



A N N U A L   R E P O R T

2008-09

DYNAMATIC TECHNOLOGIES LIMITED

Report  Junction.com

adapt,  
survive  
proliferate...



“It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.”

- attributed to Charles Darwin

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 2008-2009.

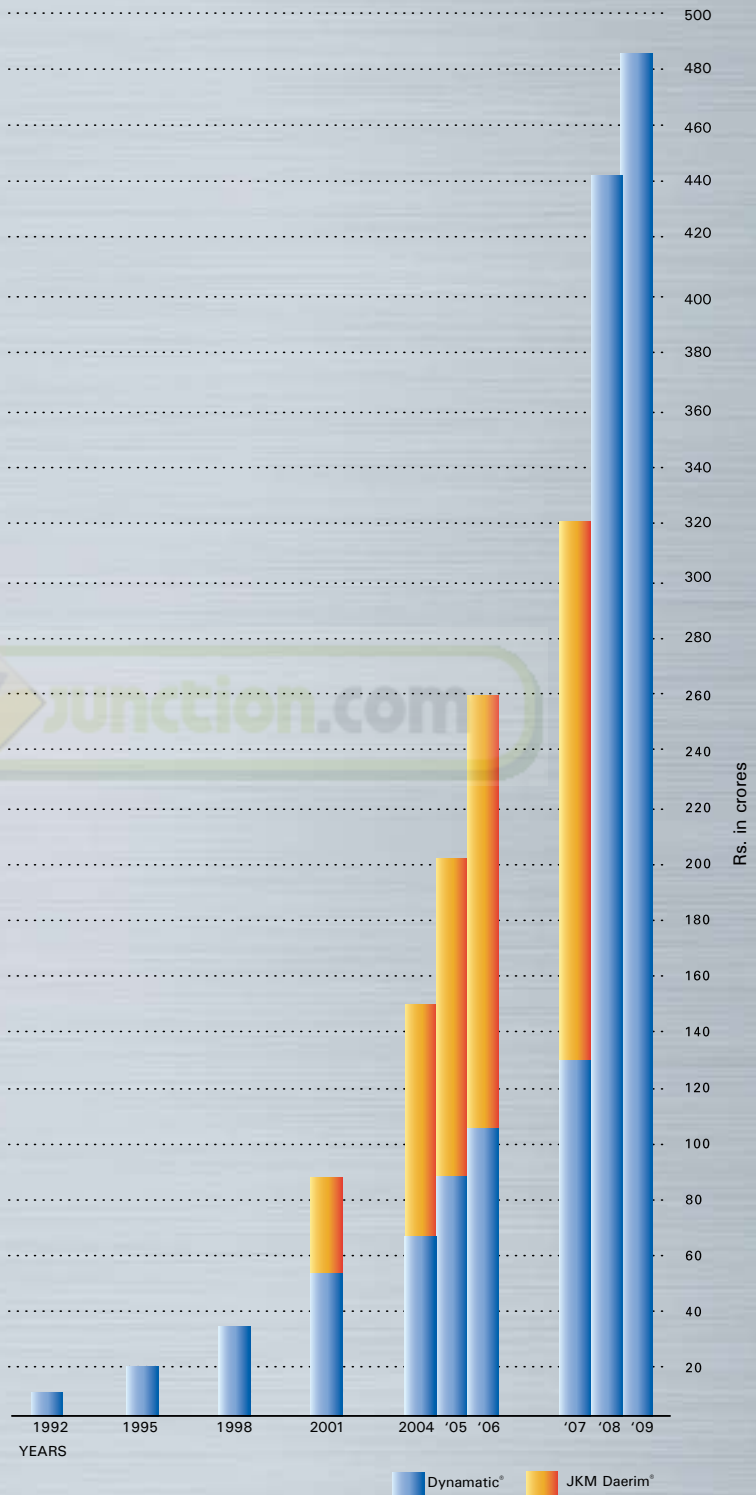
During the year under review, Your Company along with its Subsidiaries has recorded a growth rate of 9.69% in aggregated sales. Gross Sales of Rs. 4845.18 Million\* (aggregated with Subsidiaries) was the highest ever recorded.

The graph on the right shows Your Company’s growth over the past 17 years.

