

ANNUAL REPORT
2009-10

DYNAMATIC TECHNOLOGIES LIMITED

design
@change



“Everything flows, nothing stands still. Nothing endures but change.”

- Heraclitus

Dear Fellow Shareholder,

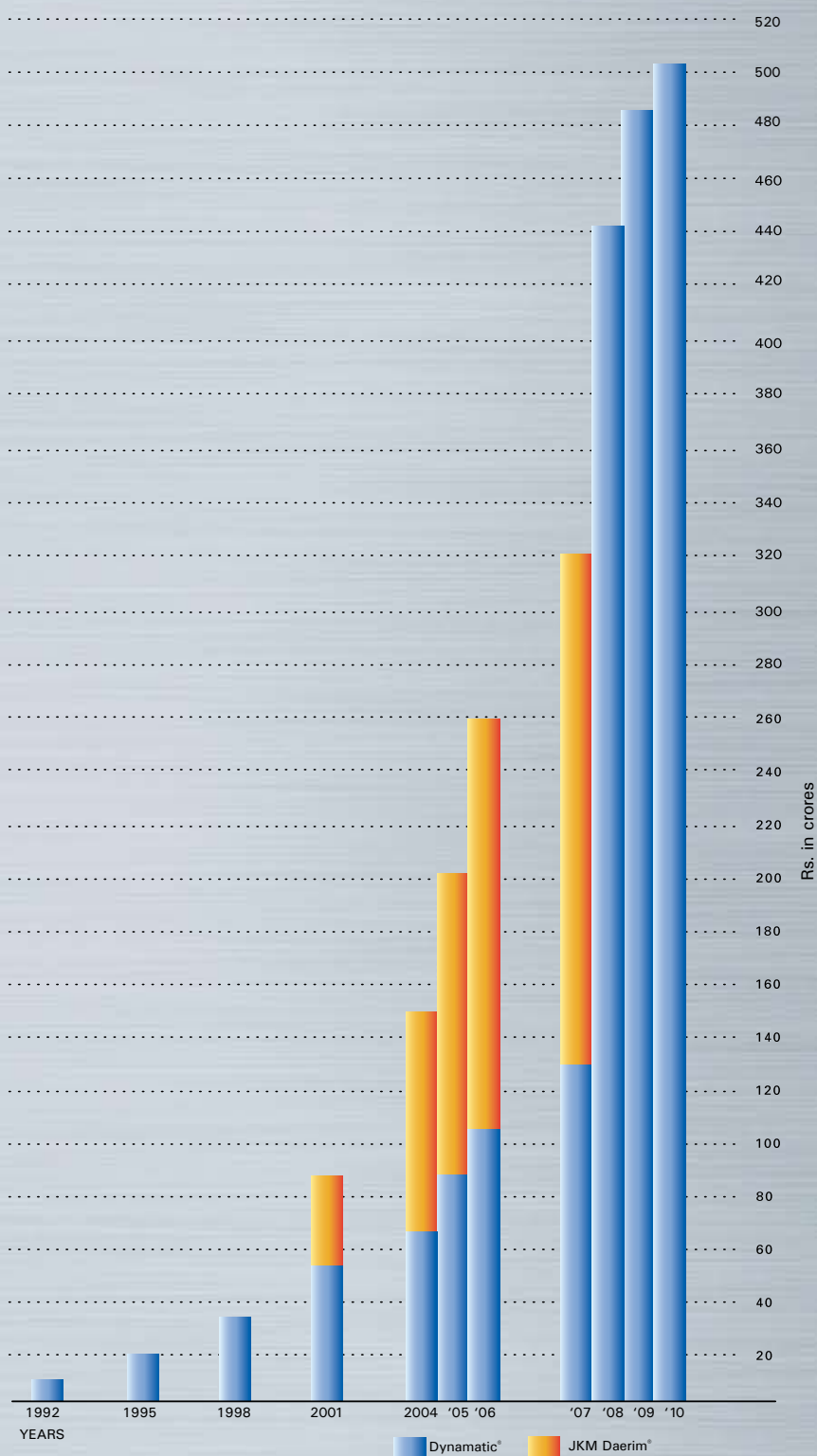
On behalf of the Board of Directors of Dynamatic Technologies Limited & its Subsidiaries, I take pleasure in presenting you with Audited Financial Statements for the year 2009-10.

During the year under review, your Company along with its Subsidiaries has recorded a growth rate of 3.63% in aggregated sales. Gross Sales of Rs. 5020.51 million (aggregated with Subsidiaries) was the highest ever recorded.

