

DYNAMATIC • TECHNOLOGIES • LIMITED

A N N U A L **REPORT**

2 0 1 2 - 2 0 1 3



resilience
amidst global
adversity



"Adversity is the mother of progress."

- Mahatma Gandhi

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 2012-13.

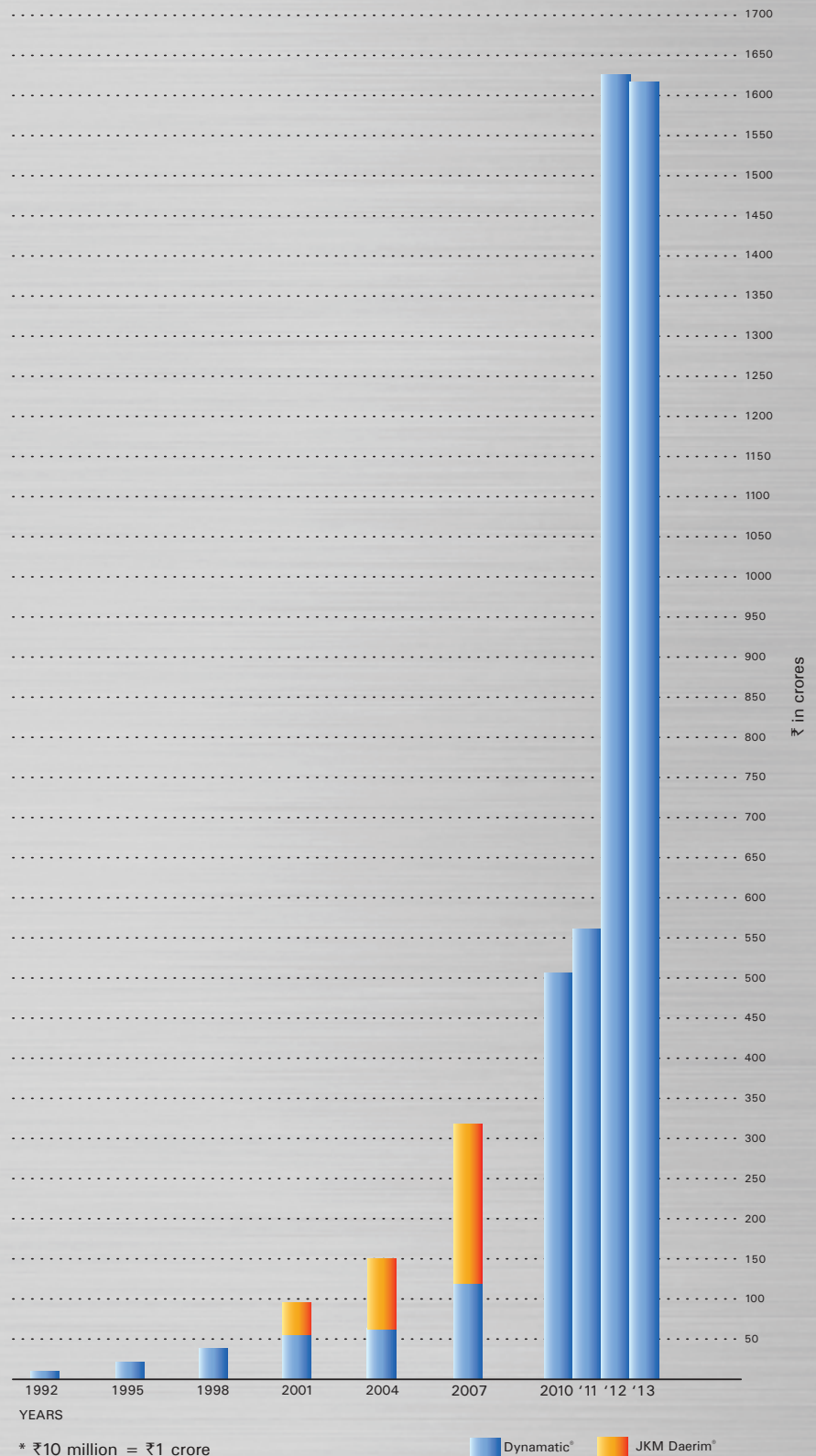
During the year under review, Your Company along with its Subsidiaries recorded a marginal decline of 1.4% in Aggregate Sales. Gross Sales recorded is ₹16,176 Million (aggregated with Subsidiaries) with consolidated EBIDTA of ₹1,432 million & Net Profit Before Tax of ₹123 million.

