DYNAMATIC TECHNOLOGIES LIMITED

ANNUAL REPORT
2012-2013

resilience amidst global adversity

"Adversity is the mother of progress."

- Mahatma Gandhi

Dear Fellow Shareholder,

On behalf of the Board of Directors of Dynamatic Technologies Limited and its Subsidiaries, I take pleasure in presenting you with Audited Financial Statements for the year 2012-13.

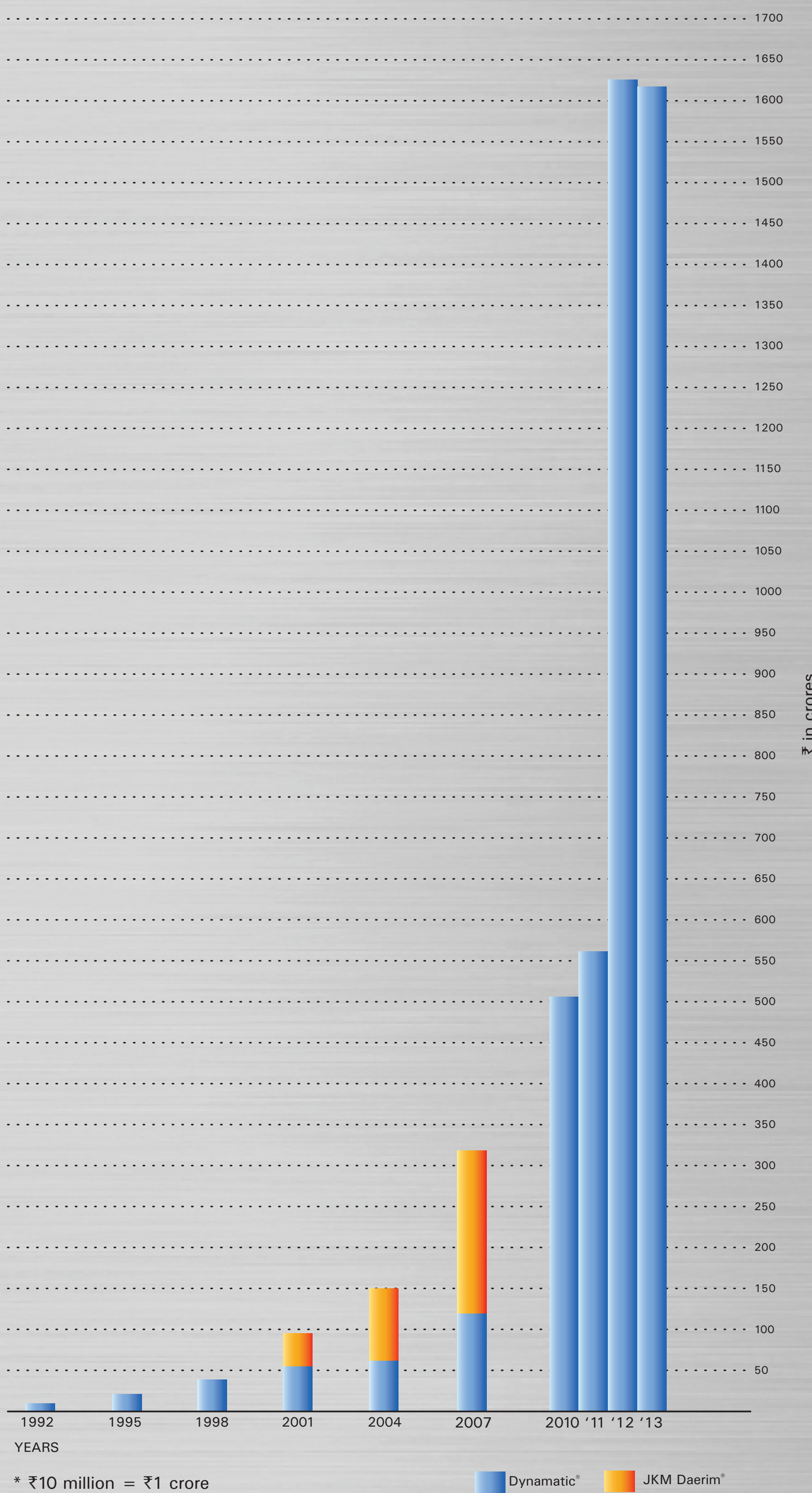
During the year under review, Your Company along with its Subsidiaries recorded a marginal decline of 1.4% in Aggregate Sales. Gross Sales recorded is ₹16,176 Million (aggregated with Subsidiaries) with consolidated EBIDTA of ₹1,432 million & Net Profit Before Tax of ₹123 million.

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

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

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

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



In the earlier years, JKM Daerim® has been identified separately on the bar chart above. With effect from 2007-08, the merged identity is shown as a single bar. The aggregated sales for 2012-13 also includes the turnover recorded by Your Company's Wholly Owned Subsidiaries as well as Inter-Division/Company Sales of ₹109 crores from Dynametal®, Dynamatic® Hydraulics, Dynamatic® Wind Farm, Eisenwerk Erla GmbH, Germany, JKM Ferrotech Limited, India and Dynamatic Limited, UK.

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

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

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

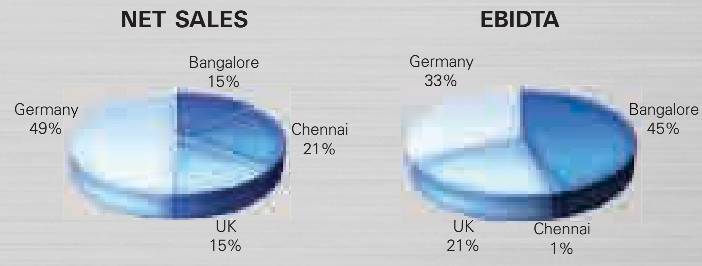
"The battlefield is a scene of constant chaos. The winner will be the one who controls that chaos, both his own and the enemies."

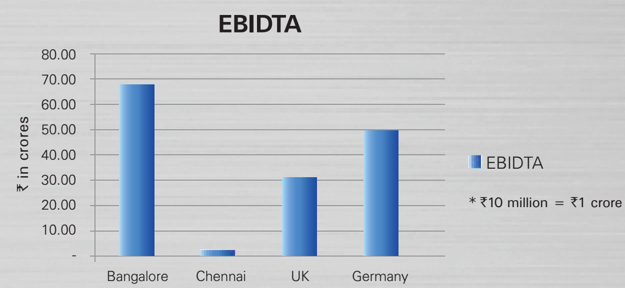
\- Napolean Bonaparte

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

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

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





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

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

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

– Dr. A P J Abdul Kalam

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

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

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

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

Digital rendition of the custom designed MCCV, Dynamatic® Prahari

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

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

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

"Fresh activity is the only means of overcoming adversity."

– Johann Wolfgang von Goethe

Your Company has continued to build its defence and security footprint, by collaborating with India's National Defence and Security Forces to develop combat proven solutions for gathering real-time visual intelligence in remote and hostile environments, as well as real-time monitoring and mapping capabilities for civilian applications. Recently, Your Company received an order for five custom designed Mobile Command and Control Vehicles (MCCVs) for the Safe City project of a State in Western India.

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

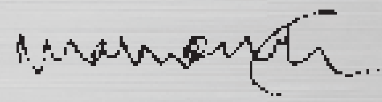
"Success is not final, failure is not fatal: It is the courage to continue that counts."

