NOTICE TO SHAREHOLDERS

Notice is hereby given that the **Thirty-Seventh Annual General Meeting** of the Members of the Company will be held on **Friday, the 28th day of September 2012 at 10:00 AM IST** at the Registered Office of the Company at Dynamatic Park, Peenya, Bangalore – 560 058, to transact, with or without modifications, as may be permissible, the following business:

ORDINARY BUSINESS

1. To consider, approve and adopt the Audited Balance Sheet of the Company, as at March 31, 2012, Profit and Loss Account for the year ended on that date, together with the reports of the Auditors and the Directors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Air Chief Marshall S. Krishnaswamy (Retd.), who retires by rotation as Director and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vijai Kapur, who retires by rotation as Director and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Raymond Keith Lawton, who retires by rotation as Director and, being eligible, offers himself for re-appointment.
6. To re-appoint Messrs B S R & Associates, Chartered Accountants, Bangalore (Firm Registration No.116231W), as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an **ORDINARY RESOLUTION:**

   "RESOLVED THAT Ms. Claire Louise Tucker, in respect of whom, the Company has received a notice from a member under the provisions of Section 257 of the Companies Act, 1956, be and is hereby elected and appointed as a Director of the Company, liable to retire by rotation."

8. To consider and, if thought fit, to pass, with or without modification, the following resolution, as a **SPECIAL RESOLUTION:**

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto read with Article 120 of the Articles of Association of the Company and all applicable guidelines for the managerial remuneration issued by the Central Government from time to time and other approvals as may be required, consent of the Company be and is hereby accorded to the re-appointment of Mr. N. Rajagopal as Executive Director & Chief Technology Officer of the Company for the period from April 1, 2012 to August 22, 2013, on the following terms and conditions, and subject to such modification as may be made therein as per the requirement of any authority or otherwise and agreed to between the Company and Mr. N. Rajagopal:

a. Salary: In the range of ₹1,00,000/- to ₹1,60,000/- per month (with such increments, annual / special, within the aforesaid range as may be decided by the Board or any Committee thereof, from time to time)

b. Allowance and Perquisites:

   - Housing: The Company will provide unfurnished accommodation, subject to the condition that expenditure by the Company shall not exceed half month's basic salary
   - Lunch allowance / coupons thereof for an amount not exceeding ₹5,000/- per month
   - Medical Reimbursement: Subject to an amount not exceeding one month's basic salary
   - Leave Travel Concession: Subject to an amount not exceeding one month's basic salary
   - Special allowance not exceeding ₹1,61,000/- per month
   - Payment of Gratuity, Contribution to Provident Fund, Superannuation Fund and Leaves, including its encashment, shall be as per the applicable laws and the same shall not form part of remuneration in terms of clause 2 of Section II of Part II of Schedule XIII to the Companies Act, 1956
   - Transport facility with driver, telephone at residence, mobile phones, credit cards, hotel and club memberships (excluding life member ship fee) etc., shall be provided for office use and the same shall not be forming part of remuneration

c. Performance Incentive: As recommended by the Leadership, HRD & Remuneration Committee and approved by the Board from time to time.

"RESOLVED FURTHER THAT, in the event of loss or inadequacy of profit in any financial year during the period of re-appointment of Mr. N. Rajagopal as Executive Director & Chief Technology Officer, the monthly salary, perquisites, allowances and other benefits shall be in accordance with and subject to the provisions of clause (1B) of Section II of Part II of Schedule XIII to the Companies Act, 1956."

9. To consider and, if thought fit, to pass, with or without modification, the following resolution, as a **SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto read with Article 120 of the Articles of Association of the Company and all applicable guidelines for the managerial remuneration issued by the Central Government from time to time and other approvals as may be required, consent of the Company be and is hereby accorded to the re-appointment of Mr. V. Sunder as President & Group Chief Financial Officer of the Company for the period from April 1, 2012 to August 22, 2013, on the following terms and conditions, and subject to such modification as may be made therein as per the requirement of any authority or otherwise and agreed to between the Company and Mr. V. Sunder:

a. Salary: In the range of ₹1,00,000/- to ₹1,80,000/- per month (with such increments, annual / special, within the aforesaid range as may be decided by the Board or any Committee thereof, from time to time)

b. Allowance and Perquisites:

   - Housing: The Company will provide unfurnished accommodation, subject to the condition that expenditure by the Company shall not exceed half month's basic salary
   - Lunch allowance / coupons thereof for an amount not exceeding ₹5,000/- per month
   - Medical Reimbursement: Subject to an amount not exceeding one month's basic salary
   - Leave Travel Concession: Subject to an amount not exceeding one month's basic salary
   - Special allowance not exceeding ₹1,61,000/- per month
   - Payment of Gratuity, Contribution to Provident Fund, Superannuation Fund and Leaves, including its encashment, shall be as per the applicable laws and the same shall not form part of remuneration in terms of clause 2 of Section II of Part II of Schedule XIII to the Companies Act, 1956
   - Transport facility with driver, telephone at residence, mobile phones, credit cards, hotel and club memberships (excluding life member ship fee) etc., shall be provided for office use and the same shall not be forming part of remuneration

c. Performance Incentive: As recommended by the Leadership, HRD & Remuneration Committee and approved by the Board from time to time.

"RESOLVED FURTHER THAT, in the event of loss or inadequacy of profit in any financial year during the period of re-appointment of Mr. V. Sunder as President & Group Chief Financial Officer, the monthly salary, perquisites, allowances and other benefits shall be in accordance with and subject to the provisions of clause (1B) of Section II of Part II of Schedule XIII to the Companies Act, 1956."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE THE PROXIES SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN **48 HOURS** BEFORE THE MEETING.
2. Members / Proxies should bring duly filled attendance slips sent herewith to attend the meeting.
3. An Explanatory Statement in respect of item Nos.7 to 9 of the aforesaid Notice is annexed hereto in pursuance of Section 173(2) of the Companies Act, 1956. Further, as required under clause 49[IV(G)(i)] of the Listing Agreements with the Stock Exchanges, brief particulars of all the directors, including those who are proposed to be re-appointed form part of the Corporate Governance Report.
4. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, between 11.00 a.m. and 1.00 p.m. up to the date of Meeting.
5. Pursuant to the provisions of Section 154 of the Companies Act, 1956 and Clause 16 of the Listing Agreements with Stock Exchanges, the Register of Members and Share Transfer Books of the Company will be closed from **Friday, September 21, 2012 to Friday, September 28, 2012 (both days inclusive)**. Dividend on equity shares, if declared at the Meeting, will be paid before October 27, 2012 to those members whose names shall appear on the Company's Register of Members on September 28, 2012; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on September 21, 2012.
6. Members are requested to quote their Folio Number / Client ID, in all correspondence and intimate any change in their address to the Share Transfer Agent / Depository Participant promptly.

By Order of the Board
for **Dynamatic Technologies Limited**

Ms. Sindhu M
GM – Compliance, Legal & Company Secretary

Place : Bangalore
Date : August 3, 2012

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.7

Ms. Claire Louise Tucker, was appointed by the Board of Directors of the Company as an Additional Director with effect from August 13, 2011. As per the provisions of the Companies Act, 1956, Ms. Claire Louise Tucker holds office up to the date of forthcoming Annual General Meeting.

Ms. Claire Louise Tucker's formal qualifications are C&G Diploma 'Business Studies & communications' - Merit (City of Bath College) – equivalent to HND today, Sage Line 50, Financial Controller & Payroll – Advance, NVQ Level 3 PC Servicing, Maintenance & Networking (Mod 3 & 4 system configuration & installation) Brunel College of Art & Technology, Microsoft 'Managing Exchange 2007' Certified and IOSH Managing Safely Certified (Institution of Occupational Safety & Health).

Till 1993, she worked in administration, compliance and accounts positions until setting up her own business of converting manual accounting practices into IT computerized formats for Banking & Financial, Pension & Investment, Training & Motivation & Photography industries.

In the year 1993, she was appointed by Oldland CNC Limited to set up the IT infrastructure, accounts and production control system. This position progressed in time to a full time employment as Manager of systems, compliance & finance.

During the last 18 years, she has gained vast experience in aerospace production, manufacturing and has gained a wealth of knowledge, especially within operations, systems, compliance, finance, training & HR.

She is based from the Company's aerospace facility in Bristol UK but also works with the Company's Hydraulics division in Swindon UK and Foundry at Eisenwerk Erla in Germany, to align group policy & processes, and leverage any group financial savings and benefits.

She does not hold any shares in the Company. She is a director in Dynamatic Limited, UK and Eisenwerk Erla Holdings Gmbh, Germany.

The Company has received a notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956, proposing Ms. Claire Louise Tucker as a candidate for the office of Director. The Board accordingly recommends the resolution as set out in item no.7 of the Notice for approval of the members. Except Ms. Claire Louise Tucker, no other Director is concerned or interested in the resolution.

ITEM NO.8

Mr. N. Rajagopal was appointed as Executive Director & Chief Technology Officer of the Company for a period of 3 years with effect from August 24, 2009, as approved by the shareholders at the Annual General Meeting held on August 25, 2009. Accordingly, his term of office is due to expire on August 23, 2012.

Considering the current scenario, wherein the profits of the Company have come down, it would be a challenge to comply with the provisions of Schedule XIII of the Companies Act, 1956, as far as managerial remuneration is concerned. Further, in terms of Table B of Para 1 of Section II of Schedule XIII, shareholders' approval by way of a special resolution for payment of remuneration is mandatory, limited up to a maximum period of three years.

Details of proposed remuneration and the term are furnished in the resolution proposing the re-appointment. A statement furnishing information pursuant to proviso (iv) of clause (B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 is annexed to this Notice.

The Board accordingly recommends resolution as set out in item no.8 for approval of the members.

No director except Mr. N. Rajagopal is interested or concerned in this resolution.

ITEM NO.9

Mr. V. Sunder was appointed as President & Group Chief Financial Officer of the Company for a period of 3 years with effect from August 24, 2009, as approved by the shareholders at the Annual General Meeting held on August 25, 2009. Accordingly, his term of office is due to expire on August 23, 2012.

Considering the current scenario, wherein the profits of the Company have come down, it would be a challenge to comply with the provisions of Schedule XIII of the Companies Act, 1956, as far as managerial remuneration is concerned. Further, in terms of Table B of Para 1 of Section II of Schedule XIII, shareholders' approval by way of a special resolution for payment of remuneration is mandatory, limited up to a maximum period of three years.

Details of proposed remuneration and the term are furnished in the resolution proposing the re-appointment. A statement furnishing information pursuant to proviso (iv) of clause (B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 is annexed to this Notice.

The Board accordingly recommends resolution as set out in item no.9 for approval of the members.

No director except Mr. V. Sunder is interested or concerned in this resolution.

ANNEXURE
(Refer Items 8 and 9 of the Notice of AGM)
Statement pursuant to Clause 1(B)(iv) of Schedule XIII to the Companies Act, 1956

I. General Information

(1)	Nature of industry	Manufacturing industry	
(2)	Expected date of commencement of commercial production	Already commenced	
(3)	In case of new companies expected date of commencement of activities	Not applicable	
(4)	Financial performance (for the last 2 years)		₹ in lacs
		2011-12	**2010-11**
	Net sales/income	**44,369**	35,430
	Other income	**1,804**	610
	Total income	**46,173**	36,040
	Total expenditure	**39,306**	29,420
	Profit/(Loss) before interest, depreciation, extraordinary items and taxes	**6,867**	6,620
	Interest	**3,948**	2,405
	Depreciation	**2,511**	2,041
	Profit/(Loss) before exceptional items & taxes	**408**	2,174
	Exceptional Items	**175**	-
	Profit/(Loss) before taxes	**233**	2,174
(5)	Export performance and foreign exchange	**11,300**	5,993
(6)	Foreign investments or collaborations, if any	-	-

II.A Information about Mr. N. Rajagopal:

1. **Background details:** This information is provided in the Corporate Governance Report and under Explanatory Statement for Item No.8 in the Notice.
2. **Past remuneration:** For the financial year 2010-11 he was paid Salary & allowances of ₹31.04 lakh and Perquisites of ₹3.02 lakh, aggregating his remuneration to ₹34.07 lakh.
3. **Job profile:** He has been the Executive Director & Chief Technology Officer of the Company since August 24, 2009 and is responsible for New Product Development and the Management of the Company's Technical capabilities at a strategic level.
4. **Remuneration proposed:** This information is provided as part of the resolution proposing his re-appointment in Item No.8 in the Notice.
5. **Relationship directly or indirectly with the company or relationship with the managerial personnel, if any:** Mr. N. Rajagopal has no pecuniary relationship with the Company other than receiving remuneration as Executive Director & Chief Technology Officer. He is neither related to promoters nor other managerial personnel of the Company.

II.B Information about Mr. V. Sunder:

1. **Background details:** This information is provided in the Corporate Governance Report and under Explanatory Statement for Item No.9 in the Notice.
2. **Past remuneration:** For the financial year 2010-11 he was paid Salary & allowances of ₹36.22 lakh and Perquisites of ₹3.49 lakh, aggregating his remuneration to ₹39.72 lakh.
3. **Job profile:** He has been the President & Group Chief Financial Officer of the Company since August 24, 2006 and heads the corporate functioning of finance and works along with Mr. Udayant Malhoutra, CEO & Managing Director in planning & driving Corporate Strategy.
4. **Remuneration proposed:** This information is provided as part of the resolution proposing his re-appointment in Item No.9 in the Notice.
5. **Relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** Mr. V. Sunder has no pecuniary relationship with the Company other than receiving remuneration as President & Group Chief Financial Officer. He is neither related to promoters nor other managerial personnel of the Company.

III. Comparative remuneration profile with respect to industry, size of the company, profile of the position: The remuneration proposed for both the directors above is much lower than the prevailing levels in the industry for comparable positions. Detailed justification for the proposed remuneration in both the cases is given in the Explanatory Statement to the Notice dated August 3, 2012.

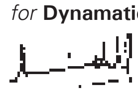
IV. Other information

1. **Reason for loss or inadequate profits:** The financial performance of the Company has been adversely affected on account of under performance of the Automotive division. The Automotive division was particularly affected due to unprecedented power crisis in the state of Tamil Nadu which not only imposed additional burden on costs but also led to major disruption in the supply chain. All this affected deliveries to overseas customers which in turn led to air freighting of material at exorbitant costs.
2. **Steps taken for improvement:** It is heartening to note that a correction has taken place in Automotive business. The Company has been able to insulate itself from the power crisis in the state of Tamil Nadu by obtaining a direct connection from the main electricity grid which enables uninterrupted power supply. Further it has reduced its dependence on outside suppliers by establishing its own ferrous foundry in its wholly owned subsidiary JKM Ferrotech Limited.
3. **Looking ahead:** Steps have also been taken to rationalize the product mix in this division by exiting from certain loss making products. Hence, the Company is confident that there will be a significant improvement in the financial performance with the turnaround of the Automotive business.

V. Disclosures:

The required information has been included under the heading "Report on Corporate Governance" forming part of the annual report.

By Order of the Board
for **Dynamatic Technologies Limited**



Ms. Sindhu M
GM – Compliance, Legal & Company Secretary

Place : Bangalore
Date : August 3, 2012

ANNUAL REPORT 2011-12

DYNAMATIC TECHNOLOGIES LIMITED

Grassroots Globalisation

Grassroots Globalisation

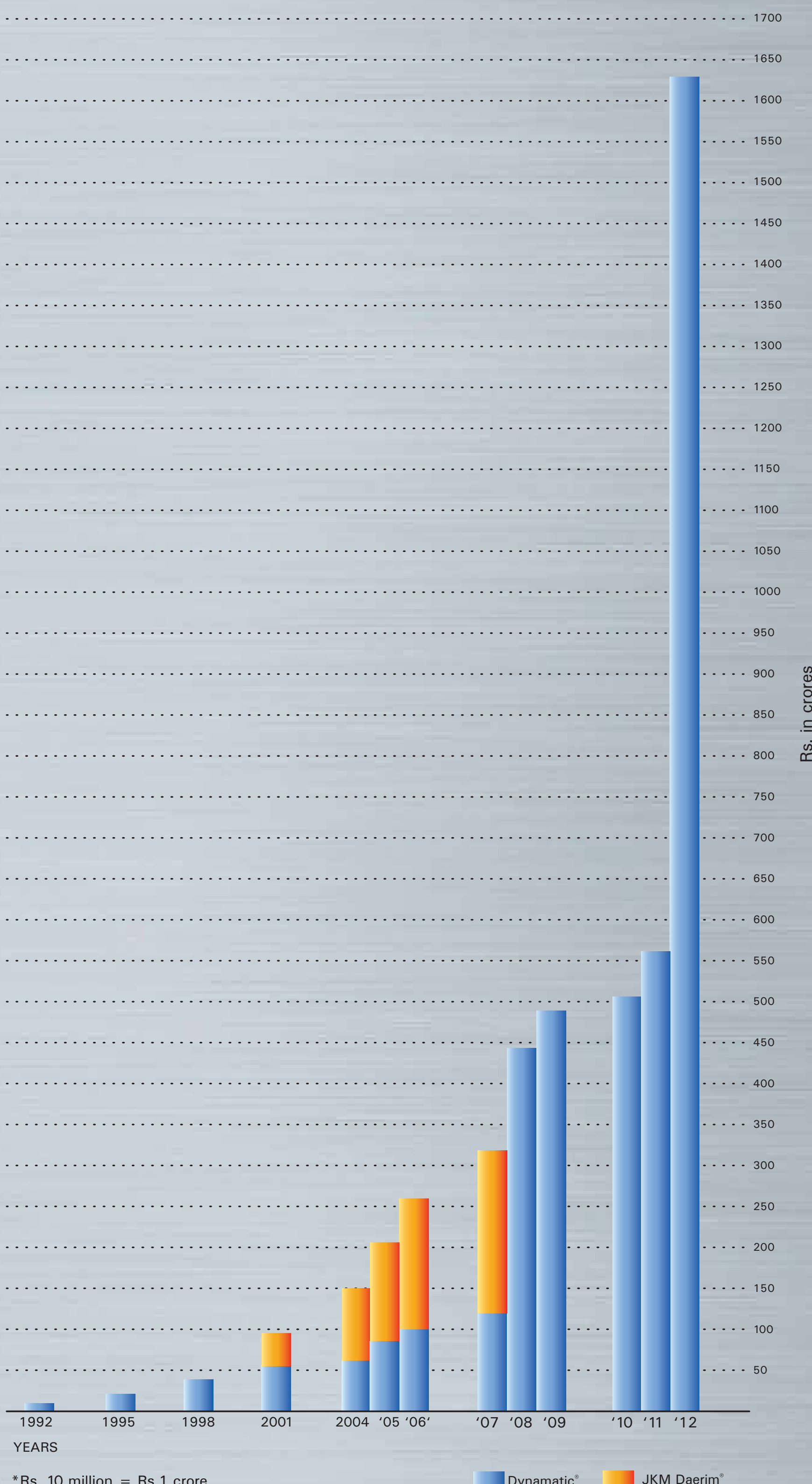
Dear Fellow Shareholder,

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 2011-12.

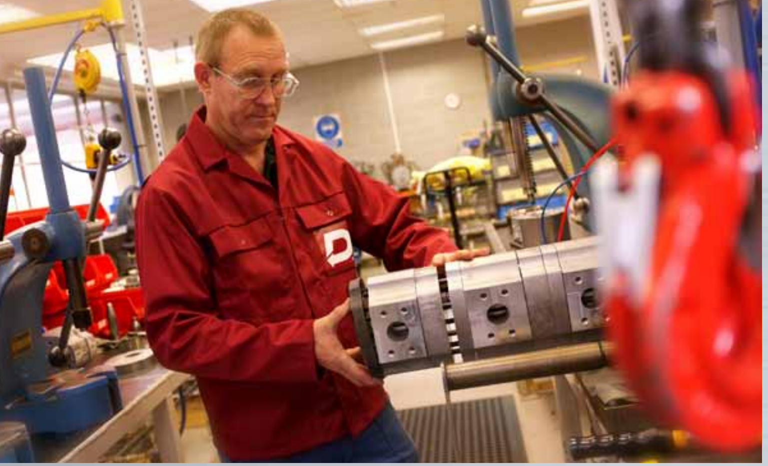
During the year under review, Your Company along with its Subsidiaries has recorded a growth rate of 189% in Aggregated Sales. Gross Sales of ₹16,287 million (aggregated with Subsidiaries) was the highest ever recorded with consolidated EBIDTA of ₹1,518 million & Net Profit Before Tax of ₹352 million.

The graph on the right shows Your Company's growth over the past 21 years.

Your Company has been built through a mixture of organic and inorganic growth within its chosen fields of Hydraulic, Automotive, Aeronautic and Design. After building its Hydraulic Facilities at Bangalore, Your Company acquired the operations of Sauer Danfoss Limited, UK, at Swindon. Dynamatic® Hydraulics is now able to serve global companies at their manufacturing plants in both Eastern and Western Hemispheres and is one of the World's leading Hydraulic Gear Pump manufacturers. Similarly when Dynamatic Aerospace® was looking to enhance its aeronautic capabilities, it acquired Oldland CNC Limited, a renowned Aerospace Machining Company at Bristol. Your Company has integrated these two business units to deliver complimentary technical capabilities to customers. A similar integration is now underway between Your Company's Automotive Business in Tamil Nadu and the new acquisition in Germany.



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 2011-12 also includes the turnover recorded by Your Company's Wholly Owned Subsidiaries as well as Inter-Division/Company Sales of ₹86.97 cr. from Dynametal®, Dynamatic® Hydraulics, Dynamatic® Wind Farm, Eisenwerk Erla GmbH, Germany, JKM Ferrotech Limited, India and Dynamatic Limited, UK.



Assembly of the new Triple Pump from the John Deere Thor series at Dynamatic's Hydraulic Facility at Swindon. Dynamatic®, Swindon, commenced supplies of the Thor range of pumps to John Deere, Waterloo, in November 2011.

During the year under review, Your Company has expanded its Hydraulic Facilities at Bangalore and was able to grow sales volumes to a record 644,619 Pumps (as against 465,453 Pumps for the previous year) on the back of rising Indian tractor sales. Your Company's Hydraulic Plant at Swindon has received new orders from global customers like John Deere and CNH, which will enable strong growth during the year 2012-13. Your Company has also established a Center for Bush Excellence, which will produce and supply high quality bush bearings to both Hydraulic Facilities, taking advantage of economies of scale available on the combined business.

For the past 15 months, Your Company's Automotive and Aluminum Casting Units located at Irrungattukottai, Tamil Nadu, have been struggling as a result of the near-complete break-down of electricity supply by the Tamil Nadu Electricity Board. In addition, the steep and sudden devaluation of the Indian Rupee has caused severe inflationary pressure on these Business Units. This combination is destructive and has been the root-cause of losses for 5 consecutive quarters.

During April 2012, Your Company was successful in invoking its agreements with the Government of Tamil Nadu for uninterrupted power supply, following which the situation has been resolved substantially. Business rationalization is underway to reduce dependence on both power-intensive processes and import-intensive products.

"Even after a bad harvest, there must be sowing."

- Lucius Seneca

The silver lining has been Your Company's acquisition of Eisenwerk Erla GmbH, Germany, which generated pre-tax profits of ₹34.80 crores for the year ended 2011-12.

JKM Ferrotech Limited, its subsidiary in Chennai, is India's most modern Ferrous Foundry and is experiencing surging demand as there has been a near-collapse of the foundry industry in Tamil Nadu following the state's power crisis. Your Company has also gained a strong business advantage by obtaining an order from the Hon'ble High Court of Madras, which allows it to offset the power generated by the JKM Wind Farm located at Coimbatore.

Your Company's Aerospace business continues to grow and flourish. During the year under review, it produced a record 396 sets of Airbus Flap Track Beams at its facilities in Bangalore. Dynamatic-Oldland Aerospace™ at Bristol saw its sales grow from ₹58.76 crores to ₹89.31 crores, with EBIDTA almost doubling to ₹26.42 crores. Both these business units are working in close conjunction with each other, with Bangalore focusing on Sheet Metal Fabrication and Aero-Structure Assembly, while Bristol focuses on Complex Machining.

"Difficulties mastered are opportunities won"

- Winston Churchill

Assembly of core packages at the core shop at Eisenwerk Erla GmbH, Germany, which are used for the castings of Integrated Turbine Housings produced for Audi AG through IHI Charging System.

For the year ahead, Dynamatic-Oldland Aerospace™ has secured orders from Boeing Military Aircraft as well as Bell Helicopters that will open up completely new long-term opportunities for the Company.

Your Company has been 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 monitoring and mapping capabilities for civilian applications. Dynamatic's strategic partnership with BlueBird Aero Systems, Israel, a global technology leader in the Tactical Unmanned Aerial Systems Industry, has positioned it to emerge as a dominant player in the Indian Unmanned Aerial Vehicles Market. During the year under review, Your Company had conducted field trials of Micro and Mini Tactical Unmanned Aerial Vehicles at various undisclosed locations for the Ministry of Home Affairs as well as the Ministry of Defence, and has been developing mission capabilities to meet their specific requirements.

Senior Procurement Managers from various EADS Business Units in Europe with the Dynamatic® Aerospace Team at the 1000th Airbus Flap Track Beam Set celebrations, which were held at Dynamatic Park on 21st May, 2012.

Brigadier D. S. Dadwal, Security Advisor (NM), Ministry of Home Affairs, launching the mini UAV during the demonstration conducted by Dynamatic® for the Ministry of Home Affairs at The Counter Terrorism and Jungle Warfare College.

Dynamatic® is hopeful of developing business on these fronts in the future.

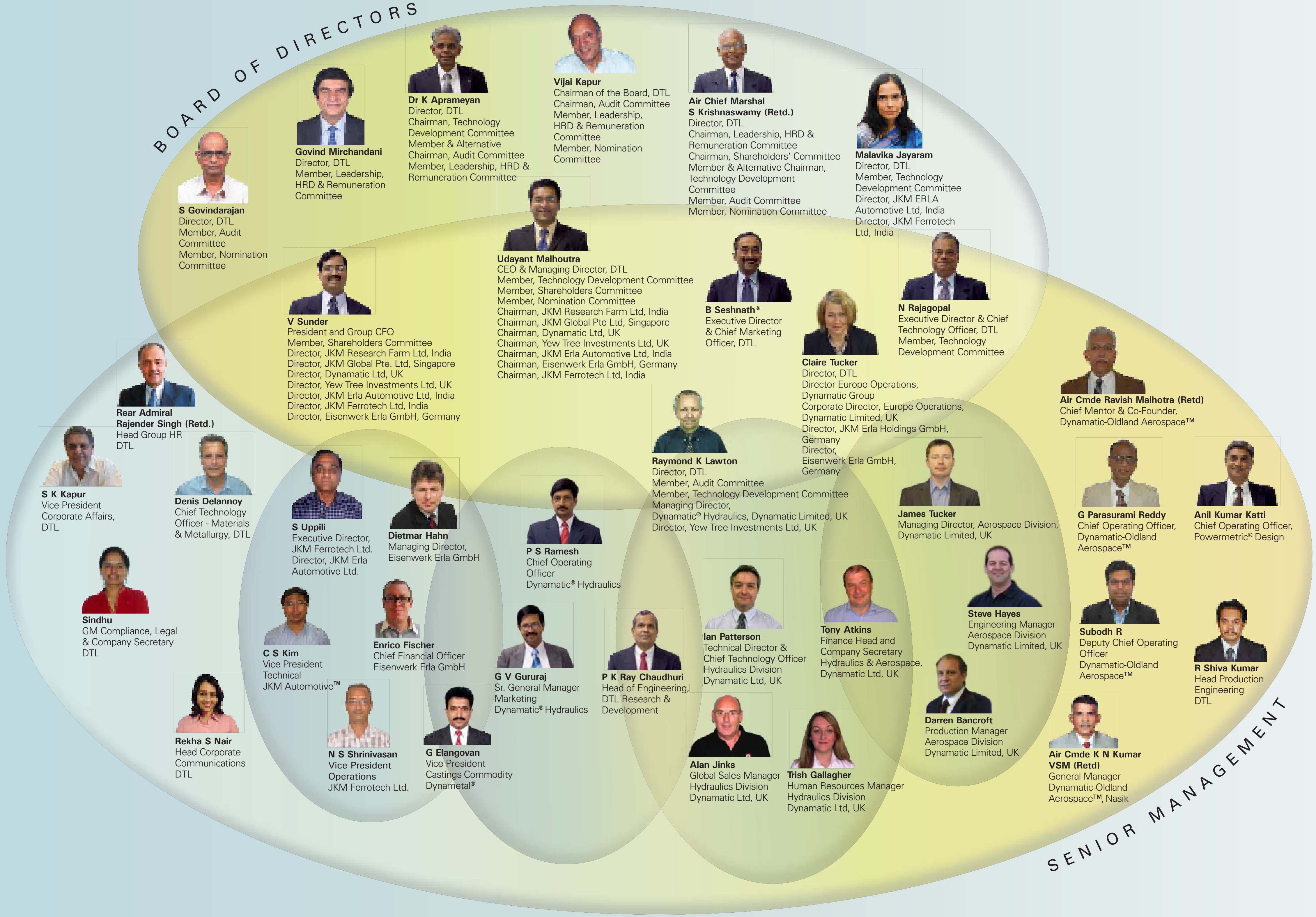
Throughout the history of Dynamatic Technologies Limited, it has faced challenging times head on, seeking to benefit from the opportunities that accompany environmental risk. It has done so by being open to change, evolving into something bigger and better each time.

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

CORPORATE STRUCTURE



* Ceased to be Executive Director & Chief Marketing Officer of the Company w.e.f. August 10, 2012

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 LIMITED, UK
Chairman
Mr. Udayant Malhoutra
Director
Mr. Michael John Handley
Director
Mr. V. Sunder
Managing Director, Dynamatic® Hydraulics, Dynamatic Limited, UK
Mr. Raymond Keith Lawton
Technical 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. V. Sunder
Director
Mr. Enrico Fischer

JKM ERLA AUTOMOTIVE LIMITED
Chairman
Mr. Udayant Malhoutra
Director
Ms. Malavika Jayaram
Director
Mr. V. Sunder
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. V. Sunder
Director
Mr. Lim Tiong Beng
Auditors
KPMG LLP, Singapore

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 FERROTECH LIMITED
Chairman
Mr. Udayant Malhoutra
Director
Ms. Malavika Jayaram
Director
Mr. V. Sunder
Executive Director
Mr. S. Uppili

YEW TREE INVESTMENTS LIMITED, UK
Chairman
Mr. Udayant Malhoutra
Director
Mr. V. Sunder
Director
Mr. Raymond Keith Lawton
Auditors
KPMG LLP, Bristol

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 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.

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 (ceased w.e.f. August 10, 2012)
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 and Finance having been the Company Secretary and Head Corporate Planning, Dynamatic®. He is a fellow member of the Institute of Company Secretaries of India and formerly Chief Executive Officer 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), 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)

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

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

Airforce Road
HAL Ancilary Unit – III
Ojhar, Niphad,
Nasik 422207 India

Cheney Manor,
Swindon, Wiltshire
SN2 2PZ, England

Jarvis Street, Barton Hill
Bristol BS5 9TR, England

AUDITORS

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

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 Beasing Finance

PLEASE LIFT FOLDOUT FOR CORPORATE STRUCTURE

CONTENTS

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

1. We have audited the attached consolidated balance sheet of Dynamatic Technologies Limited ('the Company') and subsidiaries (collectively called 'the Dynamatic Group') as at 31 March 2012, the consolidated statement of profit and loss and the consolidated cash flow statement collectively referred to 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.

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 32.51 % of total assets, 67.09% of total revenues and other income and ₹619 lacs net increase in cash and cash equivalents, 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 31.86 % of total assets and 66.81% of total revenues and other income and ₹484 lacs net increase in cash and cash equivalents 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 confirm 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, in so far 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 another subsidiary incorporated outside India as drawn up in accordance with the financial reporting framework of the respective country have been audited by other auditor duly qualified to act as auditors in that country. This subsidiary accounts for 0.65% of total assets and 0.28% of total revenues and other income and (net increase) in cash and cash equivalents for the year is (₹135 lacs) as shown in these consolidated financial statements. 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.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards 21-Consolidated Financial Statements prescribed by the Companies (Accounting Standards) Rules, 2006.

5. Without qualifying our opinion, we draw attention to note 42 of the consolidated financial statements of the Company, 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 (JKEAL), a subsidiary company. The Composite scheme of arrangement between JKEAL and its shareholder and creditors, which was approved by the Karnataka High Court on 30 July 2012, sets out the prescribed accounting treatment to effect the restructuring. Section 6 (paragraph 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 financial statement 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 ₹53,490 lacs would have reduced to ₹46,723 lacs, the debit balance arising on consolidation of ₹593 lacs would have reduced to nil and the securities premium of ₹7,111 lacs would have increased to ₹7,311 lacs.

6. 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 2012;

   b. in the case of the consolidated statement of profit and loss, 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

Sunil Gaggar
Partner
Membership No.: 104315

Bangalore
3 August 2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

(₹ in lacs)

	Note	As at 31 March 2012	As at 31 March 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**541**	541
Reserves and surplus	4	**13,455**	14,911
		13,996	15,452
Non- controlling interest (Preference capital)	4 (a)	**3,295**	-
		3,295	-
Non-current liabilities			
Long-term borrowings	5	**46,624**	16,349
Deferred tax liabilities	6	**2,869**	2,696
Other long-term liabilities	7	**2,640**	404
Long-term provisions	8	**48**	69
		52,181	19,518
Current liabilities			
Short-term borrowings	9	**17,494**	11,753
Trade payables	10	**23,976**	7,452
Other current liabilities	11	**14,455**	9,125
Short-term provisions	12	**3,143**	820
		59,068	29,150
		128,540	64,120
ASSETS			
Non current assets			
Goodwill		**6,788**	3,201
		6,788	3,201
Fixed assets			
- Tangible assets	13	**53,490**	29,049
- Intangible assets	13	**1,899**	1,166
- Capital work in progress		**10,428**	4,386
- Intangible assets under development		**447**	862
		66,264	35,463
Non current investments	14	**1**	-
Deferred tax assets	6	**1,034**	-
Long-term loans and advances	15	**2,172**	1,376
Other non-current assets	16	**990**	88
		4,197	1,464
Current assets			
Inventories	17	**19,143**	8,015
Trade receivables	18	**24,629**	11,785
Cash and cash equivalent	19	**1,921**	1,047
Short-term loan and advances	20	**3,294**	1,661
Other current assets	21	**2,304**	1,484
		51,291	23,992
		128,540	64,120
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 **B S R & Associates**
Chartered Accountants
Firm Registration Number: 116231W

Sunil Gaggar
Partner
Membership No.: 104315

Place : Bangalore
Date : 3 August, 2012

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

Dr. K APRAMEYAN
Director

AIR CHIEF MARSHAL S.KRISHNASWAMY (Retd.)
Director

S GOVINDARAJAN
Director

GOVIND MIRCHANDANI
Director

MALAVIKA JAYARAM
Director

RAYMOND KEITH LAWTON
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

N RAM MOHAN
Financial Controller

M SINDHU
GM - Compliance, Legal & Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

	Note	For the year ended 31 March 2012	For the year ended 31 March 2011
Revenue from operations			
Sale of products (gross)		**149,600**	48,177
Less: excise duty		**(4,458)**	(3,048)
Sale of products (net)		**145,142**	45,129
Income from project execution services		**4,573**	4,366
Other operating revenues	22	**1,138**	631
		150,853	50,126
Other income	23	**997**	242
Total revenue		**151,850**	50,368
Expenses			
Cost of materials consumed	24	**91,825**	25,491
Change in inventory of finished goods and work-in-progress	25	**731**	(862)
Employee benefits expense	26	**22,185**	9,662
Finance costs	27	**7,145**	2,746
Depreciation	13	**4,340**	2,504
Other expenses	28	**21,928**	7,794
Total expenses		**148,154**	47,335
Profit before exceptional items and tax		**3,696**	3,033
Exceptional items	29	**(175)**	-
Profit before tax		**3,521**	3,033
Tax expense			
Current tax		**1,388**	629
Minimum alternative tax charge		**89**	-
Minimum alternative tax entitlement		**(89)**	(64)
Deferred tax		**(331)**	300
Profit after tax		**2,464**	2,168
Earning per equity share [nominal value of share ₹10 each (previous year ₹10 each)]			
Basic and diluted		**45.51**	40.04
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 **B S R & Associates**
Chartered Accountants
Firm Registration Number: 116231W

Sunil Gaggar
Partner
Membership No.: 104315

Place : Bangalore
Date : 3 August, 2012

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

	31 March 2012	31 March 2011
Cash flow from operating activities		
Profit before tax	**3,521**	3,033
Adjustments:		
Depreciation and amortisation	**4,340**	2,504
Interest expense	**7,145**	2,746
Interest income	**(124)**	(35)
Debts / advances written off	**160**	194
Provision for bad and doubtful debts/ advances	**206**	(140)
Unrealized foreign exchange differences, net	**251**	136
Loss on sale of fixed assets, net	**7**	-
Amortisation of foreign currency monetary item translation difference account	**36**	79
Operating cash flow before working capital changes	**15,542**	8,517
Changes in trade receivables	**(3,344)**	(2,558)
Changes in short term and long term loans and advances and other current and non-current assets	**(2,394)**	(1,801)
Changes in inventories	**(1,281)**	(1,744)
Changes in trade payables and other current liabilities	**7,152**	2,519
Changes in short term and long term provisions	**(3,490)**	88
Adjustment for foreign exchange in operating activity	**13,750**	15
Cash generated from operations	**25,935**	5,036
Income taxes (paid)/ refunded	**145**	(497)
Net cash generated from operating activities (A)	**26,080**	4,539
Cash flows from investing activities		
Purchase of fixed assets	**(13,953)**	(10,428)
Payment of purchase consideration, net of cash acquired	**(16,735)**	-
Proceeds from sale of fixed assets	**57**	75
Purchase of investments	**(1)**	-
Interest received	**124**	35
Goodwill on consolidation	-	(179)
Net cash used in investing activities (B)	**(30,508)**	(10,497)

(₹ in lacs)

	31 March 2012	31 March 2011
Cash flows from financing activities		
Proceeds of preference share capital	**3,295**	-
Proceeds from borrowings including cash credits / working capital loans, buyers credit, net	**9,209**	7,861
Proceeds from public deposits (net)	**(15)**	103
Interest paid	**(6,657)**	(2,677)
Dividend paid including tax thereon	**(631)**	(559)
Net cash generated from financing activities (C)	**5,201**	4,728
Net increase/(decrease) in cash and cash equivalents (A + B +C)	**773**	(1,230)
Cash and cash equivalents at the beginning of the year	**1,047**	2,277
Effect of exchange rate changes on cash and cash equivalent	**101**	-
Cash and cash equivalents at the end of the year	**1,921**	1,047

As per our report of even date attached

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

Sunil Gaggar
Partner
Membership No.: 104315

Place : Bangalore
Date : 3 August, 2012

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

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Financial Controller

M SINDHU
GM - Compliance, Legal & Company Secretary

1 Company overview

Dynamatic Technologies Limited ("the Company") was incorporated in 1973 as Dynamatic Hydraulics Limited under provisions of the Companies Act, 1956 ('the Act'). In 1992, the name of the Company was changed to Dynamatic Technologies Limited. The Company is in the business of manufacturing automotive components, hydraulics gear pumps, aerospace components and wind farm power generation. The Company is listed in India with National Stock Exchange and Bombay Stock Exchange.

2 Significant Accounting Policies

a. Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements of Dynamatic Technologies Limited and subsidiaries (herein referred to 'the Group') have been prepared and presented in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis, other than assets that have been revalued. GAAP comprises accounting standards notified under Section 211 (3C) of the Companies Act, 1956, other pronouncements of the Institute of Chartered Accountants of India, the provisions of the Companies Act, 1956 ("the Act") and guidelines issued by Securities and Exchange Board of India to the extent applicable. The consolidated financial statements are presented in Indian rupees rounded off to the nearest lacs.

This is the first year of application of the revised Schedule VI to the Companies Act, 1956 for the preparation of the financial statements of the Group. The revised Schedule VI introduces some significant conceptual changes as well as new disclosures. These include classification of all assets and liabilities into current and non-current. The previous year figures have also undergone a significant reclassification to comply with the requirements of the revised Schedule VI.

b. Principles of consolidation

The consolidated financial statements include the results of the following subsidiaries:

Sl. no.	Subsidiaries	Country of incorporation	Effective group share-holding%
1	JKM Erla Automotive Limited	India	99.99
2	JKM Ferrotech Limited	India	99.99*
3	JKM Research Farm Limited	India	99.99
4	JKM Global Pte Limited	Singapore	100
5	Dynamatic Limited	United Kingdom	100
6	Yew Tree Investments Limited	United Kingdom	100
7	JKM Erla Holdings GmbH	Germany	100*
8	Eisenwerk Erla GmbH	Germany	100*

* acquired on 1 April, 2011

Consolidated financial statements have been prepared on the following basis:

The financial statements have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Group and its share in the post-acquisition increase/decrease in the reserves of the consolidated entities.

The excess/deficit of cost to the Group of its investment over its portion of net worth in the consolidated entities at the respective dates on which investment in such entities was made is recognized in the consolidated financial statements as goodwill/capital reserve.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

c. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

d. Fixed assets and depreciation

Tangible fixed assets are stated at the cost (or revalued amounts, as the case may be) of acquisition or construction, less accumulated depreciation. All costs incurred in bringing the assets to its working condition for intended use have been capitalised.

The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

The Group had revalued certain land, building, plant and machineries and electrical installations based on valuations done by an external expert in the year 1991-92 and in 2010-11. Other than land, additional depreciation due to revaluation is adjusted out of revaluation reserve.

Borrowing costs directly attributable to the acquisition/ construction of the qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Exchange differences arising in respect of translation/ settlement of long term foreign currency borrowings attributable to the acquisition of a depreciable asset are also included in the cost of the asset.