The graph on the right shows the growth of your Company over the past 18 years. The historically high growth rates your Company has enjoyed was affected negatively during the past 18 months as a consequence of the global financial crisis. That notwithstanding, the different business units have weathered the storm very well, using this period to compress costs, restructure business operations, conserve cash, and also to utilize spare capacity for new product development and prototyping.

Your Company's profitability bounced back during the year under review with EBIDTA of Rs. 6725.16 Lacs & Net Profit before Tax (before forex impact) of Rs.1979.01 lacs.

Dynamatic® Hydraulics' modern design and manufacturing facilities in the UK and India have enabled it to become one of the top-two suppliers of Hydraulic Gear Pumps to the agricultural tractor industry worldwide. This sector remains buoyant on the back of high global food prices.



In the earlier years, JKM Daerim® has been identified separately on the bar chart above. With effect from 2007-08, the merged identity is shown as a single bar. The aggregated sales for 2009-10 also includes the turnover recorded by your Company's wholly owned Subsidiaries as well as Inter-Division/Company sales of Rs. 39.20 cr. from Dynametal®, Dynamatic® Hydraulics, Dynamatic® Wind Farm and Dynamatic Limited, UK.



Dynamatic® leadership team comprising of James Tucker, Raymond Lawton and Trish Gallagher with Lord Mervyn Davies, UK Minister for Trade & Commerce, during his visit to Dynamatic Limited, UK, in January 2010

During the year under review, Dynamatic® Hydraulics and JKM Automotive™ together developed 12 new products for Cummins Inc, for which your Company received customer recognition. In addition, 25 new products were developed for John Deere, the world's largest agricultural equipment manufacturer.

With the boom in India's automotive and tractor sectors, your Company is witnessing surging demand which exceeds its capacity. It is taking emergency steps to de-bottleneck its manufacturing plants and supply chain to meet growth opportunities. JKM Automotive's continued focus on products relating to emission control and fuel efficiency, continues to

Oldland Aerospace™ was recognized for its Excellent Performance in the areas of Delivery & Quality by GKN Aerospace at the Farnborough Air Show 2010. Front left: James Tucker, Director, Oldland Aerospace™



gain relevance given high energy prices and changing global attitudes towards the environment.

During the year under review, your Company's Aerospace business recorded its highest ever sales of Rs. 7821.34 Lacs. Dynamatic's Yellow Brick Road Strategy which envisages a Global Aerospace Supply Chain for its aerospace business, is beginning to show results in terms of new value creation.

Oldland Aerospace™, your Company's Aeronautic subsidiary in Bristol, UK, employs complex 5 axis machining capabilities and enjoys a strategic locational advantage required for the forging of strong direct relationships with customers in Europe and America.



G P Reddy, V Sunder, Dr. Rajkumar Khatri, Commissioner for Industrial Development, Neil McManus, Vice-President & Managing Director, Spirit AeroSystems (Europe) Ltd., V P Baligar, Principal Secretary to the Govt. of Karnataka, Dept of Industries & Commerce, Udayant Malhoutra, Craig Stewart, Project Manager, UK Power8 Transfers, Ravish Malhotra, Dave Stewart, Senior Director Global Sourcing-Aerostructures, Spirit AeroSystems (Europe) Ltd. & R Subodh celebrate the achievement of Single Source Supplier Status for the Airbus Single Aisle Flap Track Beams

Dynamatic's export program for the Airbus Single Aisle Flap Track Beam project was successfully concluded with Dynamatic® having achieved Single Source Supplier status to Spirit AeroSystems and EADS earlier this year. This landmark achievement comes within a year of commencement of commercial supplies. Recently, your Company secured a contract from Boeing for the manufacture of Cabinets to house critical power and mission equipment for the P8I, a multi-mission maritime aircraft developed by Boeing and customized for the Indian Navy.

Dynamic® is HAL's largest developmental partner on India's largest defence programme, the Sukhoi 30 MKI Fighter Bomber. In a rare instance of Public Private Partnership, your Company has set up a production facility at HAL's premises in Nasik to undertake assembly work of Airframe Structures for the Sukhoi 30 MKI Fighter Bomber. This assembly transfer, which is expected to be completed shortly, will enable Dynamic® to offer greater production support to HAL by virtue of its strategic location at the customer's doorstep.