The graph on the right shows Your Company's growth over the past 22 years.

The historically high growth rates enjoyed by Your Company were affected by the negative Global sentiments and economic uncertainties of the past year. Your Company weathered the unfavourable economic environment by relentlessly focusing on its customers' requirements, by being frugal and productive, and by right-sizing its business operations.

Your Company refinanced its operations in the UK by partnering the Royal Bank of Scotland to leverage off its local assets and reduce group guarantees. Similarly, Your Company in partnership with DBS, undertook a comprehensive refinancing of the overall debt of its operations in Germany. The refinancing activities are expected to provide business units at both locations with a more flexible, investment-enabling financial structure that will facilitate business growth.

Your Company has been built through a mixture of organic and inorganic growth. The acquisitions of the past years - Hydraulics Operations of Sauer Danfoss Limited, UK, at Swindon, UK, Oldland CNC Limited at Bristol, UK, and Eisenwerk Erla GmbH at Schwarzenberg, Germany - has enabled



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 2012-13 also includes the turnover recorded by Your Company's Wholly Owned Subsidiaries as well as Inter-Division/Company Sales of ₹109 crores from Dynametal®, Dynamatic® Hydraulics, Dynamatic® Wind Farm, Eisenwerk Erla GmbH, Germany, JKM Ferrotech Limited, India and Dynamatic Limited, UK.

Your Company to globalise its Design, Manufacturing and Sales footprints, and deliver complementary technical capabilities to customers in its chosen fields: Hydraulics, Automotive and Aeronautics.

Dynamatic® Hydraulics which serves global companies at their manufacturing plants in both Eastern and Western Hemispheres, is one of the World’s leading Hydraulic Gear Pump manufacturers. During the year under review, Your Company’s Hydraulics Business in the UK has grown by 23.44%, from ₹980 million in FY 2012 to ₹1280 million in FY 2013, on the back of new orders from global customers like John Deere and Case New Holland.

Dynamatic® Hydraulics, India, was impacted by the Global economic slowdown and steep reduction in Indian tractor sales due to poor monsoons. As a consequence, Hydraulics sales in India declined by 12.57%, from ₹2060 million in FY 2012 to ₹1830 million in FY 2013. Fortunately monsoons during the current year have been abundant and the business is seeing an expansion of volumes once again.

“The battlefield is a scene of constant chaos. The winner will be the one who controls that chaos, both his own and the enemies.”

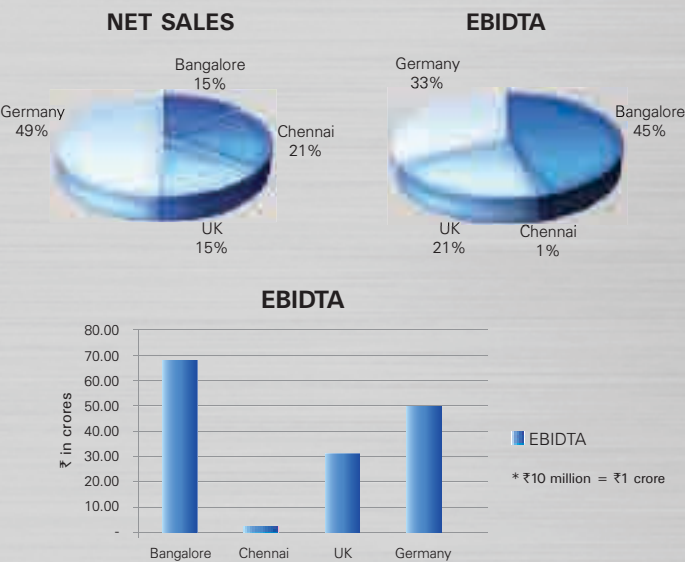
- Napoleon Bonaparte

Over the past 22 months, Your Company’s Automotive and Casting Units located around Chennai, Tamil Nadu, struggled with production disruptions and interrupted Iron Casting supplies due to the severe power shortage in the State of Tamil Nadu. The continuing instability of the Indian Currency which drove import costs up, also exerted severe inflationary pressures on the business. As a result, Your Company’s large and hitherto successful operations at Chennai have seen a complete erosion in profitability.