Tangible fixed assets under construction are disclosed as capital work-in-progress

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets taken on finance lease are initially capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Depreciation on fixed assets is provided using the straight-line method. The rates of depreciation prescribed in Schedule XIV to the Act are considered as minimum rates. If the Management's estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of the remaining useful life on a subsequent review is shorter than envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the Management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation on the following fixed assets has been provided at the following rates (straight line method), which are higher than the corresponding rates prescribed in Schedule XIV:

	Rate per annum
Data processing equipment	25%
Furniture and fixtures	10%
Office equipment	
- Mobile phones	50%
- Others	20%
Plant and machinery (wind farm)	10.34%

Freehold land is not depreciated. Assets individually costing ₹5,000 or less are fully depreciated in the year of purchase.

Depreciation is provided on a pro-rata basis i.e. from the date on which asset is ready for use or upto the date it is sold.

e. Intangibles and amortization

(i) Acquired intangible assets

Intangible assets that are acquired by the Group are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss.

Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates.

(ii) Internally generated intangible assets

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable borrowing costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognized in profit or loss as incurred.

Intangible assets are amortized in profit or loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Accordingly, at present, these are being amortized on straight line basis. In accordance with the applicable Accounting Standard, the Group follows a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. However, if there is persuasive evidence that the useful life of an intangible asset is longer than ten years, it is amortized over the best estimate of its useful life. Such intangible assets and intangible assets that are not yet available for use are tested annually for impairment.

Amortization is provided on a pro-rata basis on straight-line method over the estimated useful lives of the assets, not exceeding ten years as detailed below:

Application software	4 years
Prototype/ Product development	8-10 years
Non-compete fees	10 years

f. Inventories

Inventories are valued at lower of cost or net realizable value. Consumable stores and spares used for maintenance are debited to the statement of profit and loss upon issuance.

The cost determined on first-in-first-out (FIFO) basis, comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The comparison of cost and net realizable value is made on an item-by-item basis.

Raw materials and other supplies held for use in production of inventories are not written down below cost except where material prices have declined and it is estimated that the cost of finished products will exceed their net realizable value.

Provision for inventory obsolescence is provided as considered necessary.

g. Employee benefits

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

Post employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Group makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme and social security schemes in certain overseas subsidiaries which is a defined contribution plan. The Group's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Defined benefit scheme

Gratuity and compensated absences liability is a defined benefit scheme and is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. The Group's gratuity scheme is administered by Life Insurance Corporation of India. Actuarial gain/(losses) are charged to the statement of profit and loss.

h. Revenue recognition

Revenue from sale of products is recognized when the risks and rewards of ownership are transferred to customers, which generally coincides with delivery to the customers. The amount recognized as sales is exclusive of excise duty, sales tax, trade and quantity discounts. Revenue from sale of products has been presented both gross and net of excise duty.

Service income is recognized when an unconditional right to receive such income is established.

Revenue from project execution services is recognized on rendering of services in accordance with the terms of the arrangement with customers using proportionate completion method (cost to cost method).

Unbilled revenues included in other current assets represent cost and earnings in excess of billings as at the balance sheet date. Unearned revenues included in current liabilities represent billings in excess of earnings as at the balance sheet date.

Export benefits are recognized in the statement of profit and loss account when the right to receive credit as per the terms of the entitlement is established in respect of exports made

Interest on deployment of funds is recognized using the time proportion method, based on the underlying interest rates.

i. Foreign currency transactions and balances

The reporting currency of the Group is Indian Rupee. The local currencies of the non-integral subsidiaries are different from the reporting currency of the Group.

The Group is exposed to currency fluctuations on foreign currency transactions. Transactions in foreign currency are recognized at the rate of exchange prevailing on the date of the transaction. Exchange difference arising on foreign exchange transactions settled during the year is recognized in the statement of profit and loss for the year.

All monetary assets and liabilities denominated in foreign currency are restated at the rates existing at the year end and the exchange gains/losses arising from the restatement are recognized in the statement of profit and loss, except exchange differences on long term foreign currency monetary items that are related to acquisition of depreciable assets are adjusted in the carrying amount of the related fixed assets and exchange differences arising on other long-term foreign currency monetary items are accumulated in 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA), and are amortized over the balance period of the relevant foreign currency item.

Integral and non-integral operations

The financial statements of the foreign non-integral subsidiaries are translated into Indian Rupees as follows:-

- All assets and liabilities, both monetary and nonmonetary are translated using the year-end rates.
- Share capital and opening reserves and surplus are carried at historical cost.
- Revenue and expenses are translated at the respective monthly average rates.
- The resulting net exchange difference is credited or debited to the "foreign currency translation reserve".
- Contingent liabilities are translated at the closing rate.

Exchange differences which have been deferred in foreign currency translation reserve are not recognised as income or expenses until the disposal of that entity.

j. Derivative instruments and Hedge accounting

The Group is exposed to foreign currency fluctuations on foreign currency assets, liabilities, firm commitments and highly probable forecasted transactions denominated in foreign currency. The Group limits the effects of foreign exchange rate fluctuations by following its risk management policies. In accordance with its risk management policies and procedures, the Group uses derivative instruments such as foreign currency forward contracts, options and currency swaps to hedge its risks associated with foreign currency fluctuations. The Group enters into derivative financial instruments, where the counterparty is a bank.

The Group has applied the principles of AS 30 ' Financial Instruments: Recognition and Measurement', to the extent that the application of the principles does not conflict with existing accounting standards and other authoritative pronouncements of the Company Law Board and other regulatory requirements.

The derivatives that qualify for hedge accounting and designated as cash flow hedges are initially measured at fair value and are re-measured at a subsequent reporting date and the changes in the fair value of the derivatives i.e. gain or loss is recognized directly in shareholders' funds under "hedge reserve" to the extent considered effective. Gain or loss upon fair value on derivative instruments that either do not qualify for hedge accounting or are not designated as cash flow hedges or designated as cash flow hedges to the extent considered ineffective, are recognized in the statement of profit and loss.

It is the policy of the Group to enter into derivative contracts to hedge the risk of foreign exchange rate fluctuation and interest rate risks related to the loan liabilities. The derivative arrangements are co-terminus with the loan agreement and it is the intention of the Group not to foreclose such arrangements during the tenure of the loan. Accordingly the Group designates and applies cash flow hedge accounting on such types of arrangements.

Hedge accounting is discontinued when the hedging instrument expires, sold, terminated, or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss on the hedging instrument recognized in shareholder's funds under "hedge reserve" is retained until the forecasted transaction occurs subsequent to which the same is adjusted against the related transaction in statement of profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholder's fund is transferred to statement of profit and loss in the same period.

The fair value of derivative instruments is determined based on observable market inputs and estimates including currency spot and forward rates, yield curves and currency volatility.

k. Warranties

Warranty cost is estimated by the Management on the basis of technical evaluation and past experience. The Group accrues the estimated cost of warranties at the time when the revenue is recognised.

l. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current–non-current classification scheme of revised Schedule VI.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value, if any, is made to recognize a decline other than temporary in the value of the investments.

m. Provisions and contingencies

The Group recognizes a provision when there is a present obligation as a result of past (or obligating) event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

n. Impairment of assets

The Group periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the consolidated statement of profit and loss. If at the consolidated balance sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised.

o. Goodwill

Any excess of the cost to the parent of its investment in a subsidiary over the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, is recorded as goodwill arising on consolidation.

Goodwill arising on consolidation/acquisition of assets is not amortised. It is tested for impairment on a periodic basis and written off, if found impaired.

p. Leases

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired on or after 1 April 2001 are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower.

For operating leases, lease payments (excluding cost for services, such as maintenance) are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term. The lease term is the non-cancellable period for which the lessee has agreed to take on lease the asset together with any further periods for which the lessee has the option to continue the lease of the asset, with or without further payment, which option at the inception of the lease it is reasonably certain that the lessee will exercise.

q. Income-tax

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax asset/liability as at the balance sheet date resulting from timing differences between book profit and tax profit are not considered to the extent that such asset/liability is expected to get reversed in the future years within the tax holiday period. Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

Minimum Alternate Tax ('MAT') paid in accordance with the laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the balance sheet if there is convincing evidence that the Group will pay normal tax in near future.

The Group offsets, on a year on year basis, the current tax assets and liabilities where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

r. Earnings per share

The basic earnings/ (loss) per share is computed by dividing the net profit/ (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Group did not have any potentially dilutive equity shares during the year.

s. Government grants and subsidies

Grants and subsidies from the Government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

The grant or subsidy relating to an asset is reduced from the cost of the asset. The grant or subsidy not specifically attached to a specific fixed asset is credited to Capital Reserve and is retained till the attached conditions are fulfilled

t. Cash flow statement

Cash flows are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated.

(₹ in lacs)

	As at 31 March 2012	As at 31 March 2011
3. Share capital		
Authorised		
Equity shares		
20,000,000 (previous year 20,000,000) equity shares of ₹10 each	**2,000**	2,000
Preference shares		
500,000 (previous year 500,000) redeemable cumulative preference shares of ₹100 each	**500**	500
	2,500	2,500
Issued, subscribed and fully paid up		
Equity shares		
5,414,703 (previous year 5,414,703) equity shares of ₹10 each	**541**	541
	541	541

Reconciliation of shares outstanding at the beginning and at the end of the year:

Particulars	31 March 2012		31 March 2011	
	Number of shares	Amount (₹ in lacs)	Number of shares	Amount (₹ in lacs)
Shares outstanding at the beginning of the year	**5,414,703**	**541**	5,414,703	541
Shares outstanding at the end of the year	**5,414,703**	**541**	5,414,703	541

Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining asset of the Company after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of equity shares allotted as fully paid-up without payment being received in cash during the period of five years immediately preceding the balance sheet date is give below:

Particulars	31 March 2011	31 March 2010	31 March 2009	31 March 2008	31 March 2007
Class of shares (Equity)					
No of shares issued	-	-	-	617,143	-

Details of equity shares allotted as fully paid-up bonus shares during the period of five years immediately preceding the balance sheet date is give below:

Particulars	31 March 2011	31 March 2010	31 March 2009	31 March 2008	31 March 2007
Class of shares (Equity)					
No of shares issued	-	-	-	1,048,390	1,048,390

During the year 2007-2008 1,048,390 and year 2006-2007 1,048,390 shares were allotted by way of bonus shares by capitalization of securities premium and capital redemption reserve.

Particulars of shareholders holding more than 5% equity shares are given below:

Particulars	31 March 2012		31 March 2011	
	Number	% of total share	Number	% of total share
Equity shares of ₹10 each fully paid-up held by				
- Udayant Malhoutra	**902,728**	**16.67%**	963,578	17.80%
- JKM Holdings Private Limited	**907,415**	**16.76%**	803,135	14.83%
- Udayant Malhoutra and Company Private Limited	**642,011**	**11.86%**	676,761	12.50%
- JKM Offshore India Private Limited	**442,071**	**8.16%**	434,769	8.03%
- Samena Special Situations Mauritius	**427,289**	**7.89%**	110,485	2.04%
- FID Funds (Mauritius) Limited	**391,908**	**7.24%**	508,715	9.40%
- Citigroup Global Markets Mauritius Private Limited	**373,327**	**6.89%**	373,327	6.89%

The Company has not bought back any shares during the period of five years immediately preceding the balance sheet date.

(₹ in lacs)

	As at 31 March 2012	As at 31 March 2011
4. Reserves and surplus		
Capital reserves		
At the commencement and at the end of the year	**15**	15
	15	15
Capital redemption reserve		
At the commencement and at the end of the year	**240**	240
	240	240
Securities premium account		
At the commencement and at the end of the year	**7,311**	7,311
Less: Transfer to Business Restructuring Reserves (refer note 42)	**(200)**	-
At the end of the year	**7,111**	7,311
Hedge reserve		
At the commencement of the year	**(275)**	(121)
Add: Additions during the year	**(2,431)**	(154)
At the end of the year (refer note 37)	**(2,706)**	(275)
Business restructuring reserve (BRR)		
At the beginning of the year	-	-
Additions during the year (refer note 42)	**7,560**	-
Adjusted with goodwill (refer note 42)	**(7,560)**	-
Add: transfer from securities premium account (refer note 42)	**200**	-
Less: adjustment on account of depreciation on fair value of asset (refer note 42)	**(200)**	
At the end of the year	-	-

(₹ in lacs)

	As at 31 March 2012	As at 31 March 2011
Reserve on amalgamation		
At the commencement and at the end of the year	**154**	154
	154	154
Revaluation reserve		
At the commencement of the year	**2,020**	167
Add: Additions during the year	-	1,856
Less: Additional depreciation charged on revalued assets	**(3)**	(3)
At the end of the year	**2,017**	2,020
General reserve		
At the commencement of the year	**2,993**	2,845
Amount transferred from profit and loss balance	**17**	148
At the end of the year	**3,010**	2,993
Subsidy received		
At the commencement and at the end of the year	**25**	25
	25	25
Debit balance arising on consolidation		
At the commencement of the year	-	-
Depreciation on fair valuation of fixed assets	**(793)**	-
Transfer to BRR	**200**	-
At the end of the year	**(593)**	-
Surplus in the statement of profit and loss balance		
At the commencement of the year	**3,561**	2,172
Profit for the year	**2,464**	2,168
Appropriations		
- Interim dividend [amount ₹6 per share (previous year ₹6 per share)]	**(325)**	(325)
- Proposed dividend [amount ₹2 per share (previous year ₹4 per share)]	**(108)**	(217)
- Tax on dividend	**(72)**	(89)
- Transfer to general reserves	**(17)**	(148)
At the end of the year	**5,503**	3,561
Foreign currency translation reserve		
At the beginning of the year	**(1,133)**	(1,285)
Additions during the year	**61**	152
At the end of the year	**(1,072)**	(1,133)
Foreign currency monetary item translation difference account		
At the beginning of the year	-	-
Exchange loss arising on account of reinstatement of loan	**(285)**	-
Amount amortised during the year to statement of profit and loss	**36**	-
At the end of the year	**(249)**	-
	13,455	14,911

(₹ in lacs)

		As at 31 March 2012	As at 31 March 2011
4 (a)	**Non- controlling interest (Preference capital)**		
	Issued, subscribed and fully Paid up		
	Preference shares issued by a subsidiary		
	2,636,000 (previous year: nil) 0.01% redeemable non-cumulative preference shares of ₹10 each with securities premium of ₹115 per share	**3,295**	-
		3,295	-

i) Reconciliation of shares outstanding at the beginning and at the end of the year:

Particulars	31 March 2012		31 March 2011	
	Number	Amount (₹)	Number	Amount (₹)
(a) 0.01% Non-cumulative redeemable preference shares of ₹10 each				
At the commencement of the period	-	-	-	-
Shares issued during the year	**2,636,000**	**3,295**	-	-
At the end of the period	**2,636,000**	**3,295**	-	-

ii) Particulars of shareholders holding more than 5% shares of a class of shares

Particulars	31 March 2012		31 March 2011	
	Number	% of total shares	Number	% of total shares
0.01% Non-cumulative redeemable preference shares of ₹10 each held by				
SHL Trading Limited	**2,636,000**	**100%**	-	-

Rights, preferences and restrictions attached to preference shares

0.01% redeemable, non-cumulative preference shares [NCRPS] of ₹10 each were placed with SHL Trading Limited on June 8, 2011 at a premium of ₹115 per share. These shares may be redeemed, in whole or in part, at the option of the Company or the holder at any time on or after 18 months from the date of allotment at a price based on various market conditions. The holders of these shares are entitled to a non-cumulative dividend of 0.01% on face value of the NCRPS.

Preference shares carry a preferential right as to dividend over equity shareholders of JKM Erla Automotive Limited. In the event of liquidation, preference shareholders have a preferential right over equity shareholders of JKM Erla Automotive Limited to be repaid to the extent of capital paid-up and dividend in arrears on such shares.

(₹ in lacs)

		As at 31 March 2012	As at 31 March 2011
5.	**Long-term borrowings**		
	Secured		
	Term loans		
	- From bank @	**39,216**	15,296
	- Financial institutions @@	**1,701**	-
	- from others *	**442**	528
	Unsecured		
	Term loans		
	-From bank @@@	**692**	-
	-From others @@@@	**4,149**	-
	Deferred payment liability		
	- Sales tax deferral loan **	**260**	346
	Deposits from shareholders ***	**3**	20
	Deposits from others #	**161**	159
		46,624	16,349

@

(Including current maturities of the long term borrowings shown under other current liabilities)

Details of repayment terms, interest and maturity	Nature of security
Term loan from bank aggregating ₹6,526 lacs (previous year ₹7,043 lacs) repayable in 12-14 quarterly instalments. The rate of interest ranges from 14% - 14.15% per annum.	First pari passu charge on the entire moveable and immovable fixed assets of the Company, present and future (other than those exclusively charged). Second pari passu charge on the entire current assets of the Company, present and future.
Term loan from bank aggregating ₹324 lacs (previous year ₹534 lacs) repayable in 5 quarterly instalments. The rate of interest is 6 months LIBOR +2.75% per annum.	
Term loan from bank aggregating ₹5,500 lacs (previous year ₹Nil) repayable after moratorium period of 2 years, in 60 monthly instalments. The rate of interest ranges from 14% - 14.75% per annum.	
Term loan from bank aggregating ₹1,500 lacs (previous year ₹Nil) repayable after moratorium period of 2 years, in 20 quarterly instalments. The rate of interest is 12% per annum.	
Term loan from bank aggregating ₹2,300 (previous year ₹2,331 lacs) repayable in 16 quarterly instalments. The rate of interest is 13.75% per annum.	
Term loan from bank aggregating ₹155 lacs (previous year ₹919 lacs) repayable in 16 quarterly instalments. The rate of interest ranges from 6.75% - 7.1% per annum.	
Term loan from bank amounting to ₹3,256 lacs (previous year ₹3,112 lacs) repayable in 16 quarterly instalments. The rate of interest is 9.83% per annum.	
Term loan from bank amounting to ₹1,999 lacs (previous year ₹2,628 lacs) repayable in 8 half yearly instalments. The rate of interest is 9.83% per annum.	
Term loan from bank aggregating ₹Nil (previous year ₹24 lacs) repayable in 42 monthly instalments. The rate of interest is 9.25% per annum.	
Term loan from bank aggregating ₹Nil (previous year ₹9 lacs).	
Term loan from banks aggregating ₹2,486 lacs (previous year ₹2,914 lacs) repayable in 5 equal yearly instalments. The rate of Interest is LIBOR + 3.5%	The Security provided consists of a debenture over Dynamatic Limited and Yew Tree Investments Ltd, together with a share pledge over Dynamatic Limited, JKM Global PTE Limited and Yew Tree Investments and Dynamatic Technologies Limited and corporate guarantees from Dynamatic Technologies Limited, JKM Global PTE Limited and Yew Tree Investments.

Details of repayment terms, interest and maturity	Nature of security
Term loan from banks aggregating ₹6,917 lacs (previous year ₹Nil) repayable at the end of 2 years from the final drawdown with rate interest of LIBOR + 2.50% per annum.	Corporate guarantee of Dynamatic Technologies Limited and JKM Erla Automotive Limited.
Term loan from banks aggregating ₹2,276 lacs (previous year ₹Nil) repayable in 6 half yearly instalments after moratorium period of 3 years. The rate of interest is LIBOR + 3.00% per annum.	The term loan is secured by first pari passu charge on the fixed assets of JKM Erla Automotive Limited and corporate guarantee of Dynamatic Technologies Limited, holding company.
Term loan from banks aggregating to ₹2,421 lacs (previous year ₹Nil) repayable in 3 yearly instalments. The rate of interest is LIBOR + 3.50% per annum ie., 6.97% per annum.	The term loan is secured by corporate guarantee of Dynamatic Technologies Limited.
Term loan from banks aggregating ₹2,524 lacs (previous year ₹Nil) repayable in 6 half yearly instalments, after moratorium period of 36 months. The rate of interest is LIBOR + 3.50% per annum, ie. 8.77% per annum.	
Term loan from banks aggregating ₹469 lacs (previous year ₹Nil lacs) repayable in 28 quarterly instalments. The rate of interest is 6.75% per annum.	The term loan is secured by charge on land and machineries (other than those exclusively charged).
Term loan from banks aggregating ₹324 lacs repayable in 32 quarterly instalments. The interest of rate is 5.50% per annum.	
Term loan from banks aggregating ₹968 lacs (previous year ₹Nil) repayable in 24 quarterly instalments. The rate of interest is 5.65% per annum.	
Term loan from banks aggregating ₹415 lacs (previous year ₹Nil) repayable in 16 half yearly instalments. The rate of interest is 3.5% per annum.	
Term loan from banks aggregating ₹903 lacs (previous year ₹Nil) repayable in 60 monthly instalments. The rate of interest is 5.42% per annum.	Secured by way of exclusive charge on assets financed by them.
Term loan aggregating ₹4,083 lacs is repayable in 24 quarterly instalments. The rate of interest ranges from 11% - 13.55% per annum.	Secured, ranking pari passu , by way of first charge on present and future fixed assets and second charge on current assets
Term loan aggregating ₹1,500 lacs is repayable in 60 monthly instalments. The rate of interest is 6 months base rate + 4% per annum.	

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(Including current maturities of the long term borrowings shown under other current liabilities)

Details of repayment terms, interest and maturity	Nature of security
Term loan from financial institutions aggregating to ₹619 lacs (previous year: ₹Nil) repayable in 59 monthly instalments. The rate of interest is 14% per annum.	Secured by way of exclusive charge on assets financed by them. Personal Guarantee of CEO & Managing Director provided till no objection certificates received from lenders.
Term loan from financial institutions aggregating to ₹1,389 lacs (previous year ₹Nil) repayable in 60 monthly instalments. The rate of interest is 9.67% per annum	Exclusive charge of GECSI on assets (as approved by GECSI) financed from the GE loan in accordance with deed of hypothecation.

Vehicle loans are secured against the respective vehicles.

* Secured by hypothecation of vehicle. The amount is payable in 36-48 monthly instalments from the date of purchase. The rate of interest for the outstanding vehicle loan ranges from 9.75% p.a to 11.50% p.a.

Deferred payment liability

* Deferred payment liability relates to machinery purchased is secured by way of a first charge on the said machinery. The amount is payable in 60 monthly instalments from the date of purchase.

@@@
Term loan from banks aggregating ₹692 lacs (previous year ₹Nil) repayable in 6 half yearly instalments. The interest of rate is 3.35% per annum.

@@@@
Term loan from others aggregating ₹4,149 lacs (previous year ₹Nil) is repayable in one instalment. The rate of interest is 7.8% per annum.

Deferred payment liability towards sales tax loan

** To promote the industries in backward area (i.e. @ Irrungattukkottai) Government of Tamil Nadu, announced a sales tax loan facility. To avail the facility, the Company has entered into an agreement with the Sales tax department. for deferring payment of sales tax collected during financial year 2001-02 to 2005-06. The deferred amount will be repaid by 2014-15. The amount repayable in 2012-13 is ₹186 lacs and accordingly disclosed as other current liability.

*** Deposits from shareholders carry interest rate in the range 10-11 % and are repayable within 1- 3 years from respective date of deposit.

\# Deposits from others carry interest rate in the range 10-11 % and are repayable within 1- 3 years from respective date of deposit.

(₹ in lacs)

		As at 31 March 2012	As at 31 March 2011
6.	**Deferred tax liabilities (net)**		
	Deferred tax liabilities		
	Fixed assets	**4,032**	2,805
		4,032	2,805
	Deferred tax assets		
	Gratuity and compensated absences	**75**	66
	Provision for bad and doubtful debts	**81**	26
	Disallowance under section 40(a) / 43B of income tax act, 1961	-	17
	Brought forward losses	**2,041**	-
		2,197	109
	Deferred tax liabilities (net)	**1,835**	2,696
	The Net DTA/ (DTL) of ₹1,835 lacs has the following breakdown:		
	Deferred tax assets	**1,034**	-
	Deferred tax liabilities	**2,869**	2,696
	Deferred tax liabilities (net)	**1,835**	2,696
7.	**Other long term liabilities**		
	Advance from customer	**102**	184
	Subsidy on investment	-	-
	Derivative liabilities (refer note 37)	**2,409**	190
	Others	**129**	30
		2,640	404
8.	**Long-term provision**		
	Provision for employee benefit		
	Gratuity (refer note 33)	**48**	69
		48	69

(₹ in lacs)

		As at 31 March 2012	As at 31 March 2011
9.	**Short term borrowings**		
	Secured		
	Loans repayable on demand		
	Cash credit *	**14,078**	10,254
	Unsecured		
	- from banks		
	Foreign currency buyer's credit **	**776**	1,499
	Vendor bill discounting #	**2,590**	-
	Borrowings from shareholder, JKM Holding Private Limited ##	**50**	-
		17,494	11,753

* Cash credit from banks carry interest ranging between 10.50% - 15.25% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock and book debts of the Company.

** The Company has taken foreign currency buyer's credit, which carry interest ranging between 2.55% - 4.25% p.a and are renewable at 6 monthly rest for a maximum of three years.

\# The Company has availed vendor bill discounting facility from banks which carry interest between 12% - 14.50% p.a.., and is payable within 90 days from date of bill discounted.

\## The Company has taken inter corporate loan from JKM Holdings Private Limited, which carry interest @ 14.75% p.a. and is repayable on 15 April 2012.

		As at 31 March 2012	As at 31 March 2011
10.	**Trade payables**		
	Due to micro and small enterprises	-	-
	Dues to creditors other than micro and small enterprises	**19,923**	4,559
	Acceptances	**4,053**	2,893
		23,976	7,452
11.	**Other current liabilities**		
	Current maturities of long-term debt (refer note 5)	**8,717**	5,118
	Capital creditors	**783**	1,799
	Accrued expenses	**914**	456
	Interest accrued but not due on borrowings	**758**	270
	Employee related liabilities	**1,344**	399
	Acceptances for capital goods	-	222
	Advance from customer	**662**	180
	Dealer deposits	**60**	45
	Unpaid dividend	**30**	30
	Statutory liabilities	**812**	512
	Derivative liabilities (refer note 37)	**297**	85
	Other liability	**78**	9
		14,455	9,125
12.	**Short-term provisions**		
	Compensated absences	**264**	162
	Warranties (refer note 34)	**457**	58
	Proposed equity dividend [including tax thereon ₹17 lacs (previous year ₹35 lacs)]	**126**	252
	Taxation	**2,117**	348
	Provision for onerous contracts	**69**	-
	Others	**110**	-
		3,143	820

13. FIXED ASSETS

(₹ in lacs)

	Gross block									Accumulated depreciation						Net block	
	As at 1 April 2011	Assets acquired on Acquisition	Fair value adjustment	Additions*	Exchange differences	Borrowing costs	Total Additions	Deletions / adjustments	As at 31 March 2012	As at 1 April 2011	Charge for the year	Adjustment due to revaluations	Depreciaton on fair valuation	Deletions/ adjustments	As at 31 March 2012	As at 31 March 2012	As at 31 March 2011
Tangible assets (owned)																	
Land	4,343	511	7	255	-	-	255	-	5,116	-	-	-	-	-	-	5,116	4,343
Buildings	6,114	5,989	2,151	1,047	19	-	1,066	64	15,256	853	729	3	75	64	1,596	13,660	5,261
Plant and machinery	27,835	5,458	5,156	6,802	79	32	6,913	73	45,289	11,703	4,327	-	659	66	16,623	28,666	16,132
Measuring instruments	256	-	-	120	1	-	121	-	377	117	13	-	-	-	130	247	139
Electrical installations	808	1,267	-	44	3	-	47	-	2,122	213	192	-	-	-	405	1,717	595
Data processing equipment	867	-	-	169	4	-	173	22	1,018	679	132	-	-	14	797	221	188
Office equipment	387	735	225	481	-	-	481	15	1,813	218	239	-	56	13	500	1,313	169
Furniture and fixtures	373	-	-	31	-	-	31	1	403	189	73	-	-	1	261	142	184
Tools, dies and moulds	1,812	48	15	519	9	1	529	-	2,404	686	253	-	2	-	941	1,463	1,126
Vehicles	730	10	6	138	-	-	138	85	799	199	75	-	1	39	236	563	531
Motor boat	381	-	-	21	-	-	21	-	402	-	20	-	-	-	20	382	381
Total tangible assets (A)	**43,906**	**14,018**	**7,560**	**9,627**	**115**	**33**	**9,775**	**260**	**74,999**	**14,857**	**6,053**	**3**	**793**	**197**	**21,509**	**53,490**	**29,049**
Intangible assets, owned																	
Application software	454	77	-	175	5	-	180	2	709	363	102	-	-	1	464	245	91
Prototype development	854	-	-	801	-	58	859	-	1,713	146	163	-	-	-	309	1,404	708
Non compete fee	735	-	-	101	-	-	101	-	836	368	218	-	-	-	586	250	367
Total intangible assets (B)	**2,043**	**77**	**-**	**1,077**	**5**	**58**	**1,140**	**2**	**3,258**	**877**	**483**	**-**	**-**	**1**	**1,359**	**1,899**	**1,166**
Total	**45,949**	**14,095**	**7,560**	**10,704**	**120**	**91**	**10,915**	**262**	**78,257**	**15,734**	**6,536**	**3**	**793**	**198**	**22,868**	**55,389**	**30,215**
Previous year	37,928	-	-	8,097	34	35	8,166	145	45,949	13,075	2,726	3	-	70	15,734	30,215	-

Depreciation for the year is reflected as follows:	**2012**	**2011**
Depreciation as per Profit and loss account	**4,340**	2,504
Depreciation capitalised for intangible assets (included in CWIP thereof)	**46**	38
Translation adjustment	**2,150**	-
	6,536	2,542

(₹ in lacs)

	As at 31 March 2012	As at 31 March 2011
14. Non-current investments		
(valued at cost unless stated otherwise)		
Other than trade investments #		
Investment in equity instruments		
a) Investment in other entities - unquoted		
1) 5,000 (previous year - Nil) equity shares of ₹10 each of Harasfera Design Private Limited	**1**	-
2) 921,530 (previous year 921,530) equity shares of ₹10 each of Murablack (India) Limited	**92**	92
Provision for diminution in value	**(92)**	(92)
	1	-
	1	-
Aggregate book value of unquoted investments	**1**	-
15. Long term loans and advances		
Other loans and advances		
Unsecured, considered good		
Capital advances	**1,101**	812
Security deposits	**610**	296
Advances to supplier	**46**	85
Cenvat receivable	**85**	-
Advance tax	**330**	183
	2,172	1,376
16. Other non-current assets		
Other bank balances		
Bank deposits with more than 12 months maturity	**36**	27
Unpaid dividend account	**30**	30
Derivative asset (refer note 37)	**520**	-
Prepaid expenses	**404**	31
	990	88
17. Inventories		
(Valued at lower of cost and net realizable value)		
Raw materials	**6,961**	4,268
Work-in-progress	**9,231**	2,038
Finished goods	**1,615**	1,125
Stores and spares	**1,336**	584
	19,143	8,015
18. Trade receivables		
Unsecured		
Outstanding for period exceeding six months		
- Considered good	**1,253**	1,133
- Considered doubtful	**300**	94
Other debts		
- Considered good	**23,376**	10,652
	24,929	11,879
Less: Provision for doubtful receivables	**(300)**	(94)
	24,629	11,785

(₹ in lacs)

		As at 31 March 2012	As at 31 March 2011
19.	**Cash and cash equivalents**		
	Cash on hand	**10**	4
	Balance with current accounts	**1,911**	1,043
		1,921	1,047
20.	**Short term loan and advances**		
	Loans and advances		
	Unsecured, considered good		
	Advances to supplier	**476**	504
	Cenvat receivable	**1,870**	598
	Security deposits	**211**	-
	VAT receivable	**198**	179
	Loans to employees	**34**	40
	MAT credit entitlement	**394**	305
	Others	**111**	35
		3,294	1,661
21.	**Other current assets**		
	Margin money deposit	**406**	449
	Derivative asset (refer note 37)	**339**	-
	Unbilled revenue	**762**	716
	Prepaid expenses	**677**	288
	Export incentives receivable	**98**	-
	Others	**22**	31
		2,304	1,484
22.	**Other operating revenues**		
	Service income	-	10
	Scrap sales	**1,138**	621
		1,138	631
23.	**Other income**		
	Interest income from bank deposits	**124**	35
	Export incentives	**108**	-
	Provision no longer required written back	**698**	-
	Exchange gain, net	-	174
	Miscellaneous income	**67**	33
		997	242
24.	**Cost of materials consumed**		
	Raw materials and packing materials consumed*		
	Inventory of materials at the beginning of the year	**4,268**	3,321
	Add: purchases	**94,518**	26,438
	Less: closing stock	**6,961**	4,268
		91,825	25,491
	(* the consumption disclosed is based on the derived figures rather than actual records of issue)		
25.	**Changes in inventory of finished goods and work-in-progress**		
	Opening stock		
	- Finished goods*	**1,902**	1,225
	- Work-in-progress*	**9,675**	1,076
		11,577	2,301
	Closing stock		
	- Finished goods	**1,615**	1,125
	- Work-in-progress	**9,231**	2,038
		10,846	3,163
		731	(862)

* include ₹777 lacs (Finished goods) and ₹7,637 lacs (work in progress) acquired on business acquisition.

	As at 31 March 2012	(₹ in lacs) As at 31 March 2011
26. Employee benefits expense		
Salaries, wages and bonus	**18,780**	8,633
Contribution to provident fund and other funds	**1,531**	444
Workmen and staff welfare expenses	**1,874**	585
	22,185	9,662
27. Finance cost		
Interest expense	**6,769**	2,498
Bank charges	**376**	248
	7,145	2,746
28. Other expense		
Consumption of stores, loose tools and spare parts	**4,531**	1,715
Power and fuel	**6,581**	918
Rent	**899**	547
Repairs and maintenance:		
- buildings	**301**	82
- plant and machinery	**1,597**	513
- others	**1,000**	497
Rates and taxes	**255**	196
Insurance	**560**	229
Travelling and conveyance	**985**	634
Communication	**172**	109
Legal and professional	**1,178**	332
Auditor's remuneration	**115**	116
Cash discount	**375**	29
Freight outward	**1,280**	800
Sales promotion and advertisement	**97**	96
Foreign exchange loss (net)	**313**	83
Warranty and replacement expenses	**115**	70
Provision for doubtful debts (net)	**174**	74
Bad debts written off	**160**	194
Printing and stationery	**136**	79
Security charges	**98**	77
Packing expenses	**182**	102
Directors sitting fees	**11**	13
Sales commission	**231**	12
Membership and subscriptions	**44**	-
Miscellaneous expenses	**538**	277
	21,928	7,794
29. Exceptional items		
Expenses incurred to acquire a foreign subsidiary*		
- Professional charges	**69**	-
- Travelling	**67**	-
- Others	**39**	-
	175	-

* Pertains to various expenses incurred by the Company such as professional and other ancillary charges towards acquisition of shares of Eisenwerk Erla GmbH, Germany, through its step subsidiary, which do not qualify for cost of investment as envisaged in Accounting Standard (AS) 13 -'Accounting for Investments'.

(₹ in lacs)

30. Capital commitments

Particulars	As at 31 March 2012	As at 31 March 2011
Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	**1,363**	1,448

There are no other material capital commitments.

31. Contingent liabilities

The details of contingent liabilities are as under:

Particulars	As at 31 March 2012	As at 31 March 2011
Financial guarantee	**19,423**	7,570

32. Lease transactions

a) The Company is obligated under cancellable operating leases for office, residential facilities and vehicles. Lease rental expense under operating leases during the year was ₹319 lacs (previous year ₹547 lacs).

b) The Company is obligated under non-cancellable operating leases for plant and machinery. Lease rental expense under non-cancellable operating leases during the year was ₹580 lacs (previous year ₹Nil):

Particulars	As at 31 March 2012	As at 31 March 2011
Payable within one year	**820**	-
Payable within one and five years	**1,923**	-

33. Gratuity plan

The following tables set out the status of the funded gratuity plan as required under revised AS 15 'Employee benefits'.

Change in defined benefit obligation	As at 31 March 2012	As at 31 March 2011
Opening defined benefit obligation	**661**	508
Additions due to acquisition	**14**	-
Current service cost	**70**	156
Interest cost	**51**	39
Benefits settled	**(51)**	(37)
Actuarial losses/ (gain)	**10**	(5)
Closing defined benefit obligation	**755**	661

Change in plan assets	As at 31 March 2012	As at 31 March 2011
Plan assets at the beginning of the year, at fair value	**592**	494
Additions due to acquisition	**15**	-
Expected return on plan assets (estimated)	**50**	46
Contributions	**99**	87
Benefits settled	**(51)**	(37)
Actuarial gain / (losses)	**2**	2
Plan assets at the end of the year, at fair value	**707**	592

(₹ in lacs)

Reconciliation of present value of the obligation and the fair value of the plan assets	As at 31 March 2012	As at 31 March 2011
Fair value of plan assets at the end of the year	**707**	592
Present value of the defined benefit obligations at the end of the year	**755**	661
Liability recognized in the balance sheet	**(48)**	(69)

Gratuity cost for the year	For the year ended 31 March 2012	For the year ended 31 March 2011
Current service cost	**70**	156
Interest cost	**51**	39
Net actuarial losses/ (gain) recognised in year	**8**	(7)
Return on plan assets	**(50)**	(46)
Total, included in "Employee benefit expense"	**79**	142

Assumptions at the valuation date	As at 31 March 2012	As at 31 March 2011
Discount factor	**8.5%**	8.0%
Expected rate of return on plan assets	**8.5%**	8.0%
Expected rate of salary increase	**6.0%**	6.0%
Attrition rate	**5.0%**	5.0%
Retirement age	**58**	58

The estimate of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

34. Set out below is the movement in provision balances in accordance with AS 29, 'Provisions, Contingent liabilities and Contingent Assets':

Provision for warranty:

(₹ in lacs)

Particulars	As at 31 March 2012	As at 31 March 2011
Opening balance	**58**	56
Provision (including due to acquisitions)	**931**	70
Utilized during the year	**(532)**	(68)
Closing balance	**457**	58

Warranty provision is utilised to make good the amount spent on spares, labour, and all other related expenses on the event of failure of automotive products. All the amounts are expected to be utilised in the ensuing year. Outflows are expected to maintain the same trend as that of past years. No amount is expected as a reimbursement towards this cost.

35. Related party transactions:

Description of relationship	Name of related Party
Holding company having control	i) Dynamatic Ltd, UK (DLUK) ii) JKM Global Pte Limited, Singapore (JGPL) iii) JKM Research Farm Limited (JRFL) iv) JKM Erla Automotive Limited (JEAL) v) JKM Eisenwerk Erla GmbH, Germany (JKEH) vi) JKM Ferrotech Limited (JFTL) vii) Yew Tree Investments Limited (YTIL) viii) JKM Erla Holdings GmbH (JEHG) ix) Eisenwerk Erla GmbH (EEG)
Significant influence	i) JKM Holding Private Limited (JHPL) ii) JKM Human Resources Private Limited (JHRPL) iii) JKM Offshore (India) Private Limited (JOIPL) iv) Udayant Malhoutra and Co Private Limited (UMCPL) v) Vita Private Limited (VPL)
Key Management Personnel (KMP)	i) Udayant Malhoutra, Chief Executive Officer and Managing Director (UM) ii) V Sunder - President and Group Chief Financial Officer (VS) iii) B Seshnath -Executive Director and Chief Marketing Officer (BS) iv) N Rajagopal -Executive Director and Chief Operating Officer (NR) v) Ian Patterson – Group Technical Director (IP) Dynamatic Limited, UK vi) Raymond Keith Lawton - Executive Director and Chief Operating Officer (RKL). Dynamatic Limited, UK vii) James Tucker – Operating Director, (DL,UK) (JT) viii) Clarie Tucker – Finance and Systems Director, (DL,UK) (CT)
Relatives of KMP	i) Pramilla Malhoutra (PM) ii) Udita Malhoutra (UDM) iii) Barota Malhoutra (BM)

The following is the summary of transactions and balances for the year ended 31 March 2012 and 31 March 2011 respectively:

(₹ in lacs)

	2012			2011		
Related party	**Other Related Entities**	**Key Management Personnel**	**Relatives**	**Other Related Entities**	**Key Management Personnel**	**Relatives**
Expenses						
Rent						
- JHPL	4	-	-	4	-	-
-PM	-	-	22	-	-	19
-UM	-	-	4	-	-	3
Interest						
-JHPL	32	-	-	-	-	-
Salaries and wages						
- JHRPL	786	-	-	607	-	-
Managerial remuneration						
- UM	-	34	-	-	43	-
- NR	-	42	-	-	34	-
- VS	-	53	-	-	45	-
- BS	-	40	-	-	33	-
- RKL	-	71	-	-	61	-
- IP	-	60	-	-	55	-
- JT	-	99	-	-	88	-
- CT	-	97	-	-	88	-
Dividend						
Interim dividend						
- JHPL	53	-	-	48	-	-
- JOIPL	26	-	-	26	-	-
- UMCPL	39	-	-	41	-	-
- UM	-	56	-	-	58	-
- BM	-	-	-	-	-	-
- Others	6	-	-	5	-	-
Final dividend						
- JHPL	32	-	-	24	-	-
- JOIPL	18	-	-	13	-	-
- UMCPL	27	-	-	21	-	-
- UM	-	38	-	-	29	-
- Others	4	-	-	3	-	-
Balances outstanding						
Trade Payables						
- JHRPL	32	-	-	10	-	-
Short term borrowings						
-JHPL	50	-	-	-	-	-

36. Segment information

Information about Primary Business Segments:

The business segment has been considered as the primary segment. The Group is organized into six main business segments, namely:-

- Hydraulic and Precision Engineering ("HPE") - comprising Hydraulic Pumps, Hand Pumps, lift assemblies, valves, powerpacks etc
- Aluminium Castings ("AC") - comprising castings for automotive components
- Automotive Components ("AUC") - comprising Case Front, Water Pumps, Intake manifolds, Exhaust manifold etc.
- Aerospace ("ASP") - comprising airframe structures, precision aerospace, components etc.
- Wind farm ("WF") - generation of power through wind energy.
- Research farm ("RF")

Segment revenue, assets and liabilities have been accounted for on the basis of their relationship to the operating activities of the segment and amounts allocated on a reasonable basis.

