (e) President & 795, (f) Less: Depreciation 359, (c) Net Block 513, (d) Capital Work in Progress 52, (e) Incidental Expenses during Contruction period (IEDC period) 5, (e) Nestments 71, (f) Sundry Debtors 71, (g) Loans & Bank Balances 71, (g) Loans & Advances 71, (g) Provisions 71, | ,204,826 | 104,737,15 |
| (a) Capital (b) Reserves & Surplus 30 Deferred Tax Liability (Net) 1 Loan Funds (a) Secured Loans (b) Unsecured Loans (c) Unsecured Loans (d) Unsecured Loans (e) PPLICATION OF FUNDS (f) Fixed Assets (g) Gross Block (g) Capital Work in Progress (e) Incidental Expenses during Contruction period (IEDC period) (f) Investments (g) Inves | ,140,426 | 170,672,75 |
| (b) Reserves & Surplus 30 30 30 30 30 30 30 30 30 30 30 30 30 | | 04 004 40 |
| Deferred Tax Liability (Net) 68 | ,601,400 | 21,601,40 |
| Deferred Tax Liability (Net) Loan Funds (a) Secured Loans (b) Unsecured Loans (c) Unsecured Loans (d) Unsecured Loans (e) Unsecured Loans (f) Unsecured Loans (g) Fixed Assets (g) Gross Block (g) Less: Depreciation (g) Less: Depreciation (g) Investments (g) Investments (g) Unrent Assets, Loans and Advances (g) Investments (g) Current Assets, Loans and Advances (g) Investments (g) Current Assets, Loans and Advances (g) Investments (g) Less: Current Liabilities and Provisions (g) Liabilities (g) Provisions (g) Liabilities (h) Provisions (h) Miscellaneous Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Director N. RAJAGOPAL Director Operations This is the in our rep VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director | 0,058,754 | 3,804,45 |
| Loan Funds | 0,660,154 | 25,405,85 |
| (a) Secured Loans (b) Unsecured Loans (c) Unsecured Loans (d) Unsecured Loans (e) PPLICATION OF FUNDS (e) Fixed Assets (a) Gross Block (b) Less: Depreciation (c) Net Block (d) Capital Work in Progress (e) Incidental Expenses during Contruction period (IEDC period) (f) Investments (g) Investments (g) Investments (g) Current Assets, Loans and Advances (g) Inventories (g) Sundry Debtors (g) Cash & Bank Balances (g) Less: Current Liabilities and Provisions (g) Liabilities (g) Provisions (g) Liabilities (h) Provisions (h) RaJAGOPAL (h) Firector N. RAJAGOPAL (h) Firector N. RAJAGOPAL (h) Firector Director Operations This is the in our reposition of the provision of t | 3,379,660 | 54,081,52 |
| (b) Unsecured Loans APPLICATION OF FUNDS Fixed Assets (a) Gross Block (b) Less: Depreciation (c) Net Block (d) Capital Work in Progress (e) Incidental Expenses during Contruction period (IEDC period) 5 Investments (l) Current Assets, Loans and Advances (a) Inventories (b) Sundry Debtors (c) Cash & Bank Balances (d) Loans & Advances Less: Current Liabilities and Provisions (a) Liabilities (b) Provisions Net Current Assets (b) Provisions Net Current Assets (a) Miscellaneous Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Director N. RAJAGOPAL Director Operations This is the in our rep S. H. UTAMSINGH Director UDAYANT MALHOUTRA President & Managing Director VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director | 3,320,294 | 430,479,33 |
| APPLICATION OF FUNDS) Fixed Assets (a) Gross Block (b) Less: Depreciation (c) Net Block (d) Capital Work in Progress (e) Incidental Expenses during Contruction period (IEDC period) (d) Capital Work in Progress (e) Incidental Expenses during Contruction period (IEDC period) (d) Capital Work in Progress (e) Investments (l) Current Assets, Loans and Advances (a) Inventories (b) Sundry Debtors (c) Cash & Bank Balances (d) Loans & Advances (l) Less: Current Liabilities and Provisions (a) Liabilities (b) Provisions (a) Liabilities (b) Provisions (b) Provisions (c) Cash & Bank Balances (d) Loans & Advances (l) Miscellaneous Expenditure (l) Deferred Revenue Expenditure (l) Deferred Revenue Expenditure (l) Deferred Revenue Expenditure (l) Deferred Revenue Expenditure (l) Director Operations (l) Liabilities (l) Miscellaneous Expenditure (l) Deferred Revenue Expenditure (l) Deferred Revenue Expenditure (l) Director Operations (l) Liabilities (l) Cash & Bank Balances (l) Liabilities (l) Loans & Advances (l) Liabilities (l) Loans & Advances (l) Loans & | 3,854,103 | 25,885,05 |