– Sir Winston Churchill

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

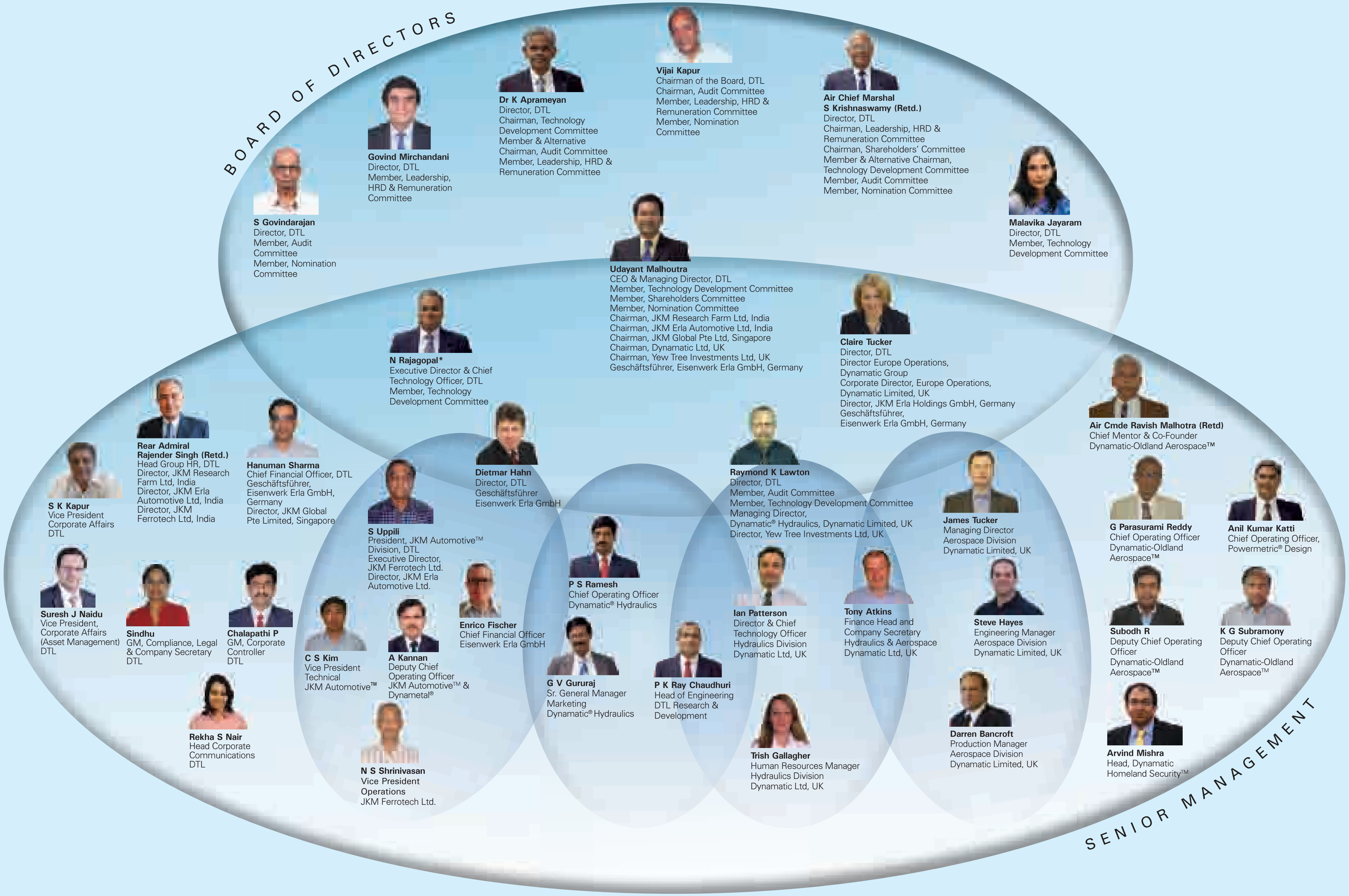
The Leadership team at Dynamatic® is committed to securing the Company's market leadership, technological competence and brand equity through these difficult times and remains confident in its abilities to continue on its existing high growth curves.

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



Udayant Malhoutra
Chief Executive Officer and Managing Director

CORPORATE STRUCTURE



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

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

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

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

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

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

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

EISENWERK ERLA GmbH, GERMANY

Chairman
Mr. Udayant Malhoutra

Executive Director
Mr. Dietmar Hahn

Director
Ms. Claire Tucker

Director
Mr. Hanuman Sharma

Director
Mr. Enrico Fischer

JKM ERLA AUTOMOTIVE LIMITED

Chairman
Mr. Udayant Malhoutra

Director
Rear Admiral Rajender Singh (Retd.)

Director
Mr. S. Uppili

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

JKM ERLA HOLDINGS GmbH, GERMANY

Director
Ms. Claire Tucker

JKM GLOBAL PTE LIMITED, SINGAPORE

Chairman
Mr. Udayant Malhoutra

Director
Mr. Hanuman Sharma

Director
Mr. Chai Chung Hoong

Auditors
KPMG LLP, Singapore

JKM RESEARCH FARM LIMITED

Chairman
Mr. Udayant Malhoutra

Director
Ms. Pramilla Malhoutra

Director
Rear Admiral Rajender Singh (Retd.)

Auditors
M/s Prasad & Kumar
Chartered Accountants, Bangalore

JKM FERROTECH LIMITED

Executive Director
Mr. S. Uppili

Director
Rear Admiral Rajender Singh (Retd.)

Director
Mr. D. S. Sathyanarayana

YEW TREE INVESTMENTS LIMITED, UK

Chairman
Mr. Udayant Malhoutra

Director
Mr. Raymond Keith Lawton

Auditors
KPMG LLP, Bristol

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

Chairman
Mr. Vijai Kapur
Management Consultant
During an illustrious career, he was heading GKW Limited as Dy. Managing Director, and was also past President – AIEI (now called CII)

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

Director
Air Chief Marshal S. Krishnaswamy (Retd.)
Distinguished Former Head of Indian Defence Services
He is credited with bringing focus towards indigenous capabilities as additional strategic dimensions of National Security Policy. He retired as the Commander of India's Defence forces in the Capacity of Chairman, Chiefs of Staff Committee 2004, in addition to serving as Chief of Air Staff, Indian Air Force 2002–04.

Director
Mr. S. Govindarajan
Senior Banking Professional
Formerly the Managing Director & Group Executive (National Banking Group) of the largest bank in India, his illustrious career with the State Bank of India which included tenures as the Chief Financial Officer and Chief Treasury Officer, has endowed him with rich experience in finance and banking. He has also served as the Banking Ombudsman of the Reserve Bank of India and as a Member of the Disciplinary Action and Default Committee of National Commodities and Derivative Exchange, Mumbai.

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

Director
Ms. Malavika Jayaram
Lawyer
An expert on Intellectual Property Rights, International Business Transactions and EU Law, she is a partner of Jayaram & Jayaram Associates. She has spent almost a decade practising law in Europe with Allen & Overy, London and Citigroup, London where she was Vice President & Technology Law Counsel, before returning to India.

Director
Mr. Raymond Keith Lawton
Company Executive
Formerly the Executive Chairman, Sauer Danfoss (Swindon Unit), he is credited with the transformation of the Swindon unit into a state-of-the-art facility. He is the Managing Director, Dynamatic® Hydraulics, Dynamatic Limited, UK.

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

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

Executive Director & Chief Technology Officer
Mr. N. Rajagopal*
Company Executive
He has over three decades' experience in production, design and engineering operations, having held positions of seniority in Dynamatic®. He was formerly Director Operations and ED & COO, Dynamatic® Hydraulics and Dynametal®.