Information relating to business segments for the year ended 31 March 2012

(₹ in lacs)

Particulars	HPE	AC	AUC	ASP	WF	RF	Unallocated	Total
A. Primary Segment reporting								
(i) Revenue								
External - sales and services	30,038	5,116	113,099	14,118	499	-	-	162,870
Less: excise duty	(1,849)	(24)	(2,559)	(22)	(4)	-	-	(4,458)
Inter-segment sales and services	(76)	(4,819)	(3,338)	-	(463)	-	-	(8,696)
Other income	948	180	1,557	300	-	108	438	3,531
Inter-segment income	-	-	-	-	-	-	(1,397)	(1,397)
Total Revenue	**29,061**	**453**	**108,759**	**14,396**	**32**	**108**	**(959)**	**151 ,850**
(ii) Results								
Segment result - EBIDA-profit/(loss)	4,507	(597)	5,405	5,385	254	97	130	15,181
(Less): depreciation	(801)	(257)	(2,293)	(812)	(169)	(8)	-	(4,340)
Segment result - profit/(loss)	3,706	(854)	3,112	4,573	85	89	130	10,841
(Less): Interest expense	-	-	-	-	-	-	(7 ,145)	(7,145)
(Less):Extraordinary/Exceptional item	-	-	-	-	-	-	(175)	(175)
Profit/(loss) before taxation	**3,706**	**(854)**	**3,112**	**4,573**	**85**	**89**	**(7,190)**	**3,521**
(Less): Provision for taxation	-	-	-	-	-	-	(1,057)	(1,057)
Net profit after tax	**3,706**	**(854)**	**3,112**	**4,573**	**85**	**89**	**(8,247)**	**2 ,464**
(iii) Other Information								
Segment assets	25,450	3,972	76,635	18,494	3,775	663	(449)	128,540
Segment liabilities	9,882	2,800	58,418	5,122	39	141	38,142	114,544
Capital expenditure	1,451	1,017	29,511	6,017	137	65	-	38,197
Depreciation	801	257	2,293	812	169	8	-	4,340
Other non-cash expenses	19	16	155	22	-	-	-	212

Information relating to business segments for the year ended 31 March 2011

(₹ in lacs)

Particulars	HPE	AC	AUC	ASP	WF	RF	Unallocated	Total
A. Primary Segment reporting								
(i) Revenue								
External - sales and services	23,037	3,371	19,249	10,241	546	-	-	56,444
Less: excise duty	(1,083)	(7)	(1,944)	(14)	-	-	-	(3,048)
Inter-segment sales and services	(337)	(3,106)	-	-	(450)	-	-	(3,893)
Other income	253	100	182	141	-	118	304	1,098
Inter-segment income	-	-	-	(31)	-	(108)	(94)	(233)
Total Revenue	**21,870**	**358**	**17,487**	**10,337**	**96**	**10**	**210**	**50,368**
(ii) Results								
Segment result - EBIDA-profit/(loss)	2,526	164	1,027	3,907	421	(10)	248	8,283
(Less): depreciation	(569)	(236)	(821)	(722)	(149)	(7)	-	(2,504)
Segment result - profit/(loss)	1,957	(72)	206	3,185	272	(17)	248	5,779
(Less): Interest expense	-	-	-	-	-	-	(2,746)	(2,746)
Profit/(loss) before taxation	**1,957**	**(72)**	**206**	**3,185**	**272**	**(17)**	**(2,498)**	**3,033**
(Less): Provision for taxation	-	-	-	-	-	-	(865)	(865)
Net profit after tax	**1,957**	**(72)**	**206**	**3,185**	**272**	**(17)**	**(3,363)**	**2,168**
(iii) Other Information								
Segment assets	21,277	3,190	20,107	14,895	2,947	501	1,203	64,120
Segment liabilities	3,595	1,335	5,449	3,153	16	2	35,116	48,666
Capital expenditure	2,779	2,987	64	5,882	-	237	159	12,108
Depreciation	569	236	821	722	149	7	-	2,504
Other non-cash expenses	40	10	74	2	-	23	-	149

37. Derivative instruments

As of March 31, 2012 the Company has recognized losses of ₹2,706 lacs (2011: ₹275 lacs) relating to derivative instruments (comprising of foreign currency forward contracts) that are designated as effective cash flow hedges in the shareholders' fund.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding as at:

Particulars		As at 31 March 2012	As at 31 March 2011
Designated derivative instruments			
Forwards Sell	**GBP**	**149**	191
Interest rate swap	**EURO**	**17,150**	-
	USD	**45**	-
Non designated derivative instruments			
Cross currency swaps	**JPY**	**3,476**	5,512
	SGD	**80**	92
Forwards - Sell	**EURO**	**3**	-
	USD	**16**	-
Forwards and options - Buy	**USD**	**35**	9

As of the balance sheet date, the Company has foreign currency exposures that are not hedged by a derivative instrument or otherwise as detailed below

Particulars	As at 31 March 2012		As at 31 March 2011	
	Amount in original currency in lacs	Amount in ₹ lacs	Amount in original currency in lacs	Amount in ₹ lacs
Trade receivables				
USD	**49**	**2,490**	29	1,291
EURO	**6**	**402**	5	295
GBP	**7**	**596**	7	502
		3,488		2,088
Advance paid				
CHF	**0**	**5**	-	-
Trade payables				
USD	**69**	**3,518**	101	4,505
EURO	**1**	**63**	10	626
GBP	**0**	**3**	-	20
CHF	-	-	6	314
JPY	**502**	**313**	423	229
SGD	-	-	1	47
		3,897		5,741

38. Disclosure pursuant to Accounting Standard 7 (revised), Construction contracts

(₹ in lacs)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Construction work in progress	**711**	716
Unbilled revenue	**762**	716
Customer advances	**185**	306

39. These consolidated financial statements have been prepared on a going concern basis considering support from its bankers in the future at existing level, although there has been breach of few covenants of some loans for which, the management has initiated the process with bank for relaxation.

40. The Board of Directors in their meeting dated 07 May 2011 had decided to demerge the "Automotive Division" of the Company into JKM Erla Automotive Limited (JEAL) (a wholly owned subsidiary of the Company) w.e.f. 01 April 2011 and had received No Objection Certificate from Bombay Stock Exchange and National Stock Exchange Limited.

Taking into consideration the tight timelines available for integration of multiple corporate structures within the automotive business, as well as the financial / tax implications, the Board of Directors decided to withdraw the Scheme of demerger in their meeting dated 13 February 2012. It is proposed to evaluate an appropriate scheme during the following year.

41. The Company through its wholly owned step subsidiary JKM Erla Holdings GmbH (JEGH) [a subsidiary of JKM Erla Automotive Limited (JKEAL)] has acquired 100% shareholding in JKM Group GmbH (JGH) [erstwhile known as JEH Group GmbH] (formerly Sanmar Group Germany GmbH) vide share purchase agreement dated 31 May 2011, which is effective 01 April 2011, at an aggregate consideration of Euro 26.40 million. This acquisition involved holding of the 100% shares of Eisenwerk Erla GmbH, Germany (EEG) through multiple wholly owned subsidiaries namely JEGH, JGH, Eisenwerk Erla (B) GmbH (EEBH). EEG held 100% shareholding in JKM Ferrotech Limited, [erstwhile known as Sanmar Ferrotech Limited].

The Company has merged JGH and EEBG (transferor companies) with JEGH (transferee) effective 01 April 2011 and accordingly fair valued the assets and liabilities of the transferor companies. The merger is approved by the German courts and the name of the transferor companies has been deleted in the registrar.

42. In accordance with the Scheme of Arrangement between JKEAL and its respective shareholders and creditors duly approved by the Hon'ble High Court of Karnataka vide its order dated 30 July 2012, the following adjustments have been recorded in the consolidated financial statement of the Group:

Particulars	₹ in lacs
Fair valuation adjustment of tangible fixed assets of EEG with a corresponding credit to Business Restructuring Reserve (BRR)	7,560
Reduction of securities premium with a credit to BRR	(200)
Incremental depreciation on the fair value of tangible fixed assets as described above has been debited to "debit balance arising on consolidation"	793
BRR balance has been set off with the goodwill arising on consolidation to the extent of fair value adjustment of tangible fixed assets as described above	(7,560)

Section 6 (paragraph 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 financial statement of the Group, 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, tangible fixed assets of ₹53,490 lacs would have reduced to ₹46,723 lacs, debit balance arising on consolidation of ₹593 lacs would have reduced to nil and securities premium of ₹7,111 lacs would have increased to ₹7,311 lacs. There is no impact on the profits and cash flows of the Group.

As per our report of even date attached

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

Sunil Gaggar
Partner
Membership No.: 104315

Place : Bangalore
Date : 3 August, 2012

for Dynamatic Technologies Limited

Dr. K APRAMEYAN
Director

AIR CHIEF MARSHAL S.KRISHNASWAMY (Retd.)
Director

S GOVINDARAJAN
Director

GOVIND MIRCHANDANI
Director

MALAVIKA JAYARAM
Director

RAYMOND KEITH LAWTON
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

N RAM MOHAN
Financial Controller

M SINDHU
GM - Compliance, Legal & Company Secretary

DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors have pleasure in presenting the Thirty Seventh Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2012.

1. FINANCIAL RESULTS

The Financial Results of the Company for the year ended March 31, 2012, were as follows:

(₹ in Lacs)

Particulars	Standalone		Consolidated	
	Year Ended 31 March 2012	Year Ended 31 March 2011	Year Ended 31 March 2012	Year Ended 31 March 2011
Gross Sales	**48,244**	38,479	**1,54,173**	52,543
Net Sales	**44,369**	35,430	**1,49,715**	49,495
Profit (Before Interest, Depreciation & Taxation) (EBITDA)	**6,867**	6,620	**15,181**	8,283
Interest & Finance Charges	**3,948**	2,405	**7,145**	2,746
Depreciation	**2,511**	2,041	**4,340**	2,504
Net Profit Before Taxation and Exceptional Items	**408**	2,174	**3,696**	3,033
Exceptional Items	**175**	-	**175**	-
Net Profit Before Taxation and after Exceptional Items	**233**	2,174	**3,521**	3,033
Provision for Taxation:				
- Current Tax	-	442	**1,388**	629
- Minimum Alternative Tax Charge	**89**	-	**89**	-
- Minimum Alternate Tax Credit Entitlement	**(89)**	(64)	**(89)**	(64)
- Deferred Tax Charge	**68**	312	**(331)**	300
- Wealth Tax	-	-	-	-
Net Profit After Tax	**165**	1,484	**2,464**	2,168
Balance brought forward from previous year	**4,031**	3,325	**3,561**	2,172
Amount available for appropriation	**4,196**	4,809	**6,025**	4,340
Appropriations				
Dividend on Equity Shares – Interim	**325**	325	**325**	325
Proposed Final Dividend on Equity Shares	**108**	216	**108**	217
Tax on Dividend	**72**	89	**72**	89
Transfer to General Reserve	**17**	148	**17**	148
Balance carried to Balance Sheet	**3,674**	4,031	**5,503**	3,561

Notes: Previous year figures have been recast wherever necessary.

DIVIDEND

During the year, your Directors, based on the performance of the Company, declared an Interim Dividend of ₹6/- (₹.3/- on each instance) per share of face value ₹10/- each at its Board meetings held on November 14, 2011 and February 13, 2012 and paid on 5,414,703 Equity Shares absorbing ₹32,488,218/-. Your Directors recommend a Final Dividend of ₹2/- per share of face value ₹10/- each on 5,414,703 Equity Shares of ₹10/- each, absorbing ₹10,829,406/- for the year under report. Hence the Total Dividend payout for the year under review is ₹43,317,624/- (exclusive of tax).

TRANSFER TO RESERVES

Your Directors propose to transfer ₹17 lacs to General Reserve, during the year under report.

The Company has hedged a part of its future foreign currency receivables to mitigate its foreign exchange fluctuation risks. The same has been designated as a cash flow hedge with effect from 1st April, 2008, applying the hedging criteria. The movement in the Mark To Market (MTM), subsequent to the designation as a cash flow hedge, amounting to₹1,600 lacs, has been accounted under Hedge Reserve Account.

Pursuant to Notification No. G.S.R. 225(E) dated March 31, 2009 issued by the Ministry of Corporate Affairs, the Company had opted (on March 31, 2009) to adjust the exchange differences relating to long term monetary items with retrospective effect from April 1, 2007 vis-à-vis recognition of aforesaid exchange differences as income/ expense in the profit and loss account in the earlier years.

Accordingly, foreign exchange loss amounting to ₹34 lacs and foreign exchange loss amounting to ₹122 lacs for the year ended March 31, 2011 and March 31, 2012 respectively, has been adjusted to the cost of fixed assets.

COMPANY PERFORMANCE

Total income on a consolidated basis was ₹151,850 lacs, as against ₹50,368 lacs in 2010-11. EBITDA on a consolidated basis was ₹15,181 lacs as against ₹8,283 lacs in 2010-11. Net Profit Before Tax on a consolidated basis was ₹3,521 lacs, as against ₹3,033 lacs in 2010-11. Net Profit After Tax on a consolidated basis was ₹2,464 lacs, as against ₹2,168 lacs in 2010-11.

The Hydraulics and Precision Engineering business grew to ₹30,038 lacs from ₹23,037 lacs in 2011. Profit (Before Interest & Tax) grew from ₹1,957 lacs to ₹3,706 lacs. This includes the turnover from the Hydraulics division of Dynamatic Limited, UK, a subsidiary of your Company, to the extent of ₹9,810 lacs and Loss (Before Interest & Tax) of (₹119) lacs.

The Aerospace business grew from ₹10,242 lacs to ₹14,118 lacs and Profit (Before Interest & Tax) grew from ₹3,185 lacs to ₹4,573 lacs. This includes the turnover from the Aerospace division of Dynamatic Limited, UK, a subsidiary of your Company, to the extent of ₹8,931 lacs and Profit (Before Interest & Tax) of ₹2,356 lacs.

The Aluminium Castings business grew from ₹3,371 lacs to ₹5,116 lacs and Loss (Before Interest & Tax) declined from (₹72) lacs to a loss of (₹854) lacs.

The Automotive business grew from ₹19,249 lacs to ₹113,099 lacs while Profit (Before Interest & Tax) grew from ₹206 lacs to ₹3,112 lacs. This includes the turnover from Eisenwerk Erla GmbH, a subsidiary of your Company to the extent of ₹90,600 lacs and Profit (Before Interest & Tax) of ₹4,030 lacs.

Exports from India have grown at 67% with sales of ₹11,247 lacs against the previous year's ₹6,728 lacs.

Capital expenditure

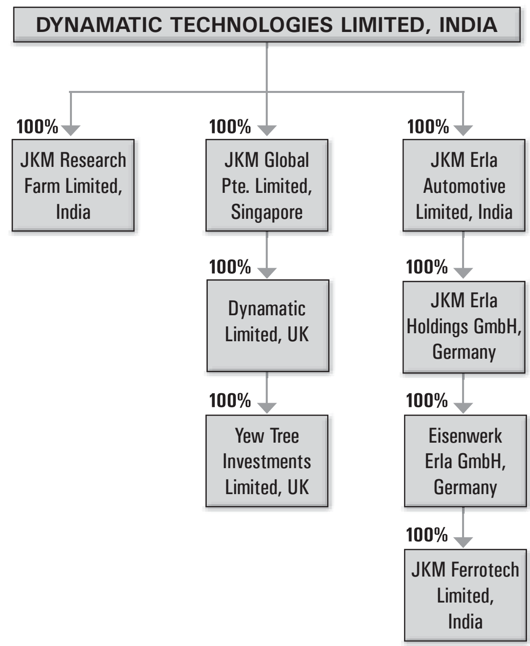
During the year, your Company incurred capital expenditure of ₹1,321 lacs for physical infrastructure, ₹8,454 lacs for technological infrastructure and ₹1,140 lacs for procurement of intangible assets.

Significant investments have been made in building infrastructure, state-of-the-art machinery, design software, data security, information systems, design and development activities; for the future benefits of your Company.

2. SUBSIDIARIES

Your Company has seven Subsidiaries, the brief particulars of which are given below.

The structure of Dynamatic Technologies Limited and its Subsidiaries as on March 31, 2012



INDIAN, WHOLLY OWNED SUBSIDIARIES

JKM Research Farm Limited, India, (JKMRF) is a Wholly Owned Subsidiary of the Company. It continues to be the Research & Development facilitator to the Company.

JKM Erla Automotive Limited, India (JKM Erla)

During the year, the Company, through its Wholly Owned Subsidiary, JKM Erla Automotive Limited, acquired Eisenwerk Erla GmbH Germany from the Chennai based SANMAR Group.

Post acquisition, JKM Erla Holdings GmbH, Eisenwerk Erla GmbH and JKM Ferrotech Limited became the wholly owned subsidiaries of JKM Erla Automotive Limited.

Eisenwerk Erla GmbH generates revenues in excess of Euro 100 million between its two units located in Germany and India.

The Company had entered the automotive business in 1997 through its 73% owned joint-venture with Daerim Enterprise Company Limited, Korea. JKM Daerim Automotive Limited commenced business as a supplier of critical engine and transmission parts to Hyundai Motor India Limited and has grown to be a partner to all major automotive Original Equipment Manufacturers (OEM's) in the country. In 2008, this Subsidiary was merged with the Company.

The Board of Directors of the Company, at its meeting held on May 7, 2011, had decided to demerge the 'Automotive Division' of the Company into JKM Erla Automotive Limited with effect from April 1, 2011 and also received 'No Objection Letter' from the stock exchanges. Taking into consideration the tight timelines available for integration of multiple corporate structures within the automotive business, as well as the financial / tax implications, the Board of Directors of the Company, at its meeting held on February 13, 2012, decided to withdraw the Scheme of Arrangement. It is proposed to evaluate an appropriate scheme during the following year.

JKM Ferrotech Limited, India (JFTL)

JFTL became a subsidiary of the Company subsequent to its holding company Eisenwerk Erla GmbH, Germany, becoming a subsidiary of the Company.

JFTL is into manufacturing of ferrous alloy and castings, having its operations in Gummudipundi, Chennai. The facility has expertise in producing High Si-Mo automotive components and is certified to the highest quality standards specified by the Automotive Industry. The expertise in producing intricately shaped castings as well as the skill in handling ferrous alloys, particularly High Si-Mo and Ni-Resis makes JFTL a strong development partner for prototypes in Ferrous Alloy castings.

OVERSEAS, WHOLLY OWNED SUBSIDIARIES

JKM Global Pte. Limited, Singapore, (JKMGB) is a Wholly Owned Subsidiary of your Company. It continues as an investment hub for overseas businesses.

Dynamatic Limited, Swindon, UK, (DLUK) is a Wholly Owned Subsidiary of your Company held through JKM Global Pte. Limited, Singapore.

The UK facilities have been restructured by way of merging Oldland Aerospace with Dynamatic Limited.

Yew Tree Investments Limited and **Dynamatic Limited** are the subsidiaries of JKM Global Pte Limited. Post restructure, DLUK has its Hydraulics unit in Swindon and its Aerospace unit, Dynamatic Oldland Aerospace in Bristol.

The Hydraulics unit of DLUK located in Swindon, England, produces high performance engineered hydraulic products. The plant has over 50 years of experience in gear pump design and manufactures and caters to agriculture, construction and highway vehicle manufacturers. Products include combined variable and fixed displacement pump packages, temperature controlled fan drive systems and fixed displacement pumps in Aluminium and Cast iron with a range of additional integrated valve options.

Dynamatic Oldland Aerospace a division of Dynamatic Ltd UK is located in Bristol & Swindon, and is a leader in Aeronautical Precision Engineering and is currently working on components for most of the Airbus family of aircraft including the A300/310, A320, A330/340, A380, A400M, C130J and future Lynx Helicopter. Central to the Dynamatic Oldland Aerospace approach is their commitment to a continual improvement program based on Lean & Agile innovative engineering principles.

Yew Tree Investments Limited, Bristol, UK (YTIL) is a Wholly Owned Subsidiary of Dynamatic Limited, UK.

JKM Erla Holdings GmbH, Germany (JKM Erla GmbH) became a subsidiary of the Company, subsequent to its holding company, JKM Erla Automotive Limited, becoming a subsidiary of the Company. It is engaged in the business of setting up automotive components processing/manufacturing units.

Eisenwerk Erla GmbH, Germany (Eisenwerk) became a subsidiary of the Company, subsequent to its holding company, JKM Erla GmbH, becoming a subsidiary of the Company. Eisenwerk has been in business for over 630 years and is a preferred supplier to leading global OEMs including Audi, BMW, Volkswagen, to name a few.

REPORT ON SUBSIDIARY COMPANIES

As per Section 212 of the Companies Act, 1956, we are required to attach Directors' Report, Balance Sheet and Profit & Loss Account of our Subsidiaries to this Report. The Ministry of Corporate Affairs, Government of India vide its Circular No. 2/2011 dated February 8, 2011, has provided an exemption to the companies from complying with Section 212, provided such companies publish audited consolidated financial statements in the annual report. However, a statement showing the relevant details of the Subsidiaries is enclosed as **ANNEXURE - II**, forming part of this report. Accordingly, the Annual Report does not contain the financial statements of our Subsidiaries. The audited annual accounts and related information of our subsidiaries, where applicable, will be made available on request.

The financial performance and the review of Business of DLUK, JKMRF, JFTL and Eisenwerk Erla are forming part of this Report.

These documents will also be available for inspection at the registered office during business hours at Bangalore, India. The same will also be published on our website at **www.dynamatics.com**

3. RESEARCH & DEVELOPMENT

Your Company is a repository of diverse technologies and has transformed itself into a knowledge-based organization through sustained Research & Development efforts. All technology development efforts are guided at the Board level through the Technology Development Committee.

Your Company's focus on Research & Development has resulted in strong development initiatives; enabling the Company to foray into providing new services, launching new products and enhancing product value to our customers.

JKM Science Center at Bangalore, spread over an area of 40,000 sq. ft. houses design laboratories viz. *Dynamatic® Research & Development Center* and *Powermetric® Design;*

a sophisticated *Material Science Laboratory;* a prototype manufacturing unit and a *Training Center*.

Your Company's Design efforts are focused on

- Design, Validation and Prototyping of new products.
- New Project Management employing Product Life Cycle Management Tool through APQP approach
- Effective deployment of analytical tools, viz. ANSYS, CFD, Pro-Mechanica, & Automation Studio, etc.
- Improvement of existing designs.
- Continuous improvement of existing processes.
- Ongoing testing of products and materials.

Intellectual Property

The Company has emerged as one of India's leading Research & Development organisations, with numerous inventions and patents to its credit. The Company has defined an Intellectual Property (IP) strategy to build an effective portfolio for future monetization, collaboration and risk mitigation, focussing on future technologies. The Company owns the following Patents for various Products:

- **From India**
  Four - (One International Patent, three from the European Union).
- **From England**
  Eleven - (11 UK, 1 Italian and 1 US patent).

In addition, the Company has 2 patents pending in multiple jurisdictions, awaiting registration.

The Company has 10 trademarks registered and 4 trademark applications pending, awaiting registration.

Eisenwerk owns 1 trademark and 2 patents in Germany.

The Company employs over 60 Scientists and 600 engineers and technicians with expertise in Mechanical Engineering, Advanced Computer Aided Engineering, Computer Aided Manufacture, Materials & Metallurgical Engineering, Fluid Dynamics, Defence & Aerospace Research. The state-of-the-art JKM Science Center brings together Design Engineering, Development, Prototyping, Metallurgical and Manufacturing Infrastructure enabling your Company to comprehensively address the needs of its global customers.

The **Dynamatic® Hydraulics Research Laboratory**, in Swindon, England, has advanced design knowledge focused on the Mobile Hydraulics Sector, excellent engineering capabilities and ownership of intellectual property.

This facility operates a comprehensive product testing and validation laboratory.

This facility has completed testing and validation of new products for various customers like Cummins - Daventry, John Deere - USA, CNH, JCB, Terex, Mahindra & Mahindra, etc. The Company has already successfully launched these new products in India and globally.

The Dynamatic Oldland Aerospace, in Bristol, England possesses people having specialized skill sets who are one of the few specialists in CNC Programming, globally. Improving process run times, reduction in cycle time, optimizing machining strategies and high feed tooling have been achieved to optimize component by using new processes, use of latest cutting tools and fresh approach to the product.

The Company's Wholly Owned Subsidiary, JKM Research Farm Limited, operates a unique facility for testing and analysing complete aggregates and systems for mobile equipment.

4. QUALITY MANAGEMENT SYSTEM (QMS)

Dynamatic® Hydraulics

During the year your Company has successfully completed surveillance audits to ISO:9001 specifications for, Quality Management System and also to ISO:14001 specifications for its Environmental Management System. Your Company's QMS which is compliant to ISO standards since 1999, has evolved and matured and is highly system driven.

The Company has started addressing and implementing health and safety activities for certification to Occupational Health & Safety Assessment Series (OHSAS) standards. The activities are focused on health & safety of its employees on the shop floor. Awareness campaigns have been undertaken to enforce the use of Personnel Protective Equipment (PPE) at work. At the same time, the Company has been attempting to merge the EMS & OHSAS requirements into a common management system called Integrated Management System. This will avoid unnecessary duplication of work in monitoring and maintenance of records. The audits for both systems can also be combined and carried out at the same time.

The Dynamatic® Quality Management System (DQMS) addresses the quality requirements and management expectations set out by the global major players such as John Deere, Cummins, CNH, Mahindra & Mahindra etc. DQMS utilises some of the best tools such as 5S, Business Process Re-engineering, Overall Equipment Effectiveness, Root cause analysis, Six Sigma, Statistical Process Control, Total Productive Maintenance, Visual Control, Learning-by-doing, Employee Participation Program (EPP) etc.

Lean Management concepts together with 5S tools are being used on the shop floor to increase the Overall Equipment Effectiveness (OEE) of the operations. This is achieved by reducing rejections, set ups, cycle time and through effective material management. The Employee Participation Program has resulted in the participation of employees in innovative activities and their contributions have resulted in continual improvements to work and work processes. Quality tools viz. 5S, Six Sigma etc, have resulted in enhanced product quality, innovation and cost effectiveness.

The learning in establishing the green field units-JKM pump division and The Center for Bush Excellence, are imbibed into the existing main Unit in Dynamatic Park.

Automating the processes and de-skilling them has helped us to move from operator's domain to machine domain. Fresh recruits also can learn quickly and manage the operations.

Thrust is always on reducing paperwork by using electronic means to communicate and store data.

Supply Chain Management and Productivity

The Company's supply chain program aims at upgrading the vendors so as to enable them meet the demanding requirements of Quality, Cost & Delivery. Vendor training & audits are being conducted at regular intervals.

The demand for hydraulic pumps has been growing rapidly and keeping pace with this demand has been a challenging task. Your Company's investment in the capital equipment has been the highest in this year. New generation CNC machines have been added to the production line to increase its capacity. The production capacity has been ramped up by 30% in the past two quarters. To create space for the new machines and test rigs, a new unit is being set-up close to the main factory. All efforts have been made to keep the operational costs as low as possible.

Dynamatic Limited, Hydraulics, UK, is accredited to ISO 9001:2008 standards and has recently renewed its certification from British Standards Institute (BSI). Dynamatic Limited's lean initiatives continue to be the focus of all employees using 5S techniques. The UK facilities continue to have 0 (zero) Defects per million and 100% on time delivery as reported in the John Deere supplier web site JDSN.

JKM Automotive™ and Dynametal® continues to strengthen its Quality and Safety standards by upgrading to the latest versions of existing certifications. The divisions are certified to Quality, Occupational Health and Safety and Environmental Management Systems such as ISO / TS 16949, OHSAS 18000, ISO 14000 and FORD Q1. JKM Automotive™ has also been audited and approved by various global OEM's such as Hyundai, Ford, Fiat, Nissan, Daimler, Cummins, John Deere, etc.

As a part of continuous internal improvement program, we have successfully implemented Quality controls and kept at single digit PPM levels with Hyundai supplies. We have improved on Material cost ratio enjoying a reduction by 3% through better material control and buying efficiency. The unit initiated manufacture of Pressure Die Castings inhouse and Alloy making for its requirements, as part of backward integration. This would further bring down our present material cost ratio by 3%. We started enjoying uninterrupted power supply for our units which would bring savings in our power costs.

Dynamatic Oldland Aerospace, India has the largest infrastructure in the Indian private sector for the manufacture of exacting Air Frame Structures and Precision Aerospace Components, having its manufacturing facilities in Bangalore and Nasik.

This Division is one of the first to have NADCAP approval for Heat Treatment and Non-Destructive-Test Facilities in India and is well supported by its AS 9100 'C' – Annual certification by UL covering both the manufacturing facilities.

This Division is also a certified supplier for major OEMs like Airbus, Boeing, Bell Helicopters, Northrop Grumman for supply of aircraft components and assemblies.

Dynamatic Oldland Aerospace, UK a division of Dynamatic Limited UK is a unique state-of-the-art aeronautical manufacturing facility in Bristol & Swindon UK, possessing complex 5 axis machining capabilities for the manufacture of Aerospace components and tooling.

This Division is a certified supplier to Airbus UK, GKN Aerospace Europe & USA, Spirit Aerosystems, Boeing, Magellan Aerospace, GE Aviation Systems, Lockheed Martin & Augusta Westlands. We are supported by BSI ISO 9001:2000 and AS 9100 revc. Dynamatic Oldland Aerospace has been accredited with Environmental Management System (EMS) certification ISO:14000.

Powermetric® Design, after obtaining Design Approval Certification from the Center for Military Airworthiness & Certification (CEMILAC), has proposed its design capabilities to Indian as well as foreign aerospace organisations. The CEMILAC certification which is mandatory for defence & aerospace design, will enable Powermetric® to undertake design, validation and development activities of aerospace parts/products using various sophisticated computational tools.

Powermetric is also focusing on new research areas viz., Clean and Green Energy management and application.

Dynamatic Homeland Security™ offers cutting edge solutions to enhance the nation's capabilities in countering modern day security threats-internal as well as external.

Our strong research and development capabilities, combined with powerful partnerships we have forged with leading global security technology companies like Blue- Bird Aero systems for UAVs, Elgo team for crash rated Bollards and Barriers, Gatekeeper Inc for Under vehicle scanners enables us to offer potential customers like the Ministry of Defense, Ministry of Home Affairs, solutions that will help them prepare and plan for emergencies as well as boost their response and recovery skills.

5. AWARDS, RECOGNITION AND IMPORTANT MILESTONES

- Dynamatic® Hydraulics UK has received the **'Highest CNH Business Growth Award'** which was presented at the 1st CNH and IVECO P & S Suppliers Convention in France during April 2012.
- During 2011, Dynamatic® Hydraulics UK conducted a **'Gear Pump Seminar'** to John Deere engineers in Waterloo. This seminar was to increase the understanding of gear pump operation and application.
- **Dynamatic Oldland Aerospace Division, UK** - Successful re-negotiations on existing business contracts has resulted in long term agreements for a further 5 years.

6. DEPOSITS

As on March 31, 2012, the Company has no unclaimed deposits by the deposit holders of the Company.

7. DIRECTORS

Ms. Claire Louise Tucker was co-opted as an Additional Director at the Board Meeting held on August 13, 2011. In terms of relevant provisions of the Companies Act, 1956, Ms. Claire Louise Tucker holds office up to the date of the forthcoming Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member signifying her intention to propose the name of Ms. Claire Louise Tucker for appointment as Director of the Company at the next Annual General Meeting. This item has been included in the notice convening the next Annual General Meeting of the Company.

Under Section 256 of the Companies Act, 1956, Air Chief Marshall S. Krishnaswamy (Retd.), Mr. Vijay Kapur and Mr. Raymond Keith Lawton, Directors of the Company retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

Mr. B. Seshnath-Executive Director & Chief Marketing Officer of the Company placed his resignation, which the Board of Directors, at its meeting held on August 3, 2012, accepted and his resignation would be effective August 10, 2012.

None of the Directors of the Company are disqualified for being appointed as Directors as specified under Section 274 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000.

Details of all the Directors has been covered in Corporate Governance Report forming part of the Annual Report.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors' Responsibility Statement as required under Section 217(2AA) of the Companies (Amendment) Act, 2000.

The Board of Directors hereby confirms that:

i) In the preparation of accounts for the financial year ended March 31, 2012, the applicable Accounting Standards have been followed with proper explanation relating to material departures if any.

ii) We have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit & Loss Account of the Company for the year under review.

iii) We have taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) We have prepared the accounts for the financial year ended March 31, 2012, on a `going concern' basis.

9. CONSOLIDATED FINANCIAL STATEMENTS

The Directors have pleasure in attaching the Consolidated Financial Statements prepared by the Company in accordance with the relevant Accounting Standards issued by the Chartered Accountants of India, which form part of the Annual Report and Accounts.

10. AUDITORS AND AUDITORS' REPORT

M/s. B S R & Associates, Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and offer themselves for re-appointment.

They have confirmed to the Company that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

The Report of the Auditors on the Financial Statements forms part of this Annual Report.

11. PARTICULARS OF EMPLOYEES

The Company places a high premium on the development and retention of its Human Resources as well as in providing employees with safe and healthy work environments. The Corporate Human Resource Department under the leadership of the Head - Group HR continues to focus on formulating HR practices and strategic policies which will enable the Company to continue with its talent identification, recruitment, and development initiatives, thereby creating a merit oriented, values based work culture across the organization. The Performance Management System which was introduced in 2011 has helped the Company design programmes to train and develop employees for improved performance, through skill-sets development and attitudinal changes. The Company continues to remain focused on the maintenance of cordial industrial relations with its work force and in fostering a system of participative management, which enhances the employees' sense of belonging within the Company.

Information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended is forming part of this Report. However, as per provisions of Section 219(1)(b)(iv), the Report and Accounts are being sent to all shareholders of the Company excluding the statement of particulars of employees. Any shareholder interested in obtaining such particulars, may inspect the same at the Registered Office of the Company.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGOING

The information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in **ANNEXURE – I**, forming part of this report.

13. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividends which remained unclaimed for a period of seven years, have been transferred by the Company to the Investor Education and Protection Fund.

14. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

15. CORPORATE GOVERNANCE

The Company is committed to maintain the best standards of Corporate Governance and adheres to the Corporate Governance requirements set out by Securities and Exchange Board of India (SEBI). The Company has also implemented several best corporate governance practices prevalent globally.

National Stock Exchange of India Limited (NSE), in association with Credit Rating and Information Services of India Limited (CRISIL), has initiated Independent Equity Research Report (IER), on certain companies. IER is reckoned among the best practices globally in the equity research-independence space. The Company has been covered under an Independent Equity Research Report carried out by CRISIL under the aegis of NSE-IPFT.

The reports can be viewed at **www.ier.co.in** or at National Stock Exchange home page: at **NSE-IPFT Sponsored Research Reports.**

M/s. VEV and Co, Company Secretaries, had conducted the Corporate Governance audit for the year under review.

A separate section on Corporate Governance and a Certificate from M/s. VEV and Co, Company Secretaries, regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchange/s in India is presented in a separate section forming part of this Annual Report

16. PROMOTERS

The list of the promoters is disclosed for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Persons constituting promoters coming within the definition of 'Promoter' for the purpose of regulation 2(1) (s) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 include the following:

SL. No.	Name of the Entity
1	Mrs. Barota Malhoutra
2	Christine Hoden (India) Pvt.Ltd
3	JKM Holdings Pvt. Ltd
4	JKM Offshore India Pvt.Ltd
5	Primella Sanitary Products Pvt.Ltd
6	Mr.Udayant Malhoutra
7	Udayant Malhoutra and Company Pvt.Ltd
8	Vita Pvt.Ltd
9	Wavell Investments Pvt.Ltd

17. DISCLOSURES REQUIRED UNDER LISTING AGREEMENT

Disclosures required under various clauses of the listing agreement, are made elsewhere in this Annual Report.

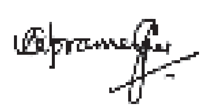
The Certification by CEO & Managing Director and President & Group CFO of the Company is attached in **ANNEXURE - IV,** forming part of this report.

ACKNOWLEDGMENTS

Your Directors would like to thanks for the co-operation received from the Financial Institutions, Banks, Government Authorities, Customers, Vendors, Shareholders and Investors during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the committed services of Executives, Managers Staff and Workers of the Company and look forward to their continued support in the future.

For and on behalf of the Board of Directors



DR. K. APRAMEYAN
Chairman

Place : Bangalore
Date : August 3, 2012

ANNEXURE – I

Statement under Section 217(1)(e) read with The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended March 31, 2012.

Disclosure of particulars with respect to conservation of energy, absorption, adoption and innovation.

A. CONSERVATION OF ENERGY

All our facilities in India and abroad are built with the environment in mind and the processes are designed for efficiency, energy conservation and to ensure that no waste is transmitted into our environment. The industrial complexes are highly energy efficient and completely non-polluting. This is being systematized and quantifiable by implementing ISO 14000 and OHSAS 18000.

Generating Green Energy through Dynamatic® Wind Farm

Dynamatic® Wind farm is generating approximately 12 Mn units of power annually near Coimbatore, India. The Wind Farm which comprises of 48 windmills on 440 acres of free-hold land, enables Dynamatic® to generate clean energy for captive consumption. This not only results in a significant reduction of the Company's carbon foot print, but also helps in conserving energy costs.

Details of Green Energy Steps are covered in the Corporate Sustainability Report of the Company.

(a) Energy Conservation measures and impact at Dynamatic® Chennai.

i. The Wind farm of 12 MW capacity (250 KW x 48 machines) generated 12 Million units of green energy last year, which resulted in 95% of the annual grid power being saved and enabled the Automotive Production Facility & the Foundry in Chennai to considerably reduce their carbon footprint.

- The power cost savings, as a result of the green energy generated by the Wind farm, corresponds to ₹312.66 lacs during the year.
- Total units saved / annum is approximately 12 Million units.
- Carbon Emission Minimisation.

Units Generated in Windfarm Apr- Mar 12(Including Sold to TNEB)	1,18,87,855
Emission Minimisation by Windfarm	8,79,70,12,700

ii. Usage of energy efficient lighting all through the Company's industrial complexes. Key changes include:

- Conversion of hi-bay metal halide lamps (250 Watts) used on the production shop, into energy saving 80w lamps of higher lumen.
- Conversion of office lighting from 40w Tubes, to energy saving Lamps of higher lumen.
- Conversion of factory perimeter lighting from 250 watts Sodium Vapor Lamp, to energy saving lamps of higher lumen.

iii. Timing reduction done on Airconditioner temperature and excess air conditioners disconnected.

iv. Pedestal Fan interfacing to PLC to Auto On/Off during non-operational hours.

v. Carried out air audit and pressure decrement on compressors & increased unloading time.

vi. Shutting down Air Conditioner, Power Pack during idle hours for CNC Machines, Leak Testing Machines & Conveyors.

(b) Total energy consumption and energy consumption per unit of production as per Form 'A' attached hereto as ANNEXURE - III.

B. TECHNOLOGY ABSORPTION

Research & Development plays a vital role in developing and adopting new technologies to enhance our operational efficiencies. The Company owns the world's best Hydraulic Technologies viz. Plessey and Dowty Technologies, both of which are from England. The Company acquired the Dowty Technology during its collaboration with Dowty in 1973 and it obtained the Plessey Technologies through the acquisition of Dynamatic Limited, UK, in 2007.

Automation

In order to enhance operational efficiency, increase through put and to reduce dependency on manpower availability, JKM Automotive has taken a major step towards automating certain production lines. Manufacturing line of the Exhaust Manifold (supplied to Hyundai) got converted to fully automatic robotic machining line. Apart from reducing human effort, it will also lead to achieving better efficiencies in the utilisation of resources and improvement in quality. This also enables continuous production with high efficiencies, eliminate processes and human variations, increase the output.

The Company supplies high quality aluminium compressor housing castings to JKM Automotive, which is machined, assembled and supplied to HTT. The Company has installed an automatic pouring line. This automation has significantly improved productivity and quality, and brings manpower and cost savings.

(a) Efforts made in technology absorption - as per Form B given below:

FORM B

Research & Development (R & D)

Research & Development, Technology Development and Innovation continues to be an integral part of the Company for achieving growth, business profitability, sustainability and as a part of its contribution towards the building of a Nation. Dynamatic Science lab, created by consolidating various research and technology functions, helps to create enhanced value delivery by leveraging skills and competencies to create new business opportunities. The Company's Research & Development is actively driven by a Board-level Committee constituted as the Technology Development Committee.

The Technology Development Committee of the Board provides direction to the Company's Research and Development strategy and on key issues pertaining to Research & Development technology. The Committee regularly reviews and updates the skills and competencies required, the structure and the processes needed to ensure that the Research & Development initiatives of today result in products necessary for the sustained and long term growth of the Company.