| APPLICATION OF FUNDS) Fixed Assets (a) Gross Block (b) Less: Depreciation (c) Net Block (d) Capital Work in Progress (e) Incidental Expenses during Contruction period (IEDC period) (d) Investments (e) Investments (f) Current Assets, Loans and Advances (a) Inventories (b) Sundry Debtors (c) Cash & Bank Balances (d) Loans & Advances (a) Liabilities (d) Loans & Advances (a) Liabilities (b) Provisions (c) Cash & Bank Balances (d) Loans & Advances (e) Investments (f) Loans & Advances (g) Investments (h) Less: Current Liabilities and Provisions (a) Liabilities (b) Provisions (c) Cash & Bank Balances (d) Loans & Advances (d) Loans & Advances (e) Investments (f) Less (h) Less (h) Less: Loans and Advances (h) Less (h) | 5,174,397 | 456,364,38 |
| APPLICATION OF FUNDS) Fixed Assets (a) Gross Block (b) Less: Depreciation (c) Net Block (d) Capital Work in Progress (e) Incidental Expenses during Contruction period (IEDC period) (d) Investments (e) Investments (f) Current Assets, Loans and Advances (a) Inventories (b) Sundry Debtors (c) Cash & Bank Balances (d) Loans & Advances Less: Current Liabilities and Provisions (a) Liabilities (b) Provisions (a) Liabilities (b) Provisions Net Current Assets (a) Miscellaneous Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Director N. RAJAGOPAL Director Operations N. RAJAGOPAL Director Operations N. RAJAGOPAL Director Commercial VIJAI KAPUR Director VIJAI KAPUR Director VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director VIJAI KAPUR Director President & Managing Director VIJAI KAPUR President & Managing Director | ,354,637 | 706,524,5 |
| (a) Gross Block (b) Less: Depreciation (c) Net Block (d) Capital Work in Progress (e) Incidental Expenses during Contruction period (IEDC period) 51 Investments (d) Current Assets, Loans and Advances (a) Inventories (b) Sundry Debtors (c) Cash & Bank Balances (d) Loans & Advances (a) Less: Current Liabilities and Provisions (a) Liabilities (a) Liabilities (b) Provisions (a) Liabilities (b) Provisions (a) Liabilities (b) Provisions (b) Provisions (c) Cash & Bank Balances (d) Loans & Advances (e) Investments (f) Less: Current Liabilities and Provisions (g) Liabilities (g) Less: Current Liabilities and Provisions (g) Less: Current Liabilities and Provis | | |
| (b) Less: Depreciation (c) Net Block (d) Capital Work in Progress (e) Incidental Expenses during Contruction period (IEDC period)) Investments VII) Current Assets, Loans and Advances (a) Inventories (b) Sundry Debtors (c) Cash & Bank Balances (d) Loans & Advances Less: Current Liabilities and Provisions (a) Liabilities (b) Provisions Net Current Assets (a) Miscellaneous Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Director N. RAJAGOPAL Director Operations N. RAJAGOPAL Director Operations VIII This is the in our rep N. RAJAGOPAL Director Commercial VIJAI KAPUR Director VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director WIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director | | |
| (c) Net Block (d) Capital Work in Progress (e) Incidental Expenses during Contruction period (IEDC period) (d) Current Assets, Loans and Advances (a) Inventories (b) Sundry Debtors (c) Cash & Bank Balances (d) Loans & Advances Less: Current Liabilities and Provisions (a) Liabilities (b) Provisions Net Current Assets (a) Liabilities (b) Provisions Net Current Assets (b) Miscellaneous Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Director N. RAJAGOPAL Director Operations N. RAJAGOPAL Director Operations VIII 169 (18 | 3,249,824 | 691,945,9 |