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

Chief Executive Officer & Managing Director
Mr. Udayant Malhoutra
Industrialist
He is credited with successfully initiating nurturing, and scaling to industrial size, various technologies associated with all three sciences. In addition to his role at Dynamatic®, he has been a Member, Board of Governors, IIT Kanpur (1997-2001), Member, CII National Council (2001- 2003), (2010-2012), Chairman, CII National Committee on Technology (2002-2003), Chairman, National Committee on Design (2010-2012) and President, Fluid Power Society of India (2004-08)

REGISTERED OFFICE
Dynamatic Park Peenya
Bangalore 560 058 India

KEY FACILITIES
Dynamatic Park Peenya
Bangalore 560 058 India

JKM Park SIPCOT
Irrungattukottai
Sriperumbudur
Tamil Nadu 602 105 India

K-4, SIPCOT Pahse II
Gummidipoondi, Thiruvallore Dist.
Tamil Nadu 601 201 India

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

Cheney Manor,
Swindon, Wiltshire
SN2 2PZ, England

Jarvis Street, Barton Hill
Bristol BS5 9TR, England

Gießereistraße 1, 08340
Schwarzenberg / Erzgebirge,
Germany

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

CHIEF FINANCIAL OFFICER
Mr. Hanuman Sharma

GM – COMPLIANCE, LEGAL & COMPANY SECRETARY
Ms. Sindhu M

REGISTRAR & TRANSFER AGENTS
Karvy Computershare Pvt. Ltd
Vittal Rao Nagar, Madhapur,
Hyderabad 500 081

BANKERS
State Bank of India
State Bank of India, London
Punjab National Bank, London
Punjab National Bank
DBS Bank Limited
Standard Chartered Bank
ICICI Bank Limited
Axis Bank Limited
Kotak Mahindra Bank Limited
Yes Bank
Export & Import Bank of India
Bank of India
Sachsen Bank
Commerzbank
IKB
Deutsche Leasing Finance

PLEASE LIFT FOLDOUT FOR CORPORATE STRUCTURE

CONTENTS

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

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

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the consolidated balance sheet, of the state of affairs of the Company as at 31 March 2013;

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

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

Emphasis of Matter

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

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

Other matter

We did not audit the financial statements and other financial information of certain subsidiaries and an associates which have been incorporated in the consolidated financial statements. These subsidiaries and the associate account for 43.38% of total assets as at 31 March 2013, and 68.81% of the aggregate of total income from operations (net) and other income for the year ended 31 March 2013 and ₹3,750 lacs net increase in cash and cash equivalents for the year ended 31 March 2013, as shown in these consolidated financial statements. Of the above:

a. The financial statements and other financial information of some of the subsidiaries incorporated outside India as drawn up in accordance with the generally accepted accounting principles of the respective countries ('the local GAAP') have been audited by other auditors duly qualified to act as auditors in those countries. These subsidiaries account for 42.70% of total assets as at 31 March 2013 and 68.78% of the aggregate of total income from operations (net) and other income for the year ended 31 March 2013 and ₹3,766 lacs net increase in cash and cash equivalents for the year ended 31 March 2013 as shown in these consolidated financial statements. For purposes of preparation of the consolidated financial statements, the aforesaid local GAAP financial statements have been restated by the Management of the said entities so that they conform to the generally accepted accounting principles in India. This has been done on the basis of a reporting package prepared by the Company which covers accounting and disclosure requirements applicable to consolidated financial statements under the generally accepted accounting principles in India. The reporting packages made for this purpose have been audited by the other auditors and reports for consolidation purposes of those other auditors have been furnished to us. Our opinion on the consolidated financial statements, insofar as it relates to these entities, is based solely on the report of these other auditors.

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

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

Sunil Gaggar
Partner
Membership No.: 104315

Bangalore
30 May 2013

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

(₹ in lacs)

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

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

UDAYANT MALHOUTRA
CEO and Managing Director

VIJAI KAPUR
Chairman

S GOVINDARAJAN
Director

HANUMAN SHARMA
Chief Financial Officer

M SINDHU
GM - Compliance, Legal & Company Secretary

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

(₹ in lacs)

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

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

As per our report of even date attached

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

Sunil Gaggar
Partner
Membership No.: 104315

Place : Bangalore
Date : 30 May 2013

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

UDAYANT MALHOUTRA
CEO and Managing Director

VIJAI KAPUR
Chairman

S GOVINDARAJAN
Director

HANUMAN SHARMA
Chief Financial Officer

M SINDHU
GM - Compliance, Legal & Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

(₹ in lacs)

	31 March 2013	31 March 2012
Cash flow from operating activities		
Profit before tax	**1,230**	3,521
Adjustments:		
Depreciation and amortisation	**4,638**	4,340
Finance costs	**8,456**	7,145
Interest income	**(60)**	(124)
Loss on sale of fixed assets, net	**25**	7
Bad debts written off	**40**	160
Amortisation of foreign currency monetary item translation difference account	**86**	36
Provision for doubtful debts, net	**444**	174
Unrealised foreign exchange differences	**205**	251
Operating cash flow before working capital changes	**15,064**	15,510
Decrease / (increase) in trade receivables	**9,543**	(3,312)
(Increase) in inventories	**(1,110)**	(1,281)
(Increase) in loans and advances and other assets	**(38)**	(2,394)
Increase in trade and other payables	**1,224**	7,152
Adjustment for foreign exchange in operating activity	**(188)**	483
Increase / (decrease) in provisions	**161**	(3,490)
Cash generated from operations	**24,656**	12,668
Income taxes (paid), net	**(764)**	145
Net cash generated from operating activities (A)	**23,892**	12,813
Cash flows from investing activities		
Purchase of fixed assets	**(6,250)**	(15,053)
Payment of purchase consideration, net of cash acquired	-	(16,735)
Proceeds from sale of fixed assets	**307**	57
Purchase of investments	-	(1)
Interest received	**21**	124
Net cash (used in) investing activities (B)	**(5,922)**	(31,608)

(₹ in lacs)

Cash flows from financing activities		
Proceeds from issue of share warrants	**1,250**	-
Proceeds of preference share capital issued by subsidiary	-	3,295
Proceeds from borrowings	**2,473**	26,588
Repayment of borrowings	**(8,367)**	(6,027)
Deferral sales tax payment	**(77)**	(86)
(Repayments) / Proceeds from cash credits/ working capital loans (net)	**(551)**	3,824
Repayments from buyer's credit (net)	**(452)**	(723)
Repayment of public deposits (net)	**(28)**	(15)
Interest expense paid	**(8,529)**	(6,657)
Dividend paid including tax thereon	**(128)**	(631)
Net cash (used in) / provided by financing activities (C)	**(14,409)**	19,568
Net increase in cash and cash equivalents (A + B + C)	**3,561**	773
Cash and cash equivalents at the beginning of the year	**1,921**	1,047
Effect of exchange rate changes on cash and cash equivalents	**(74)**	101
Cash and cash equivalents at the end of the year*	**5,408**	1,921

* refer note 19

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 : 30 May 2013

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

UDAYANT MALHOUTRA
CEO and Managing Director

VIJAI KAPUR
Chairman

S GOVINDARAJAN
Director

HANUMAN SHARMA
Chief Financial Officer

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 of to the nearest lacs

b. Principles of consolidation

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

Sl. no.	Subsidiaries	Subsidiary/ Step Subsidiary/ Associate	Country of incorporation	Effective group share-holding%
1	JKM Erla Automotive Limited (JEAL)	Subsidiary	India	99.99
2	JKM Ferrotech Limited (JFTL)	Step Subsidiary	India	99.99
3	JKM Research Farm limited (JRFL)	Subsidiary	India	99.99
4	JKM Global Pte Limited (JGPL)	Subsidiary	Singapore	100
5	Dynamatic Limited (DL, UK)	Step Subsidiary	United Kingdom	100
6	Yew Tree Investments Limited (YTIL)	Step Subsidiary	United Kingdom	100
7	JKM Erla Holdings GmbH (JEHG)	Step Subsidiary	Germany	100
8	Eisenwerk Erla GmbH (EEG)	Step Subsidiary	Germany	100
9	Harasfera Design Private Limited (HDPL)	Associate	India	50

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 consolidated 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

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:

Class of assets	**Rate per annum**
Data processing equipment	25%
Furniture and fixtures	10%
Office equipment	
- Mobile phones	50%
- Others	20%
Plant and machinery	4.75% - 10.34%

Freehold land is not depreciated. Leasehold land is depreciated over the initial lease period. 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 statement of profit and 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 statement of profit and loss as incurred.