Carriage Assembly on a Flap Track Beam for the Airbus A320 Single Aisle Aircraft at Prana, Dynamic Aerospace®



Dynamic Aerospace® was featured on the cover page of the June edition of Aviation Week & Space Technology

During the year under review, your Company set up an Aerospace Precision Assembly Laboratory to undertake critical assemblies for customers such as Indian Space Research Organisation (ISRO).

In June 2010, Dynamic® signed a Memorandum of Understanding with the

Government of Karnataka for the acquisition of 35 acres of land to establish a state-of-the-art Aerospace Manufacturing Facility at the Aerospace Park to be

set up by the Karnataka Industrial Area Development Board (KIADB) adjacent to the International Airport in Bangalore. This site will enable it to build and air-ship large aerostructures to global customers.

Dynamic® has received industrial defence production licences for a large variety of equipment, enabling it to consolidate on its leadership position as the partner of choice to the Ministry of Defence and other leading defence agencies in India.

Your Company is already collaborating with India's National Defence and Security Forces to develop combat-proven solutions for gathering real-time visual intelligence in remote and hostile environments, as

well as real-time monitoring and mapping capabilities for civilian applications. Earlier this year, it developed a Mobile Surveillance Vehicle (MSV) for India's Security Forces, which is capable of monitoring infiltration on the Country's borders as well as providing real-time Visual Intelligence within Cities. This is currently undergoing trials at an undisclosed location.

Dynamic® has also entered into a teaming agreement with

Field trial of a UAV



BlueBird Aero Systems Limited, Israel, a global technology leader in the Tactical Unmanned Aerial Systems (UAS) industry, for the manufacture, assembly and marketing of Mini and Micro Tactical Unmanned Aerial Vehicles (UAVs) in India. The partnership with BlueBird Aero Systems uniquely positions your Company to emerge as a dominant player in the Indian market for tactical UAVs.

During the year under review, Dynamatic® entered into an agreement with Reuben Power PLC for the design, development and manufacture of Electric Vehicle Charging Points on an exclusive worldwide remit. Your Company has drawn upon its precision engineering skills as well as the design capabilities of Powermetric® Design to establish this innovation-centric green business.

“Change alone is eternal, perpetual, immortal.”

- Arthur Schopenhauer

Throughout the history of Dynamatic Technologies Limited, it has faced challenging times head-on, seeking to benefit from the opportunities that



Udayant Malhoutra with Lord Mervyn Davies , UK Minister for Trade & Commerce, at the signing of the MoU for the design, development and manufacture of EV Charging Points, on 21st January 2010



accompany environmental risk. It has done so by being open to change, evolving into something bigger and better each time.

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
Chief Executive Officer and Managing Director

DYNAMATIC TECHNOLOGIES LIMITED

Chairman
Mr. Vijai Kapur
Management Consultant
During an illustrious career, he was heading GKW 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 additional strategic dimensions 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 and 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 and Taylor, Director, Brandhouse Retails Ltd, CEO & Director, Arvind Mills Ltd, President, Denim Division, Arvind Mills Ltd, and President & CEO, Personality Ltd.

Director
Ms. Malvika 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 Limited.

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), Member, CII National Council (2001-2003, 2010-2011), Chairman, CII National Committee on Technology (2002-2003), Chairman, National Committee on Design (2010-2011) and President, Fluid Power Society of India (2004-08).

Director, Oldland Aerospace Limited, UK
James Tucker
Company Executive
Formerly the General Manager of Oldland CNC, he has rich technical and operational experience in Aeronautical manufacturing as well as excellent customer liaison skills, having managed global aerospace majors like Boeing, Airbus, GKN Aerospace, Agusta Westland, etc. He is the Director, Oldland Aerospace Limited, UK.

Director, Oldland Aerospace Limited, UK
Claire Tucker
Company Executive
Formerly the Systems Manager of Oldland CNC, she is credited with having set up modern systems and processes at Oldland Aerospace™, particularly in the Administrative, Financial and IT functions. She is the Director, Oldland Aerospace Limited, UK.