1. Specific areas in which Research & Development (R&D) is being carried out by the Company

Research & Development Activities in India and Europe

Highlights

- Development of new design for robust hydraulic gear pumps for Earth-moving Sectors.
- Development of Fixed Clearance Gear Pump with Low Pressure High Flow capability, catering to specific requirement of High HP Tractors.
- Design, Development and Supply of Gear Pumps for High HP Fuel-Efficient Emission Controlled Tractors viz. Zenith / ISIS and Thor / Maximus Projects for John Deere.
- Development of Value Enriched Global Gear Pump catering to various Tractor application.
- Development of Bi-Directional Gear Pump for Marine Engine Transmission application for Twin Disc.
- Design and Development of Lubricating Oil Pumps for world renowned Diesel Engine Manufacturers.
- Design and Development of Internal Gear Pump for lubrication of Tractor Transmission for John Deere.
- Development of various types of Hydraulic Gear Motors.
- Development of total Tractor Hydraulic aggregates including Hitch Control Valve and Lift Assembly with Draft Control feature incorporated.
- Extensive deployment of Product Life Cycle Management Tools viz. Windchill across various functional units of the Company at plant level imparting fast and accurate engineering data transfer & project management.
- Value engineering for existing products and processes.
- Dynamatic® Hydraulics has also placed its footprint in the community of International Research, by presenting research papers in the field of Fluid Power & ANSYS related topics.
- Development of new Machine Tools, Machine Tools Structures including CNC machines upgrade.
- Factory Automation.
- New projects for Defence sector.
- Design and Development of Electric Vehicle Charging Point for charging electric cars across the world. Integration with electronics, hardware, software, back office, network service provider and man-machine interface is near completion.
- Design and Development of Mobile Surveillance Vehicle (MSV) for Defence applications: Field trials and validation is completed and has attracted lot of enquiries from various Government, as well as Private agencies.
- The Company continues to participate in various collaborative projects in India and overseas.

2. Benefits derived as a result of the above R & D

All the following efforts have led to innovative product and process developments, leading to new market creation and higher value addition.

Few of the key mile-stones achieved, are mentioned below:

- Design and development of new products have resulted in new business development and extending our R&D vision, for future market requirements.
- Capitalizing on new business opportunities in various verticals, including Green power and Energy distribution technologies.
- Contributing to India's Defence indigenization and technological up-gradation program and also participating in India's security programs.
- New process improvements through value engineering, towards cost reduction and import substitution.
- Improvement of existing designs and ongoing testing of products and materials with product value enrichment in perspective.

3. **Future plan of action**

The Company plans to increase its efforts in developing new and cost-effective applications in the above sectors, through continuous innovation.

4. **Expenditure on R & D**

₹ in lacs

Particulars		31 March 2012	31 March 2011
(a)	Capital	**211**	210
(b)	Recurring	**400**	541
	Total	**611**	751

5. **Technology absorption, adoption and innovation**

Efforts, in brief, made towards technology absorption, adoption and innovation.

The **Dynamatic® Knowledge Center** has enabled your Company to gain expertise in developing high precision engineering products. Consequently, your Company has been recognized by the **Department of Scientific and Industrial Research (DSIR), Government of India**, as a **'Recognized In-house R & D Unit'**. This is a prestigious honour conferred on the Company.

By combining the technical competence of its facility in Bristol with the cost & manufacturing advantages offered by the facilities in India and Swindon respectively. The Company now possesses the capabilities and expertise to undertake the complete manufacture of products and, therefore, will be able to deliver greater value and advantages to the customer.

JKM Research Farm, the first of its kind in the Indian private sector, facilitates testing and validation of the products developed by the Company's customers. This is a unique facility, which aids in relationship building with the Company's customers.

The above facilities have enabled the Company to develop the following:

- Heavy Duty New Generation Cast Iron Gear Pumps with very high pressure operational capability, built with patented interlocking concepts.
- Electro-Hydraulic Aggregates for Defence application.
- New optimized Die-Casting Machine Tools for Foundry application.
- Total Tractor Hydraulic Aggregates for MNC's including Gear Pump, Control Valve and Rock Shaft Assembly.
- New types of Gear Pumps and Motors built with special configuration for various applications, for both domestic and export markets.
- Development of Lubricating Oil Pump suitable for Heavy Duty Engine for export market.
- Conceptualisation of water pump design for medium duty vehicles required for Indian and Overseas automotive manufacturers.

6. **In case of imported technology (imported during last 5 years – reckoned from the beginning of the financial year), following information may be furnished:**

a)	Technology imported	NIL
b)	Year of import	Not Applicable
c)	Has technology been fully absorbed?	Not Applicable
	If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	Not applicable

C. **FOREIGN EXCHANGE EARNINGS AND OUTGOING**

During the year the Company has exports (FOB Value) worth ₹11,249 lacs.

(a). Foreign Exchange Earned and used:

₹ in lacs

Particulars	31 March 2012	31 March 2011
a. Total Foreign Exchange Earned	**12,007**	6,805
b. Total Foreign Exchange Used	**8,766**	7,961
• Import of Raw materials, components, stores and spares	**7,092**	5,563
• Foreign Travel	**50**	77
• Interest and legal expenses	**656**	724
• Capital Expenditure	**967**	1,586
• Others	**1**	11

ANNEXURE - II

A. ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2012.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

					Net aggregate profits / losses for the current period		Net aggregate profits / losses for the previous financial year	
	Subsidiary	Financial year ended	Holding Company's interest as at March 31, 2012	Shares held by the holding company in the subsidiary	Dealt with or provided ₹ in lacs	Not dealt with or provided ₹ in lacs	Dealt with or provided ₹ in lacs	Not dealt with or provided ₹ in lacs
1	Dynamatic Limited UK (a subsidiary of JKM Global Pte, Ltd, Singapore)	31-Mar-12	100%	6,550,000 fully paid Equity shares of GBP 1 each	-	1037	-	54
2	Yew Tree Investments Ltd,UK (a subsidiary of Dynamatic Limited, UK)	31-Mar-12	100%	100 fully paid Equity shares of GBP 1 each	-	25	-	813
3	JKM Erla Holdings GmbH, Germany (a subsidiary of JKM Erla Automotive Limited, India)	31-Mar-12	100%	25,000 Euro fully paid Equity 1 share of Euro 25,000	-	1699	-	-
4	Eisenwerk Erla GmbH, Germany (a subsidiary of JKM Erla Holdings GmbH, Germany)	31-Mar-12	100%	1,600,000 Euro fully paid Equity 3 shares of Euro 1,312,000: Euro 331,200 & Euro 52, 800	-	4012	-	-
5	JKM Global Pte Limited, Singapore (a subsidiary of Dynamatic Technologies Limited, India)	31-Mar-12	100%	14,571,451 fully paid Equity shares of Singapore $ 1 each	-	(104)	-	64
6	JKM Erla Automotive Limited (a subsidiary of Dynamatic Technologies Limited, India)	31-Mar-12	99.99%	18,000,000 fully paid Equity shares of ₹10 each	-	(175)	-	-
7	JKM Ferrotech Limited (a subsidiary of Eisenwerk Erla GmbH, Germany)	31-Mar-12	99.99%	41,000,000 fully paid Equity shares of ₹10 each	-	(1263)	-	-
8	JKM Research Farm Limited (a subsidiary of Dynamatic Technologies Limited, India)	31-Mar-12	99.99%	5,000,000 fully paid Equity shares of ₹10 each	-	46	-	64

B. INFORMATION RELATING TO SUBSIDIARIES AS AT 31 MARCH, 2012

(₹ in '000)

Name of the Subsidiary	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities [excl. (2) & (3)]	Investments			% of Holding	Sales & Other Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend (incl. dividend tax)
1	2	3	4	5	Long-term	Current	Total	6	7	8	9	10	11
Foreign Subsidiaries (Reporting currency reference mentioned against each Subsidiary)													
Dynamatic Limited UK (a)	5,429.79	4,161.45	19,463.90	9,872.66	4,084.12	-	4,084.12	100%	18,954.14	1,523.73	487.05	1,036.68	-
Yew Tree Investments Ltd, UK (a)	0.08	1,383.65	1,414.29	30.56	-	-	-	100%	81.62	45.61	20.21	25.40	-
JKM Erla Holdings GmbH, Germany (c)	17.29	6,681.41	27,626.06	20,927.36	21,328.73	-	21,328.73	100%	4,012.27	2,401.90	702.54	1,699.35	-
Eisenwerk Erla GmbH (c)	1,106.55	9,870.32	36,773.37	25,796.50	4,166.87	-	41,66.87	100%	82,789.84	4,110.41	98.14	4,012.27	4,012.27
JKM Global Pte Limited, Singapore (b)	6,009.05	(180.70)	15,108.92	9,280.57	7,700.10	-	7,700.10	100%	440.58	(102.00)	1.51	(103.51)	-
Indian Subsidiaries													
JKM Erla Automotive Limited	2,063.60	2,538.89	7,149.13	2,546.64	6,198.75	-	6,198.75	100%	-	(174.82)	-	(174.82)	-
JKM Ferrotech Limited	4,100.00	(2,423.26)	15,063.54	13,386.80	-	-	-	100%	7,989.89	(1,836.38)	(573.32)	(1,263.06)	-
JKM Research Farm Limited	500.00	10.67	663.49	152.82	-	-	-	100%	108.00	89.05	42.75	46.30	-

Note:

The above details are as on March 31, 2012. Information on subsidiaries is provided in compliance with General Circular No.2/2011 dated February 8, 2011 of the Ministry of Corporate Affairs, Government of India.

We undertake to make available the audited annual accounts and related information of Subsidiaries, where applicable, upon request by any of our shareholders. The annual accounts will also be available for inspection during business hours at our registered office in Bangalore, India. The same will also be available on our website, **www.dynamatics.com**

Details of reporting currency and the rate used for converting

Reporting Currency Reference	For Conversion		
	Currency	Average Rate (in ₹)	Closing Rate (in ₹)
a	GBP	77.0762	82.8975
b	SGD	38.5172	41.2385
c	EURO	66.4675	69.1593

ANNEXURE – III

Form 'A'

Disclosure of particulars with respect to conservation of energy

	Power and Fuel Consumption	**Hydraulics**		**Aerospace**		**Automotive**	
Sl. No.	**Particulars**	Year					
		2011-12	2010-11	**2011-12**	2010-11	**2011-12**	2010-11
1.	**ELECTRICITY**						
	Purchased units - lacs	**3,968,263**	3,215,405	**1,446,575**	1,468,553	**6,476,268**	6,518,000
	Total cost in ₹	**23,373,069**	17,684,727	**8,520,326**	8,077,041	**31,832,914**	32,008,102
	Rate / unit	**5.89**	5.89	**5.89**	5.89	**4.92**	5.89
2.	**GENERATION THROUGH CAPTIVE POWER FACILITIES**						
	Through Diesel generators						
	Units	**91,133**	131,439	**45,566**	43,813	**1,724,823**	966,251
	KWH per unit of fuel	**3.5**	3.5	**3.5**	3.5	**3.5**	3.5
	Fuel cost in ₹	**13.28**	13.14	**10.85**	13.14	**13.14**	11.37
3.	**THROUGH WIND FARM UNITS**	**NA**	NA	**NA**	NA	**11,296,061**	14,452,060
4.	**PURCHASED FUEL CONSUMED**						
	Furnace oil quantity - litre	-	-	**4,830**	NA	**NA**	NA
	Total cost in ₹	-	-	**410,550**	NA	**NA**	NA
	Average rate / litre in ₹	-	-	**85**	NA	**NA**	NA
5.	**DIESEL OIL - lit**	**33,740**	-	**NA**	NA	**NA**	NA
6.	**OTHERS**						
	Gas - LPG	-	-	**LPG**	-	-	-
	Quantity - Kg	-	17,918	**13,175**	NA	**NA**	NA
	Total cost in ₹	-	1,254,260	**590,381**	NA	**NA**	NA
	Average rate per Kg	-	70	**44.81**	NA	**NA**	NA
7.	**CONSUMPTION PER UNIT PRODUCTION**						
	Units / pump / Auto parts	-	-	**6.29**	NA	**0.90**	0.98
	FURNACE GAS	-	-	**13.00 gms/ gear**	-	-	-

CERTIFICATION BY CEO & MANAGING DIRECTOR AND PRESIDENT & GROUP CFO OF THE COMPANY

We, Udayant Malhoutra, CEO & Managing Director and V. Sunder, President & Group CFO, of Dynamatic Technologies Limited, to the best of our knowledge and belief, certify that:

a. We have reviewed the Balance Sheet and Profit and Loss account (the Company), and all its Schedules and Notes on Accounts, as well as the Cash Flow statements and the Director's Report;

b. Based on our knowledge and information, these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

c. To the best of our knowledge and belief, the financial statements and other information included in this report present a true and fair view of the Company's affairs and are in compliance with existing accounting standards as issued by the Institute of Chartered Accountants of India, and /or applicable laws and regulations;

d. To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

e. We are responsible for establishing and maintaining internal controls for financial reporting of the Company regularly evaluating the effectiveness of internal control systems of the Company pertaining to financial reporting and disclosure to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any.

f. The Company's respective functional heads and we have disclosed, all relevant information wherever applicable, to the Company's Auditors and the Board of Directors of the Company:

   - We have eliminated all significant deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data and have evaluated the effectiveness of internal control systems of the Company in consultation with the statutory and internal auditors of the Company.

   - We have indicated to the Auditors and Audit Committee changes in internal control over financial reporting during the year, changes in accounting policies during the year and the same have been disclosed in notes to financial statements;

g. We further confirm that the Company has framed a specific Code of Conduct for the members of the Board of Directors and senior management personnel of the Company pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges.

h. All the members of the Board and Senior management personnel of the Company have affirmed due observance of the said Code in so far as it is applicable to them and there is no non-compliance thereof during the year ended March 31, 2012.

Place : Bangalore
Date : August 3, 2012

Udayant Malhoutra
CEO & Managing Director

V. Sunder
President & Group CFO

For and on behalf of the Board of Directors

Place : Bangalore
Date : August 3, 2012

DR. K. APRAMEYAN
Chairman

SAFE HARBOUR STATEMENT

Investors are cautioned that this discussion contains statements that involve risks and uncertainties. When used in this discussion, 'anticipate', 'believe', 'estimate', 'intend', 'will' and 'expect' and other similar expressions as they relate to the Company or its business are intended to identify such forward looking statements. The Company undertakes no obligations to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such statements. Therefore as a matter of caution, undue reliance on forward looking statements should not be made. The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and notes thereto.

A. ECONOMY

According to World Economic Forum, after a number of difficult years, a recovery from the economic crisis is tentatively emerging, although it has been very unequally distributed: much of the developing world is still seeing relatively strong growth, despite some risk of overheating, while most advanced economies continue to experience sluggish recovery, persistent unemployment and financial vulnerability, with no clear horizon for improvement. In addition, rising commodity prices are eroding the purchasing power of consumers and are likely to slow the pace of recovery. Such uncertainties are being exacerbated by growing concerns about the sustainability of public debt amidst slow growth of some advanced economies. The damage put the very viability of the Euro into question, and further undermined the US dollar's value and its place as the world's preferred reserve currency.

According to the Reserve Bank of India's Monetary Policy Statement 2012-13, at the global level, concerns about a crisis have abated somewhat since January 2012. The US economy continues to show signs of modest recovery. Large scale liquidity infusions by the European Central Bank (ECB) have significantly reduced stress in the global financial markets. However, recent developments, for example in Spain, indicate that the euro area sovereign debt problem will continue to weigh on the global economy. Growth risks have cropped up in emerging and developing economies. And, amidst all these, crude oil prices have risen by about 10% since January and show signs of persisting at current levels.

Domestically, the state of the economy is a matter of growing concern. Though inflation has moderated in recent months, it remains sticky and above the tolerance level, even as growth has slowed. Significantly, these trends are occurring in a situation in which concerns over the fiscal deficit, the current account deficit and deteriorating asset quality loom large. In this context, the challenge for monetary policy is to maintain its vigil on controlling inflation while being sensitive to risks to growth and other vulnerabilities.

The global manufacturing Purchasing Managers' Index (PMI) for March 2012 moderated to 54.7 from 56.6 in February 2012, reflecting lower new orders.

The advance estimate of the GDP growth of 6.9 per cent for 2011-12 by the Central Statistics Office is close to the Reserve Bank's baseline projection of 7.0 per cent.

Going forward into 2012-13, assuming a normal monsoon, agricultural growth could stay close to the trend level. Industry is expected to perform better than in last year as leading indicators of industry suggest a turnaround in IIP growth. The global outlook also looks slightly better than expected earlier. Overall, the domestic growth outlook for 2012-13 looks a little better than in 2011-12. Accordingly, the baseline GDP growth for 2012-13 is projected at 7.3 per cent.

OVERVIEW, STRUCTURE & DEVELOPMENT

Hydraulics Industry

Agriculture has been the mainstay of India's economy with 60% of the population deriving their sustenance from it.

In the recent past, the sector has recorded a growth of about 5.4% per annum with substantial increase in plan allocations and capital formation in the sector with concessional interest rates to farmers, debt relief for farmers, higher support prices for key crops and accelerated irrigation benefit programs declared by Government of India in its recent budget. Robust rural liquidity and good monsoons always play a major role in increasing the demand for tractors and hence cyclical downturns are often witnessed. The Indian tractor market is primarily a medium HP market; however, there is a gradual shift towards higher HP segments.

Dynamatic® Hydraulics which designs, develops, manufactures and markets various Hydraulic pumps, motors, hitch control valves and related products for Indian and overseas tractor markets, is the largest manufacturer of Hydraulic pumps and has sustained its market leadership as one of the world's largest Hydraulic Gear Pumps makers for the last 35 years and is focused on becoming the numero uno.

Dynamatic® Hydraulics designs and manufactures cast iron pumps for the construction equipment segment. As the earth moving and construction equipment sector is growing steadily in India, the focus will be on these cast iron pumps' timely supplies. The plant has planned to increase the production of these pumps in a steady manner. Marketing the cast iron pumps designed and validated in our Swindon plant has also been expedited. These pumps have the advantage in pressure ratings, higher flow and competitive prices over the competitor's pumps.

Dynamatic® Hydraulics, besides the above segments, is seriously involved in manufacturing and supplying of pumps for Industrial applications such as machine tools and power packs. This sector demands variety to meet varied applications. Volumes involved are relatively low but the returns are appreciable.

Hitch control Valves and the Rock Shaft Assemblies

The tractor hydraulics includes, besides pumps, the hitch control valves and the complete rock shaft assemblies. The filters and mobile valves are the other elements. It is necessary for Dynamatic® Hydraulics to increase its market share in these areas to consolidate its position as a hydraulics company. As the basket of products becomes larger, the Company will have an advantage in selection of strategic customers and increasing its turnover.

The coming years will be focussed on increasing the infrastructure required in the production of hitch control valves and rockshaft assemblies. The interest shown by tractor major players such as NHI and John Deere suggests management attention towards reinforcing engineering and production teams in this direction.

The trading of valves and filters will help in retaining our presence and making as a one stop shop for all hydraulic commodities.

The commodity pricing is hardening and competition in this field from both organised and un-organised sector is mounting; this demands us to resort to lean manufacturing systems to compete and survive. To expand the market share innovative engineering solutions are mandatory. Decentralising the operations and de-skilling the manufacturing processes and reducing overheads are the challenges in hand for any hydraulics company.

Automotive Industry

The Automobile passenger car industry in India has grown by over 40%, from 2.6 million units in 2009 to 3.7 million units in 2010. According to a recent report, India is set to move up to the position of the 6th largest producer of automobiles in the world from the 7th position which she held last year. This has made India the second fastest growing automobile market in the world. India continues to dominate and emerge as a world leader in the manufacturing of small cars.

Chennai, also known as the "Detroit of India" has the largest chunk of car manufacturing industries, accounting for 60% of the country's automotive exports. Hyundai continues to be the single largest exporter of cars to over 100 countries, all of which are manufactured at their facility in Chennai. Nissan has started manufacturing cars from Chennai and has made it one of their largest export hubs. Ford has completed the proposed expansion of their plant and launched the successful "FIGO" car in the Indian market. The Figo is also being exported to South Africa.

While there is an opportunity for steep growth, India continues to face challenges due to high investment on production facilities, availability of electricity, skilled manpower, rising fuel costs and interest rates. The key to success in the Automotive industry is to improve labour productivity and flexibility as well as capital efficiency. Qualitative manpower, the ability to make infra structural improvements and raw material availability also plays a major role. Access to the latest and most efficient technologies and techniques will endow major players with a competitive advantage. The ability to utilize manufacturing plants to optimum levels and understanding the implications of Government policies are also essential for growth in India's Automotive Industry.

JKM Automotive™, the automotive division of the Company, is located in Chennai and possesses state-of-the-art manufacturing technology to produce and supply high quality automotive components to leading OEMs including Hyundai Motor India Limited, Fiat India, Tata Motors, Ford Motor Company, John Deere, Cummins, Nissan and Honeywell on a single source basis.

The unique locational advantage offered by Chennai has enabled JKM Automotive™ to forge strong partnerships with each of its customers. With backward integration due to acquisition of Ferrous Foundry, Automotive unit has better advantage on its supply chain management.

Aerospace & Defence Industry

Defence Industry

P-8I

On January 1, 2009 India placed a $2.1 billion order with Boeing for the supply of 8 customized P-8I Poseidon Maritime Multi Mission Aircraft (MMA), designated P-8I, for use by Indian Navy. Derived from Boeing's commercial 737 airframe, the P-8I is similar to the P-8A Poseidon that Boeing is developing.

The P-8I's will replace the Indian Navy's antiquated fleet of 8 Russian TU-142M Maritime Reconnaissance aircraft. The P-8I is a true multi-mission Maritime Patrol Aircraft (MPA) that features greater flexibility and a broader range of capabilities, than the MPAs currently in service. The P-8I can operate effectively over land or water while performing anti-submarine warfare missions, search and rescue, maritime interdiction and long-range intelligence, surveillance, target acquisition and reconnaissance.

In October 2010, Ministry of Defence, Government of India cleared the purchase of 4 more P-8I that were an option thereby taking the total number to 12.

The US Navy plans to purchase 108 P-8A's to replace its fleet of P-3C Aircraft. The first aircraft was tested in 2009 and initial operational clearance is slated for 2013.

The P-8I programme is progressing very well. The first flight of the P-8I for India that took place in September 2011 was attended by Indian Navy officials and Boeing. The programme is on schedule for a 2013 delivery. Boeing is completing final assembly of the P-8I in Renton, Washington, taking advantage of the proven efficiencies, manufacturing processes and performance of the existing Next-Generation 737 production system. Boeing was selected to provide eight P-81 long-range maritime reconnaissance and anti-submarine warfare aircraft to the Indian Navy in January 2009. India is the first international customer for the P-8 and Boeing believes there are numerous other opportunities for international sales to countries currently operating P-3s or similar maritime patrol aircraft.

The P-8 is the latest military derivative aircraft to benefit from a culture of technical innovation and the One Boeing approach to manufacturing. The P-8A is a derivative of the highly successful and reliable Next-Generation 737. The P-8A has the fuselage of a 737-800 and the wings of a 737-900. Modifications to the baseline commercial aircraft are incorporated into the aircraft in-line. In the past, commercial aircraft were sent to modification centres where they were taken apart and rebuilt to meet military specifications. The P-8A is Boeing's first military derivative aircraft to incorporate structural modifications to the aircraft as it moves through the commercial line.

The P-8I is being developed by a Boeing-led team that consists of CFM International, Northrop Grumman, Raytheon, GE Aviation and Spirit Aerosystems.

C-17

On June 6, 2011, the cabinet committee on security under the Chairmanship of the Indian Prime Minister decided to purchase 10 C-17 Globe Master III Heavy-Lift Transport Aircraft from the US for the Indian Air Force. The deal under the Foreign Military Sale (Government to Government) is estimated to cost Rs.18,000 crore (approximately USD 4.1 bn). The contract, when signed, would become the single highest value contract that India has entered into with the US and includes an offset obligation of around 4,500 crore (USD 1 bn). The offer is for 18 Air crafts and would replace the Russian IL-76 and AN-32 for transporting men and material. Deliveries would commence 24 months after the signing of the Contract.

The Indian Air Force (IAF) will get the delivery of its first Boeing C17 Globemaster III airlifter in June next year and the rest nine will join the force by August 2014.

The test flight of the first C17 for India will begin in January. The certification will be done by May and the delivery will start in June. The training of IAF representatives will begin from May this year.

Medium Multi-Role Combat Aircraft (MMRCA)

The Indian Air Force is expected to purchase 126 MMRCA at a cost of approximately Rs.42,000 crores. Six aircraft manufacturers - the Saab Gripen, Eurofighter Typhoon, Dassault Rafale, Mikoyan MiG-35 and the American Lockheed Martin F-16IN and Boeing F/A-18IN (a version of the Super Hornet) - had responded to the RFP and submitted their bids.

Flight trials were conducted for the six fighter aircraft during which test pilots flew 222 Sorties spanning 270 hrs in different weather conditions in India and abroad. Each vendor was informed of its Jet's performance at every stage. Only Rafale and Typhoon were found compliant on all 643 -660 technical attributes which are the Air Staff Qualitative Requirements (ASQRs) laid down to meet IAF's specific operational requirements.

On April 27, 2011, India informed the US, Russia and Sweden that their respective bids had been rejected subsequent to IAF's technical evaluation and that the Euro Fighter and the French Rafale were short listed for commercial negotiations.

French Rafale is the L1.

Hindustan Aeronautics Limited – Sukhoi 30MKI

The Sukhoi 30MKI is without doubt one of the finest multi-role aircraft in the world today. The melting pot of a robust Russian airframe combined with state-of-the-art western avionics and locally developed computers, has given the Indian Air Force a quantum leap in offensive capability unrivalled in Asia. The Government of India plans to more than double the number of Russian-made Sukhoi 30MKI fighter aircraft in the Indian Air Force fleet, to 230 by 2015.

Indigenisation

Hindustan Aeronautics Limited (HAL) has mastered the manufacturing of wing and tail, and has started producing the Fuselage this year. The manufacturing of the engine is the most challenging aspect of indigenisation and will be undertaken soon.

Defence Procurement Procedure 2011

The Defence Procurement Procedure (DPP) 2011, which supersedes earlier versions with effect from January 1, 2011, has incorporated several new provisions and revised some. The revised provisions, especially those related to the validity of RFPs, Offsets, Transfer of Technology for maintenance infrastructure, technical oversight committee, performance and warranty bond, fast track procedure, exchange rate variation and trial evaluations are all welcome changes that will together help expedite defence acquisition and enable greater defence industrialisation in India.

Commercial Industry

In the strongest evidence yet of strengthening recovery in the commercial aviation sector, the two largest makers of aircraft in the world announced more than $24 billion worth of new jet orders at the Farnborough Air Show 2010, the bulk of which came from lessors eager to help airlines bolster capacity as global air traffic revived.

The single-aisle market is the fastest-growing sector of the world aircraft fleet. Boeing predicted that the vast majority of new jet sales during the next 20 years – around 69% - would be of Single-Aisle Aircraft like the Boeing 737 and the Airbus A320, which normally seat around 150 passengers. The demand from emerging markets in Asia and the low-cost carriers in Europe and North America are expected to drive those future sales.

Rapidly expanding Indian carriers, including a crop of new discount airlines, have ordered close to $40 billion worth of big jets over the past two years.

Airbus has bagged 295 orders from Indian customers, while Boeing has secured 138 orders. The value of Boeing's order book, which is close to $20 billion at list prices, is nearer to Airbus' approximate $22 billion in Indian orders.

The growth potential of the Indian aviation sector has led global manufacturers to recognize that India would continue to be one of the fastest growing aviation markets in the world. With the average growth rate next 10 years pegged at 12.2%, the number of new aircrafts required by Indian carriers places the country at the fifth largest in the world.

Airbus

In recognition of the country's strategic importance, Airbus has pledged to play a long term role in the development of the Indian aviation sector. Apart from establishing an engineering center and a full-fledged flight training center, Airbus also works directly with Indian Companies in the design and manufacture of Aero-Structures and encourages its major tier-one partners to do so, as appropriate.

Airbus-built aircrafts have become a key element in the operations of Indian based airlines. Starting with the 1960 delivery of an A300 to Indian Airlines, the fleet of Indian carriers now include both Single-Aisle and Wide-Body Aircraft and is poised to expand with the future introductions of A350 and A380 by King Fisher Airlines, whose deliveries start next year.

Airbus continues to pursue other potential areas of co-operation with India, including air traffic control, management and safety management.

Boeing

Boeing's 2010 current market outlook for India forecast that the Indian aviation market will require 1,150 commercial jets valued at approximately USD 130 bn, over the next 20 years – a market representing more than 4% of Boeing commercial airplanes worldwide forecast.

Boeing is continually exploring new business and investment opportunities and potential partnership businesses in India. In addition to direct work placement, Boeing collaborates with industrial partners in lean manufacturing techniques. The Boeing program management includes best practices as a part of its drive to bring the best of Boeing to India and the best of India to Boeing.

Bombardier

Bombardier forecasts 24,000 deliveries in the business aircraft arena valued at USD 626 bn over the next 20 years. It concedes both business and commercial aircrafts markets continue to remain down with the ongoing economic slump but reiterates that the business aircraft indicators are improving, while commercial aircraft market begins to recover. The Canadian Original Equipment Manufacturer also points to developing regions, such as China and India, as an important part of the future market.

As part of its efforts to weather the downturn, Bombardier is moving ahead with new products that will be ready to capture the market when the condition improves. Larger capacity aircraft, in the 100-149 seat range, will account for 7,000 unit shipments valued at USD 423.7 bn over the next 20 years. Aircrafts with 60-99 seats will follow, with 5,800 shipments valued at USD 208.6 bn. The 29-50 seat range will account for 300 new aircrafts worth USD 6.5 bn. Bombardier further predicts that more than half of the current commercial fleet will be replaced in the next 20 years.

Embraear

Embraear expects the executive jet business in India to grow four times, to around USD 8.9 bn by 2020. While the demand leans towards medium and large size business jets, its entry level aircraft that can reach the entire sub continent is also popular. India is hopeful of co-operating with Embraear on the development of a 90-100 seater regional airliner.

Gulfstream

Gulfstream points out that while it had five aircrafts in service in India in 2001, the number has grown to 17 today. Of those, twelve are its large cabin long range G-550, which are capable of travelling over 12,000 km non-stop. Much of this demand is driven by India's growing wealth. The country has reported 47 billionaires according to the Forbes 2010, list. It also has more than 126,000 millionaires, and, is the world's 8th largest base of high net-worth individuals.

Bell Helicopters

Bell Helicopter is an industry–leading producer of commercial and military aircraft and is globally recognized for world-class customer service, innovation and superior quality.

Bell has experienced considerable growth in both commercial and military sectors. This increase in the demand of Bell Helicopter existing products and new program developments resulted in the need to investigate for new Strategic Suppliers in the commodities of Minor and Major Structures, Bonded Panels and Tooling.

In the light of the above, Bell has identified the Company as a potential supplier that may be interested in becoming a key strategic supplier to Bell and share in their tremendous growth.

Dynamatic Oldland Aerospace, India, is a pioneer and a recognized leader in the Indian Private Sector for the development of Complex Aero-Structures and manufacture of Aircraft Parts & Accessories. Dynamatic Oldland Aerospace has successfully executed important projects for defence agencies of national importance such as DRDO, HAL, etc. Products include the wing and rear fuselage of the LAKSHYA, India's first pilotless target aircraft and ailerons & flaps for the HJT-36 intermediate jet trainer (IJT). This is the first time such capabilities have been developed in the Indian private sector.

The unit is actively involved in HAL's HJT-36 project, which is the intermediate jet trainer program of HAL. Key projects include the fabrication and assembly of the control surface (Flaps & Ailerons) and development of wings assembly jigs for IJT.

The largest defence program in India is the manufacture and assembly of major airframe structures for the Su-30MKI fighter-bomber. There are 6 different control surfaces - Vertical Fins, Ventral Fins, Horizontal Stabilizers, Slats, Canard and Airbrake - that go on to the aircraft. To meet the production demand, the Jigs have been duplicated and all the assemblies are being relocated to the new facility in Nasik, where the complete Sukhoi Aircraft is assembled by HAL.

The Company has signed a contract with Boeing for the manufacture of cabinets to house critical power and mission equipment for the P-8I program.

On the commercial aircraft business, Dynamatic Oldland Aerospace has achieved global single source status for the supply of Flap Track Beam assemblies for the Airbus Single Aisle Aircraft family. The Company is working closely with Spirit AeroSystems, the world's largest Aero-Structure manufacturer, as an industrial partner in this project. By July 2010, every Airbus A320 Family Aircraft is partly 'Made in India' as the Company has been the single source supplier of the Airbus Flap Track Beams since June 2010. Currently your Company produces over 30 sets on an average per month and has supplied over 400 Aircraft sets as a responsible single source supplier.

Dynamatic Oldland Aerospace is vertically integrated to manufacture CNC components, Sheet Metal Components, Soft Tooling, Hard Tooling, Jig Manufacturing and has Comprehensive Engineering capabilities. The Aerospace Division is AS9100 approved, NADCAP approved for Heat Treatment and Non Destructive Testing and Airbus / Boeing approved for the manufacture of Aero-Structures.

Dynamatic Oldland Aerospace, UK, a division of Dynamatic Limited, UK, is a high end precision engineering Company in Bristol, UK, and an unique state-of-the-art Aeronautical manufacturing facility which is a Center of Excellence for 5 axis machining capabilities. It is a certified supplier to Airbus UK, Boeing, GKN Aerospace, Magellan Aerospace, GE Aviation Systems, Lockheed Martin and Agusta Westland. The induction of Oldland Aerospace into the Dynamatic® group has conferred the business with the strategic locational advantage required for the forging of strong direct relationships with leading Aerospace Companies in Europe and Americas.

The Aerospace Division has been continuously expanding to build capabilities in large Aero-Structures Assemblies, Composites and Complex Engineering. It is poised to grow into the role of preferred strategic supplier to both Tier Ones and Primes. As a pioneer in Indian Private Sector with a demonstrated track record for the manufacture and development of complex Aero-Structures, the Company enjoys the first mover advantage and has formulated a strategic growth plan for its future.

As a first step towards its goal, the Company signed an MoU with the Government of Karnataka in June, 2010, for the acquisition of land in the Aerospace park to be set up by the KIADB, adjacent to the International Airport in Bangalore. Recognizing the growth imperatives in the emerging aerospace industry in India, the Company shared plans of establishing state-of-the-art aerospace manufacturing facilities and ceremoniously broke ground in February 2011.

B. OPPORTUNITIES AND THREATS

Your Company believes that it is well positioned to sustain its existing leadership position in each business segment across key markets, as well as to exploit significant growth opportunities that exist in each of its businesses.

Your Company produces highly engineered products for various applications in the Automotive Sector, Aerospace & Defence Sector, Agricultural Equipment and Construction Equipment Industries. The Company has its state-of-the-art manufacturing facilities located in Bangalore, Chennai and Nasik, India, and in Swindon & Bristol, UK, Erla, Germany, which offers it a geographical advantage in managing its customer relationships. The Company's presence in India and Europe also grants its business processes the flexibility to combine the strengths of each location, to deliver cost and long-term global manufacturing advantages to its customers.

The 'Yellow Brick Road' strategy, which uniquely positions the Company to achieve greater economic relevance is implemented by achieving synergies in competence & skills, cost of efficiency and the maximizing of capacities, without departing from the Company's philosophy of building a green enterprise. This will enable us to respond swiftly to customer needs of the Company, achieve business synergy, the cost competitiveness, risk mitigation, and develop a stable supplier base.

With over three decades of manufacturing experience, is vertically integrated with manufacturing facilities in two continents and the Company making global deliveries into all six continents. The Company is equipped to undertake projects from concept and design stage to the manufacture of products and delivery of services in each of its business segments.

Your Company operates in the following business segments

- **Dynamatic® Hydraulics, India & UK**
- **JKM Automotive™, India**
- **Dynamatic-Oldland Aerospace™, India & UK**
- **Dynametal®, India**
- **Powermetric® Design, India**
- **Dynamatic Homeland Security™, India**
- **Dynamatic® Wind Farm, India**

Dynamatic® Hydraulics, India and UK

₹ in lacs

		31 March 2012	31 March 2011
Financial Highlights	Segment sales Profit before interest & Tax Capital Employed	**30,038** **3,706** **15,568**	23,037 1,957 17,682

Business Highlights

- **GLOBAL SCALE:** One of the World's largest manufacturers of Hydraulic Gear Pumps.
- **GLOBAL PRESENCE:** Production facilities in two continents, India & Europe. Sales in 6 continents.
- **DOMINANT PLAYER IN INDIAN MARKET:** Single source supplier to 75% of India's Tractor OEMs and Construction Equipment Industry.
- **INTELLECTUAL PROPERTY OWNERSHIP:** Owns the design of every part made. Applies cutting edge technologies and highly sophisticated machinery for product manufacturing.
- **COMPREHENSIVE RANGE:** Manufactures a wide range of sophisticated Hydraulic Valves and custom tailored Hydraulic Solutions extending from simple Hydraulic Pumping Units to sophisticated Marine Power Packs, complex Aircraft Ground Support Systems to Turnkey Industrial Installations.
- **COMPREHENSIVE DISTRIBUTION BASE:** Possesses a global delivery chain, a vastly broadened product offering. An incomparable distribution network of over 50 distributors and 500 stockists have given us the broadest possible coverage of the Indian Hydraulics Market, catering to over 80% of mobile hydraulic gear pump applications.
- **DESIGN & DEVELOPMENT:** The Company has World-class design laboratories as well as enhanced technologies to support its growth plans in a sustainable manner. Partners with major Global Tractor OEMs. Among the World's finest Engineering Laboratories.
- **GLOBAL REACH:** Strong design and development partnerships with major tractor OEMs. Its customers/suppliers include Mahindra & Mahindra, Eicher Tractors, Mahindra Swaraj Tractors, Same Deutz-Fahr, Escorts Limited, John Deere, New Holland India, BEML, Godrej & Boyce, HMT, BHEL, Telco, VST Standard combines, etc.
- **EXPORTS:** are made to over 30 countries and are used in original Equipment in USA, UK, Canada and South Korea.
- Supplier to the Infrastructure Sector by developing cast iron body pumps for clients like JCB, Caterpillar, Cummins, etc.
- **VALUE ADD:** Supplier of Total Tractor Hydraulics Systems (Hitch lifts) to new generation tractor manufacturers, currently catering to Same Deutz-Fahr.
- Producer of Hydraulic Transmission System for India's T-72 Battle Tanks. Additionally, the Company has designed the Steering Control System, Turret Control System and Braking System for the ARJUN Main Battle Tank.
- **QUALITY MANAGEMENT SYSTEMS:** Certified to ISO 9001 specifications (ISO 9001:2008) and also to ISO 14001 specifications for Environmental Management System.
- **GLOBAL MARKETS:** Dynamatic®, UK, reach Global markets in terms of quality, cost and delivery system.
- **DEVELOPING NEW MARKETS:** During the downturn, Dynamatic®, UK, utilized its resources to discover its replacement market, along with OEM, developing various products to the Customers. To ease the capacity constraint issue at Bangalore, Swindon has taken over the John Deere –US orders from Bangalore.

  The Bangalore division, is attempting to expand the product range by focussing on hitch control valves and rock shaft assemblies.

  To cater to OE market, which demands products at competitive prices, new divisions such as JKM Pump Division and Center For Bush Excellence have been established.

Automotive, India and Germany

₹ in lacs

		31 March 2012*	31 March 2011
Financial Highlights	Segment sales Profit before interest & Tax Capital Employed	**1,13,099** **3,112** **18,217**	19,249 206 14,658
Business Highlights	**JKM Automotive™, India**		

JKM Automotive™, India

- **SINGLE SOURCE:** Produces high quality ferrous and non-ferrous critical engine and transmission components on a single source basis for Global Automotive OEM's, approximately 35% of India's automobiles.
- **INNOVATIVE SUPPLY CHAIN CONTROL:** Incorporates state-of-the-art technologies to produce high quality automotive components for Hyundai Motor India Limited, Ford Motor Company, TATA Motors, John Deere, Fiat India, Daimler India, Renault Nissan India, Cummins & Honeywell on a single source basis.
- Moving from being Hyundai-centric to multiple customer business to mitigate business risk.
- **GEOGRAPHICAL ADVANTAGE:** JKM Automotive has two manufacturing facilities located in Chennai, one of India's prominent automotive hubs.
- **STRADDLES THREE SEGMENTS:** Incorporates highly efficient production systems and processes to produce automotive components for Highway, Off-Highway and Technology oriented applications.
- **GREEN ENERGY:** The Company's Wind farm generated 13 Million units of green energy during the year, resulting in 87% of annual grid power being saved and enabled the Automotive production facility to considerably reduce their Carbon Foot-Print.
- **QUALITY MANAGEMENT SYSTEMS:** JKM Automotive™ facilities are certified to the highest quality and safety standards specified by the automotive industry including TS 16949, OSHAS 18000 and ISO 14000 as well as to Ford Q1 quality standards and further approved by various Global Automotive Majors.
- **SYNERGY ON ACQUISITION OF FOUNDRY UNIT IN GERMANY AND INDIA:** To be at the forefront of designing and producing Emission Control and Fuel Efficiency enhancement devices and products having application in Automobiles. The mission will be to acquire and grow know-how ranging from Material Sciences, Material Forming and Manufacturing Technologies required to achieve global leadership in Emission Control and Fuel Efficiency enhancing products and methods. To work with all Global Automobile majors as development partners.
- With expertise of JKM Automotive™ in machining, assembly, testing and supply of highly engineered automotive parts to global OEMs, the acquisition of Eisenwerk Erla will enable us to achieve the following:
  1. Strengthen its supply chain by owning a state-of-the-art Ferrous foundry.
  2. Exposure to latest technology in high end ferrous material and Emission control technology devices.
  3. Strong customer base - Become Tier 1 supplier to global OEM / Turbo technology customers like Volkswagen, Audi, MAN, BMW, Borg Warner, IHI etc.
  4. To achieve market leader position in Turbo technology parts.

Eisenwerk Erla GmbH

- Producing Turbine housings, Exhaust manifolds, Crankshaft bearing caps, Compensation shafts, Engine- and vehicle components.
- Supplier for the most important OEM's in Germany and almost all international acting Turbocharger manufacturers.
- Production facility located in Germany – Saxony – Ore Mountains.
- Supplies the automotive industry with more than 85%. Further business segments are the agricultural and mechanical engineering and construction machinery.
- Special knowledge and experience in the core making technology of Turbochargers as well as in the production of high alloy materials, having two patents.
- Has a Quality- and Environmental Management and is certified by the TÜV Deutschland according to ISO/TS 16949:2009 and ISO 14001:2004.
- Very short distance to the development locations of the automotive industry and the turbocharger manufacturers. Our customers enjoy the advantage, that in case a problem occurs, our team would be able to be onsite after 5 hours at the latest.
- Major customers include IHI Charging Systems International GmbH, BorgWarner Turbo Systems GmbH, BoschMahle Turbo Systems GmbH & Co.KG, Audi AG, Volkwagen AG, AGCO-Fendt, Joseph Vögele AG, Mitec Automotive AG.
- The synergy effect for the acquisition of Erla consists in the direct and good relationship to the German Automotive industry and their subcontractors.