Intangible assets are amortized in statement of profit and 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

(i) Inventories are carried at the lower of cost and net realisable value.

(ii) Cost of inventories comprises purchase price and all incidental expenses incurred in bringing the inventory to its present location and condition. The method of determination of cost is as follows:

- Raw materials and components – on a first in first out method
- Work-in-progress – includes costs of conversion
- Finished goods – includes costs of conversion
- Goods in transit – at purchase cost

(iii) Fixed production overheads are allocated on the basis of normal capacity of production facilities.

(iv) Inventories are valued at lower of cost or net realizable value. The comparison of cost and net realisable value is made on an item-by-item basis.

(v) The net realisable value of work-in-progress is determined with reference to the net realisable value of related finished goods. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

(vi) The provision for inventory obsolescence is assessed on a quarterly basis and 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 long-term contracts (contract revenue) is recognized on the percentage of completion method. Percentage of completion method is applied by calculating the proportion that the actual costs bear to the estimated total costs of the contract. The estimates of the contract revenue and costs are reviewed periodically by the Management and any effect of change in estimate is recognized in the period such changes are determined. Liquidated damages/ penalties are provided for wherever there is a delayed delivery attributable to the Group. Provision for foreseeable losses is made in the year in which such losses are foreseen.

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 non-monetary 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 swaps to hedge its risks associated with foreign currency fluctuations. The Group enters into derivative financial instruments, where the counterparty is a bank.

Premium or discount on foreign exchange forward contracts taken to hedge foreign currency risk of an existing asset / liability is recognised in the statement of profit and loss over the period of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss of the reporting period in which the exchange rates change.

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. 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.

q. Leases

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets 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.

r. 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 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.

s. 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.

t. 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.

u. 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.

	As at 31 March 2013	As at 31 March 2012
		(₹ 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 2013		31 March 2012	
	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 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
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 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Class of shares (Equity)					
No of shares issued	-	-	-	-	1,048,390

During the year 2007-2008, 1,048,390 shares were allotted by way of bonus shares by capitalization of securities premium and capital redemption reserve. The Company has not bought back any shares during the period of five years immediately preceding the balance sheet date.

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

Particulars	31 March 2013		31 March 2012	
	Number	% of total share	Number	% of total share
Equity shares of ₹10 each fully paid-up held by				
- Udayant Malhoutra	**898,048**	**16.59%**	902,728	16.67%
- JKM Holdings Private Limited	**912,538**	**16.85%**	907,415	16.76%
- Udayant Malhoutra and Company Private Limited	**642,011**	**11.86%**	642,011	11.86%
- JKM Offshore India Private Limited	**442,071**	**8.16%**	442,071	8.16%
- Samena Special Situations Mauritius	**467,455**	**8.63%**	427,289	7.89%
- FID Funds (Mauritius) Limited	**391,908**	**7.24%**	391,908	7.24%
- Citigroup Global Markets Mauritius Private Limited	**373,327**	**6.89%**	373,327	6.89%

(₹ in lacs)

	As at 31 March 2013	As at 31 March 2012
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 of the year	**7,111**	7,311
Less: Transfer to Business Restructuring Reserves (refer note 42)	-	(200)
At the end of the year	**7,111**	7,111
Hedge reserve		
At the commencement of the year	**(2,707)**	(275)
Add: Additions during the year	**408**	(2,432)
At the end of the year (refer note 37)	**(2,299)**	(2,707)
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 2013	As at 31 March 2012
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	**2,018**	2,020
Add: Additions during the year	-	-
Less: Additional depreciation charged on revalued assets	**(5)**	(2)
At the end of the year	**2,013**	2,018
General reserve		
At the commencement of the year	**3,010**	2,993
Amount transferred from statement of profit and loss balance	-	17
At the end of the year	**3,010**	3,010
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	**(593)**	-
Depreciation on fair valuation of fixed assets	**(793)**	(793)
Transfer to BRR	-	200
At the end of the year	**(1,386)**	(593)
Surplus in the statement of profit and loss balance		
At the commencement of the year	**5,503**	3,561
(Loss) / Profit for the year	**(1,191)**	2,464
Appropriations		
- Interim dividend [amount ₹Nil per share (previous year ₹6 per share)]	-	(325)
- Proposed dividend [amount ₹Nil per share (previous year ₹2 per share)]	-	(108)
- Tax on dividend	-	(72)
- Transfer to general reserves	-	(17)
At the end of the year	**4,312**	5,503
Foreign currency translation reserve		
At the beginning of the year	**(1,072)**	(1,133)
Additions during the year	**(243)**	61
At the end of the year	**(1,315)**	(1,072)
Foreign currency monetary item translation difference account		
At the beginning of the year	**(249)**	-
Exchange loss arising on account of reinstatement of loan (refer note 45)	**(144)**	(285)
Amount amortised during the year to statement of profit and loss (refer note 45)	**86**	36
At the end of the year	**(307)**	(249)
	11,573	13,455

(₹ in lacs)

	As at 31 March 2013	As at 31 March 2012
4 (a) Non- controlling interest (Preference capital)		
Issued, subscribed and fully paid up		
Preference shares issued by a subsidiary		
2,636,000 (previous year: 2,636,000) 0.01% redeemable non-cumulative preference shares of ₹10 each with securities premium of ₹115 per share	**3,295**	3,295
	3,295	3,295

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

	31 March 2013		31 March 2012	
	Number	(₹ in lacs)	Number	(₹ in lacs)
(a) 0.01% Non-cumulative redeemable preference shares of ₹10 each				
At the commencement of the period	**2,636,000**	**3,295**	-	-
Shares issued during the year	-	-	2,636,000	3,295
At the end of the period	**2,636,000**	**3,295**	2,636,000	3,295

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

	31 March 2013		31 March 2012	
	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%**	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 that ensures to the subscriber an internal rate of return 18% per annum. 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.

Subsequent to the year end, the JKM Erla Automotive Limited received a notice from the Subscriber that the Subscriber will not exercise its right for redemption till 30 September 2013. Further JKM Erla Automotive Limited has also obtained a legal opinion that the premium on redemption will fall due only upon the receipt of written notice from the subscriber.

(₹ in lacs)

	As at 31 March 2013	As at 31 March 2012
5. Long-term borrowings		
Secured		
Term loans		
- From bank @	**32,096**	39,216
- Financial institutions @@	**1,288**	1,701
- from others *	**654**	442
Unsecured		
Term loans		
-From bank @@@	-	693
-From others @@@@	-	4,149
Deferred payment liability		
- Sales tax deferral loan **	**181**	260
Deposits from shareholders * **	**2**	3
Deposits from others #	**195**	161
	34,416	46,625

@

(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 ₹5,712 lacs (previous year ₹6,526 lacs) repayable in 12-20 quarterly instalments. The rate of interest ranges from 14% - 17% 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 ₹Nil (previous year ₹324 lacs) repayable in 4 quarterly instalments with the rate of interest of 6 months LIBOR + 2.75% was repaid during the year	
Term loan from bank amounting to ₹5,500 lacs (previous year ₹5,500 lacs) repayable after moratorium period of 2 years, in 60 monthly instalments. The rate of interest is 14% - 15% per annum.	
Term loan from bank amounting to ₹1,500 lacs (previous year ₹1,500 lacs) 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 ₹2,048 lacs (previous year ₹2,300 lacs) repayable in 14 quarterly instalments. The rate of interest is 13.75% per annum.	
Term loan from bank aggregating to ₹Nil (previous year ₹155 lacs) repayable in 4 quarterly instalments with the rate of interest ranging from 6.75% - 7.1% per annum was repaid during the year.	
Term loan from bank amounting to ₹327 lacs (previous year ₹Nil) repayable in 44 Monthly instalments. The rate of interest is 12 % per annum.	
Term loan from bank amounting to ₹852 lacs (previous year ₹3,257 lacs) repayable in 3 quarterly instalments. The rate of interest is Libor plus 2 % per annum.	
Term loan from bank amounting to ₹2,508 lacs (previous year ₹1,999 lacs) repayable in 5 half yearly instalments. The rate of interest is Libor plus 2 % per annum.	
Term loan from banks aggregating ₹1,646 lacs (previous year ₹2,486 lacs) repayable in 2 equal yearly instalments. The rate of Interest is 3.5% + LIBOR.	The Security provided consists of a debenture over assets of DL, UK and YTIL, together with a share pledge over YTIL and corporate guarantees from Dynamatic Technologies Limited, JGPL and YTIL.