Your Company was able to mitigate the power problem through the ownership of its own wind farm, and the successful execution of its Agreement with the Government of Tamil Nadu for guaranteed uninterrupted power supply for JKM Automotive™, Dynametal® and JKM Ferrotech Limited. The supply



In a short span of 5 months, JKM Ferrotech™ developed 11 variants of Ferrous Casting Manifolds, of which 3 variants were previously sourced from Coimbatore and 3 variants were being sourced from Korea. 5 new variants were developed for Hyundai’s Diesel Engine Project.



chain was stabilised through the vertical integration of the Automotive Manufacturing and Aluminium Casting Units with the Iron Foundry, which enabled Your Company to engage in large product rationalization with major Automotive customers, phase out low value products and reduce dependence on import-intensive products. These initiatives were necessary to turn-around operations at Chennai and have begun to deliver results, with JKM Automotive™ having received new orders from Nissan UK and JKM Ferrotech™ having received new orders from Hyundai Motor India Limited and Daimler. JKM Ferrotech™ has also received an order from BMW for the Global supplies of Exhaust

Manifold Castings - The first instance of the Global Automotive Major approving the sourcing of critical Exhaust Manifolds from India for its Global operations.

Eisenwerk Erla GmbH, Germany, which generated pre-tax profits of ₹236.90 million in FY 2013, has had to contend with the Euro Zone Crises and the slow growth of the Western European Automotive market. Responding to the growing demand for Stainless Steel Castings in the Global Petrol Engine Turbo Charger market, Eisenwerk Erla GmbH successfully implemented the Steel Castings process and is currently developing Stainless Steel Castings for key OEM customers.

“Man needs his difficulties because they are necessary to enjoy success.”

- Dr. A P J Abdul Kalam



The Dynamatic-Oldland Aerospace™ Team with the Bell Helicopter Team comprising of Gunnar Kleveland, VP Procurement, Bell Helicopter, Scot Harris, Director Engineering, Bell Helicopter India, Rishi Malhotra, GM - India, Bell Helicopter and Nagpal Parihar, Project Lead, Bell Helicopter at the Bell 407 project launch

Your Company’s Aerospace business continues to grow at a stable pace.

The production of Flap Track Beams for the Airbus A320 Single Aisle Family of Aircraft is progressing smoothly, with close to 1500 sets of Flap Track Beams having been delivered to Spirit AeroSystems.

Dynamatic-Oldland Aerospace™ at Bristol saw its sales grow from ₹920 million in FY 2012 to ₹1070 million in FY 2013. To meet the needs of its growing Aerospace business in UK, Your Company expanded its Aerospace Operations into the Swindon site, utilizing the spare capacity available at Swindon.

During the year under review, Dynamatic-Oldland Aerospace™ signed a Memorandum of Understanding with Bell Helicopter for the manufacture of Air Frame Cabin Assembly, Air Frame Component and Details for the Bell 407 helicopter. Trial production commenced earlier this year, with the First Article Inspection having been completed for close to 100 part numbers.



The Boeing CH-47 Chinook Photo Courtesy: The Boeing Company

Dynamatic-Oldland Aerospace™ also received new orders from Boeing Military for the manufacture of Aft Pylon and Cargo Ramp Assemblies for Boeing’s CH-47F Chinook Helicopter.

“Fresh activity is the only means of overcoming adversity.”

- Johann Wolfgang von Goethe

Your Company has continued to build its defence and security footprint, by 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. Recently, Your Company received an order for five custom designed Mobile Command and Control Vehicles (MCCVs) for the Safe City project of a State in Western India.

Your Company has also teamed with AeroVironment Inc, a world leader in Unmanned Aerial Systems, for the manufacture, marketing and support of Unmanned Aerial Vehicles in India. The Teaming enhances the dominant position Your Company currently enjoys and positions it uniquely for a number of business opportunities with potential customers including the Ministry of Defence and the Ministry of Home Affairs.



Digital rendition of the custom designed MCCV, Dynamatic® Prahari

“Success is not final, failure is not fatal: It is the courage to continue that counts.”