*Financials for the year ended March 31, 2012 includes newly acquired business in Germany.

Dynamatic Oldland Aerospace™, India and UK

₹ in lacs

		31 March 2012	31 March 2011
Financial Highlights	Segment sales Profit before interest & Tax Capital Employed	**14,118** **4,573** **13,372**	**10,242** **3,185** **11,742**

Business Highlights

- **POLE POSITION:** Dynamatic Oldland Aerospace, India is a pioneer & a recognized leader in the Indian Private Sector for the development and manufacture of exacting Airframe Structures and Precision Aerospace components. Largest Infrastructure in the Private sector. Having its facilities in India and Europe. Working closely with EADS and Spirit Aerosystems to assemble Flap-Track Beams for the Airbus A-320 Family of Aircrafts.
- **SUPPLIER OF CHOICE:** Customers like DRDO, ADE, HAL, Boeing and Spirit have awarded Dynamatic Oldland Aerospace, India with key projects and awards.
- **GEOGRAPHICAL ADVANTAGE:** HAL, NAL, ISRO, DRDO, ADE are all headquartered in Bangalore. A rare and exemplary instance of Public Private Partnership, The Company recently commenced the transfer of assembly work of Air Frame Structures for the Sukhoi 30MKI Fighter Bomber from its production facilities in Bangalore to a new facility provided by Hindustan Aeronautics Limited at Nasik.

  Deliveries of the first sets of Air Frame Structures for India's largest defence programme, the Sukhoi 30MKI Fighter Bomber, have commenced from the new facility in Nasik. HAL and the Company partnership resulted in placing our engineers at their work place for development of CAD data for new generation aircraft.
- **PRESENCE IN BOTH COMMERCIAL AND DEFENCE SEGMENTS:** Dynamatic Oldland Aerospace, India is HAL's largest developmental partner on the Sukhoi 30MKI programme and builds major Air Frame Structures for the Fighter Bomber including Canard, Ventral Fin, Horizontal Stabilizer, Slat, Vertical Fin and Air Brake.

  Other Products include the Wing and Rear Fuselage of the LAKSHYA, India's Pilotless Target Aircraft & Aileron and Flap for HJT-36, Intermediate Jet Trainer.

  Dynamatic Oldland Aerospace, India manufactures Cabinets to house critical power and mission equipment for the P-8I, a multi-mission maritime patrol aircraft customized for the Indian Navy.

  SPIRIT/AIRBUS
  The Company is working closely with Spirit AeroSystems, the world's largest Aero-Structure manufacturer, as an Industrial Partner in the assembly of Flap Track Beam Project. The assembly of the Airbus Single Aisle A320 Flap Track Beams is being undertaken at a new modern industrial production facility in Bangalore.
- **OFFSET POLICY:** Poised to ride the tidal wave of business from Government's offset policy. Agreements signed with Boeing, Lockheed Martin, Northrop Grumman for being their Offset partners in India.

  The products and solutions offered by the Dynamatic–Blue Bird partnership are cutting, edge, combat proven and designed for outstanding performance in all weather conditions.
- **GLOBAL SINGLE SOURCE:** Works very closely with EADS and Spirit AeroSystems to assemble Flap Track Beams for the Airbus A-320 Family of Aircrafts. This is the first time that a functional aero-structure of a major commercial jet is being manufactured in India. The Company has successfully achieved Single Source Supplier status for the Airbus 320 Flap Track Beams being supplied to Spirit AeroSystems (Europe) Limited.
- **QMS**
  - i. DGAQA approval for in-house processes.
  - ii. AS 9100 Rev B Certified by Underwriters Laboratories (UL).
  - iii. NADCAP approvals for In-house processes.
  - iv. Secured three industrial defence production licences from the Ministry of Commerce & Industry, Government of India, for the Industrial Production of Heavy Vehicles such as Battle Tanks, Land Systems and Sub-Systems, and for the manufacture of two defence products - Distribution Mechanism & Hydraulic Coupling which are fitted on Heavy Armoured Vehicles. The Company has also received a license to manufacture Aircraft parts and accessories.
  - v. First Company in the Private sector to be certified by Airbus for Manufacture of Aero-Structures.

	• **EXPANSION** Dynamatic Aerospace has been continuously expanding to build capabilities in large aero-structural assemblies, composites and complex engineering and is poised to grow into the role of a preferred strategic supplier to both Tier One's & Primes. As a pioneer in the Indian Private Sector with a demonstrated track record for the development of complex aero-structures, Dynamatic Aerospace enjoys the 'First Mover Advantage' and has formulated a strategic growth plan for its immediate future. Recognising the growth imperatives in the emerging Aerospace industry in India, the Company plans 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. As a first step towards this goal, the Company signed a Memorandum of Understanding with the Government of Karnataka in June 2010 for the acquisition of land in the Aerospace Park as well as to secure the Government's support in obtaining fast-track clearances, approvals and infrastructure such as land, water, power, etc., necessary for the commencement of commercial production.

Dynametal®, India - Aluminium Casting (including Metallurgy)

₹ in lacs

		31 March 2012	31 March 2011
Financial Highlights	Segment sales Profit before interest & Tax Capital Employed	**5,116** **(854)** **1,172**	3,371 (72) 1,855
Business Highlights	• Dynametal® uses the latest metallurgical technologies to produce high quality Non-Ferrous Alloy and Castings for Industrial, Automotive and Aerospace applications at its modern foundry in Chennai. • The facility is equipped with electric furnaces, which makes it highly eco-friendly. • Infrastructure created and controlled in-house.		

Powermetric® Design, India

Highlights	• A world class Design Center with the capability of total product and system design. • Advanced engineering techniques for 'concept of total product' and custom made design solutions. • Strength of system design and integration with the highly experienced engineers. • Design optimization and validation for static, thermal and dynamic stability of system by using high end mathematical tools. • Design of water and oil pumps for new generation cards of Renault-Nissan for their global supply. • Design of automation integration with sand core shooting machines for aluminium foundry. • Design validation and optimization of Honeywell Turbocharger housing for Ford-Puma engine. • Technology demonstration and prototyping of Electrical Vehicle Charging Point with communication link and built-in intelligence system. • Design and development of automatic air leak testing system for Exhaust manifold castings. • Design and development of automatic liner pressing machines for Gear pump buses. • Design and development of various test rigs for water and oil pump validation. • Design of assembly jigs and tooling for Aerospace applications. • Upgrading the machines at Foundry by retrofitting / re-conditioning with electro-mechanical systems. • Spindle Design modification and re-condition of high precision "Kummer" chucker machines for bush manufacturing.

Dynamatic Homeland Security™, India (New division effective from 2010)

Highlights	• A division of the Company, Dynamatic Homeland Security offers cutting edge security products and technologies like the Unmanned Aerial Vehicles, Mobile Surveillance Vehicles, Under vehicle Scanners which will enhance potential customers' capabilities in countering modern day security threats. • By partnering potential customers like India's National Defence Forces, Homeland Security, Police and Civilian Agencies in developing security solutions relating to Access Control, Visual-Intelligence, Counter Terror Mechanisms, Specialized Communications, Armour, Bomb-disposal, Command and Training Centres, the Company enables agencies in the Government and private sectors to enhance their abilities to prepare and plan for emergencies as well as their response and recovery skills.

Dynamatic® Wind Farm, India - Non-Conventional Energy

Highlights	• Generating 12MW of power – approximately 13 million units annually for captive consumption at JKM Automotive and Dynametal®. • Strategically located, less than an hour's drive from Coimbatore airport. • 48 Windmills on 440 acres of free-hold land. • Uninterrupted supply of power to Automotive & Metallurgy businesses. • Giant Leap towards achievement of Zero Carbon footprint by manufacturing facilities in Tamil Nadu. • 87% reduction in monthly energy costs, improving our cost competitiveness. • Provides freedom from energy price inflation. • Eco-friendly environment. • Scalable-Windmills can be added. • Strategic land bank near Coimbatore

In spite of the Company's advantageous position, there are various external risk factors viz. a slowdown in global economy, economic slow down in India, change or delay in economic reforms in India, political instability, hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and its business. Investors may be subject to potential losses arising out of exchange rate risk on the Indian rupee and risks associated with the conversion of Indian rupee proceeds into foreign currency. Understanding opportunities for growth as well as the barriers in each segment, your Company constantly strives to achieve desired results attributable to your Company's competitive strengths, namely:

- **Presence in diverse, synergistic business segments**
- **Leadership position in Hydraulics business**
- **Strong competence in Automotive business**
- **Early-Bird-Advantage in the Aerospace business**
- **Strong Design capability and scalability**
- **Proven management team and skilled manpower with wide experience**
- **Well-developed, strong Blue-Chip Customer base**

C. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The sales revenues (gross) from each of the major business segments that the Company is involved in are as follows :

Segment (Gross Sales)	Amount (₹ In lacs)		Percentage (%)	
	2012	2011	**2012**	2011
Hydraulics & Precision Engineering	**30,038**	23,037	**18**	41
Aluminium Casting	**5,116**	3,371	**3**	6
Automotive Components	**1,13,099**	19,249	**69**	34
Aerospace	**14,118**	10,242	**9**	18
Wind Farm	**499**	546	**1**	1
TOTAL	**1,62,870**	56,445	**100**	100

D. OUTLOOK

The overall outlook for next accounting year April 2012 to March 2013 looks positive. Your Company's reputation for developing innovative, cost-effective and high quality products continues to grow, both in the Domestic and Overseas markets. With the Company going global, both in terms of expansion as well as sales, it becomes very relevant to understand the outlook overseas – especially in UK and Germany

UK

According to the H. M. Treasury Office of Budget Responsibility, the outlook for the UK economy sees growth as flat through the remainder of 2012 with a gradual upturn forecast in 2013 with GDP anticipated at 1.7% by the end of next year. This has indeed trended down in recent months due to the fact that the Eurozone crisis has reignited and hence the consensus projections over the next few months show a fall before we see the upturn towards the end of the year. Lower inflation is a positive development, which is continuing to fall and dropped down to 2.4% in July 2012 and is heading towards the 2% target over this next year. As for the Company, with customers outside UK such as John Deere, the coming year looks promising.

Germany

The German economy recorded further growth in 2011-12. Driven by the increased export business, the Federal Government has announced a 0.7% increase in gross domestic product to 2,588.8 billion euros. Despite the current cautious optimism, a further increase of 1.6% to 2,630.22 billion euros is expected. The overall impression is stable with high employment figures.

The German automotive industry is continuing its upward trend. Following the impressive growth of 10% in 2011, the increase in 2012 is expected to be plus 4% with a predicted further augmentation of 2.75% in 2013.

The turbocharger industry is growing tremendously. The goal for an increase of 40% in the worldwide production of turbocharged petrol engines by 2015 is, from current perspectives, realistic.

E. RISKS & CONCERNS, INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

Your Company's increasing exposure to Global markets and Customers also brings with it the inherent risks of a Global company like Foreign Currency Risk, Product Liability, Warranty, and so on. These risks are being mitigated through appropriate de-risking strategies.

The Strategic Business Units of your Company are headed by highly experienced Chief Operating Officers, who are supported by teams of capable personnel.

All key functions and divisions of your Company are independently responsible for monitoring risks associated within their respective areas of operations. Your Company has identified various risks and procedures to mitigate the same.

Your Company has deployed a comprehensive Internal Audit System, which is commensurate with its scale of operations. Competent and qualified professionals, who are external to the Company business, conduct regular and detailed internal audits, both at the manufacturing locations and at branches in India. The Internal Auditors submit audit reports & management reports regularly, which highlight areas of concern and also suggest improvements in systems and procedures. The Audit Committee periodically reviews the audit plans, audit observations of both internal and external audits and adequacy of internal controls.

The Board level Audit Committee of the Company meets every quarter to review the Internal Audit Reports as well as Management's feed back on Internal Audit Reports and suggests improvements in the control systems from time to time. A detailed report on the Audit Committee forms part of the Corporate Governance Report.

Your Company has adopted the new operational strategy to decentralise the operations into smaller divisions so as to facilitate incorporating the state-of-the-art production technologies and shop floor cultures. This will also pave path for innovative ideas with the employees to surface and get implemented. Monitoring the progress will become easier and internal bench marking for achieving excellence will become possible

Your Company has evolved a stringent Information Security Management System to protect and safeguard key information and data from unauthorised access across its units in India and abroad. The system has been designed to ensure confidentiality, integrity and availability of critical data within the organization. New tools are used to upgrade existing systems periodically, to fit the growing size and needs of the Company.

F. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS (HR / IR)

As your Company continues with its strong transcontinental growth, there has been a growing need for robust, diverse Human Resource strategies and systems capable of straddling across countries and cultures to help the organization manage change in a dynamic business environment. The global environment within which the Company operates calls for a subtle but definite shift from the traditional HR role of being a manager of employee welfare measures and industrial relations to being a manager of change across borders. The key challenge has been in designing and setting in place an integrative HR framework based on the Company's vision and values which enables greater synergies between the various business units of the Company located in India and Europe, without compromising on the inherent advantages bestowed by geography and culture.

The Corporate Human Resources Team, which is led by the Head - Group HR, works at designing and implementing integrative HR strategies that keep pace with the challenges posed by the changing business environment. The Department assumes three strategic roles in the ongoing transformation of the Company into a Global company – First of the builder who sets in place necessary fundamentals of Human Resource Management, secondly, the role of the change partner which calls for the realignment of HRD to meet the needs of the changing external environment as the Company expands its overseas operations, and finally, the role of the Navigator in developing the capabilities of the organization and its personnel to manage the balance between short-term and long-term HR goals, thus facilitating global integration. The strategies and efforts of the Company's Corporate HRD continue to be shaped and guided by the Leadership, Human Resource Development & Remuneration Committee, a Board level committee, which meets regularly to provide direction and guidance to the Company's HR policies, initiatives and to review ongoing programs.

The Company envisages the diversification of its Human Resource base, the nurturing, management and retention of its talent and the development of leadership skills as the basic requisites for its continued growth. The Company remains focused on these objectives through the provision of safe and healthy work places, harmonious industrial relations, formulation of value based HRM practices and systems across geographies, training and mentoring programmes and through appropriate welfare measures.

The Company is committed to providing all its employees with a safe work environment through adherence to safe work practices, enforcing use of Personal Protective Gear on the shop floor and by continuously educating the workforce through training programmes and demonstrations. On-site healthcare facilities, Health & Accident insurance coverage, access to regular health checkups at reputed hospitals, medical feedback from experts and support in maintaining special health requirements are all a part of the welfare regimen followed in the Company.

The greater part of the Company's competent workforce has worked with the Company for an average of 20-25 years, contributing greatly to its business stability and enriching its repository of knowledge and skill sets. The Company continues to make significant investments in the development of its human resources, especially in the identification, development and retention of capable, professional talent. The workforce strength as on March 31, 2012 was 2205. Despite the post recessionary spurt in recruitment, the attrition rate across the Company during the year under review has remained below 7% for the entire Group. The Company's ability to retain talent in spite of the challenges posed by a competitive business environment can be attributed to its ability to nurture and develop talent through the alignment of individual goals and aspirations to the organization's goals.

HUMAN RESOURCE HIGHLIGHTS FOR THE YEAR UNDER REVIEW

- Performance measurement and incentivisation of the work force based on sustained performance and behavioural traits.
- Based on feedback from the employees and the business heads, the Integrated Performance Management System was revised to comprise of Work Books for quarterly reviews and an updated Performance Appraisal Format for Annual Performance Appraisals.
- Based on the feedback obtained from the new Performance Appraisal Format introduced during the previous year, 25 High Potential Executives have been identified for a structured soft skills training programme.
- Based on the feedback obtained from the new Performance Appraisal Format, Special Training Programmes designed to meet the specific needs of each Business Segment have been designed and implemented for all segments of work force.
- Formulation of a detailed Code of Conduct for all employees of the organization.
- Streamlining of the Induction process to ensure employee engagement.
- Resource Sharing programmes for greater business synergies between international business units.
- Establishment of safe and secular work environment.
- Talent identification and retention.
- Two way communication channels between workforce and management.
- Broad-basing of work force through gender diversification.
- Increased participation of women in management.
- Participative Management by workforce in the Company's business processes.
- Shop Floor Poster Campaigns aimed at educating employees about the changing business environment.
- Introduction of Biometric System to manage attendance, leave management, payroll management and other administrative functions.
- Elevation of 17 workers into the managerial cadre.
- Annual Medical Health Check Up for all employees above the age of 35 at Columbia Asia Hospital.

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India and some of the best practices followed internationally on Corporate Governance, the report containing the details of governance systems and process at Dynamatic Technologies Limited is as under:

The Securities and Exchange Board of India (SEBI), with an objective to improve the standards of Corporate Governance in India, in line with the needs of dynamic market, issued/issues circular/s directing all stock exchanges to amend Clause 49 of the Listing Agreement from time to time with Corporate Governance norms that increase the responsibility of listed companies to bring in transparency and accountability, and report the same in the Annual Report.

Corporate Governance involves the value systems of a Company including the moral, ethical and legal value frame work within which business decisions are taken.

The Company believes that Corporate Governance is vital in enhancing and retaining its stakeholders' trust. The guiding principles of Corporate Governance are becoming an integral part of the business. The Company's Board exercises its fiduciary responsibility in a broad sense in every facet of its operations. The Company's long standing commitment to the high standards of Corporate Governance and ethical business practices is a fundamental shared value of its Board of Directors, Management and Employees.

The Company's philosophy on Corporate Governance envisages enhancing overall shareholder's value on a sustained basis by way of:

- Constitution of a highly independent Board of appropriate composition, size, varied experience and commitment to discharge its responsibilities and duties.
- Ensuring timely disclosures, transparent accounting policies, and a strong, independent Board to help preserve shareholders' trust while maximizing long-term shareholders' value and respecting minority rights.
- Best practices founded upon core values of transparency, professionalism, empowerment, equity and accountability.
- Fulfilling obligations to other stakeholders such as customers, suppliers, financiers, employees, Government and to society at large.
- Upholding, sustaining and nurturing core values in all facets of its operations through growth and innovation.
- Maximizing national wealth and adhering to transparent actions in business.

This philosophy has helped the Company to transform itself into a higher plane of leadership.

The forward-looking approach of the Company has always helped it in achieving the desired results. This approach has transformed the Company's culture to one that is relentlessly focused on the speedy translation of technological discoveries into innovative products. The Company's commitment towards Corporate Governance started well before the law mandated such practices.

Corporate Governance monitoring and review process in the Company:

The Company continuously reviews its Corporate Governance policies and practices with the clear goal of not merely complying with statutory requirements in letter and spirit but also to constantly endeavor to implement the best international practices of corporate governance in the overall interest of all stakeholders.

Some of the initiatives taken by the Company towards strengthening its Corporate Governance system and practices include:

- The Company has constituted a Board-level Leadership, HRD & Remuneration committee to oversee the Corporate Governance practices, to build leadership, to review policies from time to time keeping in view the size and needs of the Company and recommend the same to the Board for adoption.
- The Corporate Governance Guidelines of the Company sets out policies for the effective functioning of the Board and its committees. It lays down various policies viz. Code of Conduct for Board Members & Senior Management Personnel, Code of Business Conduct for employees, Code of Conduct for Prevention of Insider Trading, Key Accounting Policies, etc.
- These guidelines are constantly monitored and reviewed by the Board from time to time.
- M/s. VEV and Co, Company Secretaries, had conducted the Corporate Governance Audit for the year under review. The Annual Audit Report on Corporate Governance was placed before the Board which is included in the Annual Report.
- The Company adheres to the Secretarial Standards issued by the Institute of Company Secretaries of India, which are recommendatory in nature.

A. BOARD COMPOSITION

The Company's policy is to have an appropriate mix of Executive, Non-Executive and Independent Directors to maintain the independence of the Board. The Board consists of twelve (12) members, of whom eight (8) are Non-Executive Directors and four (4) are Executive Directors. One of the Executive Directors is a Promoter Director. The Board periodically reviews changes in composition or its size. Chairman of the Board is a non-executive independent director.

Composition of the Board and Directorships/Membership held by Directors

Name of the Director	Age	Indian Companies (Public Companies excluding this Company)	Committee Memberships (Excluding this Company)*	
			As Chairman	As Member
Non-Executive & Independent Directors				
Mr. Vijai Kapur	**81**	-	-	-
Dr. K. Aprameyan	**69**	-	-	-
Air Chief Marshal S. Krishnaswamy (Retd.)	**69**	-	-	-
Mr. Govind Mirchandani	**61**	-	-	-
Ms. Malavika Jayaram	**41**	**2**	-	-
Mr. Govindarajan	**69**	-	-	-
Non-Executive & Non-Independent Directors				
Mr. Raymond Keith Lawton	**59**	-	-	-
Ms. Claire Louise Tucker	**44**	-	-	-
Executive Directors				
Mr. B. Seshnath	**54**	-	-	-
Mr. N. Rajagopal	**63**	-	-	-
Mr. V. Sunder	**50**	**3**	-	-
Executive & Promoter Director				
Mr. Udayant Malhoutra	**46**	**5**	-	-

Notes:

None of the Directors are relatives within the provisions of Section 2(41) and Section 6 read with Schedule IA of the Companies Act, 1956.
None of the Directors are nominees of any bank / financial institution during the year 2011-12.

* As required under Clause 49 of the Listing Agreement, the disclosure refers to memberships/chairmanship of **Audit Committee** and **Investor Grievance Committee** of public companies (listed and unlisted).

Independent Directors

An Independent Director is a person other than an officer or employee of the Company or its subsidiaries or any other individual having a material pecuniary relationship or transactions with the Company which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director within the meaning of Clause 49 of the Listing Agreement with stock exchanges.

Responsibilities of the Chairman, Executive Directors

The Company's present policy is to have a Non-Executive Chairman. Mr. Vijai Kapur is the Chairman of the Board of Directors of the Company.

The Executive Directors are:

Mr. Udayant Malhoutra	–	Chief Executive Officer & Managing Director
Mr. V. Sunder	–	President & Group Chief Financial Officer
Mr. N. Rajagopal	–	Executive Director & Chief Technology Officer
Mr. B. Seshnath	–	Executive Director & Chief Marketing Officer

There is clear demarcation of responsibilities and authority among these officials. The Executive Directors of the subsidiary companies incorporated either in India or abroad will be part of the Board as Non-Executive Directors of the Company.

The Executive Directors and senior management make periodic presentations to the Board on the Company performance and business growth of the business units.

Directors' Profile

Brief profile of all the Directors, including their expertise and experience is given below:

1. **Mr. Vijai Kapur, Chairman**

   Mr. Vijai Kapur, aged 81, was formerly the Deputy Managing Director of the GKW Limited and the past President of AIEI (now called CII). He has been the Director of the Company since 1992 and possesses rich business and managerial experience.

   As the Chairman of the Board, he is responsible for all Board matters of the Company.

   He is the Chairman of the Audit Committee and also a member of Leadership, HRD & Remuneration Committee and Nomination Committee of the Company. He does not hold any shares in the Company. Presently, he is not a director in any other company.

2. **Dr. K. Aprameyan, Director**

   Dr. K. Aprameyan, aged 69, has been a Director of the Company since 2003.

   He is a Post Graduate in Automobile Engineering from The Indian Institute of Science (IISc), Bangalore, and has obtained his Doctorate in the field of Internal Combustion Engines from University of Paris, France. He has held various senior positions and was the Chairman and Managing Director of Bharat Earth Movers Limited (BEML) from 1995 till his retirement in December 2002.

He was instrumental in BEML emerging as a major player in diverse areas ranging from earth moving equipment to railways to defence, robotics and automation. He has served as the Vice President of the Fluid Power Society of India and the Chairman of Indian Earth Moving and Construction Industries Association (IECIAL). He was a former member of the Governing Council of Institute of Robotics and Intelligence Systems (IRIS) and the National Council, Confederation of Indian Industries (CII). At present, Dr. K. Aprameyan is a member of the selection committees of Indian Institute of Technology (IIT), Kanpur.

He is the Chairman of the Technical Development Committee and a member of the Leadership, HRD & Remuneration Committee and Audit Committee of the Company. He does not hold any shares in the Company. Presently, he is not a director in any other company.

3. Air Chief Marshal S. Krishnaswamy (Retd.), Director

Air Chief Marshal S. Krishnaswamy (Retd.), aged 69, joined the Indian Air Force as an under graduate. He has also obtained a post graduate degree in Military Science. Air Chief Marshal S. Krishnaswamy (Retd.), has had a very distinguished career in the Indian Air Force (IAF) and has held several senior positions, culminating in his appointment as the Chief of Air Staff of the IAF from 2002 up to his retirement on 31st December, 2004. He was the Chairman of the Chiefs' of Staff Committee till retirement.

During his service, he received various medals for his outstanding contribution including the Agni Award for Excellence in Self-Reliance from the Prime Minister for having made outstanding technical and operational contributions to the design, development and evaluation of indigenous combat aircraft, armament and Electronic Warfare system.

He has been a Director of the Company since 2005. He is the Chairman of the Leadership, HRD & Remuneration Committee and the Shareholders' Committee. He is also a member of the Technical Development Committee, Audit Committee and Nomination Committee of the Company. He holds 69 equity shares in the Company. Presently, he is not a director in any other company.

4. Mr. Govind Mirchandani, Director

Mr. Govind Mirchandani, aged 61 years, is a graduate from the Indian Institute of Technology, Mumbai, and had his PGDM from the Indian Institute of Management, Kolkata. His areas of specialization are of Leadership, Building High Performance Organizations, Brands and Retail Management. Mr. Govind Mirchandani has had a very distinguished career, having held positions of seniority in various industries for over three decades. He has been the Executive Director & CEO of Reid and Taylor, Director of Brand House Retails Limited, CEO & Director, President of the Denim Division of Arvind Mills Limited, President & CEO of Personality Limited, General Manager in Shalimar Paints Limited and the Business Head, Interlinings division, Madura Coats Limited. He was also responsible for launching Arvind Denim in India in 1987, as well as several other international and domestic brands in India including Arrow, Lee, Wrangler, Excalibur, Newport, Reid & Taylor, Belmonte, Stephens Brothers, etc. He has won several IMAGES Awards and is also a recipient of the Indira Super Achiever Award, and the coveted Bharat Vikas Award for outstanding contribution to the field of management. He has been the past Chairman of YPO Bangalore Chapter and the National Vice President of Indo-American Chamber of Commerce.

Mr. Govind Mirchandani has been a Director of the Company since 2008. He is a member of Leadership, HRD and Remuneration Committee of the Company. He does not hold any shares in the Company. Presently, he is not a director in any other company.

5. Ms. Malavika Jayaram, Director

Ms. Malavika Jayaram, aged 41, is a lawyer and has completed her integrated BA-LLB degree in 1994 from the National Law School of India, Bangalore. She secured her Master of Laws (LLM) from Northwestern University, Chicago, and specialized in the fields of Computer Law, Intellectual Property Rights, International Business transactions and EU Law. She is also qualified as a UK solicitor. Ms. Malavika Jayaram is a partner in Jayaram & Jayaram Associates since August 2006 and has experience in various fields of law including technology and e-commerce contracts, outsourcing transactions, intellectual property, joint ventures, mergers and acquisitions and general commercial contracts in the manufacturing, aerospace and other technology intensive sectors. She has worked in London, UK, with the international law firm, Allen and Overy, as Vice President in Citigroup Technology Legal Team and also as a Senior Business Analyst within the Operations function of the Investment Bank.

Ms. Malavika Jayaram has been a Director of the Company since 2008. She is a member of Technology Development Committee of the Company. She does not hold any shares in the Company. Presently, she is a director in JKM Erla Automotive Limited, JKM Ferrotech Limited and Cablex Systems India Private Limited.

6. Mr. S. Govindarajan, Director

Mr. S. Govindarajan, aged 69, has had an outstanding career in the State Bank of India, which culminated with his tenure as the Managing Director & Group Executive National Banking group, State Bank India.

He has the rare distinction of having served the largest Bank in India in diverse capacities as its Chief Financial Officer, Chief Treasury Officer and earlier, as Chief Executive Officer - Hong Kong. Added to this, he has also served as Banking Ombudsman, Reserve Bank of India.

Mr. Govindarajan was nominated to the Board of SBI Cards & Payment Services Pvt. Limited, GE Capital Business Process Management Services Pvt. Limited, State Bank of India, Canada, SBI International (Mauritius) Limited, National Stock Exchange of India Limited and SBI Life Insurance Company Limited.

He is a member of Disciplinary Action and Default Committee of the National Commodities and Derivatives Exchange, Mumbai.

Mr. Govindarajan is a member of Audit Committee and Nomination Committee of the Company. He does not hold any shares in the Company. Presently, he is not a director in any other company.

7. Mr. Raymond Keith Lawton, Director

Mr. Raymond Keith Lawton, aged 59, graduated in Higher National Diploma in both Mechanical and Production engineering in 1973. He was awarded Management Fellowship in 1981.

During the year 2006-07, the Company acquired the Hydraulic Business unit of Sauer Danfoss Ltd., UK at Swindon. Mr. Lawton was the Chairman and Managing Director of Sauer Danfoss Ltd, Swindon since 2004. He started his career during 1969 as a Mechanical Engineering apprentice in Plessey Hydraulics Limited and became a Jr. Planning Engineer in 1973. He has held various positions in his career, which spans over three decades and progressed steadily to become the Plant manager of Sauer Danfoss in 2003. He became the Executive Chairman of Sauer Danfoss, Swindon in 2004. He is currently Executive Director & Chief Operating Officer of the Hydraulics division of the Dynamatic Limited, UK, a Wholly Owned Subsidiary of the Company.

He has been instrumental in transforming the facility in Swindon from a conventional manufacturing plant in to a modern high quality manufacturing company by introducing modern manufacturing methods and techniques. During his career in Sauer Danfoss he was responsible for the setting up and installation of two Greenfield manufacturing plants, both of which are running successfully.

Mr. Lawton is a member of the Audit Committee and Technology Development Committee of the Company. He does not hold any shares in the Company. Presently, he is a director in Dynamatic Limited, UK.

8. Mr. B. Seshnath, Executive Director & Chief Marketing Officer

Mr. B. Seshnath, aged 54, is a Mechanical Engineer with an MBA from the Indian Institute of Management, Bangalore. He has two decades of marketing experience in the Automotive, Pneumatic and Hydraulic Industries, having worked in different parts of India in senior management positions. His managerial abilities has enabled the Company to considerably develop its network of branch offices and distributors, which has in turn resulted in the expansion of the Company's operations in India and abroad. Prior to his appointment as Executive Director & Chief Marketing Officer (CMO) of the Company, he was Executive Director & Chief Operating Officer of JKM Dae Rim Automotive Limited (currently a division of Dynamatic Technologies Limited).

Mr. Seshnath, as Executive Director & Chief Marketing Officer, is responsible for Business Development and Associated Product Development at a strategic level. He oversees relationship management with strategic customers of all the Business units of the Group. He does not hold any shares in the Company. Presently, he is not a director in any other company.

9. Mr. N. Rajagopal, Executive Director & Chief Technology Officer

Mr. N. Rajagopal, aged 63, is a Mechanical Engineer with over three decades of rich, comprehensive experience in engineering. He has served the Company in various capacities since 1980 and has competently managed various operative functions of the Company such as production, materials, design and development, etc. He has been a Director of the Company since 2002. Prior to his appointment as Executive Director & Chief Technology Officer (CTO) of the Company, he was a Director of JKM Daerim Automotive Limited (currently a division of Dynamatic Technologies Limited) and also ED & Chief Executive Officer of Dynamatic® Hydraulics & Dynametal®.

Mr. N. Rajagopal, as Executive Director and Chief Technology Officer, is responsible for New Product Development and Management of the Company's Technical capabilities at a strategic level.

Mr. N. Rajagopal is a member of the Technical Development Committee of the Company. He holds 278 equity shares in the Company. Presently, he is not a director in any other company.

10. Mr. V. Sunder, President & Group Chief Financial Officer

Mr. V. Sunder, aged 50, is a senior member of the Institute of Company Secretaries of India. He has served as CEO & Executive Director of JKM Daerim Automotive Limited (JKM Daerim) (currently a division of Dynamatic Technologies Limited) from 2000 to 2006.

Prior to taking charge as Executive Director of JKM Daerim, he served the Company for eleven years in various Senior Management positions. He was the General Manager-Corporate Planning & Company Secretary of the Company for over a decade.

Mr. V. Sunder, as President and Group CFO, heads the corporate functioning of finance and works along with Mr. Udayant Malhoutra, CEO & Managing Director in planning & driving Corporate Strategy.

Mr. V. Sunder is a member of the Shareholders Committee of the Company. He holds 1,525 equity shares in the

Company. Presently, he is a director in the following companies:

1. JKM Research Farm Limited
2. Airoplast Private Limited
3. Comfit Sanitary Napkins India Private Limited
4. Conbar India Private Limited
5. Primella Sanitary Products Private Limited
6. Wavell Investments Private Limited
7. Western Remedies Private Limited
8. Christine Hoden (I) Private Limited
9. JKM Holdings Private Limited
10. JKM Offshore (I) Private Limited
11. Vita Private Limited
12. JKM Erla Automotive Limited
13. JKM Ferrotech Limited
14. JKM Global Pte Limited, Singapore
15. Dynamatic Limited, UK
16. Yew Tree Investments Limited, UK

11. Mr. Udayant Malhoutra, Chief Executive Officer & Managing Director

Mr. Udayant Malhoutra, aged 46, is an Industrialist and the Promoter of the Company. He started work in the Company in 1986 and joined the Board of Directors in 1989 as an Executive Director. He is currently designated as Chief Executive Officer & Managing Director of the Company.

He was formerly a Member, Board of Governors, IIT Kanpur (1997-2001), Co-Chairman, Task Force on DRDO – Industry Partnership along with Dr. K. Santhanam, Ministry of Defence, Government of India (1998-99), Member, Working Group for formulation of 10th five year plan (2001) and Chairman, Sub-Group on Minerals, Metals, Materials & Manufacturing sector for formulation of 10th five year plan, Council of Scientific Industrial Research (CSIR) / Department of Scientific Industrial Research (DSIR), Government of India, (2001), Member, CII National Council (2001-2003) and Chairman, CII National Committee on Technology (2002-2003). He was President, Fluid Power Society of India, (2004-06), (2006-08). He was on the International Board of the World Presidents' Organization and the Young Presidents' Organization (2005-2008).

He is presently the Chairman of CII National Committee on Design (2010-2012) and Member, CII National Council (2010-2012).

Mr. Udayant Malhoutra, as Chief Executive Officer & Managing Director, is responsible for overall Corporate Strategy, Brand Equity, Maintenance of Key Relationships, Technology Management and achieving the Annual Business Plan of the Company and its Subsidiaries. He is also responsible for leading the Leadership Team in transforming the Company into a World Class Design and Manufacturing Organization.

Mr. Udayant Malhoutra is a member of Technical Development Committee, Shareholders Committee and Nomination Committee of the Company. He holds 9,02,728 equity shares in the Company. He is a director in the following companies:

1. Greenearth Biotechnologies Limited
2. Centrust Financial Limited
3. JKM Research Farm Limited
4. Udayant Malhoutra & Company Private Limited
5. Airoplast Private Limited
6. Comfit Sanitary Napkins India Private Limited
7. Conbar India Private Limited
8. Primella Sanitary Products Private Limited
9. Wavell Investments Private Limited
10. Christine Hoden (I) Private Limited
11. JKM Holdings Private Limited
12. JKM Offshore (I) Private Limited
13. Vita Private Limited
14. JKM Erla Automotive Limited
15. JKM Ferrotech Limited
16. Raghvir Agro Enterprises Private Limited
17. JKM Global Pte Limited, Singapore
18. Dynamatic Limited, UK
19. Yew Tree Investments Limited, UK

12. Ms. Claire Louise Tucker, Director

Ms. Claire Louise Tucker, aged 44 years, was co-opted as an additional director with effect from August 13, 2011.

Her formal qualifications are C&G Diploma 'Business Studies & communications' - Merit (City of Bath College) – equivalent to HND today, Sage Line 50, Financial Controller & Payroll – Advance, NVQ Level 3 PC Servicing, Maintenance & Networking (Mod 3 & 4 system configuration & installation) Brunel College of Art & Technology, Microsoft 'Managing Exchange 2007' Certified and IOSH Managing Safely Certified (Institution of Occupational Safety & Health).

Till 1993, she worked in administration, compliance and accounts positions until setting up her own business of converting manual accounting practices into IT computerized formats for Banking & Financial, Pension & Investment, Training & Motivation & Photography industries.

In the year 1993, she was appointed by Oldland CNC Limited to set up the IT infrastructure, accounts and production control system. This position progressed in time to a full time employment as Manager of systems, compliance & finance.

During the last 18 years, she has gained vast experience in aerospace production, manufacturing and has gained a wealth of knowledge, especially within operations, systems, compliance, finance, training & HR.

She is based from the Company's aerospace facility in Bristol UK but also works with the Company's Hydraulics division in Swindon UK and Foundry at Eisenwerk Erla in Germany, to align group policy & processes, and leverage any group financial savings and benefits.

She does not hold any shares in the Company. She is a director in Dynamatic Limited, UK and Eisenwerk Erla Holdings Gmbh, Germany.

Board membership criteria

The Chairman works with the entire Board to determine the appropriate characteristics, skills and experience required for the Board as a whole as well as its individual members. Each Independent Director possesses specialized skills in the areas of his/her profession including strategy, technology, finance, quality and human resources. Independent Directors guide the Board in achieving the vision and mission of the Company. The Executive Directors are required to posses operational expertise in their areas of performance.

Selection of New Directors

The Board is responsible for the selection of new Directors through its **'Nomination Committee'**. The process of screening and selecting new Directors is undertaken by the Nomination Committee. This Committee in turn makes recommendations to the Board for the induction of any new Director.

Board compensation policy

Remuneration Committee, which is a part of the Leadership, HRD and Remuneration Committee, determines and recommends to the Board the compensation payable to the Directors. The compensation payable to Executive / Non-Executive Directors is approved by the requisite authorities as may be necessary under Indian statute. The Remuneration of Executive Directors consists of fixed components and performance incentives. The Committee reviews the performance of Executive Directors annually and approves the compensation within the parameters set by the Shareholders at the Shareholders meetings.

Only sitting fees is paid to Non-Executive Directors for attending the Board / Committee Meetings and the amount paid is within the limits specified by the Central Government from time to time.

Compensation paid to the Directors for the year ended March 31, 2012:

in ₹ (Rupees)

Name of the Director	Remuneration			Total
	Sitting fees*	Salary & Allowance	Perquisites	
Non-Executive & Independent Directors:				
Mr. Vijai Kapur	**1,50,000**	--	--	**1,50,000**
Dr. K. Aprameyan	**1,80,000**	--	--	**1,80,000**
Air Chief Marshal S. Krishnaswamy (Retd.)	**2,25,000**	--	--	**2,25,000**
Mr. S. Govindarajan	**1,65,000**	--	--	**1,65,000**
Mr. Govind Mirchandani	**1,05,000**	--	--	**1,05,000**
Ms. Malavika Jayaram	**90,000**	--	--	**90,000**
Non-Executive & Non-Independent Directors				
Mr. Raymond Keith Lawton	**1,20,000**	--	--	**1,20,000**
Ms. Claire Louise Tucker	**30,000**	--	--	**30,000**
Executive Directors				
Mr. V. Sunder	--	**45,49,692**	**1,55,000**	**47,04,692**
Mr. N. Rajagopal	--	**40,43,460**	**1,34,996**	**41,78,456**
Mr. B. Seshnath	--	**40,43,460**	**42,783**	**40,86,243**
Executive & Promoter Director				
Mr. Udayant Malhoutra	--	**49,86,736**	**1,95,400**	**51,82,136**

Note:

* None of the Non-Executive Directors have any material financial interest in the Company. Only sitting fees have been paid to the Non-Executive Directors including the Chairman of the Board for attending the Committee / Sub-Committee meetings of the Company.

B. BOARD MEETINGS

Scheduling and selection of Agenda items for Board / Committee meetings

- The Company holds a minimum of four Board meetings each year, which are pre-scheduled at the end of each quarter. Notice of the meeting is sent to the Directors with an advance notice of at least 15 days. Apart from the four pre-scheduled Board meetings, additional Board meetings may be convened at any time in case of exigencies. Where circumstances so require, the Board may approve resolutions by circulation as permitted by law.
- All divisions / departments of the Company are expected to plan their requirements well in advance, particularly with regard to matters requiring discussion / approval / decision at Board / Committee meetings. All such matters are communicated to the Company Secretary well in advance so that the appropriate background notes are circulated to the Board members for meaningful discussion. Video/ tele-conference are also used to enable Directors who are traveling to participate in the meetings.

During the year 2011-12, Six (6) Board meetings were held on:

- 7 May 2011
- 28 May 2011
- 13 August 2011
- 13 August 2011
- 14 November 2011
- 13 February 2012

The interval between any two successive meetings did not exceed four months.

Board meetings and the attendance of Directors

Name of the Director	Attended	Participation Via Tele Conference
Mr. Vijai Kapur	5	--
Dr. K. Aprameyan	6	--
Air Chief Marshal S. Krishnaswamy (Retd.)	5	--
Mr. Raymond Keith Lawton	4	--
Mr. Govind Mirchandani	6	--
Mr. S. Govindarajan	6	--
Ms. Malavika Jayaram	5	--
Ms. Claire Louise Tucker	2	--
Mr. B. Seshnath	5	--
Mr. N. Rajagopal	5	--
Mr. V. Sunder	6	--
Mr. Udayant Malhoutra	6	--

Notes:
Leave of absence was granted to those directors who had expressed their inability to attend the meeting.