<table>
<tr><th>Details of repayment terms, interest and maturity</th><th>Nature of security</th></tr>
<tr><td>Term loan from banks aggregating ₹6,956 lacs (previous year ₹6,917 lacs) repayable at the end of 2 years from the final draw-down with rate interest of Libor + 2.50% per annum.</td><td>Corporate guarantee of Dynamatic Technologies Limited and JEAL</td></tr>
<tr><td>Term loan from banks aggregating ₹2,420 lacs (previous year ₹2,276 lacs) repayable in 6 half yearly instalments after moratorium period of 13 months. The rate of interest is Libor + 3.00% per annum.</td><td>The term loan is secured by first pari passu charge on the fixed assets of JEAL and Second pari pasu on corporate guarantee of Dynamatic Technologies Limited.</td></tr>
<tr><td>Term loan from banks aggregating to ₹1,623 lacs (previous year ₹2,421 lacs) repayable in 2 yearly instalments. The rate of interest is Libor plus 3.50% per annum.</td><td rowspan="2">The term loan is secured by corporate guarantee of Dynamatic Technologies Limited.</td></tr>
<tr><td>Term loan from banks aggregating ₹2,538 lacs (previous year ₹2,524 lacs) repayable in 6 half yearly instalments, after moratorium period of 13 months. The rate of interest is LIBOR + 3.50%.</td></tr>
<tr><td>Term loan from banks aggregating ₹373 lacs (previous year ₹469 lacs) repayable in 15 quarterly instalments. The rate of interest is 6.75% per annum.</td><td rowspan="4">The term loan is secured by charge on land and machineries (other than those exclusively charged).</td></tr>
<tr><td>Term loan from banks aggregating ₹239 lacs (previous year ₹324 lacs) repayable in 11 quarterly instalments. The interest of rate is 5.50% per annum.</td></tr>
<tr><td>Term loan from banks aggregating ₹Nil (previous year ₹968 lacs) was repaid during the year.</td></tr>
<tr><td>Term loan from banks aggregating ₹Nil (previous year ₹415 lacs)was repaid during the year.</td></tr>
<tr><td>Term loan from banks aggregating ₹732 lacs (previous year ₹903 lacs) repayable in 44 monthly instalments. The rate of interest is 5.42% per annum.</td><td>Secured by way of exclusive charge on assets financed by them.</td></tr>
<tr><td>Term loan aggregating ₹3,207 lacs (previous year ₹4,083 lacs) is repayable in 24 quarterly instalments. The rate of interest ranges from 11% - 13.55% per annum.</td><td rowspan="3">Secured, ranking pari passu , by way of first charge on present and future fixed assets and second charge on current assets. Corporate guarantee by the Dynamatic Technologies Limited.</td></tr>
<tr><td>Term loan aggregating ₹1,500 lacs (previous year ₹Nil) is repayable in 42 monthly instalments. The rate of interest is 6 months base rate + 4% per annum.</td></tr>
<tr><td>Term loan aggregating ₹1,376 lacs (previous year ₹1,500 lacs) is repayable in 54 monthly instalments. The rate of interest is 6 months base rate + 4% per annum.</td></tr>
</table>

@@

(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 ₹515 lacs (previous year ₹619 lacs) repayable in 43 monthly instalments. The rate of interest is 14% p.a	Secured by way of exclusive charge on assets financed by Siemens Financials Services Private Limited.
Term loan from financial institutions aggregating to ₹1,096 lacs (previous year ₹1,389 lacs) repayable in 15 quarterly instalments. The rate of interest is 9.73 to 13.03% p.a	Exclusive charge of GE Capital Services India 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 ₹106 lacs (previous year ₹111 lacs) payable in 55 monthly instalments from the date of purchase.	Exclusive charge on assets financed.

* Secured by hypothecation of vehicle / machineries. The amount is payable in 36-60 monthly instalments from the date of purchase.

@@@

Unsecured Term loan from banks aggregating ₹695 lacs (previous year ₹693 lacs) repayable within 31 March 2014. The interest of rate is 3.35% per annum.

@@@@

Term loan from others aggregating ₹4,640 lacs (previous year ₹4,149 lacs) is repayable in one installment. 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. @ Irungattukottai) 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 2013-14 is ₹88 lacs and accordingly disclosed in current maturities of long-term debt in "Other current liabilities".

*** 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 2013	As at 31 March 2012
6.	**Deferred tax liabilities (net)**		
	Deferred tax liabilities		
	Fixed assets	**4,641**	4,032
		4,641	4,032
	Deferred tax assets		
	Employee benefits	**69**	75
	Provision for bad and doubtful debts	**225**	81
	Warranty	**20**	-
	Bonus and incentives	**4**	-
	Unabsorbed depreciation and business loss	**1,192**	2,042
		1,510	2,198
	Deferred tax liabilities (net)	**3,131**	1,834
	The net deferred tax assets and deferred tax liabilities of ₹3,131 (previous year ₹1,834) lacs has the following breakdown:		
	Deferred tax assets*	-	1,035
	Deferred tax liabilities	**3,131**	2,869
	Deferred tax liabilities (net)	**3,131**	1,834
	* refer note 44		
7.	**Other long term liabilities**		
	Advance from customer	**209**	102
	Derivative liabilities (refer note 37)	**1,608**	2,409
	Others	**99**	129
		1,916	2,640
8.	**Long-term provisions**		
	Provision for employee benefits		
	Gratuity (refer note 33)	**10**	48
	Compensated absences	**147**	146
		157	194

	As at 31 March 2013	As at 31 March 2012
		(₹ in lacs)
9. Short term borrowings		
Secured		
Loans repayable on demand		
Cash credit *	**13,760**	14,078
Unsecured		
From banks		
- Foreign currency buyer's credit **	**324**	776
- Vendor bill discounting #	**2,879**	3,533
"Borrowings from shareholder, JKM Holding Private Limited ## (refer note 35)"	**470**	50
	17,433	18,437

* Cash credit from banks carry interest ranging between 5.18% - 16.25% 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 1.29% - 2.154% for 180 days 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 loan carries interest @ 16.75% to 18.00 % p.a. repayable in various instalments by 15 July 2013.

10. Trade payables		
Due to micro and small enterprises (refer note 40)	-	-
Dues to creditors other than micro and small enterprises*	**21,118**	18,820
Acceptances	**3,323**	4,053
* includes amounts payable to related parties, refer note 35	**24,441**	22,873

11. Other current liabilities		
Current maturities of long-term debt (refer note 5)	**15,005**	8,717
Employee related liabilities	**1,399**	1,344
Interest accrued but not due on borrowings	**831**	758
Accrued expenses	**762**	914
Statutory liabilities	**739**	812
Derivative liabilities (refer note 37)	**548**	297

continued..