Most of our shareholders have owned and held their shares for a long time, and are aware of the Dynamatic® narrative. For the benefit of our newer shareholders, I will take a moment to relate this story.

Your Company was originally called Dynamatic® Hydraulics Limited, and was engaged in the manufacture of Hydraulic Gear Pumps for agricultural tractors. Despite its modest beginnings, Your Company was able to compete with much larger MNC competitors, and today, has grown into one of the world’s leading manufacturers of Hydraulic Gear Pumps.

In addition, Your Company has built a unique vertically integrated business model with its own scientific knowledge, metallurgical capabilities, precision manufacturing, and systems design and build capabilities. Its precision engineering competencies have been broadened to include Automotive and Aerospace production, in addition to its original business of Hydraulics.



In the earlier years, JKM Daerim® has been identified separately on the bar chart above. With effect from 2007-08, the merged entity is shown as a single bar. The Aggregated Sales for 2008-09 also includes the turnover of Rs. 26.65 crores, recorded by Your Company’s wholly owned Subsidiary, DM 38 Limited, UK, over a period of 6 months and also the turnover of Rs. 85.71 crores of Your Company’s wholly owned Subsidiary, Dynamatic Limited, UK, for the entire year.

\*Rs. 10 million = Rs.1 crore



Your Company benefits greatly from its organisational architecture as it can freely seek new opportunities and serve diverse markets. Indeed, it is this very adaptability that has enabled Dynamatic® to survive numerous challenges, and to flourish and proliferate through good times and bad. The year under review has been one of the most challenging ever, with global markets collapsing, material prices and currency values see-sawing wildly. Additionally, India's interest rates were raised sharply to contain inflation in an election-year.

As a result, Your Company's operations were affected during the second half of the fiscal period, as customers around the world started deferring purchases and slashing inventories. This is reflected in the year's financials.

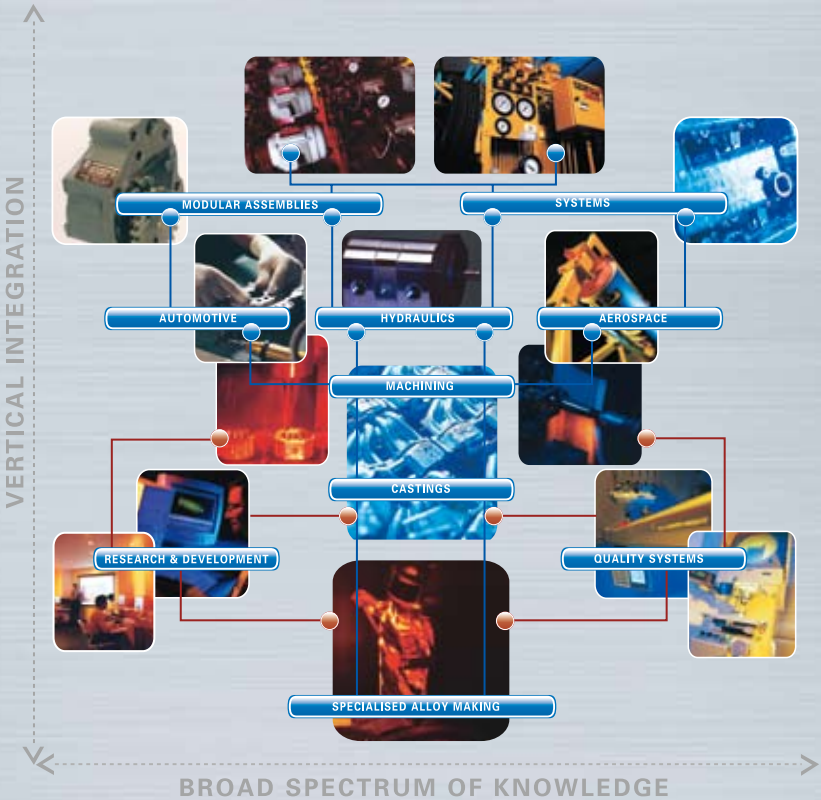
**"Chaos is inherent in all compounded things. Strive on diligently..."**

- The Buddha

However, hidden under the headline numbers are some interesting little gems...