All the Directors attended the Annual General Meeting held on August 13, 2011.

Availability of information to Board members

The Board has unencumbered access to any relevant information of the Company. At Board meetings, employees / persons who can provide further insights to the items being discussed are invited. The Company has ensured that all key events concerning the governance of the Company's affairs are brought before the Board well in advance. In addition, the Board is provided with information as specified in Annexure-1A of Clause 49 of the Listing Agreement with the Stock Exchanges.

The information regularly supplied to the Board includes annual operation plans and budgets, capital budgets and updates, quarterly results of the operating divisions or business segments, minutes of the meetings of the Board and Committees, general notice of interest, recommending dividend keeping in view the Company's profitability and the requirement of funds for the future growth of the Company, determining Directors who need to retire by rotation and recommending fresh appointments of Directors / Auditors, authentication of annual accounts and approving Directors' Report, materially important litigations, show cause, demand, prosecution and penalty notices, fatal or serious accidents, material effluent or pollution problems, issues involving public or product liability claims, details of joint ventures, acquisition of companies or collaborations agreements, intellectual property related matters, human resource development, investments, subsidiaries, foreign exchange exposure, company's risk management policies, non-compliance of regulatory, statutory or listing requirements, shareholder services and long term strategic plans of the Company and principal issues that the Company expects to face in the future. The Board also notes and reviews the functioning of its Committees regularly.

The Company Secretary, in consultation with the Chief Executive Officer & Managing Director and President & Group CFO, finalizes the agenda papers for the Board / Committee meetings.

- The Executive Directors of the Company attend the respective Committee meetings as members / invitees.
- The functional heads attend the Board / Committee meetings as and when required.
- The Company Secretary acts as the Secretary to all the Committees constituted by the Board.

Recording Minutes of the Proceedings of Board / Committee meetings

The Company Secretary records the minutes of the proceedings of Board and Committee meetings. Minutes are finalized after the draft is circulated to the Chairman and other members of the Board / Committee for their comments. The minutes of the proceedings of the meetings are entered in the minutes book within 30 days of the conclusion of the meeting.

Post Meeting Follow-up Mechanism

The Company has an effective follow-up mechanism to ensure that decisions taken by the Board / Committee are implemented in a time bound manner, both in letter and in spirit. Action taken reports are placed at every Board/ Committee meeting which explains the action taken on every past decision of the Board / Committee. This mechanism ensures that board decisions are subject to effective post meeting follow-up and monitoring.

Compliance with Laws

The Company Secretary is the Compliance Officer of the Company and acts as an effective link between the Board and Senior Management. The functional heads certify to Board about their compliance with legislations that concern them and these affirmations are noted and taken on record by the Board.

Code of Conduct for Board Members and Senior Management Personnel

The Company has framed and adopted a detailed written *Code of Conduct for Board Members and Senior Management Personnel*. The Code outlines the Company's values, principles and guidelines on a variety of subjects. The Board of Directors and Senior Management Personnel are expected to ensure adherence to the set of moral values and policies enhanced in the Code.

The details of the Code are posted on the web site of the Company **(www.dynamatics.com).**

C. BOARD COMMITTEES

Currently, the Board has five (5) Committees:

1. Audit Committee
2. Leadership, HRD & Remuneration Committee
3. Shareholders Committee
4. Technical Development Committee
5. Nomination Committee.

Procedure at Committee Meetings

The Company's guidelines relating to Board meetings are applicable to Committee meetings as far as may be practicable. Minutes of the proceedings of the Committee meetings are placed before the Board for perusal and records. The quorum for the meetings is either two members or one third of the members of the Committee, which ever is higher.

1. Audit Committee

The Board, at its Meeting held on July 21, 2001, constituted the Audit Committee with the powers and scope as mentioned in para II(C) and (D) of Clause 49 of the Listing Agreement. The Board reviews the scope of the Committee and its terms of reference from time to time.

Objective

The Audit committee assists the Board in its responsibility:

- To oversee the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliances with the legal and regulatory requirements.
- To oversee the audits of the Company's financial statements, appointment, independence and performance of Internal Auditors and the Company's risk management policy.

Composition

The Audit Committee of the Board comprises the following five (5) Non Executive Directors:

- **Mr. Vijai Kapur, Chairman**
- Dr. K. Aprameyan
- Air Chief Marshal S. Krishnaswamy (Retd.)
- Mr. Raymond Keith Lawton
- Mr. S. Govindarajan

Dr. K. Aprameyan, an Independent Director, is the Alternate Chairman of the committee to Mr. Vijai Kapur.

All the members of the Committee are Independent except Mr. Raymond Keith Lawton, Executive Director of the Subsidiary, Dynamatic Limited, UK.

All the members of the Audit Committee are financially literate, having been industrialists or technical experts with exposure in finance, accounting and financial management. The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49(II)(A) of the Listing agreement.

Powers

Powers of the Audit Committee include:

- Investigate any activity within its terms of reference.
- Seek information from any employee.
- Obtain outside legal or other professional advice.
- Securing attendance of outsiders with relevant expertise, if necessary.

Terms of reference

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditors and fixation of audit fee.
- Approval of payment to the Statutory Auditors for any other services rendered to the Company.
- Reviewing with the management, the annual financial statements before submission to the Board for approval.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, performance of the Statutory and Internal Auditors, and adequacy of internal control systems of the Company.
- Reviewing the adequacy of Internal Audit Function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of Internal Audit.
- Discussion with Internal Auditors on any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature, and reporting the matter to the Board.
- Discussion with the Statutory Auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussions to ascertain any area of concern.
- Reviewing the Company's financial and risk management policy.
- To look into the reasons for defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared Dividends) and creditors, if any.
- Reviewing the financial statements, particularly the investments made by the Subsidiary Company/ies.
- Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

Attendance at Audit Committee Meetings held during the year 2011-12

Audit Committee meetings were held on:

- 28 May 2011
- 13 August 2011
- 14 November 2011
- 13 February 2012

Name of the Director	No. of meetings attended
Mr. Vijai Kapur	4
Dr. K. Aprameyan	4
Air Chief Marshal S. Krishnaswamy (Retd.)	4
Mr. Raymond Keith Lawton	3
Mr. S. Govindarajan	4

The Executive Directors of the Company / Subsidiary Company/ies, Internal Auditors, representatives of the Statutory Auditors and Financial Controller attend as invitees and participate in the Committee meeting/s to review and discuss financial performance, disclosure practices, internal control systems, internal audit reports, feedback reports of management and financial policies of the Company so that the Committee is able to oversee the financial reporting process, make appropriate financial disclosures and implement the terms of reference as mandated by the Board and the terms of the Listing Agreement. The Statutory Auditors and Internal Auditor actively participate and recommend the required policies and changes from time to time.

Dr. K. Aprameyan, alternative Chairman of the Audit committee, was present at the Annual General Meeting held on August 13, 2011.

2. Leadership, HRD and Remuneration Committee

The Company had constituted a **"Remuneration Committee"** at its Board meeting held on July 7, 2002. Considering the need for developing leadership within the group and the significance of absorbing, retaining and training high quality manpower, the Remuneration Committee was renamed as the **"HRD & Remuneration Committee"** with effect from July 22, 2006. Further, the Committee was renamed as the **"Leadership, HRD & Remuneration Committee"** with effect from February 11, 2008.

Objectives

The objectives of the said Committee are:

- To build leadership within the group
- To guide the management in building a strong, world-class and competitive business model to sustain business growth.

- To discharge the Board's responsibilities relating to the compensation of the Company's Executive Directors and senior management.
- To assume the overall responsibility for approving and evaluating the compensation plans, policies and programs for Executive Directors and senior management.
- To review the existing HR policies and recommend necessary changes from time to time.

Composition

The Committee comprises four (4) Non-Executive, Independent Directors:

- **Air Chief Marshal S. Krishnaswamy (Retd.), Chairman**
- Mr. Vijai Kapur
- Dr. K. Aprameyan
- Mr. Govind Mirchandani

Dr. K. Aprameyan, an Independent Director, is the Alternate Chairman to Air Chief Marshal S. Krishnaswamy (Retd.).

In terms of the provisions of clause 49 of the Listing agreement read with the amended provisions of Schedule XIII to the Companies Act, 1956, all the members of the Leadership, HRD and Remuneration Committee are independent directors.

Attendance at the Leadership, HRD & Remuneration Committee Meetings held during the year 2011-12

During the year under review, the Committee had one (1) meeting on May 27, 2011, wherein all the members of the Committee were present.

3. Shareholders Committee / Investor Grievance Committee

Objective

The primary object of this Committee is to review all issues relating to shareholders including share transfers, redress shareholders / investor grievances, issues relating to duplicate share certificates, transmission of shares and other related matters.

Composition

The Board level Shareholders Committee comprises three (3) Directors. They are:

- **Air Chief Marshal S. Krishnaswamy (Retd.), Chairman**
- Mr. V. Sunder
- Mr. Udayant Malhoutra

Attendance at the Committee Meetings held during the year 2011-12

The Committee Meetings were held on:

- 28 May 2011
- 13 August 2011
- 14 November 2011
- 13 February 2012

Name of the Director	No. of meetings attended
Air Chief Marshal S. Krishnaswamy (Retd.)	4
Mr. V. Sunder	4
Mr. Udayant Malhoutra	4

Compliance officer

Ms. G. Haritha, GM Compliance & Company Secretary was the Compliance Officer till her resignation on February 13, 2012. With effect from the said date, Ms. Sindhu M – GM – Compliance, Legal & Company Secretary is the Compliance Officer responsible for complying with the requirements of SEBI Regulations and the Listing Agreement with the Stock Exchanges in India.

Investor Grievance report for the year 2011-12

The details of the types and number of grievances received and resolved during this period are as under:

Nature of Grievances	Received during the year	Resolved during the year
Non-Receipt of Dividend Warrants	5	5
Regarding holding of Equity Shares	1	1
Total	**6**	**6**

There were no outstanding complaints as on 31st March, 2012. 57 requests (3846 Equity shares) for transfers and 14 requests (2136 Equity shares) for transmissions, transposition and deletion of name and 132 requests (1,787,287 Equity shares) for dematerialization were received and approved by the Company. The Company has approved all requests which had fulfilled the legal requirements. In case of those requests where additional information/clarifications were required, the shareholders have been intimated about the requirements.

In addition, various communications viz. request for annual reports, revalidation of dividend warrants, change of address, transfer of shares, etc. have been received from the shareholders by Karvy Computershare Private Limited, Hyderabad, Registrars and Share Transfer Agents of the Company (RTA / Karvy) or at the Registered office of the Company and these have been addressed to the satisfaction of the shareholders.

Every quarter, the Company reviews various communications received by the RTA. These communications and the replies furnished are made available to the Company through RTA's website **http://karisma.karvy.com**

A quarterly report of the same is submitted to the Committee for improving investor relations and services provided to them. Karvy provides high quality of shareholder servicing through their services and updated technological support, thereby ensuring that the Company provides its investors with the best possible services.

Suspense Account for the unclaimed shares

Pursuant to clause 5A of the Listing Agreement, the Company has sent reminders to Shareholders with regard to unclaimed shares out of the shares issued by the Company. Necessary formalities will be fulfilled by the Company to transfer the unclaimed shares into the suspense account.

Share Transfer Committee – A Sub Committee of Shareholders' Committee

A Share Transfer Committee has been constituted by the Board to ensure timely and efficient servicing of requests for share transfers and transmissions.

Composition

The Committee comprises the following members:

- **Mr. Udayant Malhoutra, Chairman**
- Mr. N. Rajagopal, Member
- Ms. G. Haritha, Member upto February 13, 2012
- Ms. Sindhu M, Member with effect from February 13, 2012

The Committee has the responsibility of approving cases which comply with the required provisions of the applicable laws of India relating to share transfers, transmissions, transpositions, duplicate share certificates, exchange, consolidations, etc, on a fortnightly basis. The status on complaints and share transfers is reported to the Shareholders' Committee and subsequently to the Board.

Share transactions in electronic form can be effected in a much simpler and faster manner. After confirmation of sale / purchase transaction from the broker, shareholders should approach the depositary participant with a request to debit or credit the account for the transaction. Shareholders are periodically requested to utilize the demat facility.

4. Technology Development Committee (a voluntary initiative by the Company)

The Technology Development Committee, which was constituted by the Board in 2003, provides direction on the Company's Research and Development strategy and on key issues pertaining to R&D technology. The Committee also reviews and updates the skills and competence required, the structure and the process needed to ensure that the R&D initiatives of today result in products necessary for the sustained and long term growth of the Company. The Committee is instrumental in augmenting the Intellectual properties of the Company. Resultant is the host of patents and trade marks for the Company's products and process in India and across the globe from time to time.

Objectives

- Develop products and technologies keeping in mind the customers and business strategy of the Company.
- Provide effective project support and assurance to production and its business.
- Provide best technical assistance available across the globe.
- Exploit synergies through cutting edge technologies.
- Deploy scientists, engineers to meet current and future business needs.
- Promote and develop Intellectual Property to processes and products.
- Work as a Design & Developmental partner with customers in future technologies across the units.
- Innovation on extreme efficiency, value, maximization to serve the new market conditions and safety and reliability of assets, across the Company as a part of its DNA.

Composition

The Committee comprises the following members:

- **Dr. K. Aprameyan, Chairman**
- Air Chief Marshal S. Krishnaswamy (Retd.)
- Mr. Raymond Lawton
- Ms. Malavika Jayaram
- Mr. N. Rajagopal
- Mr. Udayant Malhoutra

Attendance at the Technical Development Committee meetings during the year 2011-12

During the year under review, the Committee had one (1) meeting on November 14, 2011, wherein all the members of the Committee were present.

The Technical and operations heads attend the Committee meeting to present the improvements made with regard to new technical products and innovation, which deliver greater value to its existing and new customers.

5. Nomination Committee

The Board at its meeting held on May 14, 2010, constituted the Nomination Committee.

Objective

The Committee considers:

- Proposals for searching, evaluating, and recommending appropriate Independent Directors and Non-Executive Directors, based on an objective and transparent set of guidelines which should be disclosed and should, inter-alia, include the criteria for determining qualifications, positive attributes, independence of a director and his/her availability of time to devote to the job.
- Determining processes for evaluating the skill, knowledge, experience and effectiveness of individual Directors as well as the Board as a whole.
- Evaluating and recommending the appointment of Executive Directors.

Composition

The Committee comprises of the following members:

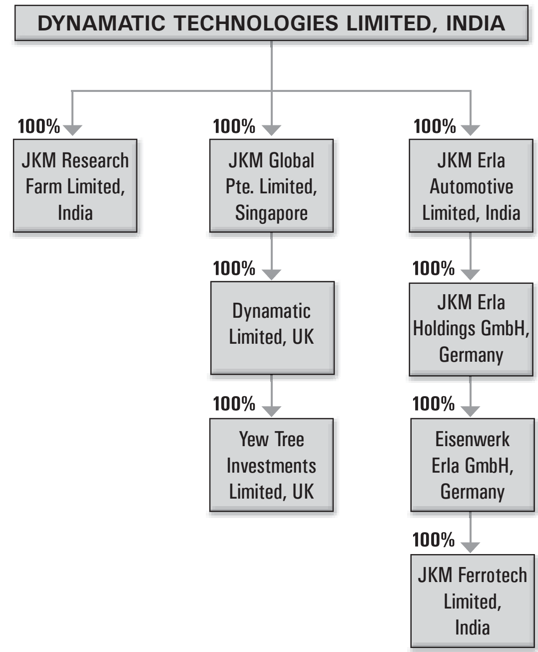
- **Mr. Vijai Kapur – Chairman of the Board**
- Air Chief Marshal S. Krishnaswamy (Retd.) – Chairman of Leadership Committee
- Mr. S. Govindarajan – Independent Director
- Mr. Udayant Malhoutra – CEO & Managing Director

SUBSIDIARY COMPANIES

All the subsidiary companies of the Company are professionally driven by their respective Boards for management in the best interests of their stakeholders. The Executive Directors of the Subsidiaries may be nominated as Non-Executive Directors of the Company. Financial statements, in particular the investments / loans made by the unlisted subsidiary companies, are reviewed quarterly by the Audit Committee of the Board. All minutes of the meetings of subsidiary companies are placed before the Company's Board regularly.

A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board periodically.

The Company has the following Subsidiaries:



Pursuant to MCA's circular No. 2/2011 dated February 8, 2011, which exempts companies from attaching the Balance Sheet and other reports of the subsidiaries provided the companies comply with the requirements as issued by the said notification, the accounts of the Subsidiaries are not forming part of this Annual Report.

However, a statement showing the relevant details of the Subsidiaries is enclosed and is a part of the Annual report.

D. DISCLOSURES TO SHAREHOLDERS

Communication to the Shareholders

The quarterly results of the Company are published in all India editions of the Business Standard and in the Bangalore edition of Sanjevani. The results are displayed on the Company's website www.dynamatics.com within 24 hours of release. The Company's website is regularly updated with enterprise-wide news and events of material importance. Official announcements and media releases are sent to the Stock Exchanges regularly.

Conference calls with Analysts and Shareholders / Investors are conducted as may be necessary from time to time.

The Annual Report containing, inter alia, Audited Financial Statements, Consolidated Financial Statements, Directors' Report, Auditors' Report, and other important information is circulated to members and others entitled thereto.

The Company issues reminders to concerned shareholders about unclaimed dividends as well as physical shares which require demat.

Management Discussion and Analysis Report

This forms part of the Directors' Report.

Risk Management Policy

Risk Management Policy was approved by the Board of Directors, at its meeting held on August 3, 2012.

Proceeds from Public Issue, Rights Issue and Preferential Issue, etc.

No money was raised through any of the aforesaid means during the financial year under review.

Remuneration of Directors

Compensation in the form of sitting fees to Non-Executive Directors and remuneration to Executive Directors, including the number of shares held by the Directors has been disclosed elsewhere in this report.

Non Compliances

There are no instances of non-compliance by the Company or penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authorities, on any matter related to capital markets during the last three years.

Disclosure of materially significant Related Party Transactions i.e transactions of the Company of material nature, with its Promoters, the Directors or the management, their relatives, or Subsidiaries, etc. that may have potential conflict with the interests of the Company at large.

All related party transactions have been entered into in the ordinary course of business and were placed before the Audit Committee in a summarized form.

All individual transactions with related parties were on an arm's length basis and are intended to further the interests of the Company. The Accounting Standards issued by the Institute of Chartered Accountants of India as applicable to the Company from time to time, have been complied with in preparation of the financial statements. A detailed report is disclosed as a part of financial statements in this Annual Report.

Whistle Blower mechanism

The Company promotes ethical behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. Employees may bring any violation of laws, rules, regulations or unethical conduct to the notice of their immediate head of operations or through Employee Participation Program. The employees are also encouraged to contact any Executive Director of the Company including the CEO & Managing Director about such matters. The Directors and the management personnel are mandated to maintain the confidentiality of such reporting and ensure that no discriminatory actions are taken.

General Body meetings

Annual General Meetings/ Extraordinary General Meeting:

Location, date and time of the Annual General Meetings/Extraordinary General Meetings held during the preceding three years and the special resolutions passed thereat are as follows:

Year	Venue	Date and Time	Special Resolution Passed
2008-09 AGM	Registered Office, Bangalore	August 25, 2009 at 3.00 pm	• Approval for borrowing powers in excess of paid up capital and free reserves not exceeding ₹350 crore.
2009-10 AGM	Registered Office, Bangalore	September 22, 2010 at 3.00 pm	• Approval for re-appointment of Mr. B. Seshnath, ED & CMO
2010-11 AGM	Registered Office, Bangalore	August 13, 2011 at 3.00 pm	• Inter-corporate loans and investments in JKM Erla Automotive Limited loan up to ₹100 crore and security / guarantee up to ₹100 crore. • Amendment to terms of appointment of Mr. Udayant Malhoutra, CEO & MD

During the year, there was no resolution passed through Postal ballot within the meaning of Section 192A of the Companies Act, 1956.

General Shareholder Information

The Company was incorporated in Bangalore, in 1973, as ***Dynamatic Hydraulics Limited*** within the provisions of the Companies Act, 1956, and changed its name to ***Dynamatic Technologies Limited*** in 1992.

The address of registered office is Dynamatic Park Peenya, Bangalore 560 058, Karnataka, India.

Unclaimed Dividend

Section 205 of the Companies Act, 1956 mandates that companies transfer dividend that has been unclaimed for a period of seven years from unpaid dividend account to the Investor Education and Protection Fund (IEPF). As given in the following table, the dividend for the years mentioned below, if unclaimed within a period of seven years, will be transferred to IEPF.

Dividend for the year	Date of declaration of dividend	Last date for claiming unclaimed dividend	Due date for transfer to IEPF
2004-05			
Final Dividend	23.07.2005	23.07.2012	21.08.2012
2005-06			
Interim Dividend	25.11.2005	25.11.2012	24.12.2012
Final Dividend	16.09.2006	16.09.2013	15.10.2013
2006-07			
Interim Dividend	08.06.2007	08.06.2014	07.07.2014
Final Dividend	29.09.2007	28.09.2014	27.10.2014
2007-08			
Interim Dividend	22.01.2008	22.01.2014	20.02.2014
Final Dividend	27.09.2008	27.09.2014	26.10.2014
2008-09			
Interim Dividend	02.05.2009	02.05.2016	31.05.2016
Final Dividend	25.08.2009	25.08.2016	23.09.2016
2009-10			
Interim Dividend-I	29.10.2009	29.10.2016	27.11.2016
Interim Dividend-II	30.01.2010	30.01.2017	26.02.2017
Final Dividend	22.09.2010	22.09.2017	21.10.2017
2010-11			
Interim Dividend-I	12.11.2010	12.11.2017	11.12.2017
Interim Dividend-II	07.02.2011	07.02.2018	08.03.2018
Final Dividend	13.08.2011	13.08.2018	11.09.2018
2011-12			
Interim Dividend I	12.11.2011	12.11.2018	11.12.2018
Interim Dividend II	13.02.2012	13.02.2019	14.03.2019

Such shareholders who have not claimed their dividend are advised to claim the same. Before transferring any amount to IEPF, the Company has been giving individual intimation to the shareholders in respect of whose unclaimed dividend the amount is being transferred, at least six months before the due date for such transfer.

Dividend payment to Shareholders

The Board of Directors of the Company declared Interim Dividend of ₹6/- (Rs.3/- on each instance) per share of face value ₹10/- each at its Board meetings held on November 14, 2011 and February 13, 2012.

The record dates for the purpose of payment of Interim Dividend were fixed as November 19, 2011 and February 18, 2012.

The Board of Directors have recommended a Final Dividend of ₹2/- per share.

Register of Members and share transfer books will remain closed from September 21, 2012 to September 28, 2012 (both days inclusive) to determine the entitlement of shareholders to receive the Final Dividend as may be declared for the year ended March 31, 2012.

Final Dividend will be paid on or before October 27, 2012, to those members whose names appear on the Company's register of members, after giving effect to all valid share transfers in physical form lodged with Karvy.

In respect of shares held in electronic form, dividends will be paid to those members whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the opening hours on September 21, 2012.

Investor services

The Company has paid the listing fee for the year 2011-12 to the Stock Exchanges, where the shares of the Company are listed in India.

Annual General Meeting for the year 2011-12

Date and time	Friday, September 28, 2012 at 10:00 a.m.
Venue	Dynamatic Park Peenya Bangalore 560058
Financial calendar	Our tentative calendar for declaration of results for the financial year 2012-13 is given below:

Calendar for Reporting:

Quarter ended	**Release of results**
June 30, 2012	Before August 14, 2012
September 30, 2012	Before November 14, 2012
December 31, 2012	Before February 14, 2013
March 31, 2013	By end of April/May 2013

International Securities Identification Number (ISIN No):

ISIN is the identification number for traded shares, which needs to be quoted in every transaction relating to the dematerialized shares of the Company. The ISIN for Company's equity shares is INE221B01012.

Corporate Identity Number (CIN):

The CIN, allotted by the Ministry of Corporate Affairs, Government of India, is L72200KA1973PLC002308.

Distribution Schedule as on March 31, 2012

Category (Amount) (₹ 10/- per share)	No. of Shareholders	Amount	% of Amount
1 – 5000	4725	3454150.00	6.38
5001 – 10000	176	1226840.00	2.27
10001 – 20000	75	1105000.00	2.04
20001 – 30000	23	554210.00	1.02
30001 – 40000	13	459430.00	0.85
40001 – 50000	6	287090.00	0.53
50001 – 100000	17	1223640.00	2.26
100001 & Above	22	45836670.00	84.65
Total	5057	54147030.00	100.00

Shareholding Pattern as on March 31, 2012

Category	No. of shares	% of holding
PROMOTERS HOLDING		
Indian Promoters		
Udayant Malhoutra	902728	16.67
JKM Holdings Private Limited	907415	16.76
Udayant Malhoutra & Company Private Limited	642011	11.86
JKM Offshore India Private Limited	442071	8.16
Wavell Investments Private Limited	96131	1.78
Barota Malhoutra	4938	0.09
Vita Private Limited	100	0.00
Christine Hoden (I) Private Limited	100	0.00
Primella Sanitary Products Private Limited	100	0.00
TOTAL	2995594	55.32
NON-PROMOTERS HOLDING		
Institutional Investors	-	-
Mutual Funds	10550	0.19
Banks, Financial Institutions, Insurance Companies	392	0.01
Foreign Institutional Investors	1367386	25.25
TOTAL	1378328	25.46
OTHERS		
Private Corporate Bodies	108600	2.01
Indian Public	902859	16.67
NRIs/OCBs	25433	0.47
Trust	3796	0.07
Clearing Agents	93	0.00
TOTAL	1040781	19.22
GRAND TOTAL	54147013	100.00

Share market price data

The monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Limited and National Stock Exchange of India Limited for the year 2011-2012:

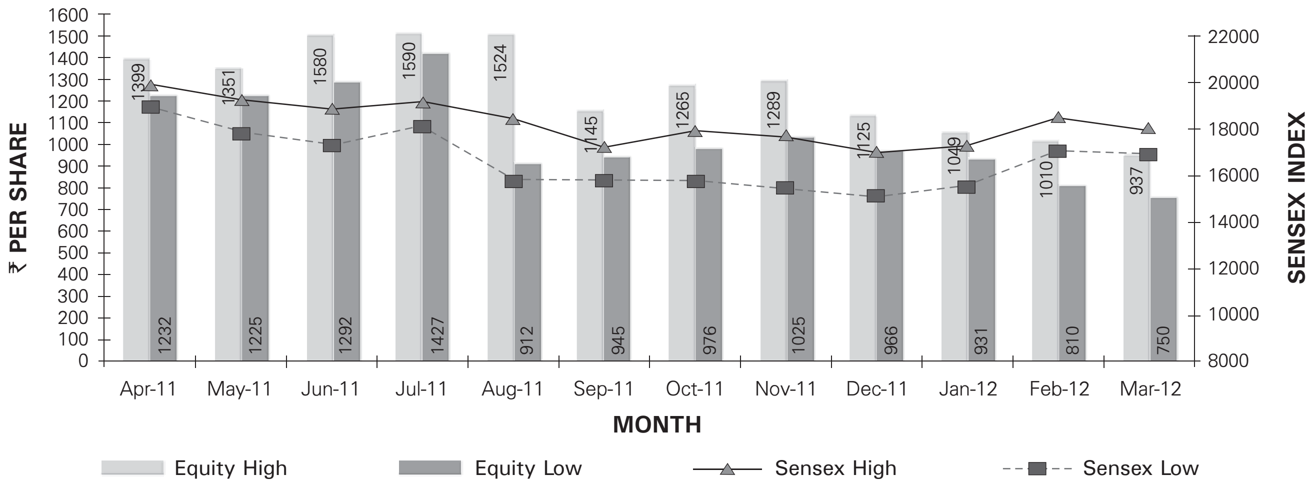
Month	BSE			NSE		
	High (₹)	Low (₹)	Volume of shares traded	High (Rs.)	Low (Rs.)	Volume of shares traded
April 2011	1399.00	1232.00	11046	1424.00	1242.00	15777
May 2011	1351.00	1225.15	6682	1365.90	1211.50	12382
June 2011	1580.00	1292.15	82182	1573.95	1291.00	78873
July 2011	1590.00	1427.00	14896	1593.90	1435.00	11792
August 2011	1524.00	912.15	23597	1500.50	971.10	42516
September 2011	1145.00	945.00	84069	1138.00	944.00	89439
October 2011	1265.00	976.00	32816	1265.80	970.00	43836
November 2011	1288.90	1025.00	13132	1289.00	1013.65	7743
December 2011	1125.00	966.00	18892	1129.00	953.00	8244
January 2012	1048.50	931.00	12480	1048.00	900.00	6464
February 2012	1009.85	810.00	5820	1024.00	795.70	11609
March 2012	937.00	750.00	38733	863.00	750.00	27472

Note:

High and Low are in rupees per traded share. Volume is the total monthly shares traded.

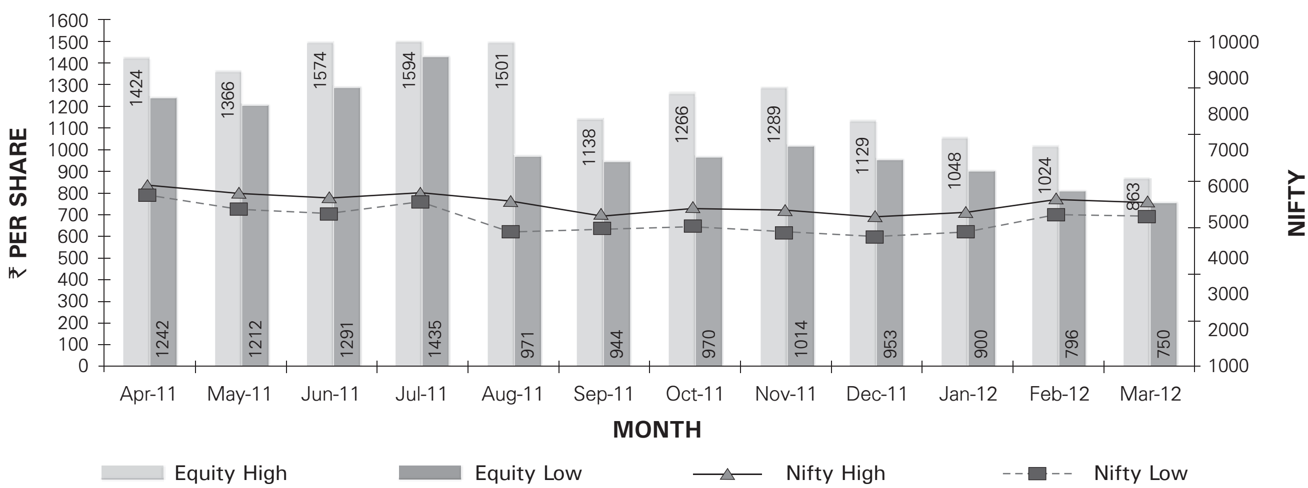
Comparison of Company's share price movement with BSE Sensex

DTL Equity Price Vs BSE Sensex



Comparison of Company's share price movement with NSE Nifty

DTL Equity Price Vs NSE Nifty



Status of dematerialization of shares

Particulars	March 31, 2012		March 31, 2011	
	No. of shares	% of total shares	No. of shares	% of total shares
National Securities Depository Limited	5,087,139	93.95	3,289,312	60.67
Central Depository Services (I) Limited	138,555	2.56	159,040	2.94
Total Dematerialized	5,225,694	96.51	3,444,352	63.61
Physical	189,009	3.49	1,970,351	36.39
Grand Total	**5,414,703**	**100.00**	**5,414,703**	**100.00**

- No GDRs / ADRs / Warrants or any Convertible Instruments have been issued by the Company.

PLANT LOCATION:

1. Dynamatic Park, Peenya, Bangalore – 560 058
2. Sipcot Industrial Park, Irrungattukottai, Sriperumbudur, Tamil Nadu
3. K-4, II Phase, Sipcot Industrial Complex, Gummidi Poondi, Thiruvallur, Tamilnadu
4. Airforce Toad, HAL Ancillary Unit – III, Ojhar, Niphad, Nasik, Maharashtra
5. Cheney Manor, Swindon, Wiltshire, SN2 2PZ, England
6. Jarvis Street, Barton Hill, Bristol, BS5 9TR, England
7. Gießereistraße 1, 08340 Schwarzenberg/Erzgeb, Germany

INVESTOR GUIDE

Investor contacts

For queries relating to financial statements / shares / dividends / complaints / Investor correspondence

Ms. Sindhu M
GM – Compliance, Legal & Company Secretary
Tel +91 80 2839 4933 / 34 / 35 Extn. 254
Fax +91 80 2839 5328
Email id: investor.relations@dynamatics.net

Registrar and Share Transfer Agents
Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar
Madhapur, Hyderabad -500 081
Tel.: +91 40 2342 0815 -20
Email: sreedharamurthy@karvy.com

Depository for Equity shares

National Securities Depository Limited
Trade World, A Wing, 4th Floor
Kamala Mills Compound
Senapathi Bapat Marg, Lower Parel
Mumbai 400 051
Tel.: +91 22 2499 4200

Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers
17th Floor
Dalal Street, Fort
Mumbai 400 001
Tel.: +91 22 2272 3333

Shareholders holding shares in demat/electronic form are requested to approach their Depository participants for effecting the following changes in your holdings in their records:

- Change of postal address
- Change of bank details for receiving dividends
- Incorporating of ECS for receiving dividends through money transfer
- Change in residential status
- Incorporation of PAN
- Incorporation of Nomination
- Transfer of shares or effecting transposition of names of share holders

Further, for any corporate actions like payment of dividends, etc., the Company will take your shareholding details from your DP account through the data downloaded from the Depositories.

Addresses of Stock Exchange/s

Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

BSE Code- 505242

National Stock Exchange of India Limited (NSE)
"Exchange Plaza"
Bandra - Kurla Complex, Bandra East
Mumbai 400 051

NSE Code : DYNAMATECH

NOTE:

As usual, the Company will be providing transport facility at 8:30 a.m. from Minerva Mills and from Unity Building to the venue. After the meeting, shareholders will be dropped back at their pick up point. Those who wish to avail this facility are requested to confirm the same at the following numbers:

Tel: +91 80 2839 4933 / 34 / 35 (Extn: 254) (Contact: Mr. J. Devaraj, Manager - Secretarial)

You may email in your request to: **investor.relations@dynamatics.net**

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members of
Dynamatic Technologies Limited

We have examined all the relevant records of Dynamatic Technologies Limited ("the Company") for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the financial year ended 31 March 2012. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid Listing Agreement.

for **VEV and Co.,**
Company Secretaries

R.Vijayakumar
Partner
FCS – 6418; COP – 8667

Place : Bangalore
Date : August 3, 2012

"Your beliefs become your thoughts. Your thoughts become your words. Your words become your actions. Your actions become your habits. Your habits become your values. Your values become your destiny."

- Mahatma Gandhi

CORPORATE SUSTAINABILITY REPORT

MESSAGE FROM THE C.E.O & MANAGING DIRECTOR

If Dynamatic Technologies has been successful in consistently achieving high growth rates, it is largely due to its philosophy of proactively pursuing balanced and sustainable business policies.

These include a deep commitment to improving the quality of its products on a continual basis, providing improved value to its customers, improving the quality of life of its employees, providing a secure environment for its financiers and suppliers, and contributing to our Society, Environment and Nation.

Our approach towards sustainability has not been based on stand-alone initiatives, but rather on a holistic and integrated approach to business development. Happy employees are performers. They develop innovative products efficiently, and serve customers' needs by delivering value for money. This ensures the long-term economic relevance of our enterprise, in turn creating a secure environment for financiers and suppliers. From this basic business cycle, come profits on a sustainable basis.

The core mission is to help enrich the quality of life of the community and preserve ecological balance and heritage through a strong environment conscience.

Key Learnings

A business philosophy that abjures waste and is based on conservation and optimal utilization of resources, will also simultaneously deliver superior financial results along with a positive ecological impact.

A focus on Safety, Human Resource Development and enhancement of Intellectual Property will help de-risk the Company, and also contribute to societal development.

Eventually sustainable business policies form an important and integral part of good corporate governance.

Udayant Malhoutra
Chief Executive Officer & Managing Director

Clean Energy generated by the JKM Wind Farm at Coimbatore

1. OUR VISION, BUSINESS PHILOSOPHY AND SUSTAINABILITY

A Company like Dynamatic Technologies is essentially an organ deploying significant contribution to the growth of the country's economy and society's well being. We, therefore, are aware of the need to work beyond financial considerations and put in that little extra to ensure that we are perceived not just as corporate entities that exist for profits, but as a wholesome entity created for the good of the society and for improving the quality of life of the communities we serve. Our commitment to responsible citizenship also includes conservation of natural resources and protection of the soil, water and climate required to sustain life on earth.

- To secure market leadership, technological competence and enhance brand equity as a global leader
- To provide a safe, nurturing and learning environment for our human resources
- To have a zero tolerance of any transmission of wastes into the environment
- To secure and de-risk financiers and suppliers
- To transform the Company into a global R&D organization, with a pre-eminent market position in the Hydraulic, Automotive and Defence sectors in Asia
- To consistently achieve returns higher than the cost of capital
- To comply with all legal requirements expected of the Company in every country we are present

- To enhance shareholder wealth
- To help in the creation of a strong, modern and vibrant India
- To be an example to any corporate, anywhere in the world, in terms of global best-in-class environmental practices.
- To conduct business affairs, employing the highest standards of personal and corporate conduct.
- To wholly co-operate in proposals of the Government – Central or State, in various activities concerning social cause.

Our Vision & Business Philosophy is driven by our Values, which are:

1.1. CUSTOMER CENTRIC RESEARCH

Over the years, Dynamatic® Divisions and Subsidiaries have forged deep and lasting relationships with all their stakeholders, which have enabled them to grow continuously. These relationships are based on mutual trust and respect, and upon their collective capabilities in delivering complex technological solutions, at economically viable price levels.

We are geared towards providing innovative and creative solutions to our customers on a continuous basis. Every business process is built around the customer. We firmly believe that our success is merely a reflection of our ability to delight our customers.

We interact constantly with our customers, understand their needs and endeavor to satisfy them. We strive to satisfy the customers' stated and unstated needs, by understanding applications and anticipating future trends. We spend considerable time in the field, listening to farmers, mechanics, drivers, equipment handlers... And very often suggest improvements to our customer, before their customers do. Our technology and quality processes are therefore predictive in nature, anticipating change, rather than reacting to it.

1.2 EMPHASIS ON KNOWLEDGE ACQUISITION AND APPLICATION

Dynamatic® has been adopting and following world-class business practices, at its modern manufacturing facilities located at Bangalore, Chennai, Nasik (India), Swindon, Bristol (U.K) and Erla (Germany). All are eco-friendly and designed to eliminate waste. We constantly strive to deliver superior value to our customers by challenging ourselves and pushing the boundaries of knowledge through imagination and diligence. This approach has led us to continuously innovate and develop highly engineered products, through investment in R&D, process improvements and elimination of operational inefficiencies. This has resulted in us building a successful business model for ourselves, capable of returning high yields to investors and improving the quality of life of all employees, as well as the society/community in which we exist and work. As Dynamatic® globalizes, these values will be extended across the world, and in turn, new learnings, best practices, processes and experiences will be absorbed into the existing organization.

1.3 HUMAN CAPITAL

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

At Dynamatic®, we firmly believe that the key to sustained growth is not mere addition to physical capacities but is actually the ability to dramatically enhance and utilize human capabilities.

1.4 SOCIETAL LINKAGES

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

WOMEN Power

Diversity @ Work

Gender Diversity has been a key thrust area at Dynamatic®, with the Company being focused on initiatives to increase the representation of women in the work-force. The diversity initiatives adopted by Dynamatic® resulted in a

485%

increase in the employment of Women Associates at its Automotive Facility in Chennai - from 55 in 2011 to 322 in 2012.

At the same time, as we globalize, we travel with an open mind, learning from and contributing to every society we are part of.

2. DIMENSIONS OF SUSTAINABILITY

2.1. SUSTAINABILITY POLICY

We at Dynamatic® are driven by the fundamental objective of enhancing the value of the Company to all stakeholders, such as shareholders, customers, suppliers, financiers, employees and to the society at large. We firmly believe that sustained growth can only be fostered by developing a work ethic founded upon the core values of integrity, transparency, professionalism, empowerment and accountability. We endeavor to uphold and nurture these core values in all facets of operations. Being a responsible corporate citizen, we understand that sustained growth can only come about when equal attention is paid to all elements of the Triad of Sustainability, namely Economic Growth, Environment Friendliness and Social Equity. We believe that such growth can only be achieved through a firm commitment to these elements over the long term, and are prepared to take actions commensurate to this goal.

2.2 THE TRIAD OF SUSTAINABILITY

At Dynamatic®, the path to sustainability has the following elements:

Economic Growth, Environment-Friendliness and Social Equity.

2.2.a. ECONOMIC GROWTH

- Value Engineering: reduction of raw material consumption by optimizing product design
- Maximize our efforts in developing new products and cost effective applications through continuous innovation
- Development of complete hydraulic solutions for mechanized agriculture, earth moving, material handling, machine tools, defense and precision parts for aerospace applications
- Secure market leadership, technological competence and brand equity as a global leader.
- Maximization of productivity and maintenance of cost leadership
- Continue to enhance the value of the Company to the shareholders

2.2 b. ENVIRONMENT- FRIENDLINESS

- Treatment of wastage water and using it for gardening as a process of water conservation.
- Rainwater harvesting
- All business processes are designed to ensure that no wastage is transmitted to our environment
- Energy consumption in each plant is monitored, optimized and minimized
- Design and Redesign products that are safe, energy saving and environment friendly
- Design all our processes with efficiency and energy conservation in mind.
- Wind farm to harness renewable source of energy.