| (d) Capital Work in Progress (e) Incidental Expenses during Contruction period (IEDC period) 5 Investments VII Current Assets, Loans and Advances (a) Inventories (b) Sundry Debtors (c) Cash & Bank Balances (d) Loans & Advances VIII 169 (b) Sundry Debtors (c) Cash & Bank Balances (d) Loans & Advances VIII 169 (d) Loans & Advances VIII 169 (e) Drovisions VIII 169 (f) Provisions VIII 169 (g) Provisions VIII 169 (h) Provisions VIII 169 (h) Provisions VIII 169 (h) Provisions VIII 169 (a) Liabilities VIII 169 (b) Provisions VIII 169 (c) Cash & Bank Balances (d) Loans & Advances VIII 169 (e) Incidental Expenses during Contruction period (IEDC period) VIII 169 (h) Provisions VIII 169 (a) Liabilities VIII 169 (b) Provisions VIII 169 (c) Cash & Bank Balances (d) Loans & Advances VIII 169 (a) Liabilities VIII 169 (a) Liabilities VIII 169 (a) Liabilities VIII 169 (a) Liabilities VIII 169 (b) Provisions VIII 169 (c) Cash & Bank Balances (d) Loans & Advances VIII 169 (a) Liabilities VIII 169 (c) Cash & Bank Balances (d) Loans & Advances VIII 169 (a) Liabilities VIII 169 (a) Liabilities VIII 169 (c) Cash & Bank Balances (d) Loans & Advances VIII 169 (d) Loans & Loans | 9,365,473 | 297,044,83 |
| (e) Incidental Expenses during Contruction period (IEDC period) Investments Current Assets, Loans and Advances (a) Inventories (b) Sundry Debtors (c) Cash & Bank Balances (d) Loans & Advances Less: Current Liabilities and Provisions (a) Liabilities (b) Provisions XII 269 (b) Provisions XIII 36 305 Net Current Assets Net Current Assets Significant Accounting Policies & Notes on Accounts XX A. B. DATAR Director N. RAJAGOPAL Director Operations N. RAJAGOPAL Director Operations N. RAJAGOPAL Director Operations N. RAJAGOPAL Director Operations VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director Managing Director Managing Director | 3,884,351 | 394,901,1 |
| Investments | 2,016,432 | 72,976,8 |
| Current Assets, Loans and Advances (a) Inventories (b) Sundry Debtors (c) Cash & Bank Balances (d) Loans & Advances Less: Current Liabilities and Provisions (a) Liabilities (b) Provisions (a) Liabilities (b) Provisions XII 269 (b) Provisions XIII 36 305 Net Current Assets Net Current Assets Significant Accounting Policies & Notes on Accounts XX A. B. DATAR Director N. RAJAGOPAL Director Operations This is the in our rep S. H. UTAMSINGH Director Operations VIJAI KAPUR Director Operations VIJAI KAPUR Director Operations This is the in our rep Chartered Managing Director | 5,613,254 | 10,222,8 |
| (a) Inventories (b) Sundry Debtors (c) Cash & Bank Balances (d) Loans & Advances Less: Current Liabilities and Provisions (a) Liabilities (b) Provisions (a) Liabilities (b) Provisions (a) Liabilities (b) Provisions XII 269 XII 269 XIII 36 305 Net Current Assets Net Current Assets Net Current Assets Notes on Accounts XX A. B. DATAR Director N. RAJAGOPAL Director Operations This is the in our reputation of the company of the c | 208,153 | 1,914,0 |
| (b) Sundry Debtors (c) Cash & Bank Balances (d) Loans & Advances Less: Current Liabilities and Provisions (a) Liabilities (b) Provisions Net Current Assets Net Current Assets Miscellaneous Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Director N. RAJAGOPAL Director Operations This is the in our rep N. RAJAGOPAL Director Operations N. RAJAGOPAL Director Operations This is the in our rep N. RAJAGOPAL Director Operations N. RAJAGOPAL Director Operations This is the in our rep N. RAJAGOPAL Director Operations This is the in our rep N. RAJAGOPAL Director Operations This is the in our rep N. RAJAGOPAL Director Operations This is the in our rep N. RAJAGOPAL Director Operations This is the in our rep N. RAJAGOPAL Director Operations This is the in our rep N. RAJAGOPAL Director Operations This is the in our rep | | 445 705 5 |
| (c) Cash & Bank Balances (d) Loans & Advances XI 82 520 Less: Current Liabilities and Provisions (a) Liabilities (b) Provisions Net Current Assets Net Current Assets Miscellaneous Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Significant Accounting Policies & Notes on Accounts N. RAJAGOPAL Director N. RAJAGOPAL Director Operations This is the in our rep S. H. UTAMSINGH Director UDAYANT MALHOUTRA President & Managing Director Por PHILL Chartered Managing Director | 3,307,897 | 145,735,52 |