- Sir Winston Churchill

Throughout the history of Dynamatic Technologies Limited, it has faced challenging times head on, seeking to benefit from the opportunities that accompany environmental risk. It has done so by being open to change, evolving into something bigger and better each time.

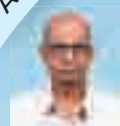
The Leadership team at Dynamatic® is committed to securing the Company’s market leadership, technological competence and brand equity through these difficult times and remains confident in its abilities to continue on its existing high growth curves.

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

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



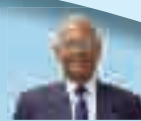
Govind Mirchandani
Director, DTL
Member, Leadership,
HRD & Remuneration
Committee



Dr K Aprameyan
Director, DTL
Chairman, Technology
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,
Technology Development Committee
Member, Audit Committee
Member, Nomination Committee



Malavika Jayaram
Director, DTL
Member, Technology
Development Committee



Udayant Malhoutra
CEO & Managing Director, DTL
Member, Technology Development Committee
Member, Shareholders Committee
Member, Nomination Committee
Chairman, JKM Research Farm Ltd, India
Chairman, JKM Erla Automotive Ltd, India
Chairman, JKM Global Pte Ltd, Singapore
Chairman, Dynamatic Ltd, UK
Chairman, Yew Tree Investments Ltd, UK
Geschäftsführer, Eisenwerk Erla GmbH, Germany



Claire Tucker
Director, DTL
Director Europe Operations,
Dynamatic Group
Corporate Director, Europe Operations,
Dynamatic Limited, UK
Director, JKM Erla Holdings GmbH, Germany
Geschäftsführer,
Eisenwerk Erla GmbH, Germany



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



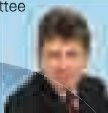
**Rear Admiral
Rajender Singh (Retd.)**
Head Group HR, DTL
Director, JKM Research
Farm Ltd, India
Director, JKM Erla
Automotive Ltd, India
Director, JKM
Ferrotech Ltd, India



S K Kapur
Vice President
Corporate Affairs
DTL



Hanuman Sharma
Chief Financial Officer, DTL
Geschäftsführer,
Eisenwerk Erla GmbH,
Germany
Director, JKM Global
Pte Limited, Singapore



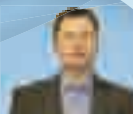
Dietmar Hahn
Director, DTL
Geschäftsführer
Eisenwerk Erla GmbH



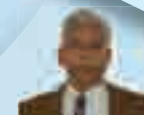
S Uppili
President, JKM Automotive™
Division, DTL
Executive Director,
JKM Ferrotech Ltd.
Director, JKM Erla
Automotive Ltd.



Raymond K Lawton
Director, DTL
Member, Audit Committee
Member, Technology Development Committee
Managing Director,
Dynamatic® Hydraulics, Dynamatic Limited, UK
Director, Yew Tree Investments Ltd, UK



James Tucker
Managing Director
Aerospace Division
Dynamatic Limited, UK



Air Cmde Ravish Malhotra (Retd.)
Chief Mentor & Co-Founder
Dynamatic-Oldland Aerospace™



Anil Kumar Katti
Chief Operating Officer,
Powermetric® Design



G Parasurami Reddy
Chief Operating Officer
Dynamatic-Oldland
Aerospace™



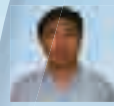
Suresh J Naidu
Vice President,
Corporate Affairs
(Asset Management)
DTL



Sindhu
GM, Compliance, Legal
& Company Secretary
DTL



Chalapathi P
GM, Corporate
Controller
DTL



C S Kim
Vice President
Technical
JKM Automotive™



A Kannan
Deputy Chief
Operating Officer
JKM Automotive™ &
Dynametal®



Enrico Fischer
Chief Financial Officer
Eisenwerk Erla GmbH



P S Ramesh
Chief Operating Officer
Dynamatic® Hydraulics



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



Tony Atkins
Finance Head and
Company Secretary
Hydraulics & Aerospace
Dynamatic Ltd, UK



Steve Hayes
Engineering Manager
Aerospace Division
Dynamatic Limited, UK



Subodh R
Deputy Chief Operating
Officer
Dynamatic-Oldland
Aerospace™



K G Subramony
Deputy Chief Operating
Officer
Dynamatic-Oldland
Aerospace™



Rekha S Nair
Head Corporate
Communications
DTL



N S Shrinivasan
Vice President
Operations
JKM Ferrotech Ltd.