REGISTERED OFFICE
Dynamatic Park Peenya
Bangalore 560 058 India

Ojhar, Niphad
Nasik 422207 India

KEY FACILITIES
Dynamatic Park Peenya
Bangalore 560 058 India

Cheney Manor
Swindon Wiltshire
SN2 2PZ England

JKM Park SIPCOT
Irrungattukottai
Sriperumbudur
Tamil Nadu 602 105 India

Jarvis Street, Barton Hill
Bristol BS5 9TR, England

Airforce Road
HAL Ancillary Unit III

AUDITORS
M/s. B S R & Associates
Chartered Accountants
Bangalore

GM COMPLIANCE & 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
HDFC Bank
ICICI Bank
Axis Bank Limited
Kotak Mahindra Bank Limited
Yes Bank

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
Member, Nomination
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
Member, Nomination
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
Member, Nomination Committee



Malavika Jayaram
Director, DTL
Member, Technical
Development
Committee



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



Udayant Malhoutra
CEO & Managing Director, DTL
Member, Technical Development Committee
Member, Shareholders Committee
Member, Nomination Committee
Chairman, JKM Research Farm Ltd
Chairman, JKM Global Pte Ltd, Singapore
Chairman, Dynamatic Ltd, UK
Chairman, DM 38 Limited, UK
Chairman, Yew Tree Investments Limited, UK
Chairman, Oldland Aerospace Limited, 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 Mentor & Co- Founder,
Dynamatic Aerospace®



S K Kapur
Vice President
Corporate Affairs,
DTL



N Ram Mohan
Financial
Controller
DTL



G Haritha
GM Compliance &
Company Secretary
DTL



**Pradeep
Chennamale**
Head Strategic
Financial Initiatives
DTL



Rekha S Nair
Head Corporate
Communications
DTL



D Satheesh Kumar
Deputy Chief
Operating Officer,
JKM Auto™



P K Ray Chaudhuri
Head of Engineering, DTL
Research & Development



P S Ramesh
Chief Operating Officer
Dynamatic® Hydraulics



C S Kim
Vice President
Technical
JKM Auto™



G Elangovan
Vice President
Castings Commodity
Dynametal®



G V Gururaj
Sr. General Manager
Marketing
Dynamatic® Hydraulics



Althaf Shareef
General Manager
Information Systems
DTL



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



Alan Jinks
Global Sales Manager
Dynamatic Ltd, UK



Trish Gallagher
Human Resources
& IT Manager
Dynamatic Ltd, UK



James Tucker
Director
Oldland Aerospace Ltd



Claire Tucker
Director
Oldland Aerospace Ltd



Anil Kumar Katti
Chief Operating Officer,
Powermetric® Design,
DTL



Arun T S
Deputy Chief Operating
Officer
Dynamatic Homeland
Security™



G Parasurami Reddy
Chief Operating Officer,
Dynamatic Aerospace®



Subodh R
Deputy Chief Operating
Officer
Dynamatic Aerospace®



R Shiva Kumar
Head - Production
Engineering
DTL



**Air Cmde (Retd)
K Narendra Kumar VSM**
General Manager
Dynamatic Aerospace®
Nasik

SENIOR MANAGEMENT

JKM RESEARCH FARM LIMITED

Chairman

Mr. Udayant Malhoutra

Director

Ms. 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

KPMG 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

KPMG LLP, Bristol

YEW TREE INVESTMENTS LIMITED, UK

Chairman

Mr. Udayant Malhoutra

Director

Mr. V. Sunder

Director

Mr. Raymond Keith Lawton

Auditors

KPMG LLP, Bristol

DM 38 LIMITED, UK

Chairman

Mr. Udayant Malhoutra

Director

Mr. V. Sunder

Director

Mr. Raymond Keith Lawton

Auditors

KPMG LLP, Bristol

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.

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS

| | |
|---------------------------|------|
| Auditors' Report | C-2 |
| Balance Sheet | C-3 |
| Profit and Loss Account | C-4 |
| Cash Flow Statement | C-5 |
| Schedules to the Accounts | C-7 |
| Notes to the Accounts | C-17 |

DYNAMATIC TECHNOLOGIES LIMITED

| | |
|--------------------------------------|------|
| Directors' Report to Shareholders | D-1 |
| Management's Discussion and Analysis | D-11 |
| Corporate Governance Report | D-20 |
| Certificate on Corporate Governance | D-35 |
| Corporate Sustainability Report | D-36 |
| Auditors' Report | D-39 |
| Balance Sheet | D-42 |
| Profit and Loss Account | D-43 |
| Cash Flow Statement | D-44 |
| Schedules to the Accounts | D-46 |
| Notes to the Accounts | D-55 |
| Balance Sheet Abstract | D-65 |




PLEASE LIFT FOLDOUT FOR CORPORATE STRUCTURE

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

1. We have audited the attached consolidated balance sheet of Dynamatic Technologies Limited ('the Company') and its subsidiaries (collectively called 'the Dynamatic Group') as at 31 March 2010, the consolidated profit and loss account and the consolidated cash flow statement together known as 'consolidated financial statements' for the year ended on that date, annexed thereto. 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.