Utilising spare capacity during lean months, Your Company was able to successfully develop and prototype a record number of new products.

The Airbus A320 Flap-Track Beam under production at 'Prana', Dynamatic®'s new Aerospace facility



Your Company has also established a new aerospace facility to build Flap-Track Beams for EADS and Spirit AeroSystems. In less than a year, Your Company will become the single-source supplier of these flight-critical assemblies for Airbus' A318, A319, A320 and A321 aircraft.

Your Company has also raised capital from outside its shareholder base for the first time since the IPO in 1974, through a Qualified Institutional Placement (QIP).

This money has been utilised towards the acquisition of two strategic assets by Your Company...

The first, Oldland Aerospace™, located at Bristol, UK is one of the finest centers of excellence for complex aerospace machining in the western world. It is a crucial element in Your Company's 'Yellow Brick Road' strategy detailed later.

Your Company has also acquired a 12MW wind-farm at Coimbatore which provides JKM Automotive™ and Dynametal® with sustainable (and free) energy.

**YELLOW BRICK ROAD STRATEGY**



Both these investments are profitable and already contribute to Your Company's earnings, even as they are part of longer-term organisational design.

The *Yellow Brick Road Strategy* envisages the creation of a global aerospace supply chain by Dynamatic Aerospace®, that creates new value for the Company, while providing secure cost-benefits to global majors like Airbus, Boeing and Spirit. This will enable Your Company to seize opportunities that flow from India's offset policies as they arise. The phenomenon of change is forever present,

whether in Nature or in the World of Man. And adaptive organisations, like natural creatures, evolve fastest in times of greatest stress.

**"Intelligence is the ability to adapt to change"**

- Stephen Hawking



The Dynamatic® leadership team comprising of Udayant Malhoutra, Raymond Lawton & James Tucker with Lord Mervyn Davies, the UK Government's Minister for Trade & Industry. During their meeting with the Minister, the Dynamatic® team presented the 'Yellow Brick Road' strategy and was greatly encouraged by the Minister who provided many ideas with respect to Your Company's globalisation efforts.

Your Company has been designed to survive any environment and flourish, and the leadership team at Dynamatic® remains confident in its abilities to continue on its existing high growth curves.

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

*Udayant Malhoutra*

**Udayant Malhoutra**  
Chief Executive Officer and Managing Director



# C O R P O R A T E S T R U C T U R E

## BOARD OF DIRECTORS



**S Govindarajan**  
Director, DTL  
Member, Audit  
Committee



**Govind Mirchandani**  
Director, DTL  
Member, Leadership,  
HRD & Remuneration  
Committee



**Dr K Aprameyan**  
Director, DTL  
Chairman, Technical  
Development Committee  
Member & Alternative  
Chairman, Audit Committee  
Member, Leadership, HRD &  
Remuneration Committee



**Vijai Kapur**  
Chairman of the Board, DTL  
Chairman, Audit Committee  
Member, Leadership, HRD &  
Remuneration Committee



**Air Chief Marshal  
S Krishnaswamy (Retd.)**  
Director, DTL  
Chairman, Leadership, HRD &  
Remuneration Committee  
Chairman, Shareholders' Committee  
Member & Alternative Chairman,  
Technical Development Committee  
Member, Audit Committee



**Malavika Jayaram**  
Director, DTL  
Member, Technical  
Development  
Committee



**V Sunder**  
President and Group CFO, DTL  
Member, Shareholders' Committee  
Director, JKM Research Farm Ltd  
Director, JKM Global Pte Ltd, Singapore  
Director, Dynamatic Ltd, UK  
Director, Oldland Aerospace Ltd, UK  
Director, DM 38 Ltd, UK,  
Director, Yew Tree Investments Ltd, UK



**Udayant Malhoutra**  
CEO & Managing Director, DTL  
Member, Technical Development  
Committee  
Member, Shareholders' Committee  
Chairman, JKM Research Farm Ltd  
Chairman, JKM Global Pte Ltd, Singapore  
Chairman, Dynamatic Ltd, UK  
Chairman, Oldland Aerospace Ltd, UK  
Chairman, DM 38 Ltd, UK,  
Chairman, Yew Tree Investments Ltd, UK