(₹ in lacs)

	As at 31 March 2013	As at 31 March 2012
Capital creditors	**544**	946
Advance from customer	**428**	662
Acceptances for capital goods	**97**	-
Dealer deposits	**55**	60
Unpaid dividend	**28**	30
Others	**51**	74
	20,487	14,614

* Includes current maturities of term loans from banks ₹8,961 lacs (previous year: ₹7,631 lacs), current maturities of term loans from financial institutions ₹429 lacs (previous year: ₹418 lacs), current maturities of unsecured term loans from bank and others ₹467 lacs (previous year: ₹328 lacs), secured term loans from bank and others ₹4,868, current maturities of sales tax deferral loan ₹88 lacs (previous year: ₹86 lacs) and current maturities of deposits from shareholders and others category ₹192 lacs (previous year: ₹254 lacs).

12. Short-term provisions

Provision for employee benefits:		
Gratuity (refer note 33)	**17**	-
Compensated absences	**118**	118
Others		
Warranties (refer note 34)	**689**	457
Proposed equity dividend [including tax thereon ₹Nil (previous year ₹17 lacs)]	-	126
Taxation	**1,878**	2,198
Onerous contracts (refer note 34)	**73**	69
Others	**56**	111
	2,831	3,079

13. FIXED ASSETS

(₹ in lacs)

	Gross Block									Accumulated Depreciation					Net Block	
	As at 1 April 2012	Assets acquired on acquisition	Fair value adjustment	Additions	Exchange differences	Borrowing costs	Total Additions	Deletions/ adjustments	As at 31 March 2013	As at 1 April 2012	Charge for the year	Adjustment due to revaluations	Deletions/ adjustments	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
Tangible fixed assets (leased)																
Leasehold land	402	-	-	16	-	-	16	-	418	-	9	-	-	9	409	402
Tangible fixed assets (owned)																
Freehold land	4,714	-	-	168	-	-	168	-	4,882	-	-	-	-	-	4,882	4,714
Buildings	15,256	-	-	1,201	4	-	1,205	-	16,461	1,596	725	5	-	2,326	14,135	13,660
Plant and machinery	45,289	-	-	6,471	(42)	-	6,429	644	51,074	16,623	3,719	-	354	19,988	31,086	28,666
Measuring instruments	377	-	-	10	(7)	-	3	47	333	130	15	-	42	103	230	247
Electrical installations	2,122	-	-	16	1	-	17	-	2,139	405	40	-	-	445	1,694	1,717
Data processing equipment	1,018	-	-	22	1	-	23	1	1,040	797	54	-	1	850	190	221
Office equipment	1,813	-	-	326	-	-	326	244	1,895	500	269	-	239	530	1,365	1,313
Furniture and fixtures	403	-	-	8	-	-	8	9	402	261	37	-	6	292	110	142
Tools, dies and moulds	2,404	-	-	568	(9)	-	559	-	2,963	941	248	-	-	1,189	1,774	1,463
Vehicles	799	-	-	12	-	-	12	69	742	236	73	-	40	269	473	563
Motor boat	402	-	-	-	-	-	-	-	402	20	21	-	-	41	361	382
Total tangible fixed assets (A)	**74,999**	-	-	**8,818**	**(52)**	-	**8,766**	**1,014**	**82,751**	**21,509**	**5,210**	**5**	**682**	**26,042**	**56,709**	**53,490**
Intangible fixed assets, owned																
Application software	709	-	-	67	1	-	68	14	763	464	137	-	14	587	176	245
Prototype development	1,713	-	-	1,162	-	-	1,162	-	2,875	309	228	-	-	537	2,338	1,404
Non compete fee	836	-	-	-	-	-	-	-	836	586	162	-	-	748	88	250
Total intangible fixed assets (B)	**3,258**	-	-	**1,229**	**1**	-	**1,230**	**14**	**4,474**	**1,359**	**527**	-	**14**	**1,872**	**2,602**	**1,899**
Grand total (A) + (B)	**78,257**	-	-	**10,047**	**(51)**	-	**9,996**	**1,028**	**87,225**	**22,868**	**5,737**	**5**	**696**	**27,914**	**59,311**	**55,389**
Previous year	45,949	14,095	7,560	10,704	120	91	10,915	262	78,257	15,734	7,329	3	198	22,868	55,389	-

Note:

Addition to fixed assets, under applicable categories of tangible owned assets, includes an amount aggregating ₹3,986 towards commencement of horizontal line effective 1 December 2012.

Depreciation for the year is reflected as follows:	**2013**	2012
Depreciation as per statement of profit and loss	**4,638**	4,340
Depreciation capitalised for intangible assets	**31**	46
Fair value depreciation (refer note 42)	**793**	793
Translation adjustment	**275**	2,150
	5,737	7,329

(₹ in lacs)

		As at 31 March 2013	As at 31 March 2012
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 5,000) equity shares of ₹10 each of Harasfera Design Private Limited	**1**	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
		1	1
	Aggregate book value of unquoted investments	**1**	1
15.	**Long term loans and advances**		
	Other loans and advances		
	Unsecured, considered good		
	Security deposits	**1,103**	821
	Capital advances	**132**	1,147
	Cenvat receivable	-	133
	Advance tax and tax deducted at source, net of provisions	**925**	481
		2,160	2,582
16.	**Other non-current assets**		
	Other bank balances		
	Bank deposits with more than 12 months maturity from the reporting date	-	36
	Unpaid dividend account	**28**	30
	Derivative asset (refer note 37)	-	520
	Prepaid loan processing fees	**63**	78
	Prepaid expenses	**68**	404
		159	1,068
17.	**Inventories**		
	(Valued at lower of cost and net realizable value)		
	Raw materials (includes ₹96 lacs (py: ₹96 lacs) of goods-in transit)	**6,097**	6,961
	Work-in-progress	**10,121**	9,231
	Finished goods	**2,400**	1,615
	Stores and spares	**1,635**	1,336
		20,253	19,143
18.	**Trade receivables**		
	Unsecured		
	Outstanding for period exceeding six months		
	- Considered good	**1,979**	1,253
	- Considered doubtful	**744**	300
	Other debts		
	- Considered good	**12,633**	23,376
		15,356	24,929
	Less: Provision for doubtful receivables	**(744)**	(300)
		14,612	24,629

	As at 31 March 2013	(₹ in lacs) As at 31 March 2012
19. Cash and bank balances		
Cash and cash equivalents		
- Cash on hand	**15**	10
- Balance with banks		
- in current accounts	**5,393**	1,911
	5,408	1,921
Other bank balances		
- on margin money deposit accounts	**481**	406
- on fixed deposit accounts	**43**	-
	5,932	2,327
20. Short term loan and advances		
Loans and advances		
Unsecured, considered good		
Advances to supplier	**450**	476
Cenvat receivable	**1,408**	1,460
Security deposits	-	211
Value added tax receivable	**199**	198
Loans to employees	**46**	34
Minimum alternate tax credit entitlement	**394**	394
Others	**10**	192
	2,507	2,965
21. Other current assets		
Unbilled revenue	**1,378**	762
Derivative asset (refer note 37)	-	339
Prepaid expenses	**515**	567
Prepaid loan processing fees	**24**	32
Export incentives receivable	**138**	98
Interest accrued	**39**	-
Others	**44**	22
	2,138	1,820
22. Other operating revenues		
Scrap sales	**1,353**	1,030
Export incentives	**143**	108
	1,496	1,138
23. Other income		
Interest income from bank deposits	**60**	124
Provision no longer required written back	**275**	698
Miscellaneous income	**210**	175
	545	997