| Less: Current Liabilities and Provisions (a) Liabilities (b) Provisions Net Current Assets Net Current Assets Net Current Revenue Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Director N. RAJAGOPAL Director Operations N. RAJAGO |),526,8 <mark>6</mark> 0 | 180,354,07 11,270,9 |
| Less: Current Liabilities and Provisions (a) Liabilities (b) Provisions Net Current Assets Net Current Assets Net Current Assets Difference Revenue Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Difference Revenue Expenditure Significant Accounting Policies & Notes on Accounts N. RAJAGOPAL Director Director Operations N. RAJAGOPAL Director Operations N. RAJAGOPAL Director Operations Director Commercial VIJAI KAPUR Director Director Commercial VIJAI KAPUR Director Director Commercial VIJAI KAPUR Director Director Commercial Director Commercial VIJAI KAPUR Director Director Commercial VIJAI KAPUR Director Director Commercial | 7,340, <mark>379</mark> 2,906 <mark>,2</mark> 68 | 76,217,00 |
| Less: Current Liabilities and Provisions (a) Liabilities (b) Provisions XII 269 XIII 36 305 Net Current Assets Net Current Assets Deferred Revenue Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Director N. RAJAGOPAL Director Operations This is the in our reputation of the interest of the inte | 0.081,404 | 413,577,5 |
| (a) Liabilities (b) Provisions XII 269 XIII 36 305 Net Current Assets 214) Miscellaneous Expenditure Deferred Revenue Expenditure Deferred Revenue Expenditure Significant Accounting Policies & Notes on Accounts XX A. B. DATAR Director N. RAJAGOPAL Director Operations N. RAJAGOPAL Director Operations B. SESHNATH Director Commercial VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director Managing Director | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | ,,. |
| (b) Provisions Net Current Assets Niscellaneous Expenditure Deferred Revenue Expenditure Significant Accounting Policies & Notes on Accounts N. RAJAGOPAL Director N. RAJAGOPAL Director Operations Director Operations Director Commercial VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director Managing Director A. B. DATAR President & Managing Director President & Managing Director President & Managing Director | 9,227,166 | 161,275,69 |
| Net Current Assets Net Current Assets Niscellaneous Expenditure Deferred Revenue Expenditure Significant Accounting Policies & Notes on Accounts N. RAJAGOPAL Director N. RAJAGOPAL Director Operations Director Commercial VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director Managing Director | 6,656,578 | 28,436,4 |
| Miscellaneous Expenditure Deferred Revenue Expenditure Significant Accounting Policies & Notes on Accounts N. RAJAGOPAL Director N. RAJAGOPAL Director Operations B. SESHNATH Director Commercial VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director Wanaging Director | 5,883,744 | 189,712,10 |
| Deferred Revenue Expenditure Significant Accounting Policies & Notes on Accounts XX A. B. DATAR Director N. RAJAGOPAL Director Operations B. SESHNATH Director Commercial VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director Wanaging Director President & Managing Director President & Managing Director | 1,197,660 | 223,865,40 |
| Significant Accounting Policies & Notes on Accounts N. RAJAGOPAL Director N. RAJAGOPAL Director Operations B. SESHNATH Director Commercial VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director Managing Director | | |
| A. B. DATAR Accounting Policies & Notes on Accounts N. RAJAGOPAL Director Operations S. H. UTAMSINGH Director B. SESHNATH Director Commercial VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director Managing Director | 9,434,787 | 2,644,24 |