**B Seshnath**  
Executive Director  
& Chief Marketing  
Officer, DTL



**N Rajagopal**  
Executive Director & Chief  
Technology Officer, DTL\*  
Member, Technical  
Development Committee



**Air Cmde (Retd)  
Ravish Malhotra**  
Chief Operating Officer  
& SBU Head  
Dynamatic Aerospace®



**S K Kapur**  
Vice President  
Corporate Affairs,  
DTL



**N Ram Mohan**  
Financial  
Controller  
DTL



**G Haritha**  
Company Secretary  
DTL



**Pradeep  
Chennamale**  
Head Strategic  
Financial Initiatives  
DTL



**Rekha S Nair**  
Head Corporate  
Communications  
DTL



**G Srinivasan**  
Vice President  
Operations  
JKM Auto™



**P K Ray Chaudhuri**  
Sr. General Manager  
Engineering Head, DTL  
Research & Development



**P S Ramesh**  
COO  
Dynamatic® Hydraulics



**Ian Patterson**  
Technical Director  
& Chief Technology  
Officer Hydraulics  
Dynamatic Ltd, UK



**Tony Atkins**  
Finance Head and  
Company Secretary  
Dynamatic Ltd, UK  
Company Secretary  
Oldland Aerospace Ltd, UK



**Claire Tucker**  
Director  
Oldland Aerospace Ltd



**Anil Kumar Katti**  
Sr. General Manager  
& SBU Head  
Powermetric® Design



**G Parasurami Reddy**  
Vice President  
Dynamatic Aerospace®



**C S Kim**  
Vice President  
Technical  
JKM Auto™



**G Elangovan**  
Vice President  
Castings Commodity  
Dynametal®



**G V Gururaj**  
Sr. General Manager  
Marketing  
Dynamatic® Hydraulics



**Alan Jinks**  
Global Sales Manager  
Dynamatic Ltd, UK



**Trish Bowering**  
Human Resources &  
IT Manager  
Dynamatic Ltd, UK



**V K Heblikar**  
Sr. General Manager  
Head - Material Sciences  
DTL



**Subodh R**  
General Manager  
Dynamatic Aerospace®



**R Shiva Kumar**  
Head - Production  
Engineering  
DTL

## SENIOR MANAGEMENT

### JKM RESEARCH FARM LIMITED

#### Chairman

Mr. Udayant Malhoutra

#### Director

Mrs. Pramilla Malhoutra

#### Director

Mr. V. Sunder

#### Auditors

M/s Prasad & Kumar

Chartered Accountants, Bangalore

### JKM GLOBAL PTE LIMITED, SINGAPORE

#### Chairman

Mr. Udayant Malhoutra

#### Director

Mr. V. Sunder

#### Director

Mr. Lim Tiong Beng

#### Auditors

RSM Chio Lim LLP.

Public Accountants and Certified Public

Accountants, Singapore

### DYNAMATIC LIMITED, UK

#### Chairman

Mr. Udayant Malhoutra

#### Director

Mr. Michael John Handley

#### Director

Mr. V. Sunder

Executive Director & Chief Operating Officer

Mr. Raymond Keith Lawton

Technical Director & Chief Technology Officer,  
Hydraulics

Mr. Ian Patterson

#### Auditors

PricewaterhouseCoopers LLP, Bristol

### OLDLAND AEROSPACE LIMITED, UK

#### Chairman

Mr. Udayant Malhoutra

#### Director

Mr. V. Sunder

#### Director

Mr. Raymond Keith Lawton

#### Director

Mr. James Tucker

#### Director

Ms. Claire Tucker

#### Auditors

PricewaterhouseCoopers LLP, Bristol

### YEW TREE INVESTMENTS LIMITED, UK

#### Chairman

Mr. Udayant Malhoutra

#### Director

Mr. V. Sunder

#### Director

Mr. Raymond Keith Lawton

#### Auditors

PricewaterhouseCoopers LLP, Bristol

### DM 38 LIMITED, UK

#### Chairman

Mr. Udayant Malhoutra

#### Director

Mr. V. Sunder

#### Director

Mr. Raymond Keith Lawton

#### Auditors

PricewaterhouseCoopers LLP, Bristol

\*N Rajagopal, Executive Director & Chief Operating Officer,  
Dynamatic® Hydraulics and Dynametal®, was redesignated  
as Executive Director & Chief Technology Officer of  
Dynamatic Technologies with effect from 30<sup>th</sup> June, 2009.