G V Gururaj
Sr. General Manager
Marketing
Dynamatic® Hydraulics



P K Ray Chaudhuri
Head of Engineering
DTL Research &
Development



Trish Gallagher
Human Resources Manager
Hydraulics Division
Dynamatic Ltd, UK



Darren Bancroft
Production Manager
Aerospace Division
Dynamatic Limited, UK



Arvind Mishra
Head, Dynamatic
Homeland Security™

SENIOR MANAGEMENT

DYNAMATIC LIMITED, UK
Chairman
Mr. Udayant Malhoutra
Director
Mr. Michael John Handley

Managing Director,
Dynamatic® Hydraulics,
Dynamatic Limited, UK
Mr. Raymond Keith
Lawton

Director & Chief
Technology Officer,
Dynamatic® Hydraulics,
Dynamatic Limited, UK
Mr. Ian Patterson

Managing Director,
Aerospace Division,
Dynamatic Limited, UK
Mr. James Tucker

Corporate Director,
Europe Operations,
Dynamatic Limited, UK
Ms. Claire Tucker

Auditors
KPMG LLP, Bristol, UK
Chartered Accountants
and Statutory Auditors

EISENWERK ERLA GmbH,
GERMANY
Chairman
Mr. Udayant Malhoutra

Executive Director
Mr. Dietmar Hahn
Director
Ms. Claire Tucker

Director
Mr. Hanuman Sharma
Director
Mr. Enrico Fischer

JKM ERLA AUTOMOTIVE
LIMITED
Chairman
Mr. Udayant Malhoutra

Director
Rear Admiral
Rajender Singh (Retd.)

Director
Mr. S. Uppili

Auditors
M/s B S R & Associates
Chartered Accountants,
Bangalore

JKM ERLA HOLDINGS
GmbH, GERMANY
Director
Ms. Claire Tucker

JKM GLOBAL PTE
LIMITED, SINGAPORE
Chairman
Mr. Udayant Malhoutra

Director
Mr. Hanuman Sharma

Director
Mr. Chai Chung Hoong

Auditors
KPMG LLP, Singapore

JKM RESEARCH FARM
LIMITED
Chairman
Mr. Udayant Malhoutra

Director
Ms. Pramilla Malhoutra

Director
Rear Admiral
Rajender Singh (Retd.)

Auditors
M/s Prasad & Kumar
Chartered Accountants,
Bangalore

JKM FERROTECH LIMITED
Executive Director
Mr. S. Uppili

Director
Rear Admiral
Rajender Singh (Retd.)

Director
Mr. D. S. Sathyanarayana

YEW TREE INVESTMENTS
LIMITED, UK
Chairman
Mr. Udayant Malhoutra

Director
Mr. Raymond Keith
Lawton

Auditors
KPMG LLP, Bristol

D Y N A M A T I C T E C H N O L O G I E S L I M I T E D

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 and as a Member of the Disciplinary Action and Default Committee of National Commodities and Derivative Exchange, Mumbai.

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. Malavika Jayaram

Lawyer

An expert on Intellectual Property Rights, International Business Transactions and EU Law, she is a partner of Jayaram

& Jayaram Associates. 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 Managing Director, Dynamatic® Hydraulics, Dynamatic Limited, UK.

Director

Ms. 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 Corporate Director, Europe Operations, Dynamatic Limited, UK

Director

Mr. Dietmar Hahn

Company Executive

He has over two decades of rich experience in operations, sales and development, having worked in positions of seniority at Eisenwerk Erla GmbH. He is the Geschäftsführer, Eisenwerk Erla GmbH, Germany.

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®.

* Ceased to be Director of the Company w.e.f. August 23, 2013

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), (2010-2012), Chairman, CII National Committee on Technology (2002-2003), Chairman, National Committee on Design (2010-2012) and President, Fluid Power Society of India (2004-08)

REGISTERED OFFICE

Dynamatic Park Peenya
Bangalore 560 058 India

KEY FACILITIES

Dynamatic Park Peenya
Bangalore 560 058 India

JKM Park SIPCOT

Irrungattukottai

Sriperumbudur

Tamil Nadu 602 105 India

K-4, SIPCOT Pahse II

Gummidipoondi, Thiruvallore Dist.