| A. B. DATAR Director N. RAJAGOPAL Director Operations B. SESHNATH Director Commercial VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director Managing Director | 5,354,637 | 706,524,5 |
| Director Director Operations in our rep B. SESHNATH Director Commercial VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director Managing Director | | |
| Director Director Operations in our rep B. SESHNATH Director Commercial VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director Managing Director | | |
| Director Director Operations in our rep S. H. UTAMSINGH Director Director Commercial VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director Managing Director | ne Balance S | heet referred to |
| Director Director Commercial VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director Managing Director | port of even | date. |
| Director Director Commercial VIJAI KAPUR Director UDAYANT MALHOUTRA President & Managing Director Managing Director | | |
| Director Director Commercial VIJAI KAPUR Director UDAYANT MALHOUTRA President & Chartered Managing Director | | |
| Director President & Managing Director Chartered By they | | |
| Director President & Managing Director Chartered By they | | |
| Managing Director | LIPOS & CO | ., |
| Managing Director | d Accountan | nts |
| Open and the second | معاب | |
| 1 | | |
| V. SUNDER V. C. YUM G. HARITHA B. V. \$A | ATHYANARA | AYANA |
| Director Company Secretary Partner | | |
| | CHENNAI | |

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

| | | YEAR ENDED 31-03-04 Rs. | YEAR ENDED 31-03-03 Rs. |
|--|----------|-------------------------------|-------------------------------|
| INCOME | SCHEDULE | | |
| Sales & Services | XIV | 1,347,090,457 | 910,152,193 |
| Other Income | XV | 7,032,051 | 3,532,868 |
| Increase/(Decrease) in Stock | XVI | . (3,609,155) | 8,191,813 |
| | | 1,350,513,353 | 921,876,874 |
| EXPENDITURE | | | |
| Raw Materials & Components consumed | XVII | 580,092,638 | 375,308,831 |
| Operating and Other Expenses | XVIII | 552,401,716 | 376,601,578 |
| | | 1,132,494,354 | 751,910,409 |
| OPERATING PROFIT (EBITDA) | | 218,018,999 | 169,966,465 |
| Finance Charges | XIX | 61,847,926 | 67,932,867 |
| Depreciation | | 64,311,712 | 51,247,355 |
| | | 126,159,638 | 119,180,222 |
| PROFIT BEFORE TAX | | 91,859,361 | 50,786,243 |
| Less: | | | |
| Provision for tax - for the year | | 23,133,608 | 16,928,910 |
| - Deferred Tax | | 14,298,140 | 6,395,722 |
| - Wealth Tax | | 49,766 | • |
| Provision for diminution in the value of Investments | | 1,750,907 | |
| PROFIT AFTER TAX | | 52,626,940 | 27,461,611 |
| Excess (Short) provision of taxation of earlier years | | 148,419 | 32,721 |
| Profit applicable to Minority Interest | | 5,254,299 | 2,562,403 |
| AMOUNT AVAILABLE FOR APPROPRIATION | | 47,521,060 | 24,931,929 |
| APPROPRIATIONS | | LUIII | |
| Proposed Dividend on Preference Shares | | 3,600,000 | 3,600,000 |
| Interim Dividend on Minority interest in Equity Shares | | 2,160,000 | ~ |
| Proposed Dividend on Equity Shares | | 8,387,120 | 6,290,340 |
| Tax on distributed profits | | 2,560,850 | 1,267,200 |
| (on proposed dividend) | | | |
| Balance transferred to General Reserve | | 30,813,090 | 13,774,389 |
| | | 47,521,060 | 24,931,929 |
| Significant Accounting Policies & Notes on Accounts | XX | | |

| A. B. DATAR As Walan Director | N. RAJAGOPAL Director Operations | This is the Profit & Loss account referred to in our report of even date. |
|-------------------------------|---|---|
| S. H. UTAMSINGH Director | B. SESHNATH Director Commercial | For PHILLIPOS & CO ., Chartered Accountants |
| VIJAI KAPUR Director | UDAYANT MALHOUTRA President & Managing Director | 8Xothylphe. |
| V. SUNDER V. Surula | G. HARITHA Company Secretary | B. V. SATHYANARAYANA Partner |
| Dr. K. APRAMEYAN Director | | PLACE : CHENNAI DATE : 22 ND JULY, 2004 |

| SCHEDULES TO CONSOLIDATED ACCOUNTS | | | | |