Your Company's Organisational Structure is based on a network of highly talented people who have been empowered  
to deliver results. A concerted effort has been made to remove hierarchy in everything we do.

# DYNAMATIC TECHNOLOGIES LIMITED

## REGISTERED OFFICE

Dynamatic Park Peenya  
Bangalore 560 058

## KEY FACILITIES

Dynamatic Park Peenya  
Bangalore 560 058 India

JKM Park SIPCOT Irrungattukottai  
Sriperumbudur Tamil Nadu 602 105 India

Cheney Manor, Swindon, Wiltshire  
SN2 2PZ, England

Jarvis Street Barton Hill  
Bristol BS5 9TR, England

## AUDITORS

Price Waterhouse & Co.,  
Chartered Accountants, Bangalore

## COMPANY SECRETARY

Ms. G. Haritha

## REGISTRAR & TRANSFER AGENTS

Karvy Computershare Pvt. Ltd  
Vittal Rao Nagar, Madhapur,  
Hyderabad 500 081

## BANKERS

State Bank of India  
State Bank of India, London  
Punjab National Bank (International)  
Limited  
Punjab National Bank  
DBS Bank Limited  
Standard Chartered Bank  
Citibank  
HDFC Bank  
ICICI Bank  
Axis Bank Limited  
Kotak Mahindra Bank Limited

## FINANCIAL INSTITUTIONS

GE Capital Services India

### Chairman

#### Mr. Vijai Kapur

*Management Consultant*

During an illustrious career, he was heading KKW Limited as Dy. Managing Director, and was also past President – AIEI (now called CII)

### Director

#### Dr. K. Aprameyan

*Distinguished Technocrat*

He is credited with the growth of Bharat Earth Movers Limited where he retired as Chairman and Managing Director. He was also a Member of the National Council, Confederation of Indian Industries (CII) and the Governing Council, Institute of Robotics and Intelligence Systems (IRIS)

### Director

#### Air Chief Marshal S. Krishnaswamy (Retd.)

*Distinguished Former Head of Indian Defence Services*

He is credited with bringing focus towards indigenous capabilities as an additional strategic dimension of National Security Policy. He retired as the Commander of India's Defence forces in the capacity of Chairman, Chiefs of Staff Committee, 2004, in addition to serving as Chief of Air Staff, Indian Air Force, 2002-04.

### Director

#### Mr. S. Govindarajan

*Senior Banking Professional*

Formerly the Managing Director & Group Executive (National Banking Group) of the largest bank in India, his illustrious career with the State Bank of India which included tenures as the Chief Financial Officer and Chief Treasury Officer, has endowed him with rich experience in finance & banking. He has also served as the Banking Ombudsman of the Reserve Bank of India.

### Director

#### Mr. Govind Mirchandani

*Management Consultant*

He has vast experience in developing and building leading brands in India. He has had a distinguished career which includes the positions of Executive Director & CEO, Reid & Taylor, Director, Brandhouse Retails Ltd., CEO & Director, Arvind Brands Ltd., President, Denim Division, Arvind Mills Ltd., and President & CEO, Personality Ltd.

### Director

#### Ms. Malavika Jayaram

*Lawyer*

An expert on Intellectual Property Rights, International Business Transactions and EU Law, she is a partner of Jayaram & Jayaram, Advocates. She has spent almost a decade practising law in Europe with

Allen & Overy, London and Citigroup, London where she was Vice President & Technology Law Counsel, before returning to India.

### Director

#### Mr. Raymond Keith Lawton

*Company Executive*

Formerly the Executive Chairman, Sauer Danfoss (Swindon Unit), he is credited with the transformation of the Swindon unit into a state-of-the-art facility. He is the Executive Director & Chief Operating Officer, Dynamatic Limited, UK.

### Executive Director & Chief Technology Officer

#### Mr. N. Rajagopal

*Company Executive*

He has over three decades' experience in production, design and engineering operations, having held positions of seniority in Dynamatic®. He was formerly Director Operations, and ED & COO, Dynamatic® Hydraulics and Dynametal®.