	As at 31 March 2013	As at 31 March 2012
		(₹ in lacs)
24. Cost of materials consumed		
Raw materials and packing materials consumed*		
Inventory of materials at the beginning of the year	**6,961**	4,268
Add: purchases	**84,946**	94,424
Less: closing stock	**6,097**	6,961
	85,810	91,731
(* 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	**1,615**	1,902
- Work-in-progress	**9,231**	9,675
	10,846	11,577
Closing stock		
- Finished goods	**2,400**	1,615
- Work-in-progress	**10,121**	9,231
	12,521	10,846
	(1,675)	731
26. Employee benefits		
Salaries, wages and bonus	**15,858**	14,615
Contribution to provident fund and other funds	**1,121**	1,531
Workmen and staff welfare expenses	**1,935**	1,874
	18,914	18,020
27. Finance costs		
Interest expenses	**7,699**	6,769
Amortization of loan processing charges	**24**	27
Other borrowing costs	**733**	349
	8,456	7,145
28. Other expense		
Power and fuel	**7,445**	6,581
Subcontractor charges	**4,618**	4,165
Consumption of stores, loose tools and spare parts	**4,089**	4,531
Freight outward	**1,328**	1,374
Rent (refer note 32)	**1,248**	899
Travelling and conveyance	**1,156**	985
Legal and professional	**1,048**	1,178
Foreign exchange loss (net)	**1,038**	313
Insurance	**510**	560
Repairs and maintenance:		
- plant and machinery	**1,517**	1,597
- buildings	**425**	301

	As at 31 March 2013	As at 31 March 2012
		(₹ in lacs)
- others	**929**	1,000
Provision for doubtful debts	**444**	174
Rates and taxes	**404**	255
Warranty and replacement expenses	**261**	115
Cash discount	**257**	375
Packing expenses	**168**	182
Communication	**159**	172
Sales commission	**154**	231
Security charges	**153**	98
Printing and stationery	**139**	136
Auditor's remuneration	**132**	115
Membership and subscriptions	**79**	44
Sales promotion and advertisement	**63**	97
Bad debts written off	**40**	160
Loss on sale of fixed assets (net)	**25**	7
Directors sitting fees	**11**	11
Miscellaneous expenses	**545**	531
	28,385	26,187

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'.

30. Capital commitments (₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	**395**	1,363

Amounts payable to preference shareholder at the time of redemption. The redemption value of the NCRPS (Non - Cumulative Redeemable Preference Shares) shall be at a value which guarantees 18% p.a. internal rate of return to the preference share holder. There are no other material capital commitments.

31. Contingent liabilities

The details of contingent liabilities are as under: (₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
Financial guarantee	**22,075**	19,423

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 ₹246 lacs (previous year ₹319 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 ₹1,002 lacs (previous year ₹580).

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
Payable within one year	**1,054**	820
Payable within one and five years	**2,299**	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'.

(₹ in lacs)

Change in defined benefit obligation	As at 31 March 2013	As at 31 March 2012
Opening defined benefit obligation	**755**	661
Additions due to acquisition	-	14
Current service cost	**57**	70
Interest cost	**58**	51
Benefits settled	**(114)**	(51)
Actuarial losses/ (gain)	**1**	10
Closing defined benefit obligation	**757**	755

Change in plan assets	As at 31 March 2013	As at 31 March 2012
Plan assets at the beginning of the year, at fair value	**707**	592
Additions due to acquisition	-	15
Expected return on plan assets (estimated)	**54**	50
Contributions	**84**	99
Benefits settled	**(125)**	(51)
Actuarial gain/(losses)	**10**	2
Plan assets at the end of the year, at fair value	**730**	707

Reconciliation of present value of the obligation and the fair value of the plan assets	As at 31 March 2013	As at 31 March 2012
Fair value of plan assets at the end of the year	**730**	707
Present value of the defined benefit obligations at the end of the year	**757**	755
Liability recognized in the balance sheet	**(27)**	(48)

Gratuity cost for the year	For the year ended 31 March 2013	For the year ended 31 March 2012
Current service cost	**57**	70
Interest cost	**58**	51
Net actuarial losses/ (gain) recognised in year	**(9)**	8
Return on plan assets	**(54)**	(50)
Total, included in "Employee benefit expense"	**52**	79

Assumptions at the valuation date	As at 31 March 2013	As at 31 March 2012
Discount factor	**8.25%**	8.5%
Expected rate of return on plan assets	**8.00%**	8.5%
Expected rate of salary increase	**6.00%**	6.0%
Attrition rate	**5.00%**	5.0%
Retirement age	**58**	58
Expected Employer's contribution over one year	**₹110 lacs**	₹100 lacs

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.

Five Year Information

Amounts for the current and previous four periods as on 31 March are as follows:

(₹ in lacs)

	2013	2012	2011	2010	2009
Present value of DBO	**757**	755	661	508	456
Fair value of plan assets	**730**	707	592	494	413
Funded status [Surplus / (Deficit)]	**(27)**	(48)	(69)	(15)	(43)
Experience gain / (loss) adjustments on plan liabilities	**(1)**	(10)	(5)	(2)	0
Experience gain / (loss) adjustments on plan assets	**10**	2	2	5	4

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 2013	As at 31 March 2012
Opening balance	**457**	58
Provision (including due to acquisitions)	**261**	931
Utilized during the year	**(29)**	(532)
Closing balance	**689**	457

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.

Provision for onerous contracts:

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
Opening balance	**69**	-
Provision (including due to acquisitions)	**4**	69
Utilized during the year	-	-
Closing balance	**73**	69

35. **Related party transactions:**

(a) Names of related parties and relationship

Sl. No.	Name of related parties	Relationship
(i)	Dynamatic Ltd, UK	Step Subsidiary
(ii)	JKM Global Pte Limited, Singapore	Subsidiary
(iii)	JKM Research Farm Limited	Subsidiary
(iv)	JKM Erla Automotive Limited	Subsidiary
(v)	JKM Erla Holdings GmbH, Germany	Step Subsidiary
(vi)	Eisenwerk Erla GmbH, Germany	Step Subsidiary
(vii)	JKM Ferrotech Limited	Step Subsidiary
(viii)	Harasfera Design Private Limited	Associate
(ix)	Yew Tree Investments Limited	Step Subsidiary
(x)	JKM Holdings Private Limited	Companies over which key management personnel or relatives of such personnel are able to exercise significant influence (other related entities)
(xi)	JKM Human Resources Private Limited	
(xii)	JKM Offshore (India) Private Limited	
(xiii)	Udayant Malhoutra and Company Private Limited	
(xiv)	Wavell Investments Private Limited	
(xv)	Vita Private Limited	
(xvi)	Udayant Malhoutra	Chief Executive Officer and Managing Director
(xvii)	V Sunder	President and Group Chief Financial Officer up to 30 September 2012, Non-executive director from 1 October 2012.
(xviii)	B Seshnath	Executive Director and Chief Marketing Officer up to 14 August 2012
(xix)	N Rajagopal	Executive Director and Chief Technology Officer
(xx)	Raymond Keith Lawton	Director, Dynamatic Technologies Limited and Managing Director, Hydraulics Division, Dynamatic Limited, UK.
(xxi)	Claire Tucker	Director, Dynamatic Technologies Limited and Corporate Director, Aerospace Division, Dynamatic Limited, UK.
(xxii)	Pramilla Malhoutra	Relatives of KMP
(xxiii)	Udita Malhoutra	
(xxiv)	Barota Malhoutra	

(b) Transactions with related parties and year end balances

(₹ in lacs)