generally accepted accounting principles in India. The reporting packages made for this purpose have been audited by the other auditors and reports of those other auditors have been furnished to us. Our opinion on the consolidated financial statements, insofar as it relates to these entities, is based on the aforesaid audit reports of these other auditors.
2. We 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements and other financial information of certain subsidiaries. These subsidiaries account for 13.33% of total assets and 32.00% of total revenues and other income, as shown in these consolidated financial statements. Of the above:
 - a. The financial statements and other financial information of some of the subsidiaries incorporated outside India as drawn up in accordance with the generally accepted accounting principles of the respective countries ('the local GAAP') have been audited by other auditors duly qualified to act as auditors in those countries. These subsidiaries account for 12.51% of total assets and 32.00% of total revenue and other income as shown in these consolidated financial statements. For purposes of preparation of consolidated financial statements, the aforesaid local GAAP financial statements have been restated by the management of the said entities so that they conform to the generally accepted accounting principles in India. This has been done on the basis of a reporting package prepared by the Company which covers accounting and disclosure requirements applicable to consolidated financial statements under the
 - b. The financial statements and other financial information of the remaining subsidiaries have been audited by other auditors. These subsidiaries account for 0.82% of total assets as shown in these consolidated financial statements. The auditor's report has been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to these entities, is based on the aforesaid audit reports of these other auditors.
4. Based on our audit and to the best of our information and according to the explanations given to us and on consideration of reports of other auditors on separate financial statements, in our opinion the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the consolidated balance sheet, of the state of affairs of the Dynamatic Group as at 31 March 2010;
 - b. in the case of the consolidated profit and loss account, of the profit of the Dynamatic Group for the year ended on that date; and
 - c. in the case of the consolidated cash flow statement, of the cash flows of the Dynamatic Group for the year ended on that date.

for B S R & Associates
Chartered Accountants
Firm Registration number: 116231W


Rajesh Arora
Partner
Membership No. 076124

Bangalore
31 July 2010

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

| | | As at 31 March 2010 | (Rs in '000) As at 31 March 2009 |
|--|-----------------|------------------------|--|
| SOURCES OF FUNDS | Schedule | | |
| Shareholders' funds | | | |
| Share capital | 2 | 54,147 | 54,147 |
| Reserves and surplus | 3 | 1,152,504 | 1,067,459 |
| Minority interest | | 1 | 1 |
| Loan funds | | | |
| Secured loans | 4 | 2,407,105 | 2,654,864 |
| Unsecured loans | 5 | 119,232 | 182,066 |
| Deferred tax liability, net | 20(4) | 239,622 | 218,612 |
| | | <u>3,972,611</u> | <u>4,177,149</u> |
| APPLICATION OF FUNDS | | | |
| Fixed assets | | | |
| Gross block | 6 | 3,792,863 | 3,435,651 |
| Less: Accumulated depreciation | | 1,307,487 | 1,098,065 |
| Net block | | 2,485,376 | 2,337,586 |
| Capital work-in-progress | | 105,351 | 310,490 |
| | | <u>2,590,727</u> | <u>2,648,076</u> |
| Goodwill on consolidation | | 302,224 | 322,804 |
| Investments | 7 | - | - |
| Foreign currency monetary item translation difference account | | 7,883 | 62,382 |
| Current assets, loans and advances | | | |
| Inventories | 8 | 627,152 | 633,463 |
| Sundry debtors | 9 | 920,130 | 965,522 |
| Cash and bank balances | 10 | 227,670 | 247,691 |
| Other current assets | 11 | 37,857 | 28,935 |
| Loans and advances | 12 | 228,441 | 214,869 |
| | | <u>2,041,250</u> | <u>2,090,480</u> |
| Current liabilities and provisions | | | |
| Current liabilities | 13 | 924,537 | 899,094 |
| Provisions | 14 | 44,936 | 47,499 |
| | | <u>969,473</u> | <u>946,593</u> |
| Net current assets | | <u>1,071,777</u> | <u>1,143,887</u> |
| | | <u>3,972,611</u> | <u>4,177,149</u> |
| Significant accounting policies | 1 | | |
| Notes to the consolidated financial statement | 20 | | |

The schedules referred to above forms an integral part of the consolidated balance sheet.