### Executive Director & Chief Marketing Officer

#### Mr. B. Seshnath

*Company Executive*

He has extensive marketing experience in Automotive, Pneumatic and Hydraulic industries, having worked with the TVS Group, Mahindra & Mahindra, Festo and Dynamatic®. He was formerly the Executive Director & Chief Operating Officer, JKM Daerim Automotive Ltd.

### President & Group Chief Financial Officer

#### Mr. V. Sunder

*Company Executive*

He has rich experience in Corporate Management, Law & Finance, having been the Company Secretary & Head Corporate Planning, Dynamatic®. He is a fellow member of the Institute of Company Secretaries of India and formerly CEO and Executive Director, JKM Daerim Automotive Ltd.

### Chief Executive Officer & Managing Director

#### Mr. Udayant Malhoutra

*Industrialist*

He is credited with successfully initiating, nurturing and scaling to Industrial size, various technologies associated with all three sciences. In addition to his role at Dynamatic®, he has been a Member, Board of Governors, IIT Kanpur (1997-2001), Chairman, CII National Technology Committee, Member, CII National Council (2001-2002) and President, Fluid Power Society of India, 2004-09.

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## AUDITORS' REPORT

### TO THE BOARD OF DIRECTORS OF DYNAMATIC TECHNOLOGIES LIMITED

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1. We have audited the attached Consolidated Balance Sheet of **Dynamatic Technologies Limited** ('the Company') and its subsidiaries (herein after referred to as 'the Group') as at March 31, 2009 and the related Consolidated Profit and Loss Account for the year ended on that date, and Cash Flow Statement for the year ended on that date, annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs.1,679,860 as at March 31, 2009, total revenues of Rs.1,185,922 and net cash outflow amounting to Rs.26,275 for the year ended on that date. The financial statements and other information of these subsidiaries 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 these subsidiaries, is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, as notified in the Companies (Accounting Standards) Rules, 2006.
5. Without qualifying, we draw attention to Note 25 on Schedule 20 to the financial statements explaining that these accounts have been prepared on a going concern basis although there has been breach of some covenants against certain bank borrowings which are under negotiation for relaxation.
6. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2009;
  - ii) in the case of the Consolidated Profit and Loss Account, of the Consolidated results of operations of the Group for the year ended on that date; and
  - iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.



**S. Dutta**

Partner

Membership No. : F 50081

For and on behalf of

**Price Waterhouse & Co.,**

Chartered Accountants

PLACE : BANGALORE  
DATE : 10<sup>th</sup> JULY, 2009



## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

		2009 Rs.000	2008 Rs.000
<b>SOURCES OF FUNDS</b>	<b>Schedule</b>		
<b>Shareholders' Funds</b>			
Capital	1	54,147	48,107
Reserves and Surplus	2	1,067,459	599,629
<b>Minority Interest</b>		1	1
<b>Loan Funds</b>			
Secured Loans	3	2,654,864	1,575,777
Unsecured Loans	4	182,066	176,165
<b>Deferred tax liabilities (Schedule 20 Note 9)</b>		<u>218,612</u>	<u>154,068</u>
		<u><b>4,177,149</b></u>	<u><b>2,553,747</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>a) Fixed Assets</b>			
Gross Block	5	3,435,591	2,337,642
Less: Depreciation		<u>1,098,005</u>	<u>722,416</u>
Net Block		<u>2,337,586</u>	<u>1,615,226</u>
Capital Work-in-Progress		<u>310,490</u>	<u>173,394</u>
		<u><b>2,648,076</b></u>	<u><b>1,788,620</b></u>
<b>b) Goodwill on Consolidation (Schedule 20 Note 16)</b>		<b>322,804</b>	-
Investments	6	-	-
Foreign Currency Monetary Item Translation Difference Account [Schedule 20 Note 18(b)]		<b>62,382</b>	-
<b>Current Assets, Loans and Advances</b>			
Inventories	7	662,398	471,884
Sundry Debtors	8	965,522	791,683
Cash and Bank Balances	9	247,691	253,871
Other Current Assets	10	25,570	27,288
Loans and Advances	11	<u>186,350</u>	<u>124,911</u>
		<u><b>2,087,531</b></u>	<u><b>1,669,637</b></u>
<b>Less: Current Liabilities and Provisions</b>			
Liabilities	12	896,145	848,366
Provisions	13	<u>47,499</u>	<u>56,144</u>
		<u><b>943,644</b></u>	<u><b>904,510</b></u>
<b>Net Current Assets</b>		<u><b>1,143,887</b></u>	<u><b>765,127</b></u>
		<u><b>4,177,149</b></u>	<u><b>2,553,747</b></u>
<b>Notes on Accounts</b>	20		