|--|--------------------------|--------------------------|--------------------------|--|
| | | AS AT 31-03-04 Rs. | AS AT 31-03-03 Rs. | |
| SCHEDULE I - SHARE CAPITAL | | | | |
| Authorised Capital: | | | | |
| 370,00,000 Equity Shares of Rs.10/- each | | 370,000,000 | 320,000,000 | |
| 5,00,000 Redeemable Cumulative | | | | |
| Preference Shares of Rs.100/- each | | 50,000,000 | 50,000,000 | |
| | | 420,000,000 | 370,000,000 | |
| 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 Bada analda Carradatina Badanana Obasa | | | | |
| 2,40,000 Redeemable Cumulative Preference Shares | | 24 000 000 | 24 000 000 | |
| of Rs.100/- each fully paid up issued to ICICI Bank Ltd | | 24,000,000 65,935,600 | 24,000,000 65,935,600 | |
| Note: | | 05,935,000 | 05,955,000 | |
| Of the above shares 1048390 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 | |
| Securities Premium A/c. | | 600,000 | 600,000 | |
| Debenture Redemption Reserve | | | | |
| as per last Balance Sheet | 8,750,000 | | | |
| Less:Transferred to Gen.reserve | 8,7 <u>50,00</u> 0 | .VIII) | 8,750,000 | |
| Revaluation Reserve | | 18,924,030 | 19,269,447 | |
| General Reserve: | | | | |
| As per last Balance Sheet | 73,617,705 | | | |
| Add: Transferred from Debenture Redemption res. | 8,750,000 | | | |
| Transferred from P & L a/c | 30,813,090 | | | |
| Minority Interest - net income for the year | 5,254,299 | | | |
| Less: Minority Interest in reserves and surplus | 118,435,094 5,254,299 | | | |
| Less : willionly interest in reserves and surplus | 5,254,299 | 113,180,796 | 73,617,705 | |
| | | 135,204,826 | 104,737,152 | |
| | | | | |
| SCHEDULE III - MINORITY INTEREST | | | | |
| a) Share Capital | | | | |
| 21,60,140 equity shares of Rs.10/- each fully | | 21 601 400 | 21 601 400 | |
| 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. | | | | |
| - | | | | |
| b) Reserves & Surplus | | 0.004.455 | 4 040 050 | |
| Share in reserves and surplus | | 3,804,455 | 1,242,052 | |
| Add : Share in current year's net income | | 5,254,299 | 2,562,403 3,804,455 | |
| | | 9,058,754 | 3,004,455 | |

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| | | | AS AT 31-03-04 Rs. | AS AT 31-03-03 Rs. |
|-------|---|-------------|--------------------------|--------------------------|
| SCHED | ULE IV - SECURED LOANS | | | |
| A) | Debentures: | | | |
| | IDBI - Non Convertible Debentures | (A) | - | 35,000,000 |
| B) | Term Loans: | | | |
| | ICICI Bank LTD - Corporate Loan2 | | 20,000,000 | 40,000,000 |
| | ICICI Bank LTD - Corporate Loan3 | | 25,714,285 | 37,924,368 |
| | Indian Bank, Peenya - Corp Loan | | 4,700,000 | 7,100,000 |
| | Punjab National Bank, Peenya-Corp Loan | | 6,075,000 | 8,100,000 |
| | State Bank of India, J.C. Road- Corp Loan | | 15,108,000 | 17,000,000 |
| | The Shamrao Vithal Co.Op.Bank-Corp Loan | | 2,780,018 | 3,747,500 |
| | The Shamrao Vithal Co.Op.Bank-Term Loan1 | | 12,140,727 | 14,205,836 |
| | The Shamrao Vithal Co.Op.Bank-Term Loan2 | | 4,257,086 | 4,656,359 |
| | ICICI Bank LTD | | 66,712,032 | 93,407,712 |
| | Indian Overseas Bank | | 27,302,157 | 29,099,765 |
| | The Shamrao Vithal Co.Op.Bank-Term Loan3 | | 7,478,212 | - |
| | The Shamrao Vithal Co.Op.Bank-Term Loan4 | | 29,864,607 | - |
| | UTI Bank-Term Loan | | 24,610,805 | |
| | | (B) | 246,742,929 | 255,241,540 |
| C) | Cash Credit & Working Capital Term Loans | | | |
| | From Banks - Cash Credit/Overdraft | * | 172,559,675 | 129,226,846 |
| | SIDBI - Bills | | 14,438,432 | 6,973,284 |
| | | (C) | 186,998,107 | 136,200,130 |
| D) | Vehicle Loans | (D) | 4,579,258 | 4,037,663 |
| | | (A+B+C+D) | 438,320,294 | 430,479,333 |
| SCHED | ULE V - UNSECURED LOANS | | | |
| De | posits | | 7,867,500 | 6,309,500 |
| Loa | an from Director | | 800,000 | 800,000 |
| Inte | ercorporate Deposits | | 10,106,541 | |
| | les Tax Liability - Deferred | | 17,915,434 | 10,006,510 |
| | BC Bank - Bill Discounting | | 19,502,942 | 8,769,044 |
| | | | 56,854,103 | 25,885,054 |