2.2.c. SOCIAL EQUITY

- Not allowing any form of discrimination in employment or promotion
- Imparting training and development programs to facilitate multi-tasking and multi-skilling
- Practicing safety norms and help protection. Standing as a model by winning safety awards
- Emissions: the air quality in our plants is continuously monitored for suspended particulate matter, and is kept well within safe limits.
- Foster a culture of empowerment
- Elevation of workers into management cadre
- Promote the usage of six sigma practices amongst all employees
- Practice open dialogue with employees, customers, government agencies, trade associations and with communities all around our facilities
- Undertake disaster relief programs in times of need (earthquake, floods, Tsunami, etc.)
- Interactive sessions with local community
- Increase employment of Women
- Increase employment of individuals coming from disadvantaged communities.

SOCIAL Responsibility

Dynamatic® reaches out to the communities it is a part of, to assist in local area development, both social and environmental.

As a part of its Social Development Programme, Dynamatic® has adopted a Government Primary School near its facilities in Bangalore, and, this year, has sponsored the construction of sanitary facilities for the benefit of the students and teachers.

ETHICS

Code of Business Conduct for employees across the Dynamatic Group and Code of Conduct for Board Members & Senior Management Personnel have been formulated. These are formal articulations of our approach and position on multiple dimensions of business ethics and integrity.

Code of Business Conduct for employees provides policy shelter on a wide range of issues of ethics, labour and human rights – prevention of fraudulent and corrupt practices, freedom of association, elimination of child and forced labour, advertisement and media policy, avoidance of conflict of interest, prevention of sexual harassment and unyielding integrity at all times.

CORPORATE GOVERNANCE

We believe that sound corporate governance is vital to enhance the trust reposed in us by our stakeholders. Accordingly, we consistently strive to ensure that we attain our goals with integrity.

The Board of Directors exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures always seek to attain the best practices in corporate governance. We also endeavour to enhance long-term shareholder value and respect minority rights in all our business decisions.

Over the years, our Board has strived to achieve compliance with the corporate governance requirements, both mandatory as well as voluntary, to help fulfil our responsibility towards the stakeholders. The detailed Corporate Governance Report forms part of this Annual Report.

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Ministry of Corporate Affairs (MCA) vide its circulars dated April 21, 2011 and April 29, 2011, has taken a 'Green Initiative in the Corporate Governance', thereby allowing companies to serve documents to its shareholders through electronic mode.

Environment conservation and sustainable development are continuously on your Company's radar and therefore your Company supports MCA in this initiative.

Accordingly, the Company advised its shareholders to register their email IDs with the Company / Registrar & Share Transfer Agent to enable sending documents such as notices of general meeting (s), annual reports and other communications to the shareholders through e-mail. In a phased manner, sending hard copies of communications will be discontinued. All such documents shall be available on the Company's website **www.dynamatics.com** and shall also be kept open for inspection at the Registered Office of the Company during office hours.

WORLD Environment Day

At Dynamatic Park, we 'grow vertically green' to offset the loss of green cover caused by the building of modern facilities. Trees, shrubs and plants are planted to provide green cover vertically rather than horizontally and on June 5, 2012, Dynamatic® celebrated the World Environment Day by planting saplings at Dynamatic Park.

AUDITORS' REPORT
TO THE MEMBERS OF DYNAMATIC TECHNOLOGIES LIMITED

We have audited the attached balance sheet of Dynamatic Technologies Limited ("the Company") as at 31 March 2012, the statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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.

As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Ministry of Corporate Affairs in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

(a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) the balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

(e) on the basis of written representations received from the directors, as at 31 March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act on the said date;

(f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2012;

   (ii) in the case of the statement of profit and loss, of the profit of the Company for the year ended on that date; and

   (iii) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

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

Sunil Gaggar
Partner
Membership number: 104315

Place : Bangalore
Date : 3 August, 2012

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in our report to the members of Dynamatic Technologies Limited ("the Company") for the year ended 31 March 2012. We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once in two years. In accordance with this policy, fixed assets were verified in the previous year and no material discrepancies were observed on such verification.

(c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.

(ii) (a) The inventory, except goods-in-transit and stock lying with third parties, has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.

(b) The procedures for physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company has maintained proper records of inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) (a) The Company has granted unsecured loans to four subsidiary companies covered in the register maintained under Section 301 the Act. The maximum amount outstanding during the year and the year-end balance of such loans are as follows:

Name of the Company	Maximum amount outstanding during the year	Balance as at 31 March 2012
JKM Erla Automotive Limited	48,019,310	21,059,174
JKM Ferrotech Limited	141,408,037	136,702,552
JKM Global Pte Limited	155,961,759	150,643,673
JKM Research Farm Limited	14,944,681	12,621,765

The Company has not granted any other secured or unsecured loans to company, firm or other parties covered in the register maintained under Section 301 of the Act.

(b) There are no stipulations as to the repayment of the principal amount of the above loans. Further, loans given to JKM Erla Automotive Limited and JKM Research Farm Limited are interest free. The Company has not granted any other loan, secured or unsecured, to any other companies, firms or other parties covered in the register maintained under Section 301 of the Act which are, prima facie, prejudicial to the interest to the Company.

(c) In respect of the principal payment of the above loans, the Company has not sought the repayment of the loan and accordingly 4(iii)(c) and 4(iii)(d) of the Order is not applicable for the said loans.

(d) The Company has taken loan from company covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was ₹60,000,000 and the year-end balance of such loans was ₹5,000,000. The Company has not taken any other loans from company, firm and other party covered in the register maintained under Section 301 of the Act, 1956.

(e) In our opinion, the rate of interest and other terms and conditions on which loan have been taken from company, listed in the register maintained under section 301 of the Act, is not, prima facie, prejudicial to the interest of the Company.

(f) In the case of loans taken from the company listed in the register maintained under Section 301 of the Act, the Company has been regular in repaying the principal amounts as stipulated and in the payment of interest.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weaknesses in the internal control system during the course of the audit.

(v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.

(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of ₹5 lakh with each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, Section 58AA or other relevant provisions of the Act and the rules framed thereunder/ the directives issued by the Reserve Bank of India (as applicable) with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under Section 209(1) (d) of the Act in respect of products manufactured and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities, though there has been a slight delay in a few cases. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues that were in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues in respect of Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty and Excise duty which have not been deposited on account of any dispute.

(x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund/ nidhi / mutual benefit fund/ society.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.

(xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under Section 301 of the Act.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues during the year.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Sunil Gaggar
Partner
Membership number: 104315

Place : Bangalore
Date : 3 August, 2012

BALANCE SHEET AS AT MARCH 31, 2012

(₹ in lacs)

	Note	As at 31 March 2012	As at 31 March 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**541**	541
Reserves and surplus	4	**14,950**	16,617
		15,491	17,158
Non-current liabilities			
Long-term borrowings	5	**19,868**	13,758
Deferred tax liabilities (net)	6	**2,688**	2,620
Other long-term liabilities	7	**1,425**	404
Long-term provisions	8	**48**	69
		24,029	16,851
Current liabilities			
Short-term borrowings	9	**11,967**	9,208
Trade payables	10	**9,542**	5,722
Other current liabilities	11	**7,886**	7,333
Short-term provisions	12	**352**	544
		29,747	22,807
Total		**69,267**	56,816
ASSETS			
Non current assets			
Fixed assets			
- Tangible assets	13	**26,752**	25,323
- Intangible assets	13	**1,568**	798
- Capital work in progress		**8,938**	4,227
- Intangible assets under development		**447**	862
		37,705	31,210
Non current investments	14	**7,040**	5,244
Long-term loans and advances	15	**2,319**	2,293
Other non-current assets	16	**656**	393
		10,015	7,930
Current assets			
Inventories	17	**5,889**	5,720
Trade receivables	18	**9,589**	8,683
Cash and cash equivalents	19	**413**	195
Short-term loan and advances	20	**3,647**	1,634
Other current assets	21	**2,009**	1,444
		21,547	17,676
Total		**69,267**	56,816
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 **B S R & Associates**
Chartered Accountants
Firm Registration Number: 116231W

Sunil Gaggar
Partner
Membership No.: 104315

Place : Bangalore
Date : 3 August, 2012

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

Dr. K APRAMEYAN
Director

AIR CHIEF MARSHAL S.KRISHNASWAMY (Retd.)
Director

S GOVINDARAJAN
Director

GOVIND MIRCHANDANI
Director

MALAVIKA JAYARAM
Director

RAYMOND KEITH LAWTON
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

N RAM MOHAN
Financial Controller

M SINDHU
GM - Compliance, Legal & Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

	Note	For the year ended 31 March 2012	For the year ended 31 March 2011
Revenue from operations			
Sale of products (gross)		**43,677**	34,103
Less: excise duty		**(3,875)**	(3,049)
Sale of products (net)		**39,802**	31,054
Income from project execution services		**4,567**	4,376
Other operating revenues	**22**	**880**	489
		45,249	35,919
Other income	**23**	**924**	121
Total revenue		**46,173**	36,040
Expenses			
Cost of materials consumed	**24**	**24,958**	19,419
Change in inventory of finished goods and work-in-progress	**25**	**(219)**	(368)
Employee benefits expense	**26**	**6,884**	5,191
Finance costs	**27**	**3,948**	2,405
Depreciation	**13**	**2,511**	2,041
Other expenses	**28**	**7,683**	5,178
Total expenses		**45,765**	33,866
Profit before exceptional items and tax		**408**	2,174
Exceptional items	**29**	**(175)**	-
Profit before tax		**233**	2,174
Tax expense			
Current tax		-	442
Minimum alternative tax charge		**89**	-
Minimum alternative tax entitlement		**(89)**	(64)
Deferred tax		**68**	312
Profit after tax		**165**	1,484
Earning per equity share [nominal value of share ₹10 each (previous year ₹10 each)]			
Basic and diluted		**3.05**	27.41
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 **B S R & Associates**
Chartered Accountants
Firm Registration Number: 116231W

Sunil Gaggar
Partner
Membership No.: 104315

Place : Bangalore
Date : 3 August, 2012

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

Dr. K APRAMEYAN
Director

AIR CHIEF MARSHAL S.KRISHNASWAMY (Retd.)
Director

S GOVINDARAJAN
Director

GOVIND MIRCHANDANI
Director

MALAVIKA JAYARAM
Director

RAYMOND KEITH LAWTON
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

N RAM MOHAN
Financial Controller

M SINDHU
GM - Compliance, Legal & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

		31 March 2012	31 March 2011
A	**Cash flow from operating activities:**		
	Profit before tax	**233**	2,174
	Adjustments:		
	Depreciation and amortisation	**2,511**	2,041
	Interest expense	**3,948**	2,405
	Interest income	**(262)**	(111)
	(Profit)/loss on sale/ retirement of fixed assets	**7**	5
	Bad Debts written off	**136**	194
	Provision for bad and doubtful debts	**130**	(140)
	Operating cash flow before working capital changes	**6,703**	6,568
	Changes in trade receivables	**(1,118)**	(2,095)
	Changes in inventories	**(169)**	(1,461)
	Changes in loans and advances and other assets	**(1,237)**	(1,855)
	Changes in trade and other payables	**4,255**	2,449
	Changes in provisions	**26**	84
	Cash generated from operations	**8,460**	3,690
	Income taxes (paid)	**(323)**	(357)
	Net cash from operating activities (A)	**8,137**	3,333
B.	**Cash flows from investing activities**		
	Purchase of fixed assets	**(9,816)**	(8,759)
	Proceeds from sale of fixed assets	**56**	28
	Purchase of investments	**(1,796)**	(145)
	Loans and advances to subsidiary company	**(1,855)**	12
	Interest received	**149**	44
	Net cash used in investing activities (B)	**(13,262)**	**(8,820)**

	31 March 2012	31 March 2011
		(₹ in lacs)
C. Cash flows from financing activities		
Proceeds from borrowings	**13,329**	7,343
Repayment of borrowings	**(3,632)**	(3,381)
Proceeds from cash credits/ working capital loans (net)	**842**	3,191
(Repayment)/ proceeds from buyer's credit (net)	**(723)**	1,046
Proceeds from public deposits (net)	**19**	103
Interest paid	**(3,797)**	(2,277)
Deferral sales tax payment	**(65)**	(33)
Dividend paid	**(541)**	(470)
Dividend tax paid	**(89)**	(89)
Net cash from financing activities (C)	**5,343**	5,433
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**218**	(54)
Cash and cash equivalents at the beginning of the year	**195**	249
Cash and cash equivalents at the end of the year	**413**	195

As per our report of even date attached

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

Sunil Gaggar
Partner
Membership No.: 104315

Place : Bangalore
Date : 3 August, 2012

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

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N RAM MOHAN
Financial Controller

M SINDHU
GM - Compliance, Legal & Company Secretary

1 Company overview

Dynamatic Technologies Limited ("the Company") was incorporated in 1973 as Dynamatic Hydraulics Limited under provisions of the Companies Act, 1956 ('the Act'). In 1992, the name of the Company was changed to Dynamatic Technologies Limited. The Company is in the business of manufacturing automotive components, hydraulics gear pumps, aerospace components and wind farm power generation. The Company is listed in India with National Stock Exchange and Bombay Stock Exchange.

2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a) Basis of accounting and preparation of financial statements

The financial statements are prepared and presented in accordance with the Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention on accrual basis other than the assets revalued. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, ('the Rules') and the relevant provisions of the Act to the extent applicable. The accounting policies have been consistently applied by the Company. The financial statements are presented in Indian rupees rounded off to the nearest lacs.

This is the first year of application of the revised Schedule VI to the Companies Act, 1956 for the preparation of the financial statements of the company. The revised Schedule VI introduces some significant conceptual changes as well as new disclosures. These include classification of all assets and liabilities into current and non-current. The previous year figures have also undergone a major reclassification to comply with the requirements of the revised Schedule VI.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) Fixed assets and depreciation

Tangible fixed assets are stated at the cost of acquisition or construction, less accumulated depreciation. All costs incurred in bringing the assets to its working condition for intended use have been capitalised.

The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

The Company had revalued certain land, building, plant and machineries and electrical installations based on valuations done by an external expert in the year 1991-92 and in 2010-11. Other than land, additional depreciation due to revaluation is adjusted out of revaluation reserve.

Borrowing costs directly attributable to the acquisition/ construction of the qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Exchange differences arising in respect of translation/ settlement of long term foreign currency borrowings attributable to the acquisition of a depreciable asset are also included in the cost of the asset.

Tangible fixed assets under construction are disclosed as capital work-in-progress

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets taken on finance lease are initially capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Depreciation on fixed assets is provided using the straight-line method. The rates of depreciation prescribed in Schedule XIV to the Act are considered as minimum rates. If the Management's estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of the remaining useful life on a subsequent review is shorter than envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the Management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation on the following fixed assets has been provided at the following rates (straight line method), which are higher than the corresponding rates prescribed in Schedule XIV:

	Rate per annum
Data processing equipment	25%
Furniture and fixtures	10%
Office equipment	
- Mobile phones	50%
- Others	20%
Plant and machinery (wind farm)	10.34%

Freehold land is not depreciated. Assets individually costing ₹5,000 or less are fully depreciated in the year of purchase.

Depreciation is provided on a pro-rata basis i.e. from the date on which asset is ready for use.

d) Intangibles fixed assets

(i) Acquired intangible assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss.

Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates.

(ii) Internally generated intangible assets

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable borrowing costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognized in profit or loss as incurred.

Intangible assets are amortized in profit or loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Accordingly, at present, these are being amortized on straight line basis. In accordance with the applicable Accounting Standard, the Company follows a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. However, if there is persuasive evidence that the useful life of an intangible asset is longer than ten years, it is amortized over the best estimate of its useful life. Such intangible assets and intangible assets that are not yet available for use are tested annually for impairment.

Amortization is provided on a pro-rata basis on straight-line method over the estimated useful lives of the assets, not exceeding ten years as detailed below:

Application software	4 years
Prototype/ Product development	8-10 years

e) Inventories

Inventories are valued at lower of cost or net realizable value. Consumable stores and spares used for maintenance are debited to the statement of profit and loss upon issuance.

The cost determined on first-in-first-out (FIFO) basis, comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The comparison of cost and net realisable value is made on an item-by-item basis.

Raw materials and other supplies held for use in production of inventories are not written down below cost except where material prices have declined and it is estimated that the cost of finished products will exceed their net realisable value.

Provision for inventory obsolescence is provided as considered necessary.

f) Employee benefits

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

Post employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Defined benefit scheme

Gratuity and compensated absences liability is a defined benefit scheme and is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. The Company's gratuity scheme is administered by Life Insurance Corporation of India. Actuarial gain/(losses) are charged to the statement of profit and loss.

g) Revenue recognition

Revenue from sale of products is recognized when the risks and rewards of ownership are transferred to customers, which generally coincides with delivery to the customers. The amount recognized as sales is exclusive of excise duty, sales tax, trade and quantity discounts. Revenue from sale of products has been presented both gross and net of excise duty.

Service income is recognized when an unconditional right to receive such income is established.

Revenue from project execution services is recognized on rendering of services in accordance with the terms of the arrangement with customers using proportionate completion method (cost to cost method).

Unbilled revenues included in other current assets represent cost and earnings in excess of billings as at the balance sheet date. Unearned revenues included in current liabilities represent billings in excess of earnings as at the balance sheet date.

Interest on deployment of funds is recognized using the time proportion method, based on the underlying interest rates.

h) Foreign currency transactions and balances

The Company is exposed to currency fluctuations on foreign currency transactions. Transactions in foreign currency are recognized at the rate of exchange prevailing on the date of the transaction. Exchange difference arising on foreign exchange transactions settled during the year is recognized in the statement of profit and loss for the year.

All monetary assets and liabilities denominated in foreign currency are restated at the rates existing at the year end and the exchange gains/losses arising from the restatement is recognized in the statement of profit and loss.

i) Derivative instruments and Hedge accounting

The Company is exposed to foreign currency fluctuations on foreign currency assets, liabilities, firm commitments and highly probable forecasted transactions denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following its risk management policies. In accordance with its risk management policies and procedures, the Company uses derivative instruments such as foreign currency forward contracts, options and currency swaps to hedge its risks associated with foreign currency fluctuations. The Company enters into derivative financial instruments, where the counterparty is a bank.

The Company has applied the principles of AS 30 'Financial Instruments: Recognition and Measurement', to the extent that the application of the principles does not conflict with existing accounting standards and other authoritative pronouncements of the Company Law Board and other regulatory requirements.

The derivatives that qualify for hedge accounting and designated as cash flow hedges are initially measured at fair value and are re-measured at a subsequent reporting date and the changes in the fair value of the derivatives i.e. gain or loss is recognized directly in shareholders' funds under "hedge reserve" to the extent considered effective. Gain or loss upon fair value on derivative instruments that either do not qualify for hedge accounting or are not designated as cash flow hedges or designated as cash flow hedges to the extent considered ineffective, are recognized in the statement of profit and loss.

It is the policy of the Company to enter into derivative contracts to hedge the risk of foreign exchange rate fluctuation and interest rate risks related to the loan liabilities. The derivative arrangements are co-terminus with the loan agreement and it is the intention of the Company not to foreclose such arrangements during the tenure of the loan. Accordingly the Company designates and applies cash flow hedge accounting on such types of arrangements.

Hedge accounting is discontinued when the hedging instrument expires, sold, terminated, or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss on the hedging instrument recognized in shareholder's funds under "hedge reserve" is retained until the forecasted transaction occurs subsequent to which the same is adjusted against the related transaction in statement of profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholder's fund is transferred to statement of profit and loss in the same period.

The fair value of derivative instruments is determined based on observable market inputs and estimates including currency spot and forward rates, yield curves and currency volatility.

j) Warranties

Warranty costs are estimated by the Management on the basis of technical evaluation and past experience. The Company accrues the estimated cost of warranties at the time when the revenue is recognised.

k) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current–non-current classification scheme of revised Schedule VI.

Current investments (including current portion thereof) are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value, if any, is made to recognize a decline other than temporary in the value of the investments.

l) Provisions and contingencies

The Company recognizes a provision when there is a present obligation as a result of past (or obligating) event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

m) Impairment of assets

The Company periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised.

n) Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired on or after 1 April 2001 are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower.

For operating leases, lease payments (excluding cost for services, such as maintenance) are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term. The lease term is the non- cancellable period for which the lessee has agreed to take on lease the asset together with any further periods for which the lessee has the option to continue the lease of the asset, with or without further payment, which option at the inception of the lease it is reasonably certain that the lessee will exercise.

o) Income-tax

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax asset/liability as at the balance sheet date resulting from timing differences between book profit and tax profit are not considered to the extent that such asset/liability is expected to get reversed in the future years within the tax holiday period. Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized. Minimum Alternate Tax ('MAT') paid in accordance with the laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the balance sheet if there is convincing evidence that the Company will pay normal tax in the near future.

The Company offsets, on a year on year basis, the current tax assets and liabilities where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

p) Earnings per share

The basic earnings/ (loss) per share is computed by dividing the net profit/ (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive equity shares during the year.

q) Cash flow statement

Cash flows are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

	As at 31 March 2012	As at 31 March 2011
		(₹ in lacs)
3. Share capital		
Authorised		
Equity shares		
20,000,000 (previous year 20,000,000) equity shares of ₹10 each	**2,000**	2,000
Preference shares		
500,000 (previous year 500,000) redeemable cumulative preference shares of ₹100 each	**500**	500
	2,500	2,500
Issued, subscribed and fully paid up		
Equity shares		
5,414,703 (previous year 5,414,703) equity shares of ₹10 each	**541**	541
	541	541

Reconciliation of shares outstanding at the beginning and at the end of the year:

Particulars	31 March 2012		31 March 2011	
	Number of shares	Amount (₹ in lacs)	Number of shares	Amount (₹ in lacs)
Shares outstanding at the beginning of the year	**5,414,703**	**541**	5,414,703	541
Shares outstanding at the end of the year	**5,414,703**	**541**	5,414,703	541

Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining asset of the Company after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of equity shares allotted as fully paid-up without payment being received in cash during the period of five years immediately preceding the balance sheet date is given below:

Particulars	31 March 2011	31 March 2010	31 March 2009	31 March 2008	31 March 2007
Class of shares (Equity)					
No of shares issued	-	-	-	617,143	-

Details of equity shares allotted as fully paid-up bonus shares during the period of five years immediately preceding the balance sheet date is given below:

Particulars	31 March 2011	31 March 2010	31 March 2009	31 March 2008	31 March 2007
Class of shares (Equity)					
No of shares issued	-	-	-	1,048,390	1,048,390

During the year 2007-2008 1,048,390 and year 2006-2007 1,048,390 shares were allotted by way of bonus shares by capitalization of securities premium and capital redemption reserve.

Particulars of shareholders holding more than 5% equity shares are given below:

Particulars	31 March 2012		31 March 2011	
	Number	% of total share	Number	% of total share
Equity shares of ₹10 each fully paid-up held by				
- Udayant Malhoutra	**902,728**	**16.67%**	963,578	17.80%
- JKM Holdings Private Limited	**907,415**	**16.76%**	803,135	14.83%
- Udayant Malhoutra and Company Private Limited	**642,011**	**11.86%**	676,761	12.50%
- JKM Offshore India Private Limited	**442,071**	**8.16%**	434,769	8.03%
- Samena Special Situations Mauritius	**427,289**	**7.89%**	110,485	2.04%
- FID Funds (Mauritius) Limited	**391,908**	**7.24%**	508,715	9.40%
- Citigroup Global Markets Mauritius Private Limited	**373,327**	**6.89%**	373,327	6.89%

The Company has not bought back any shares during the period of five years immediately preceding the balance sheet date.

(₹ in lacs)

		As at 31 March 2012	As at 31 March 2011
4.	**Reserves and surplus**		
	Capital reserves		
	At the commencement and at the end of the year	**15**	15
		15	15
	Capital redemption reserve		
	At the commencement and at the end of the year	**240**	240
		240	240
	Securities premium account		
	At the commencement and at the end of the year	**7,311**	7,311
		7,311	7,311
	Hedge reserve		
	At the commencement of the year	**(275)**	(121)
	Additions during the year	**(1,325)**	(154)
	At the end of the year (refer note 44)	**(1,600)**	(275)
	Reserve on amalgamation		
	At the commencement and at the end of the year	**154**	154
		154	154
	Revaluation reserve		
	At the commencement of the year	**2,020**	167
	Add: Additions during the year	-	1,856
	Less: Additional depreciation charged on revalued assets	**(2)**	(3)
	At the end of the year	**2,018**	2,020
	General reserve		
	At the commencement of the year	**3,121**	2,973
	Amount transferred from profit and loss balance	**17**	148
	At the end of the year	**3,138**	3,121
	Surplus in the statement of profit and loss balance		
	At the commencement of the year	**4,031**	3,325
	Profit for the year	**165**	1,484
	Appropriations		
	- Interim dividend [amount ₹6 per share (previous year ₹6 per share)]	**(325)**	(325)
	- Proposed dividend [amount ₹2 per share (previous year ₹4 per share)]	**(108)**	(216)
	- Tax on dividend	**(72)**	(89)
	- Transfer to general reserves	**(17)**	(148)
	At the end of the year	**3,674**	4,031
		14,950	16,617

(₹ in lacs)

	As at 31 March 2012	As at 31 March 2011
5. Long-term borrowings		
Secured		
Term loans		
- From bank @	**17,658**	13,110
- Financial institutions @@	**1,701**	-
- from others *	**85**	123
Unsecured		
Deferred payment liability		
- Sales tax deferral loan **	**260**	346
Deposits from shareholders * **	**3**	20
Deposits from others #	**161**	159
	19,868	13,758

@
(Including current maturities of the long term borrowings shown under other current liabilities)

Details of repayment terms, interest and maturity	Nature of security
Term loan from bank aggregating to ₹6,526 lacs (previous year₹7,043 lacs) repayable in 12-14 quarterly instalments. The rate of interest ranges from 14% - 14.15% per annum.	First pari passu charge on the entire moveable and immovable fixed assets of the Company, present and future (other than those exclusively charged). Second pari passu charge on the entire current assets of the Company, present and future.
Term loan from bank aggregating to ₹324 lacs (previous year ₹534 lacs) repayable in 5 quarterly instalments. The rate of interest is 6 months Libor + 2.75%.	
Term loan from bank amounting to ₹5,500 lacs (previous year ₹Nil) repayable after moratorium period of 2 years, in 60 monthly instalments. The rate of interest ranges from 14% - 14.75% per annum.	
Term loan from bank amounting to ₹1,500 lacs (previous year ₹Nil) repayable after moratorium period of 2 years, in 20 quarterly instalments. The rate of interest is 12% per annum.	
Term loan from bank aggregating to ₹2,300 lacs (previous year ₹2,331 lacs) repayable in 16 quarterly instalments. The rate of interest is 13.75% per annum.	
Term loan from bank aggregating to ₹155 lacs (previous year ₹919 lacs) repayable in 16 quarterly instalments. The rate of interest ranges from 6.75% - 7.1% per annum.	
Term loan from bank amounting to ₹3,256 lacs (previous year ₹3,112 lacs) repayable in 16 quarterly instalments. The rate of interest is 9.83% per annum.	
Term loan from bank amounting to ₹1,999 lacs (previous year ₹2,628 lacs) repayable in 8 half yearly instalments. The rate of interest is 9.83% per annum.	
Term loan from bank amounting to ₹Nil (previous year ₹24 lacs) repayable in 42 monthly instalments. The rate of interest is 9.25% per annum.	
Term loan from bank amounting to ₹Nil (previous year ₹9 lacs)	

@@
(Including current maturities of the long term borrowings shown under other current liabilities)

Details of repayment terms, interest and maturity	Nature of security
Term loan from financial institutions aggregating to ₹619 lacs (previous year: ₹Nil) repayable in 59 monthly instalments. The rate of interest is 14% p.a	Secured by way of exclusive charge on assets financed by them. Personal Guarantee of CEO & Managing Director provided till no objection certificates received from lenders.
Term loan from financial institutions aggregating to ₹1,389 lacs (previous year ₹Nil) repayable in 60 monthly instalments. The rate of interest is 9.67% p.a	Exclusive charge of GECSI on assets (as approved by GECSI) financed from the GE loan in accordance with deed of hypothecation.
Deferred payment liability from financial institutions aggregating to ₹112 lacs (previous year ₹Nil) payable in 60 monthly instalments from the date of purchase.	Exclusive charge on assets financed

* Secured by hypothecation of vehicle. The amount is payable in 36 monthly instalments from the date of purchase. The rate of interest for the outstanding vehicle loan ranges from 9.75% p.a to 11.50% p.a.

** To promote the industries in backward area (i.e. @ Irrungattukkottai) Government of Tamil Nadu, announced a sales tax loan facility. To avail the facility, the Company has entered into an agreement with the Sales tax department for deferring payment of sales tax collected during financial year 2001-02 to 2005-06. The deferred amount will be repaid by 2014-15. The amount repayable in 2012-13 is ₹186 lacs and accordingly disclosed as current liability.

*** Deposits from shareholders carry interest rate in the range 10-11 % and are repayable within 1- 3 years from respective date of deposit.

Deposits from others carry interest rate in the range 10-11 % and are repayable within 1- 3 years from respective date of deposit.

(₹ in lacs)

		As at 31 March 2012	As at 31 March 2011
6.	**Deferred tax liabilities (net)**		
	Deferred tax liabilities		
	Fixed assets	**3,021**	2,729
	Deferred tax assets		
	Gratuity	**16**	23
	Compensated absences	**54**	43
	Provision for bad and doubtful debts	**68**	26
	Disallowance under section 40(a) / 43B of income tax act, 1961	-	17
	Brought forward losses	**195**	-
		2,688	2,620
7.	**Other long term liabilities**		
	Advance from customer	**102**	184
	Derivative liability (refer note 11 and 44)	**1,303**	190
	Others	**20**	30
		1,425	404
8.	**Long-term provision**		
	Provision for employee benefit		
	Gratuity (refer note 39)	**48**	69
		48	69

(₹ in lacs)

		As at 31 March 2012	As at 31 March 2011
9.	**Short term borrowings**		
	Secured		
	Loans repayable on demand		
	Cash credit *	**8,551**	7,709
	Unsecured		
	- from banks		
	Foreign currency buyer's credit **	**776**	1,499
	Vendor bill discounting #	**2,590**	-
	Borrowings from shareholder, JKM Holding Private Limited ##	**50**	-
		11,967	9,208

* Cash credit from banks carry interest ranging between 10.50% - 15.25% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock and book debts of the Company.

** The Company has taken foreign currency buyer's credit, which carry interest ranging between 2.55% - 4.25% p.a and are renewable at 6 monthly rest for a maximum of three years.

\# The Company has availed vendor bill discounting facility from banks which carry interest between 12% - 14.50% p.a.., and is payable within 90 days from date of bill discounted.

\## The Company has taken inter corporate loan from JKM Holdings Private Limited, which carry interest @ 14.75% p.a. and is repayable on 15 April 2012.

		As at 31 March 2012	As at 31 March 2011
10.	**Trade payables**		
	Due to micro and small enterprises (refer to note 46)	-	-
	Dues to creditors other than micro and small enterprises	**5,579**	2,829
	Acceptances	**3,963**	2,893
		9,542	5,722
11.	**Other current liabilities**		
	Current maturities of long-term debt (refer note 5)	**4,767**	3,866
	Capital creditors	**783**	1,799
	Acceptances for capital goods	-	222
	Accrued expenses	**613**	339
	Interest accrued but not due on borrowings	**350**	199
	Employee related liabilities	**546**	354
	Derivative liability (refer note 7 and 44)	**297**	85
	Advance from customer	**83**	125
	Dealer deposits	**60**	45
	Unpaid dividend	**30**	30
	Statutory liabilities	**357**	269
		7,886	7,333
12.	**Short-term provisions**		
	Compensated absences	**167**	129
	Provision for warranties (refer note 40)	**56**	47
	Proposed equity dividend [including tax thereon ₹17 lacs (previous year ₹35 lacs)]	**126**	252
	Provision for current tax (net of advance tax)	-	113
	Provision for wealth tax	**3**	3
		352	544

13. FIXED ASSETS

(₹ in lacs)

Particulars	Gross Block							Accumulated Depreciation					Net Block	
	As at 1 April 2011	Additions	Exchange differences	Borrowing costs	Total Additions	Deletions	As at 31 March 2012	As at 1 April 2011	Depreciation for the year	Adjustment due to revaluations	Disposals	As at 31 March 2012	As at 31 March 2012	As at 31 March 2011
Tangible Assets (owned)														
Land	3,866	-	-	-	-	-	3,866	-	-	-	-	-	3,866	3,866
Buildings	5,666	157	19	-	176	-	5,842	794	191	2	-	987	4,855	4,872
Plant and machinery	23,325	2,948	79	32	3,059	27	26,357	9,550	1,740	-	20	11,270	15,087	13,775
Measuring instruments	256	120	1	-	121	-	377	117	13	-	-	130	247	139
Electrical installations	792	44	3	-	47	-	839	202	39	-	-	241	598	590
Data processing equipments	651	54	4	-	58	22	687	513	64	-	14	563	124	138
Office equipments	272	28	-	-	28	2	298	174	34	-	-	208	90	98
Furniture and fixtures	289	20	-	-	20	1	308	164	23	-	1	186	122	125
Tools, dies and moulds	1,266	197	11	1	209	-	1,475	442	147		-	589	886	824
Vehicles	699	93	-	-	93	85	707	184	67		39	212	495	515
Motor boat	381	21	-	-	21	-	402	-	20	-	-	20	382	381
Total tangible assets (A)	**37,463**	**3,682**	**117**	**33**	**3,832**	**137**	**41,158**	**12,140**	**2,338**	**2**	**74**	**14,406**	**26,752**	**25,323**
Intangible assets														
Application software	453	124	5	-	129	-	582	363	56		-	419	163	90
Other intangible assets	854	802	-	58	860	-	1,714	146	163		-	309	1,405	708
Total intangible assets (B)	**1,307**	**926**	**5**	**58**	**989**	-	**2,296**	**509**	**219**		-	**728**	**1,568**	**798**
Total (A) + (B)	**38,770**	**4,608**	**122**	**91**	**4,821**	**137**	**43,454**	**12,649**	**2,557**	**2**	**74**	**15,134**	**28,320**	**26,121**
Previous year	32,453	6,334	34	35	6,403	86	38,770	10,620	2,079	3	53	12,649	26,121	

Notes:

1. Depreciation for the year is reflected as follows:

	2012	2011
Depreciation as per statement of profit and loss	**2,511**	2,041
Depreciation cost capitalised as intangible assets (including CWIP)	**46**	38
	2,557	2,079

(₹ in lacs)

	As at 31 March 2012	As at 31 March 2011
14. Non-current investments		
(valued at cost unless stated otherwise)		
Other than trade investments #		
Investment in equity instruments		
a) Investment in subsidiary - unquoted		
1) 4,999,930 (previous year 4,999,930) equity shares of ₹10 each fully paid up of JKM Research Farm Limited	**500**	500
2) 14,571,451 (previous year 14,571,451) equity shares of $1 each of JKM Global Pte Limited, Singapore *	**4,739**	4,739
3) 17,999,994 (previous year 50,000) equity shares of ₹10 each of JKM Erla Automotive Limited	**1,800**	5
	7,039	5,244
b) Investment in other entities - unquoted		
1) 5,000 (previous year - Nil) equity shares of ₹10 each of Harasfera Design Private Limited	**1**	-
2) 921,530 (previous year 921,530) equity shares of ₹10 each of Murablack (India) Limited	**92**	92
Provision for diminution in value	**(92)**	(92)
	1	-
	7,040	5,244
Aggregate book value of unquoted investments	**7,040**	5,244

* Shares pledged with State Bank of India, London and Punjab National Bank (International) Limited, London, for availing loan facilities by JKM Global Pte Limited, Singapore and Dynamatic Limited, UK, both being subsidiary companies.

	As at 31 March 2012	As at 31 March 2011
15. Long term loans and advances		
Other loans and advances		
Loans and advances to related parties		
Unsecured, considered good		
Loans and advances to subsidiary (refer to note 42)	**1,506**	1,078
Others		
Unsecured, considered good		
Capital advances	**107**	654
Security deposits	**357**	294
Advances to supplier	**46**	85
Advance income tax	**303**	182
	2,319	2,293
16. Other non-current assets		
Other bank balances		
Bank deposits with more than 12 months maturity	**36**	27
Prepaid expenses	**70**	31
Derivative asset	**520**	-
MAT credit entitlement	-	305
Unpaid dividend account	**30**	30
	656	393

(₹ in lacs)

	As at 31 March 2012	As at 31 March 2011
17. Inventories		
(Valued at lower of cost and net realizable value)		
Raw materials	**2,794**	2,956
Work-in-progress	**1,672**	1,420
Finished goods	**727**	760
Stores and spares	**696**	584
	5,889	5,720
18. Trade receivables		
Unsecured		
Outstanding for period exceeding six months		
- Considered good	**1,231**	1,133
- Considered doubtful	**210**	80
Other debts		
- Considered good	**8,358**	7,550
	9,799	8,763
Less: Provision for doubtful receivables	**(210)**	(80)
	9,589	8,683
19. Cash and cash equivalents		
Cash on hand	**4**	3
Balance with banks		
- in current accounts	**409**	192
	413	195
20. Short term loan and advances		
Loans and advances to related parties		
Unsecured, considered good		
Loans and advances to subsidiaries (refer to note 42)	**1,704**	278
Others		
Unsecured, considered good		
Adances to supplier	**438**	504
Cenvat receivable	**838**	598
VAT receivable	**198**	179
Loans to employees	**31**	40
Employee advances	**39**	22
MAT credit entitlement	**394**	-
Others	**5**	13
	3,647	1,634
21. Other current assets		
Other bank balances		
Margin money deposit	**375**	449
Unbilled revenue	**762**	716
Derivative asset	**339**	-
Interest accrued	**216**	103
Prepaid expenses	**313**	156
Others	**4**	20
	2,009	1,444

(₹ in lacs)

	As at 31 March 2012	As at 31 March 2011
22. Other operating revenues		
Scrap sales	**880**	489
	880	489
23. Other income		
Interest income	**262**	111
Management fees (refer note 49)	**657**	-
Miscellaneous income	**5**	10
	924	121
24. Cost of materials consumed		
Raw materials and packing materials consumed*		
Inventory of materials at the beginning of the year	**2,956**	1,961
Add: purchases	**24,796**	20,414
Less: closing stock	**2,794**	2,956
	24,958	19,419
(* the consumption disclosed is based on the derived figures rather than actual records of issue)		
25. Changes in inventory of finished goods and work-in-progress		
Opening stock		
- Finished goods	**760**	771
- Work-in-progress	**1,420**	1,041
	2,180	1,812
Closing stock		
- Finished goods	**727**	760
- Work-in-progress	**1,672**	1,420
	2,399	2,180
	(219)	(368)

(₹ in lacs)

Particulars	31 March 2012			31 March 2011		
	Opening inventory	Closing inventory	Increase/ (decrease) in inventory	Opening inventory	Closing inventory	Increase/ (decrease) in inventory
Manufactured goods						
Hydraulic Gear Pump	**271**	**291**	**(20)**	313	271	42
Exhaust-manifold	**80**	**58**	**22**	46	80	(34)
Compressor housing	**-**	**9**	**(9)**	-	-	-
Water pump	**28**	**21**	**7**	25	28	(3)
Valves	**-**	**-**	**-**	4	-	4
Case front	**66**	**81**	**(15)**	75	185	(110)
Special product	**88**	**55**	**33**	133	88	45
Intake manifold	**27**	**17**	**10**	30	27	3
Rocker cover	**15**	**2**	**13**	9	15	(6)
Rocker arm. - A & B	**36**	**42**	**(6)**	2	36	(34)
Others	**149**	**151**	**(2)**	134	30	104
	760	**727**	**33**	771	760	11
Work-in-progress						
Pumps	**759**	**889**	**(130)**	460	759	(299)
Valves	**111**	**145**	**(34)**	83	111	(28)
Intake Manifold	**187**	**190**	**(3)**	161	187	(26)
Others	**363**	**448**	**(85)**	337	363	(26)
	1,420	**1,672**	**(252)**	1,041	1,420	(379)
Total	**2,180**	**2,399**	**(219)**	1,812	2,180	(368)

	As at 31 March 2012	(₹ in lacs) As at 31 March 2011
26. Employee benefits expense		
Salaries, wages and bonus **	**5,857**	4,303
Contribution to provident fund and other funds	**405**	406
Workmen and staff welfare expenses	**622**	482
	6,884	5,191
** includes salaries and wages paid to contract employees ₹786 lacs (previous year : ₹607 lacs)		
27. Finance cost		
Interest expense	**3,572**	2,195
Bank charges	**376**	210
	3,948	2,405
28. Other expense		
Consumption of stores, loose tools and spare parts	**2,251**	1,474
Power and fuel	**1,150**	520
Rent	**290**	190
Repairs and maintenance:		
- buildings	**17**	12
- plant and machinery	**262**	185
- others	**631**	439
Rates and taxes	**78**	80
Insurance	**128**	99
Travelling and conveyance	**626**	501
Communication	**79**	79
Legal and professional	**533**	340
Cash discount	**44**	29
Freight outward	**496**	425
Sales promotion and advertisement	**65**	81
Foreign exchange loss (net)	**130**	19
Loss on sale of fixed assets (net)	**7**	5
Warranty and replacement expenses	**44**	37
Provision for doubtful debts (net)	**166**	75
Bad debts written off	**136**	194
Donations	**1**	1
Printing and stationery	**76**	62
Security charges	**83**	63
Selling expenses	**182**	102
Directors sitting fees	**11**	13
Miscellaneous	**197**	153
	7,683	5,178
29. Exceptional items		
Expenses incurred to acquire a foreign subsidiary*		
- Professional charges	**69**	-
- Travelling	**67**	-
- Others	**39**	-
	175	-

* Pertains to various expenses incurred by the Company such as professional and other ancillary charges towards acquisition of shares of Eisenwerk Erla GmbH, Germany, through its step subsidiary, which do not qualify for cost of investment as envisaged in Accounting Standard (AS) 13 -'Accounting for Investments'.