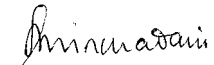
The schedules referred to above and the notes thereon form an integral part of the accounts.


This is the Consolidated Balance Sheet referred to in our report of even date.

  
**S. Dutta**  
Partner  
For and on behalf of  
**Price Waterhouse & Co.,**  
Chartered Accountants


  
**Dr. K APRAMEYAN**  
Director

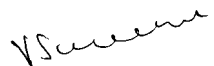
  
**S GOVINDARAJAN**  
Director

  
**GOVIND MIRCHANDANI**  
Director

  
**MALAVIKA JAYARAM**  
Director

  
**B SESHNATH**  
Executive Director and CMO

  
**N RAJAGOPAL**  
Executive Director and CTO

  
**V SUNDER**  
President and Group CFO

  
**UDAYANT MALHOUTRA**  
CEO and Managing Director

PLACE : BANGALORE  
DATE : 10<sup>th</sup> JULY, 2009

  
**N RAM MOHAN**  
Financial Controller

  
**G HARITHA**  
Company Secretary




# CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	2009	2008
<b>INCOME</b>		<b>Rs.000</b>	<b>Rs.000</b>
Sales and Services	14	4,434,482	4,053,887
Less: Excise duty included therein		378,260	494,281
Sales (Net)		4,056,222	3,559,606
Other Income	15	112,837	103,527
		<u>4,169,059</u>	<u>3,663,133</u>
<b>EXPENDITURE</b>			
Cost of Materials	16	2,087,593	1,846,098
Employee Cost	17	794,483	603,775
Other Operating Expenses	18	859,750	643,588
		<u>3,741,826</u>	<u>3,093,461</u>
<b>Operating Profit before Depreciation and Interest (EBITDA)</b>		<b>427,233</b>	<b>569,672</b>
Depreciation (Schedule 5 Note 7)		200,852	131,611
Interest	19	187,547	107,821
<b>Profit before Taxation and Extraordinary/ Exceptional items</b>		<b>38,834</b>	<b>330,240</b>
<b>"Extraordinary/ Exceptional items:</b>			
(Schedule 20 Note 12)			
Acquisition/ Merger Expenses		35,305	28,792
<b>Profit Before Taxation</b>		<b>3,529</b>	<b>301,448</b>
<b>Provision for Taxation (Schedule 20 Note 9)</b>			
Income Tax			
- Current		3,997	72,133
- MAT Credit Entitlement		(12,145)	-
- Deferred Tax [Debit/ (Credit)]		58,705	43,917
- Fringe Benefit Tax		4,957	4,700
- Wealth Tax		297	211
<b>Profit/ (Loss) After Taxation</b>		<b>(52,282)</b>	<b>180,487</b>
Profit brought forward from previous year		252,917	99,896
<b>Profit After Taxation Available for Appropriation</b>		<b>200,635</b>	<b>280,383</b>
<b>Appropriations</b>			
Dividend:			
- Interim		13,537	10,484
- Proposed		8,122	24,054
- Tax thereon		3,681	5,189
Transferred to General Reserve		4,870	18,577
		<u>170,425</u>	<u>222,079</u>
Add: Transfer of minority share in Profit and Loss Account		-	30,838
Profit carried to Balance Sheet		170,425	252,917
Earning per Share - Basic and Diluted [Schedule 20 Note 8]			
- Before Extraordinary/ Exceptional Items		(3.27)	49.78
- After Extraordinary/ Exceptional Items		(10.06)	42.94

## Notes on Accounts

20

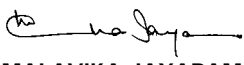
The schedules referred to above and the notes thereon form an integral part of the accounts. This is the Consolidated Profit and Loss Account referred to in our report of even date.