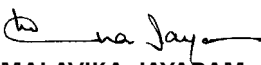
As per our report attached
for **B S R & Associates**
Chartered Accountants
Firm Registration
number: 116231W

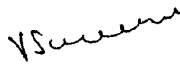

Rajesh Arora
Partner

Membership number 076124

for and on behalf of the Board of Directors


Dr. K APRAMEYAN
Director


MALAVIKA JAYARAM
Director


V SUNDER
President and Group CFO

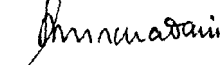

N RAM MOHAN
Financial Controller

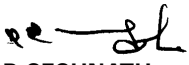

S GOVINDARAJAN
Director


N RAJAGOPAL
Executive Director and CTO


UDAYANT MALHOUTRA
CEO and Managing Director


G HARITHA
GM- Compliance & Company Secretary


GOVIND MIRCHANDANI
Director


B SESHNATH
Executive Director and CMO

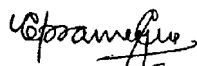
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010


| | | | (Rs in '000) |
|---|----------|-------------------------------------|-------------------------------------|
| | | For the year ended 31 March 2010 | For the year ended 31 March 2009 |
| | Schedule | | |
| Income | | | |
| Sale of manufactured products | | 4,482,227 | 4,354,405 |
| Less: Excise duty | | 229,534 | 378,260 |
| Sale of manufactured products, net | | 4,252,693 | 3,976,145 |
| Income from project execution services | | 142,379 | 100,769 |
| Service income | | 3,825 | 6,474 |
| Other income | 15 | 52,692 | 112,837 |
| | | <u>4,451,589</u> | <u>4,196,225</u> |
| Expenditure | | | |
| Cost of materials consumed | 16 | 2,254,731 | 2,116,528 |
| Personnel expenses | 17 | 835,391 | 794,482 |
| Other operating expenses | 18 | 728,507 | 867,345 |
| | | <u>3,818,629</u> | <u>3,778,355</u> |
| Profit before depreciation, interest, minority interest and tax (EBITDA) | | <u>632,960</u> | <u>417,870</u> |
| Depreciation | 6 | 225,390 | 200,852 |
| Interest and finance charges | 19 | 249,225 | 213,490 |
| Profit before minority interest and tax | | <u>158,345</u> | <u>3,528</u> |
| Provision for tax | | | |
| - current tax | | 43,888 | 3,997 |
| - minimum alternate tax credit entitlement | | (11,928) | (12,145) |
| - deferred tax charge | | 21,010 | 58,705 |
| - fringe benefit tax | | - | 4,957 |
| -Wealth tax | | 229 | 297 |
| Profit after tax and before minority interest | | <u>105,146</u> | <u>(52,283)</u> |
| Minority interest | | - | - |
| Profit/(loss) for the year | | <u>105,146</u> | <u>(52,283)</u> |
| Balance brought forward from previous year | | <u>170,424</u> | <u>252,917</u> |
| Amount available for appropriation | | <u>275,570</u> | <u>200,634</u> |
| Appropriations | | | |
| Dividend: | | | |
| - Interim dividend | | 24,366 | 13,537 |
| - Proposed dividend | | 16,244 | 8,122 |
| -Tax on dividend | | 6,901 | 3,681 |
| Transferred to general reserve | | 10,818 | 4,870 |
| Balance carried forward | | <u>217,241</u> | <u>170,424</u> |
| | | <u>275,570</u> | <u>200,634</u> |
| Earnings per share - basic and diluted (Equity share par value Rs.10 each) | | 19.42 | (10.06) |
| Significant accounting policies | 1 | | |
| Notes to the consolidated financial statements | 20 | | |

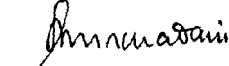
The schedules referred to above form an integral part of the Consolidated profit and loss account.

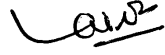
As per our report attached
for **B S R & Associates**
Chartered Accountants
Firm Registration
number: 116231W


for and on behalf of the Board of Directors


Dr. K APRAMEYAN
Director


S GOVINDARAJAN
Director

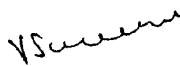

GOVIND MIRCHANDANI
Director


Rajesh Arora
Partner
Membership number 076124


MALAVIKA JAYARAM
Director


N RAJAGOPAL
Executive Director and CTO


B SESHNATH
Executive Director and CMO


V SUNDER
President and Group CFO


UDAYANT MALHOUTRA
CEO and Managing Director

Place : Bangalore
Date : 31 July 2010


N RAM MOHAN
Financial Controller


G HARITHA
GM- Compliance & Company Secretary