(₹ in lacs)

	Particulars	As at 31 March 2012	As at 31 March 2011
30.	**Commitment**		
	Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	**256**	1,448

There are no other material commitments.

31. Contingent liabilities

The details of contingent liabilities are as under:

Particulars	As at 31 March 2012	As at 31 March 2011
Financial guarantee	**19,423**	7,570

32. Particulars of managerial remuneration

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Salaries and allowances (including bonus)	**167**	120
Contribution to provident fund	**9**	8
Perquisites	**11**	12
Total	**187**	140

The remuneration does not include gratuity and compensated absences as the same has been provided, based on the actuarial valuation, determined for the Company as a whole.

33. Auditors' remuneration (included in legal and professional charges)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Statutory audit fees	**55**	55
Other services	**8**	7
Out-of-pocket expenses	**2**	2
Total	**65**	64

(The above amount is excluding service tax)

34. Lease transactions

a) The Company is obligated under cancellable operating leases for office, residential facilities and vehicles. Lease rental expense under cancellable operating leases during the year was ₹237 lacs (previous year ₹190 lacs).

b) The Company is obligated under non-cancellable operating leases for plant & machinery.
Lease rental expense under non-cancellable operating leases during the year was ₹53 lacs (previous year ₹ Nil).

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Payable within one year	**212**	-
Payable between one and five years	**688**	-
Payable after 5 years	-	-

35. Particulars of opening and closing stock and turnover:

Class of goods	Opening stock		Turnover		Closing stock	
	Quantity (Nos.)	Value (₹ in lacs)	Quantity (Nos.)	Value (₹ in lacs)	Quantity (Nos.)	Value (₹ in lacs)
Hydraulic Gear Pump	10,134	271	608,586	13,990	8,876	291
	(13,727)	(313)	(476,945)	(10,383)	(10,134)	(271)
Valves	40	-	42,978	2,363	-	-
	(147)	(4)	(41,568)	(1,958)	(40)	(-)
Case Front	18,471	66	735,546	2,350	72,570	81
	(24,812)	(75)	(702,881)	(2,184)	(18,471)	(66)
Water pump	7,831	28	480,602	2,718	5,905	21
	(6,985)	(25)	(448,995)	(2,390)	(7,831)	(28)
Intake manifold	4,101	27	131,415	1,615	2,508	17
	(2,641)	(30)	(157,278)	(1,910)	(4,101)	(27)
Rocker cover	3,079	15	102,779	522	473	2
	(2,097)	(9)	(125,543)	(627)	(3,079)	(15)
Exhaust-manifold	9,422	80	540,404	4,780	8,082	58
	(5,764)	(46)	(531,807)	(5,316)	(9,422)	(80)
Rocker arm. - A & B	17,169	36	1,855,147	1,927	39,059	42
	(23,870)	(17)	(1,891,188)	(1,774)	(17,169)	(36)
Components	4,407	88	35,254	1,329	2,832	55
	(6,188)	(133)	(29,319)	(1,350)	(4,407)	(88)
Castings	-	-	3,875	29	-	-
	(626)	(1)	(3,000)	(20)	(-)	(-)
Others		150		12,054		160
[Note (2) below]		(118)		(6,191)		(150)
		761		43,677		727
		(771)		(34,103)		(761)

Notes:
1. Closing stock is after adjustment for shortage / excess, write-off, etc.
2. The individual item of these are less than 10% of turnover.
3. Figures in brackets relate to previous year.
4. Turnover is gross of excise duty.

Raw materials and components consumed:

Particulars	*Unit*	For the year ended 31 March 2012		For the year ended 31 March 2011	
		Quantity	Value	Quantity	Value
Aluminum Extrusions	MT	**700**	**1,314**	524	916
Castings	Nos	**15,935,644**	**8,783**	15,102,808	7,930
Steel	MT	**1,036**	**844**	910	703
Components	Nos	*	**4,952**	*	3,952
Aluminum Alloy	MT	**2,187**	**4,783**	1,454	3,467
Others	Nos	*	**4,282**	*	2,451
			24,958		19,419

*The individual values of these are less than 10% of turnover.

36. Details of imported and indigenous raw materials and components consumed

(₹ in lacs)

Particulars	For the year ended 31 March 2012		For the year ended 31 March 2011	
	Value	%	Value	%
Imported	**7,670**	**31%**	5,303	27%
Indigenous	**17,288**	**69%**	14,116	73%
	24,958	**100%**	**19,419**	**100%**

37. Details of imported and indigenous stores and spares consumed

(₹ in lacs)

Particulars	For the year ended 31 March 2012		For the year ended 31 March 2011	
	Value	%	Value	%
Imported	**77**	**3%**	17	1%
Indigenous	**2,174**	**97%**	1,457	99%
	2,251	**100%**	**1,474**	**100%**

38. Value of imports on C.I.F. basis

(₹ in lacs)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Raw materials and components	**7,020**	5,429
Stores and spares	**72**	134
Capital goods	**967**	1,586
	8,059	7,149

39. Gratuity plan

The following table sets out the status of the funded gratuity plan as required under revised AS 15 'Employee benefits'.

(₹ in lacs)

Particulars	As at 31 March 2012	As at 31 March 2011
Change in defined benefit obligation		
Opening defined benefit obligation	**661**	508
Current service cost	**68**	157
Interest cost	**54**	39
Benefits settled	**(51)**	(37)
Actuarial losses / (gain)	**7**	(6)
Closing defined benefit obligation	**739**	661
Change in plan assets		
Plan assets at the beginning of the year, at fair value	**592**	494
Expected return on plan assets	**49**	46
Contributions	**94**	87
Benefits settled	**(51)**	(37)
Actuarial gain/(losses)	**7**	2
Plan assets at the end of the year, at fair value	**691**	592
Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets at the end of the year	**691**	592
Present value of the defined benefit obligations at the end of the year	**(739)**	(661)
Liability recognized in the balance sheet	**(48)**	(69)
Gratuity cost for the period		
Current service cost	**68**	157
Interest on defined benefit obligation	**54**	39
Net actuarial gain / (losses)	-	(4)
Return on plan assets	**(49)**	(46)
Total, included in "Employee benefit expense"	**73**	146

Assumptions at the valuation date

Particulars	As at 31 March 2012	As at 31 March 2011
	Others	
Discount factor	**8.50%**	8.00%
Expected rate of return on plan assets	**8.50%**	8.00%
Expected rate of salary increase	**6.00%**	6.00%
Attrition rate	**5.00%**	5.00%
Retirement age	**58**	58
Expected Employer's contribution over one year	**100**	95

The estimate of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

40. Set out below is the movement in provision balances in accordance with AS 29, 'Provisions, Contingent liabilities and Contingent Assets':

Provision for warranty:

(₹ in lacs)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Opening balance	**47**	47
Provision	**44**	37
Utilized during the year	**(35)**	(37)
Closing balance	**56**	47

Warranty provision is utilised to make good the amount spent on spares, labour, and all other related expenses on the event of failure of automotive products. All the amounts are expected to be utilised in the ensuing year. Outflows are expected to maintain the same trend as that of past years. No amount is expected as a reimbursement towards this cost.

41. Expenditure and earnings in foreign currency

(₹ in lacs)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Expenditure in foreign currency		
Travelling	**50**	77
Legal and professional charges	**61**	28
Interest	**595**	696
Others	**1**	11
	707	812

(₹ in lacs)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Earnings in foreign currency		
Exports of goods on F.O.B. basis	**11,249**	6,728
Interest	**101**	77
Management fee	**657**	-
	12,007	6,805

42. Related party transactions:

Description of relationship	Name of related Party
Subsidiaries including step subsidiaries	i) Dynamatic Ltd, UK (DLUK) ii) JKM Global Pte Limited, Singapore (JGPL) iii) JKM Research Farm Limited (JRFL) iv) JKM Erla Automotive Limited (JEAL) v) JKM Eisenwerk Erla GmbH, Germany (JKEH) vi) JKM Ferrotech Limited (JFTL)
Companies over which key management personnel or relatives of such personnel are able to exercise significant influence (other related entities)	i) JKM Holding Private Limited (JHPL) ii) JKM Human Resources Private Limited (JHRPL) ii) JKM Offshore (India) Private Limited (JOIPL) iv) Udayant Malhoutra and Co Private Limited (UMCPL) v) Vita Private Limited (VPL)
Key Management Personnel (KMP) Executive Directors	i) Udayant Malhoutra, Chief Executive Officer and Managing Director (UM) ii) V Sunder – President and Group Chief Financial Officer (VS) iii) B Seshnath – Executive Director and Chief Marketing Officer (BS) iv) N Rajagopal, Executive Director and Chief Operating Officer (NR)
Relatives of KMP	i) Pramilla Malhoutra (PM) ii) Udita Malhoutra (UDM) iii) Barota Malhoutra (BM)

The following is the summary of transactions and balances for the year ended 31 March 2012 and 31 March 2011 respectively:

(₹ in lacs)

	2012				2011			
Related party	**Subsidiaries**	**Other related entities**	**Key management personnel**	**Relatives**	**Subsidiaries**	**Other related entities**	**Key management personnel**	**Relatives**
Sales*								
- DLUK	477	-	-	-	365	-	-	-
- JFTL	78	-	-	-	-	-	-	-
Purchases*								
- DLUK	72	-	-	-	29	-	-	-
- JFTL	533	-	-	-	-	-	-	-
Other income								
Interest								
- JGPL	101	-	-	-	77	-	-	-
- JFTL	104	-	-	-	-	-	-	-
Management Fee								
- JKEH	657	-	-	-	-	-	-	-
Expenses								
Rent								
- JRFL	108	-	-	-	108	-	-	-
- VPL	-	-	-	-	-	-	-	-
- JHPL	-	4	-	-	-	4	-	-
- PM	-	-	-	22	-	-	-	19
- UDM	-	-	-	4	-	-	-	3
Salaries and wages								
- JHRPL	-	786	-	-	-	607	-	-
Interest								
- JHPL	-	32	-	-	-	-	-	-
Recharges received								
- DLUK	3	-	-	-	6	-	-	-
- JFTL	121	-	-	-	-	-	-	-
Managerial remuneration								
- UM	-	-	52	-	-	-	43	-
- NR	-	-	42	-	-	-	34	-
- VS	-	-	53	-	-	-	45	-
- BS	-	-	40	-	-	-	33	-
Recharges made								
- DLUK	-	-	-	-	49	-	-	-
- JEAL	-	-	-	-	159	-	-	-

(₹ in lacs)

Related party	2012 Subsidiaries	2012 Other related entities	2012 Key management personnel	2012 Relatives	2011 Subsidiaries	2011 Other related entities	2011 Key management personnel	2011 Relatives
Dividend paid								
Interim dividend								
- JHPL	-	53	-	-	-	48	-	-
- JOIPL	-	26	-	-	-	26	-	-
- UMCPL	-	39	-		-	41	-	-
- UM	-	-	56	-	-	-	58	-
- BM	-	-	-	-	-	-	-	-
- Others	-	6	-	-	-	5	-	-
Final dividend								
- JHPL	-	32	-	-	-	24	-	-
- JOIPL	-	18	-	-	-	13	-	-
- UMCPL	-	27	-	-	-	21	-	-
- UM	-	-	38	-	-	-	29	-
- BM	-	-	-	-	-	-	-	-
- Others	-	4		-	-	3	-	-
Investments made during the year								
- JRFL	-	-	-	-	140	-	-	-
- JEAL	1,795	-	-	-	5	-	-	-
Loan/ advances given								
- JEAL	52	-	-	-	-	-	-	-
- JFTL	1,367	-	-	-	-	-	-	-
- JGPL	257	-	-	-	-	-	-	-
- JRFL	2	-	-	-	-	-	-	-
Balances outstanding								
Trade Payables								
- DLUK	89	-	-	-	16	-	-	-
- JHRPL	-	32	-	-	-	10	-	-
-JFTL	16	-	-	-	-	-	-	-
Short term borrowings								
- JHPL	-	50	-	-	-	-	-	-
Interest Receivable:								
- JGPL	216	-	-	-	103	-	-	-
Loans and advances to subsidiaries								
- JEAL	211	-	-	-	159	-	-	-
- JFTL	1,367	-	-	-	-	-	-	-
- JGPL	1,506	-	-	-	1,078	-	-	-
- JRFL	126	-	-	-	124	-	-	-
Trade Receivables								
- DLUK	85	-	-	-	65	-	-	-

43. **Segment information**

Information about Primary Business Segments:

The business segment has been considered as the primary segment. The Company is organized into five main business segments, namely:-

- Hydraulic and Precision Engineering ("HPE") – comprising hydraulic pumps, hand pumps, lift assemblies, valves and power packs
- Aluminium Castings ("AC") – comprising castings for automotive components
- Automotive Components ("AUC") – comprising case front, water pumps, intake manifolds and exhaust manifold
- Aerospace ("ASP") – comprising airframe structures, precision aerospace and components
- Wind farm ("WF") – generation of power through wind energy

Segment revenue, assets and liabilities have been accounted for on the basis of their relationship to the operating activities of the segment and amounts allocated on a reasonable basis.

Information relating to business segments for the year ended 31 March 2012

(₹ in lacs)

Particulars	HPE	AC	AUC	ASP	WF	Unallocated	Total
A. Primary segment reporting							
(i) Revenue							
External - sales and services	20,228	5,116	22,499	5,188	499	-	53,530
Less: excise duty	(1,849)	(24)	(1,977)	(22)	(3)	-	(3,875)
Inter-segment sales and services	(3)	(4,820)	-	-	(463)	-	(5,286)
Other income	912	180	602	110	-	-	1,804
Total revenue	**19,288**	**452**	**21,124**	**5,276**	**33**	**-**	**46,173**
(ii) Results							
Segment result - EBIDA-profit/(loss)	4,445	(597)	(100)	2,689	255	-	6,692
(Less): depreciation	(619)	(257)	(995)	(471)	(169)	-	(2,511)
Segment result - profit/(loss)	3,826	(854)	(1,095)	2,218	86	-	4,181
(Less): interest expense	-	-	-	-	-	(3,948)	(3,948)
Profit/(loss) before taxation	**3,826**	**(854)**	**(1,095)**	**2,218**	**86**	**(3,948)**	**233**
(Less): provision for taxation	-	-	-	-	-	(68)	(68)
Net profit after tax	**3,826**	**(854)**	**(1,095)**	**2,218**	**86**	**(4,016)**	**165**
(iii) Other information							
Segment assets	14,799	3,972	22,185	13,779	3,775	10,757	69,267
Segment liabilities	4,274	2,800	8,141	1,002	39	37,520	53,776
Capital expenditure	1,412	1,017	1,847	4,703	137	-	9,116
Depreciation	619	257	995	471	169	-	2,511
Other non-cash expenses	5	16	217	22	-	-	260

Information relating to business segments for the year ended 31 March 2011

(₹ in lacs)

Particulars	HPE	AC	AUC	ASP	WF	Unallocated	Total
A. Primary segment reporting							
(i) Revenue							
External - sales and services	14,503	3,371	19,249	4,366	546	-	42,035
Less: excise duty	(1,083)	(7)	(1,944)	(14)	-	-	(3,048)
Inter-segment sales and services	(1)	(3,106)	-	-	(450)	-	(3,557)
Other income	213	99	181	6	-	111	610
Total revenue	**13,632**	**357**	**17,486**	**4,358**	**96**	**111**	**36,040**
(ii) Results							
Segment result - EBIDA-profit/(loss)	2,355	163	1,027	2,543	421	111	6,620
(Less): depreciation	(417)	(235)	(821)	(418)	(150)	-	(2,041)
Segment result - profit/(loss)	1,938	(72)	206	2,125	271	111	4,579
(Less): interest expense	-	-	-	-	-	(2,405)	(2,405)
Profit/(loss) before taxation	**1,938**	**(72)**	**206**	**2,125**	**271**	**(2,294)**	**2,174**
(Less): provision for taxation	-	-	-	-	-	(690)	(690)
Net profit after tax	**1,938**	**(72)**	**206**	**2,125**	**271**	**(2,984)**	**1,484**
(iii) Other information							
Segment assets	13,372	3,190	20,107	9,689	2,947	7,511	56,816
Segment liabilities	2,388	1,335	5,449	2,055	16	28,415	39,658
Capital expenditure	2,629	2,987	64	4,968	-	-	10,648
Depreciation	417	235	821	418	150	-	2,041
Other non-cash expenses	45	10	74	5	-	-	134

B. Secondary segment reporting

Information relating to geographical segment for the year ended 31 March 2012

Particulars	31 March 2012			31 March 2011		
	In India	Outside India	Total	In India	Outside India	Total
Revenue	**35,422**	**11,249**	**46,173**	29,318	6,728	36,040
Carrying amount of segment assets	**69,267**	-	**69,267**	56,816	-	56,816
Capital expenditure	**9,116**	-	**9,116**	10,648	-	10,648

44. **Derivative instruments**

As of March 31, 2012 the Company has recognized losses of Rs 1,600 lacs (2011: 275 lacs) relating to derivative instruments (comprising of foreign currency forward contracts) that are designated as effective cash flow hedges in the shareholders' fund.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding as at:

Particulars		As at 31 March 2012	As at 31 March 2011
Designated derivative instruments			
Forwards Sell	**GBP**	**149**	191
Non designated derivative instruments			
Cross currency swaps	**JPY**	**3,476**	5,512
	SGD	**80**	92
Forwards - Sell	**EURO**	**3**	-
	USD	**16**	-
Forwards and options - Buy	**USD**	**35**	9

As of the balance sheet date, the Company has foreign currency exposures that are not hedged by a derivative instrument or otherwise as detailed below:

Particulars	As at 31 March 2012		As at 31 March 2011	
	Amount in original currency in lacs	Amount in ₹ lacs	Amount in original currency in lacs	Amount in ₹ lacs
Trade receivables				
USD	**49**	**2,506**	29	1,291
EURO	**6**	**421**	5	295
GBP	**8**	**657**	7	502
		3,584		2,088
Loans receivable				
USD	**24**	**1,236**	24	1,078
EURO	**4**	**270**		-
		1,506		1,078
Interest receivable				
SGD	**5**	**216**	3	103
Advance paid				
CHF	**0**	**5**	-	-
Trade payables				
USD	**69**	**3,518**	101	4,505
EURO	**1**	**63**	10	626
GBP	**0**	**3**	-	20
CHF	-	-	6	314
JPY	**502**	**313**	423	229
SGD	-	-	1	47
		3,897		5,741

45. Disclosure pursuant to Accounting Standard 7 (revised), Construction contracts

(₹ in lacs)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Construction work in progress	**711**	716
Unbilled revenue	**762**	716
Customer advances	**185**	309

46. Dues to Micro, Small and Medium Enterprises

According to the information available with the Company, there are no dues payable to Micro, Small and Medium Enterprises as defined under the "The Micro, Small and Medium Enterprises Development Act, 2006". The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneur's Memorandum Number as allocated after filling of the Memorandum. Further there are no dues payable to small scale industries (previous year: ₹Nil).

47. These financial statements have been prepared on a going concern basis considering support from its bankers in the future at existing level, although there has been breach of few covenants of some loans for which, the management has initiated the process with banks for relaxation.

48. The Board of Directors in their meeting dated 07 May 2011 had decided to demerge the "Automotive Division" of the Company into JKM Erla Automotive Limited (JEAL) (a wholly owned subsidiary of the Company) w.e.f. 01 April 2011 and had received No Objection Certificate from Bombay Stock Exchange and National Stock Exchange Limited.

Taking into consideration the tight timelines available for integration of multiple corporate structures within the automotive business, as well as the financial / tax implications, the Board of Directors decided to withdraw the Scheme of demerger in their meeting dated 13 February 2012. It is proposed to evaluate an appropriate scheme during the following year.

49. Management fee represents the cost with an agreed markup for rendering executive management, finance accounting, human resources services, legal and other miscellaneous services to its step down subsidiaries.

As per our report of even date attached

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

Sunil Gaggar
Partner
Membership No.: 104315

Place : Bangalore
Date : 3 August, 2012

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

Dr. K APRAMEYAN
Director

AIR CHIEF MARSHAL S.KRISHNASWAMY (Retd.)
Director

S GOVINDARAJAN
Director

GOVIND MIRCHANDANI
Director

MALAVIKA JAYARAM
Director

RAYMOND KEITH LAWTON
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

N RAM MOHAN
Financial Controller

M SINDHU
GM - Compliance, Legal & Company Secretary

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DYNAMATIC LIMITED, UK

BUSINESS REPORT REVIEW

2011-12

DYNAMATIC LIMITED, UK

CHAIRMAN

Mr. Udayant Malhoutra - Chairman

DIRECTORS

Mr. Michael John Handley - Director
Mr. V Sunder - Director
Mr. Raymond Keith Lawton - Managing Director, Dynamatic® Hydraulics, Dynamatic Limited, UK
Mr. Ian Patterson - Director & Chief Technology Officer, Dynamatic® Hydraulics, Dynamatic Limited, UK
Ms. Claire Tucker - Corporate Director, Europe Operations, Dynamatic Limited, UK
Mr. James Tucker - Managing Director, Aerospace Division, Dynamatic Limited, UK

FINANCE HEAD AND COMPANY SECRETARY

Mr. Tony Atkins FCCA

AUDITORS

KPMG LLP, UK
Chartered Accountants & Statutory Auditors

BANKERS

State Bank of India, UK
Punjab National Bank, UK
Royal Bank of Scotland, UK

REGISTERED OFFICE

Cheney Manor, Swindon,
Wiltshire SN2 2PZ, England

OPERATING PLANTS

Hydraulics Division - Cheney Manor, Swindon, Wiltshire SN2 2PZ, England
Aerospace Division - Jarvis Street, Barton Hill, Bristol BS5 9TR, England

FINANCIAL RESULTS

DYNAMATIC LIMITED, UK		
Particulars	**Year ended 31.03.2012 ₹ *in Lacs****	**Year ended 31.03.2011 ₹ *in Lacs****
Sales	**18,734**	14,411
EBITDA	**2,783**	1,436
Interest	**335**	156
Depreciation	**523**	456
PBT *[Before Unrealised Forex Gain / (Loss) & Extraordinary item]*	**1,925**	823
Unrealised Forex *Gain/(Loss) & Extraordinary item*	**(25)**	(79)
PBT *[After Unrealised Forex Gain / (Loss) & Extraordinary item]*	**1,901**	744
Tax Charge / (credit)	**507**	147
Profit After Tax	**1,394**	597

** Numbers restated as per Indian GAAP*

DYNAMATIC® HYDRAULICS, DYNAMATIC LIMITED, UK

REVIEW OF BUSINESS 2011-12
TWO THOUSAND ELEVEN-TWELVE

SWINDON

Dynamatic Limited, UK, in Swindon saw sales continue to grow over the improved business levels that showed significant signs of a sustained recovery during the previous year 2010-11. This trend continued through this last financial year with sales increasing over the previous year by 6% in terms of a year by year comparison. This has helped the plant maintain and begin to grow continuous production activity throughout the year with additional shifts being run in key areas as required to match production and capacity demands. As we moved towards the end of this last financial year, we have seen a further significant increase in our order intake and due to these increased order levels, the business is recruiting in certain areas across the manufacturing section. This additional recruitment is required initially to enable us to increase our capacity to match the existing demand and then beyond that to ramp up volumes again in line with the new John Deere business that has been won and was launched towards the end of this financial year. Alongside this increased business activity we have also been actively pursuing and looking for further cost reduction initiatives aimed at reducing all of our costs across the business. We have continued the drive to maintain and reduce our fixed costs and we are currently exploring further options such as empty space rate relief which will hopefully further benefit us next year. We have also launched a number of initiatives with our supply chain looking to reduce costs wherever possible by exploring lean manufacturing methods and also exploring the possibility of using alternate materials etc. This will be followed by setting up our own in-house cost reduction teams, particularly on the new John Deere pump projects, and these will cover all disciplines from design through to manufacture, assembly and test and also include all purchased parts aimed at reducing our overall in house costs. These initiatives, alongside the improved order levels sustained throughout this year, have enabled the business to stabilise and will be the springboard for us to move forward with increasing confidence into the next financial year.

Future Outlook

Looking forward to the year ahead, there is a great opportunity to grow the sales and also our product development with the next phase of the John Deere business, namely the Argos and Zenith pump ranges, already secured. We also have the opportunity of further development of the cast iron pump range having received the first production orders from Terex to be supplied later this year which adds to the supply of aftermarket cast iron pumps to CNH in the US. This product enables us to utilise the synergies between the facilities in UK and India, as we are producing fully cast and machined components in India which are shipped to the UK for final assembly utilising gears and plates made in Swindon and then assembled and tested. This has, as a result given us a very competitive product and we have therefore been able to penetrate into new markets and customers which has resulted in increased Swindon sales. In summary we now have a fully tooled and production released cast iron pump product range which has now been launched in to both the aftermarket business, with CNH in the U.S. and JCB in India, and also later this year into OEM business with Terex in Northern Ireland. As we have talked about in previous years one of the key targets we have as a business, as we look to the future, is to increase the volume of OEM business and thereby reduce the overall percentage of aftermarket business. Through this next year this should change dramatically with a significant shift towards the OEM sector, not only with the natural advantage of long term scheduled orders and fixed pricing, but also the drive for reducing prices and the need for continuous improvement across the whole business. Based on all of the individual and team training that we have undertaken over previous years the business is now embarking on setting up product specific cost reduction teams specifically aimed, initially at least, at the John Deere products. These teams cover the entire spectrum of the business from design through manufacturing, purchasing, quality and sales and are aimed at taking cost out of the product without any compromise on quality and performance.

This is an ideal situation to take on and maintain new business opportunities. We have also during the latter end of the year been reaccredited with our ISO 9001 certification and this was gained with no major non-conformances.

As we now look forward optimistically to the year ahead it is becoming an increasingly pivotal year for the Swindon business as we reach sales levels that should enable us to move into a break even then profitable situation. The major OEM business we have now is spread across key customers such as **CNH Brazil, ZF Passau Germany, John Deere USA and Terex in Northern Ireland.** This business at the sales levels we will be at by the end of the year will enable growth in sales and profitability as well as investment not only in people but also machine tools that will be required to match the increasing capacity demand. This is indeed a very different type of challenge to that we have been faced with over the previous few years and one which the entire business is both looking forward to and very well prepared for. It is very significant that as we celebrate our fifth year of being part of the Dynamatic® family that we are now close to achieving the type of sales that we had planned for in our initial growth forecasting and planning.

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

DYNAMATIC-OLDLAND AEROSPACE™, DYNAMATIC LIMITED, UK

REVIEW OF BUSINESS
TWO THOUSAND ELEVEN-TWELVE 2011-12

BRISTOL

It has been a rewarding year for Dynamatic-Oldland Aerospace™ Division, whilst manufacturing in today's climate continues to bring its challenges the Bristol aerospace team have managed to exceed all existing sales targets to date. The highest sales ON RECORD achieved in the final quarter.

Manufacturing Performance methods implemented last year have been continuously improved and we are starting to see some results in reduction of cycle times and operation through-put. Customer right first time deliveries was 99.79%, our internal right first time was 98.9%. There was 226,461 items produced / delivered in the year ended 2012 (108,362 items in 2011). Quality reported 64 concessions (mainly due to alternative material), and 231 first articles.

There was 11 additional staff employed throughout the course of the year bringing our total headcount to 81 over a two shift system. Increased staffing was required mainly to increase machine tool productivity, production control and scheduled rate increases. There has been no major Health & Safety incident or tribunals to report in the year.

All internal, external and supplier audits have been carried out with only minor observations being found. Accreditation to Rev C AS9100 has recently been achieved. The environmental management system standard ISO14001 was recently audited and approval granted with zero non-conformities only observations noted. All other ISO quality and aerospace compliance fits the requirements of the business at the current time but we are currently reviewing POA/CAA standards with a view to being a Tier 1 supplier. We are in the final stages of gaining approval in the aerospace expansion unit in the Swindon facility; the current timeline for completion is end Qtr 2.

A number of intensive management and manufacturing assessment have been carried out by Tier 1 suppliers in Bristol & Bangalore Aerospace facilities. Some minor improvements are required but we have made great progress during the year towards achieving our ultimate goal of being a Tier 1 supplier.

There have been a number of joint (UK & India) tendering activities throughout the year with Airbus & Bell Helicopters in particular, which has also assisted in enhancing synergies between the aerospace units. Further work and expansion is required to optimise opportunities with new customers to fully utilise our unique niche in the aviation industry.

The predicted increase in aircraft rates is being realised in practice, and we continue to expand the aviation business into the Swindon Facility of Dynamatic Limited, UK. Approval process is due for completion by end of second quarter.

Future Outlook

Improvements will be made in the coming year with a new MRP (Manufacturing Resource Planning) system to align both UK & India facilities along with video conferencing to reduce travel costs and increase / improve communication.

Great avenues have been made to maintain and grow business with our valued customers on existing commercial and military aviation products via extended contractual agreements, maximising engineering techniques to provide value to the customer.

New customer business opportunities are starting to be realised as our global strategy is to become a Tier 1 supplier, optimizing low risk, cost effective manufacturing solutions throughout the world.

James Tucker
Managing Director
Aerospace Division, Dynamatic Limited, UK

Claire Tucker
Corporate Director
Europe Operations, Dynamatic Limited, UK

EISENWERK ERLA GmbH, GERMANY

BUSINESS REPORT REVIEW

2011-12

EISENWERK ERLA GmbH, GERMANY

CHAIRMAN

Mr. Udayant Malhoutra	- Chairman

DIRECTORS

Ms. Claire Tucker	- Director
Mr. V Sunder	- Director
Mr. Dietmar Hahn	- Managing Director
Mr. Enrico Fischer	- Chief Financial Officer

FINANCE HEAD AND COMPANY SECRETARY

Mr. Enrico Fischer	- Chief Financial Officer

LAWYER

Dr. Hans-Hein Thomas

AUDITORS

KMPG AG, Germany

Chartered Accountants & Statutory Auditors

BANKERS

Sachsen Bank, Germany

Commerzbank, Germany

Deutsche Leasing für Sparkassen und Mittelstand GmbH, Germany

IKB Deutsche Industriebank AG, Germany

REGISTERED OFFICE

Gießereistraße 1, 08340 Schwarzenberg / Erzgebirge, Germany

OPERATING PLANTS

Gießereistraße 1, 08340 Schwarzenberg / Erzgebirge, Germany

EISENWERK ERLA GmbH, GERMANY

REVIEW OF BUSINESS
TWO THOUSAND ELEVEN-TWELVE

2011-12

AUTOMOTIVE

FINANCIAL RESULTS

EISENWERK ERLA GmbH, GERMANY	
Particulars	**Year ended 31.03.2012** ***₹ in Lacs****
Sales	**82,181**
EBITDA *[Profit Before Interest & Depreciation]*	**5,830**
Interest	**1,893**
Depreciation	**456**
PBT	**3,480**
Tax Charge / *(credit)*	**1,011**
Profit After Tax	**2,469**

** Numbers restated as per Indian GAAP*

Overview of the business during the Financial Year 2011-12.

With regard to the turnover of 123.6 Mio Euro, the business year 2011-12 was the most successful year in the 600 year-history of our company. This was possible because of the extraordinary situation of taking over the Turbine project for the end customer VW. Beside this large-scale project we took over two further large-scale production orders for the 1,2l and 1,4l VW-engines. The new Turbocharger manufacturer BoschMahle placed his first series project in Erla. The foundry worked with 400 employees in a 3-shift-system.

Future Outlook

The turnover target for the business year 2012-13 is 110 Mio Euro. Despite the slight economic slow-down in Europe, we are working on this target and expecting with the new Turbocharger projects to compensate for the decline in the current series. The team in Erla is working concentrated on the improvement of processes, cost reduction and the improvement of quality.

Dietmar Hahn
Managing Director

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JKM FERROTECH LIMITED, INDIA

BUSINESS REPORT REVIEW

2011-12

JKM FERROTECH LIMITED, INDIA

CHAIRMAN

Mr. Udayant Malhoutra	- Chairman

DIRECTORS

Mr. V Sunder	- Director
Ms. Malavika Jayaram	- Director
Mr. S. Uppili	- Executive Director

AUDITORS

B S R & Associates

Chartered Accountants, Bangalore

BANKERS

Bank of India, Chennai

Axis Bank Limited, Chennai

REGISTERED OFFICE

K-4, Phase I SIPCOT Industrial Complex, Gummidpoondi, Thiruvallur District, Tamil Nadu, India

OPERATING PLANTS

K-4, Phase I SIPCOT Industrial Complex, Gummidpoondi, Thiruvallur District, Tamil Nadu, India

JKM FERROTECH LIMITED, INDIA

REVIEW OF BUSINESS
TWO THOUSAND ELEVEN-TWELVE

2011-12

FINANCIAL RESULTS

JKM FERROTECH LIMITED	
Particulars	**Year ended 31.03.2012** ***₹ in Lacs***
Sales (Net)	**7,837**
EBITDA	**63**
Interest	**894**
Depreciation	**817**
PBT *Before Unrealised Forex Gain / (Loss)*	**(1,648)**
Unrealised *Forex Gain / (Loss)*	**(188)**
PBT *After Unrealised Forex Gain / (Loss)*	**(1,836)**
Tax Charge / (credit)	**(573)**
Profit After Tax	**(1,263)**

We crossed 10,000 tons of sales for the year. The demand from our major domestic customers Mando India and Sundaram Fasteners was steady, while exports witnessed a drop of apprx. 35% in the 2nd half, due to stock correction at VW Germany.

Commencement of supplies to JKM Auto started in Q3 from the vertical line. This is one of the significant developments for the year. Steady ramp up of production, resulted in sales to the tune of ₹2.4 Crores and 258 tons for Q4. Another significant achievement has been the commencement of trials in the Horizontal Moulding line for manifolds supplied to Hyundai Motors India and parts for Daimler India Commercial Vehicles.

The year also saw the foundry's foray into manufacture of parts for the Hydraulics industry. We are currently developing technically challenging parts for Husco India and Walvoil India. The expected potential is about 200 tons/month and the sales realisation would be in excess of ₹90/kg.

Future Outlook

To build on our current strong position as a major supplier to Mando and to target increasing the business volume to a level of 450 tons/month, from the current 300 tons/month.

Discussions are on with Bosch Chassis systems for a strategic tie-up, to supply brake parts similar to Mando. Bosch is projecting a business volume of 450 tons/month, in addition to the existing 70 tons/month. Brake parts are a good fit to our vertical line and the plan is to become a strategic supplier of brake parts to both Mando and Bosch.

We have committed 700 tons/month (72500 pcs) of VW Flywheels to Erla from the vertical line. We expect to start shipping the increased volumes from the beginning of 2013.

Full-scale production from the horizontal moulding line, is expected to give much needed impetus to the business. Focus is going to be on high value-add parts, like Exhaust Manifolds. In the near future, we will set up a machine shop in the foundry premises and start supplies of machined manifolds from the foundry.

Manifolds for BMW Germany, Bearing Caps for MAN Germany and Housings for Daimler Germany, which are currently under development, are expected to get into series production in 2013.

Serious discussions are on with BMW Germany for development of Steering Knuckles and Exhaust Manifolds, which will have a peak volume of 200 tons/month and 35 tons/month, respectively.

S. Uppili
Executive Director

METALLURGY

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JKM RESEARCH FARM LIMITED, INDIA

BUSINESS REPORT REVIEW

2011-12

JKM RESEARCH FARM LIMITED, INDIA

REVIEW OF BUSINESS
TWO THOUSAND ELEVEN-TWELVE

2011-12

JKM Research Farm Limited (JRFL) has established an agricultural farm admeasuring approximately 65 acres in the vicinity of Bangalore.

As you are aware, the Hydraulic division of Dynamatic Technologies Limited (DTL) is engaged in the design and manufacture of products which find extensive application in mechanized farming and earth moving sectors. Being a global major in Design and Development and manufacture of such products, JRFL is continuously engaged in finding innovative solutions to upgrade the products of its customers. In this regard, JRFL provides a unique opportunity to DTL to test and validate its products in real time field conditions.

During the year under review, JRFL has made an operational income of ₹108 lacs as against an operational income of ₹108 lacs for the previous year. The Profit Before Tax for the year amounted to ₹89 lacs as against previous year profit of ₹90 lacs.

Udayant Malhoutra
Chairman

DIRECTORS

Mr. Udayant Malhoutra	- Chairman
Ms. Pramilla Malhoutra	- Director
Mr. V Sunder	- Director

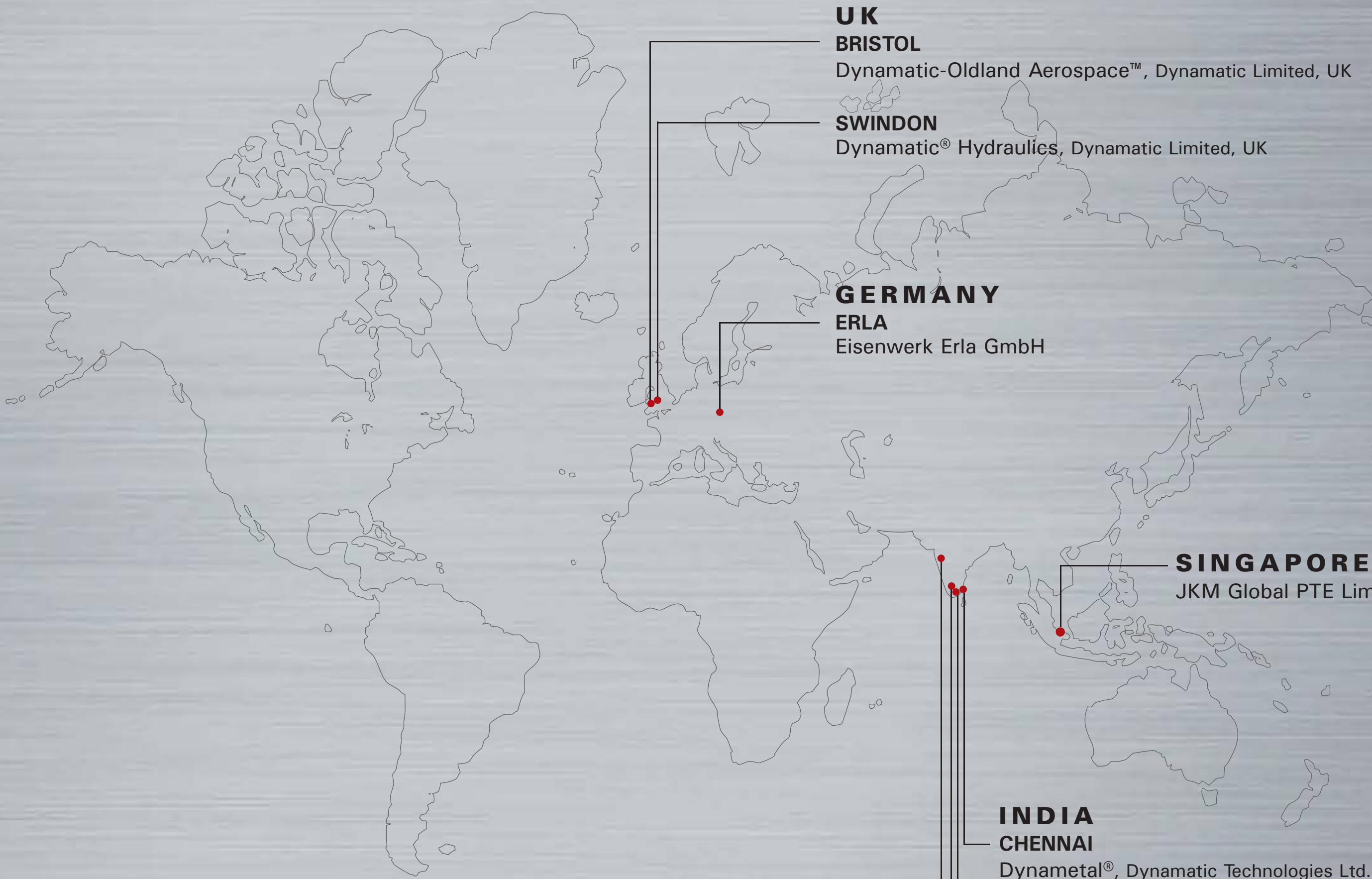
AUDITORS

Prasad and Kumar,
Chartered Accountants, Bangalore

REGISTERED OFFICE

Dynamatic Park Peenya Bangalore 560 058 India


CUSTOMER CENTRIC ORGANISATION STRUCTURE
VALUES
integrity
socially responsible
environment friendly
nation building
ECONOMICS
balance between short term growth and
focus on long term wealth creation
TOOLS / SKILLS
technology
innovation
excellence
nurture creativity



UK

BRISTOL
Dynamatic-Oldland Aerospace™, Dynamatic Limited, UK

SWINDON
Dynamatic® Hydraulics, Dynamatic Limited, UK

GERMANY

ERLA
Eisenwerk Erla GmbH

SINGAPORE

JKM Global PTE Limited

INDIA

CHENNAI
Dynametal®, Dynamatic Technologies Ltd.
JKM Automotive™, Dynamatic Technologies Ltd.

JKM Ferrotech Limited

COIMBATORE
JKM Wind Farm, Dynamatic Technologies Ltd

BANGALORE
Dynamatic® Hydraulics, Dynamatic Technologies Ltd.
Dynamatic Homeland Security™, Dynamatic Technologies Ltd.
Dynamatic-Oldland Aerospace™, Dynamatic Technologies Ltd.
Powermetric® Design, Dynamatic Technologies Ltd.

JKM Research Farm Limited

NASIK
Dynamatic-Oldland Aerospace™, Dynamatic Technologies Ltd.

Dynamatic Technologies Limited

www.dynamatics.com

Dynamatic Limited, UK

www.dynamatics.com

Eisenwerk Erla GmbH, Germany

JKM Ferrotech Limited

www.jkm-erla.com

DYNAMATIC TECHNOLOGIES LIMITED

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