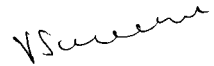
  
**S. Dutta**

Partner


For and on behalf of  
**Price Waterhouse & Co.,**  
Chartered Accountants

  
**Dr. K APRAMEYAN**  
Director

  
**MALAVIKA JAYARAM**  
Director

  
**V SUNDER**  
President and Group CFO

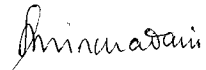
  
**N RAM MOHAN**  
Financial Controller


  
**S GOVINDARAJAN**  
Director

  
**B SESHNATH**  
Executive Director and CMO

  
**UDAYANT MALHOUTRA**  
CEO and Managing Director

  
**G HARITHA**  
Company Secretary

  
**GOVIND MIRCHANDANI**  
Director

  
**N RAJAGOPAL**  
Executive Director and CTO

PLACE : BANGALORE  
DATE : 10<sup>th</sup> JULY, 2009

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	2009 Rs.000	2008 Rs.000
<b>A. Cash flow from operating activities:</b>		
Profit before Taxation and before Extraordinary/ Exceptional items	38,834	330,240
Adjustments for:		
Depreciation	200,852	131,611
Interest Expense	187,547	107,821
Interest Income	(8,883)	(10,443)
(Profit)/Loss on Fixed Assets sold	(38,352)	1,460
Miscellaneous Expenditure written off	-	42
Bad Debts / Advances Written off	979	1,612
Provision for bad and doubtful Debts/ advances	7,905	5,034
Impairment of Goodwill arising on Consolidation	32,385	-
Liability no longer required written back	(627)	(631)
Provision for Gratuity and Leave Encashment	8,278	1,251
Unrealised foreign exchange (gain) /loss	22,521	(4,870)
Amortisation of Foreign Currency Monetary Item Translation Difference Account	53,173	-
Provision for warranty	2,028	5,915
<b>Operating profit before working capital changes</b>	<b>506,640</b>	<b>569,042</b>
<b>Adjustments for changes in working capital :</b>		
- (Increase)/Decrease in Sundry Debtors	(181,938)	(113,379)
- (Increase)/Decrease in Other Receivables	(74,966)	(28,985)
- (Increase)/Decrease in Inventories	(190,512)	(31,602)
- Increase/(Decrease) in Trade and Other Payables	(31,809)	6,045
Adjustment for Unrealised Foreign Exchange Gain/(Loss)	(22,521)	(3,168)
Exchange difference on translation of subsidiaries [excluding relating to Fixed Assets Rs.14,099 (2008: Nil)]	(88,004)	(2,637)
<b>Cash generated from operations</b>	<b>(83,110)</b>	<b>397,953</b>
- Direct Tax paid	(9,186)	(70,545)
- Fringe Benefit Tax paid	(7,369)	(4,145)
<b>Net cash from operating activities before Extraordinary/ Exceptional items</b>	<b>(99,665)</b>	<b>323,263</b>
- Extraordinary/ Exceptional items	(35,305)	(28,792)
<b>Net cash from operating activities after Extraordinary/ Exceptional items</b>	<b>(134,970)</b>	<b>294,471</b>
<b>B. Cash flow from Investing activities:</b>		
Purchase of fixed assets [net of adjustment on account of AS 11 amendment (Schedule 20 Note 18)]	(730,195)	(452,102)
Proceeds from Sale of fixed assets	87,641	5,442
Proceeds from Sale of Investments	-	15
Proceeds from repayment of Loans/ICDs	23,284	216
Interest Received (Revenue)	14,330	6,091
Amount Paid on Acquisition of Windfarm/ Business Purchase of Dynamatic Limited, UK	(320,813)	(363,673)
Premium paid on acquisition of shares in Subsidiaries [after adjustment relating to deferred tax liability on the date of acquisition Rs.9,067 (2008: Rs.Nil)]	(346,122)	-
Adjustment for Unrealised Foreign Exchange Gain / (Loss)	-	355
<b>Net cash used in investing activities</b>	<b>(1,271,875)</b>	<b>(803,656)</b>