Tamil Nadu 601 201 India

Airforce Road

HAL Ancillary Unit – III

Ojhar, Nipad,

Nasik 422207 India

Cheney Manor,

Swindon, Wiltshire

SN2 2PZ, England

Jarvis Street, Barton Hill

Bristol BS5 9TR, England

Gießereistraße 1, 08340

Schwarzenberg / Erzgebirge,

Germany

AUDITORS

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

CHIEF FINANCIAL OFFICER

Mr. Hanuman Sharma

GM – COMPLIANCE, LEGAL & COMPANY SECRETARY

Ms. Sindhu M

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, London

Punjab National Bank

DBS Bank Limited

Standard Chartered Bank

ICICI Bank Limited

Axis Bank Limited

Kotak Mahindra Bank Limited

Yes Bank

Export & Import Bank of India

Bank of India

Sachsen Bank

Commerzbank

IKB

Deutsche Leasing Finance

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DYNAMATIC TECHNOLOGIES LIMITED

We have audited the accompanying consolidated financial statements of Dynamatic Technologies Limited ("the Company"), its subsidiaries and an associates (collectively called 'the Dynamatic Group'), which comprise the consolidated balance sheet as at 31 March 2013, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 Company as at 31 March 2013;
- (ii) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- (iii) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 42 of the consolidated financial statements of Dynamics Group, which sets out the basis of accounting selected by the Company in relation to the consolidation and restructuring exercise carried out at JKM Erla Automotive Limited (JEAL), a subsidiary company in the previous year ended 31 March 2012. The Composite scheme of arrangement between JEAL and its shareholder and creditors, which was approved by the Karnataka High Court on 30 July 2012, effective 1 April 2011, sets out the prescribed accounting treatment to effect the restructuring. Section 6 (paragraphs 6.1 to 6.11) of the said scheme specifies the accounting treatment and inter alia specifies that such accounting treatment would be reflected in the consolidated financial statements of the Company, prepared as per the Indian Generally Accepted Accounting Principles.

Had the Company alternatively followed the Accounting Standards, notified under the Companies Act, 1956, the goodwill arising on consolidation of ₹6,788 lacs would have increased to ₹14,348 lacs, the tangible fixed assets of ₹56,709 lacs would have reduced to ₹50,735 lacs, the debit balance arising on consolidation of ₹1,386 lacs would have reduced to nil and securities premium of ₹7,111 lacs would have increased to ₹7,311 lacs.

Other matter

We did not audit the financial statements and other financial information of certain subsidiaries and an

associates which have been incorporated in the consolidated financial statements. These subsidiaries and the associate account for 43.38% of total assets as at 31 March 2013, and 68.81% of the aggregate of total income from operations (net) and other income for the year ended 31 March 2013 and ₹3,750 lacs net increase in cash and cash equivalents for the year ended 31 March 2013, 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 42.70% of total assets as at 31 March 2013 and 68.78% of the aggregate of total income from operations (net) and other income for the year ended 31 March 2013 and ₹3,766 lacs net increase in cash and cash equivalents for the year ended 31 March 2013 as shown in these consolidated financial statements. For purposes of preparation of the 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 generally accepted accounting principles in India. The reporting packages made for this purpose have been audited by the other auditors and reports for consolidation purposes 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 solely on the report of these other auditors.

- b. The financial statements and other financial information of the remaining subsidiaries and the associate have not been subjected to audit either by us or by other auditors, and therefore, the unaudited financial statements of these entities have been furnished to us by the Management. These subsidiaries and associate account for 0.68% of total assets as at 31 March 2013 and 0.03% of the aggregate of total income from operations (net) and other income for the year ended 31 March 2013 and ₹16 lacs net increase in cash and cash equivalents for the year ended 31 March 2013 as shown in these consolidated financial statements, and therefore are not material to the consolidated financial statement, either individually or in aggregate. The auditor's report on this subsidiary has been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to this entity, is based solely on the report of the other auditor.

for **B S R & Associates**

Chartered Accountants

Firm Registration Number: 116231W



Sunil Gaggar

Partner

Membership No.: 104315

Bangalore
30 May 2013

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

			(₹ in lacs)
	Note	As at 31 March 2013	As at 31 March 2012
Equity and liabilities			
Shareholder's funds			
Share capital	3	541	541
Reserves and surplus	4	11,573	13,455
Money received against share warrants	43	1,250	-
		<u>13,364</u>	<u>13,996</u>
Non controlling interest (Preference capital)	4 (a)	3,295	3,295
		<u>3,295</u>	<u>3,295</u>
Non-current liabilities			
Long-term borrowings	5	34,416	46,625
Deferred tax liabilities (net)	6	3,131	2,869
Other long-term liabilities	7	1,916	2,640
Long-term provisions	8	157	194
		<u>39,620</u>	<u>52,328</u>
Current liabilities			
Short-term borrowings	9	17,433	18,437
Trade payables	10	24,441	22,873
Other current liabilities	11	20,487	14,614
Short-term provisions	12	2,831	3,079
		<u>65,192</u>	<u>59,003</u>
		<u>121,471</u>	<u>128,622</u>
Assets			
Non-current assets			
Goodwill		6,788	6,788
		<u>6,788</u>	<u>6,788</u>
Fixed assets			
- Tangible fixed assets	13	56,709	53,490
- Intangible fixed assets	13	2,602	1,899
- Capital work in progress		7,422	10,428
- Intangible fixed assets under development		188	447
		<u>66,921</u>	<u>66,264</u>
Non-current investments	14	1	1
Deferred tax assets (net)	6	-	1,035
Long-term loans and advances	15	2,160	2,582
Other non-current assets	16	159	1,068
		<u>2,320</u>	<u>4,686</u>
Current assets			
Inventories	17	20,253	19,143
Trade receivables	18	14,612	24,629
Cash and bank balances	19	5,932	2,327
Short-term loans and advances	20	2,507	2,965
Other current assets	21	2,138	1,820
		<u>45,442</u>	<u>50,884</u>
		<u>121,471</u>	<u>128,622</u>
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements.

As per our report of even
date attached

for and on behalf of the Board of Directors of **Dynamatic Technologies Limited**

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



Sunil Gaggar
Partner
Membership No.: 104315



UDAYANT MALHOUTRA
CEO and Managing Director



HANUMAN SHARMA
Chief Financial Officer



VIJAI KAPUR
Chairman



M SINDHU
GM - Compliance, Legal
& Company Secretary



S GOVINDARAJAN
Director

Place : Bangalore
Date : 30 May 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

(₹ in lacs)

	Note	For the year ended 31 March 2013	For the year ended 31 March 2012
Revenue from operations			
Sale of products (gross)		147,539	153,204
Less: excise duty		(5,581)	(4,458)
Sale of products (net)		141,958	148,746
Contract revenue	38	1,759	969
Other operating revenues	22	1,496	1,138
Total revenue from operations		145,213	150,853
Other income	23	545	997
Total revenue		145,758	151,850
Expenses			
Cost of materials consumed	24	85,810	91,731
Changes in inventories of finished goods and work-in-progress	25	(1,675)	731
Employee benefits	26	18,914	18,020
Finance costs	27	8,456	7,145
Depreciation and amortisation		4,638	4,340
Other expenses	28	28,385	26,187
Total expenses		144,528	148,154
Profit before exceptional items and tax		1,230	3,696
Exceptional items	29	-	(175)
Profit before tax		1,230	3,521
Tax expense			
Current tax		1,124	1,388
Minimum alternative tax charge		-	89
Minimum alternative tax entitlement		-	(89)
Deferred tax charge	6 and 44	1,297	(331)
(Loss) / Profit after tax		(1,191)	2,464
Earning per equity share [nominal value of share ₹10 each (previous year ₹10 each)]			
Basic and diluted		(22.00)	45.51
Number of shares used in computing earnings per share			
Basic and diluted		5,414,703	5,414,703

Significant accounting policies

2

The notes referred to above form an integral part of the financial statements.

As per our report of even
date attached

for and on behalf of the Board of Directors of **Dynamatic Technologies Limited**

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



Sunil Gaggar
Partner

Membership No.: 104315

Place : Bangalore
Date : 30 May 2013



UDAYANT MALHOUTRA
CEO and Managing Director




HANUMAN SHARMA
Chief Financial Officer



VIJAI KAPUR
Chairman



M SINDHU
GM - Compliance, Legal
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S GOVINDARAJAN
Director