Sl. No.	Name of related party	Description of the transaction	Transactions during the year ended		Outstanding balance [receivable / (payable)]	
			31 March 2013	31 March 2012	As at 31 March 2013	As at 31 March 2012
(i)	Harasfera Design Private Limited	Legal and professional charges paid	**19**	-	-	-
(ii)	JKM Holdings Private Limited	Rent paid	**4**	4	-	-
		Interest expenses	-	32	-	-
		Short term borrowings	-	-	-	(50)
		Short term borrowings repaid	**50**	-	-	-
		Interim dividend paid	-	53	-	-
		Final dividend paid	**18**	32	-	-
(iii)	JKM Human Resources Private Limited	Expenses- salaries and wages	**761**	786	**(51)**	(32)
(iv)	JKM Offshore (India) Private Limited	Interim dividend paid	-	26	-	-
		Final dividend paid	**9**	18	-	-
(v)	Udayant Malhoutra and Company Private Limited	Interim dividend paid	-	39	-	-
		Final dividend paid	**13**	27	-	-
		Interest expenses	**67**	-	-	-
		Short term borrowings	**270**	-	**(270)**	-
(vi)	Wavell Investments Private Limited	Short term borrowings	**200**	-	**(200)**	-
(vii)	Udayant Malhoutra	Interim dividend paid	-	56	-	-
		Final dividend paid	**18**	38	-	-
		Managerial remuneration	**54**	52	-	-
(viii)	V Sunder	Managerial remuneration	**29**	53	-	-
(ix)	B Seshnath	Managerial remuneration	**24**	40	-	-
(x)	N Rajagopal	Managerial remuneration	**45**	42	-	-
(xi)	Raymond Keith Lawton	Managerial remuneration	**88**	71	-	-
(xii)	Claire Tucker	Managerial remuneration	**109**	97	-	-
(xiii)	Pramilla Malhoutra	Expenses- rent	**24**	22	-	-
(xiv)	Udita Malhoutra	Expenses- rent	**4**	4	-	-
(xv)	Others	Interim dividend paid	-	6	-	-
		Final dividend paid	**2**	4	-	-

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 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.
- Others – comprising Homeland division which offers cutting edge security products and technologies which will enhance potential customer capability in countering modern day security threats
- Research farm ("RF") – "RF" is continuously engaged in finding innovative solutions by testing and validating pumps used in mechanized farming and earth moving sectors to suit real time field conditions.

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 2013

(₹ in lacs)

Particulars	HPE	AC	AUC	ASP	Others	RF	Unallocated	Total
A. Primary Segment reporting								
(i) Revenue								
Sales and services	31,139	4,488	107,964	17,151	913	107	-	161,762
Less: excise duty	(2,112)	-	(3,446)	(11)	(12)	-	-	(5,581)
Less: Inter-segment sales and services	(374)	(4,249)	(3087)	(2,358)	(793)	(107)	-	(10,968)
Other income	-	-	-	-	-	-	545	545
Total Revenue	**28,653**	**239**	**101,431**	**14,782**	**108**	**-**	**545**	**145,758**
(ii) Results								
Segment result - EBIDTA-profit/(loss)	2,948	(357)	4,644	5,863	596	85	545	14,324
(Less): depreciation	(865)	(278)	(2,307)	(978)	(202)	(8)	-	(4,638)
Segment result - profit/(loss)	2,083	(635)	2,337	4,885	394	77	545	9,686
(Less): Finance costs	-	-	-	-	-	-	(8,456)	(8,456)
Profit/(loss) before taxation	**2,083**	**(635)**	**2,337**	**4,885**	**394**	**77**	**(7,911)**	**1,230**
(Less): Provision for taxation	-	-	-	-	-	-	(2,421)	(2,421)
Net profit / (loss) after tax	**2,083**	**(634)**	**2,337**	**4,885**	**394**	**75**	**(10,332)**	**(1,191)**
(iii) Other Information								
Segment assets	17,563	3,704	57,383	22,295	4,100	657	15,769	121,471
Segment liabilities	6,710	1,362	48,648	3,203	104	72	48,008	108,107
Capital expenditure	486	131	3,845	1,946	157	166	-	6,731
Depreciation	865	278	2,307	978	202	8	-	4,638

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

(₹ in lacs)

Particulars	HPE	AC	AUC	ASP	Others	RF	Unallocated	Total
A. Primary Segment reporting								
(i) Revenue								
Sales and services	30,388	5,484	113,513	14,123	499	108	-	164,115
Less: excise duty	(1,849)	(24)	(2,559)	(22)	(4)	-	-	(4,458)
Less: Inter-segment sales and services	(76)	(4,819)	(3,338)	-	(463)	(108)	-	(8,804)
Other income	-	-	-	-	-	-	997	997
Total Revenue	**28,463**	**641**	**107,616**	**14,101**	**32**	**-**	**997**	**151,850**
(ii) Results								
Segment result - EBIDTA-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): Finance costs	-	-	-	-	-	-	(7,145)	(7,145)
(Less): 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	38,224	114,626
Capital expenditure	1,451	1,017	29,511	6,017	137	65	-	38,197
Depreciation	801	257	2,293	812	169	8	-	4,340

37. **Derivative instruments**

As of 31 March 2013, the Company has recognized a cumulative loss of ₹2,299 lacs (2012: ₹2,706 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:

(₹ in lacs)

Particulars		As at 31 March 2013	As at 31 March 2012
Designated derivative instruments			
Forwards sell	**GBP**	**107**	149
Interest rate swap	**EURO**	**17,150**	17,150
	USD	**45**	45
Non designated derivative instruments			
Cross currency swaps	**JPY**	-	3,476
	SGD	-	80
Forwards – Sell	**EURO**	-	3
	USD	-	16
Forwards and options - Buy	**USD**	-	35
	JPY	**1,475**	-

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 2013		As at 31 March 2012	
	Amount in original currency in lacs	Amount in ₹ lacs	Amount in original currency in lacs	Amount in ₹ lacs
Trade receivables				
USD	**33**	**1,842**	49	2,490
EURO	**7**	**480**	6	402
GBP	**9**	**731**	7	596
Advance paid				
CHF	-	-	-	5
Trade payables				
USD	**40**	**2,160**	69	3,518
EURO	**3**	**247**	1	63
GBP	-	**22**	-	3
CHF	-	**2**	-	-
JPY	**66**	**38**	502	313

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

(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Contract revenue recognized as revenue for the year	**1,759**	963
Aggregate amount of contract cost incurred for contracts in progress at the reporting date	**813**	725
Recognized profits (less recognized losses) for contracts in progress at the reporting date	**565**	37
Unbilled revenues (contract revenue recognized in excess of billings) presented under other current assets	**1,378**	762
Advance received from customer	**591**	183

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. Dues to Micro and Small Enterprises

According to the information available with the Group, there are no dues payable to Micro and Small 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 26 August 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).

41. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international as well as specified domestic transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international as well as specified domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

42. In accordance with the Scheme of Arrangement between JEAL and its respective shareholders and creditors duly approved by the Honourable High Court of Karnataka vide its order dated 30 July 2012, effective 1 April 2011 the following adjustments were recorded in the consolidated financial statement of the Company as at 31 March 2013:

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)
Cumulative incremental depreciation (for the year ended 31 March 2013: INR 793 lacs) on the fair value of tangible fixed assets as described above has been debited to "debit balance arising on consolidation"	1,586
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 ₹56,709 lacs would have reduced to ₹50,735 lacs, debit balance arising on consolidation of ₹1,386 lacs would have reduced to nil and securities premium of ₹7,111 lacs would have increased to ₹7,311 lacs.

43. Pursuant to a resolution passed in the Extraordinary General Meeting of shareholders dated 25 March 2013, amounts aggregating ₹67,500,166 and ₹57,499,994 (being 25% of the total value of warrants at the date of allotment) has been brought in by Mr Udayant Malhoutra in his capacity as Promoter and by Wavell Investments Private Limited, being a Promoter group company, towards subscription of 338,440 and 288,300 convertible warrants of ₹797.78 each respectively. These warrants give the right to the warrant holders to subscribe for one equity share of ₹10 each in the Company per warrant which is exercisable within 18 (eighteen) months from the date of allotment i.e. 26 March 2013.

44. Tax expense for the year ended 31 March 2013 include write down of deferred tax asset balance of ₹1,036 lacs in a subsidiary, in the absence of virtual certainty of the same being realised in the future.

45. Pursuant to the Companies (Accounting standards) Amendment Rules, 2011, vide GSR 914(E) dated 29 December 2011, the Company has exercised the option of accumulating the exchange differences, in respect of accounting periods commencing from 1 April, 2011 on long term foreign currency monetary items. As a result, such exchange differences so far as they relate to the acquisition of non depreciable capital assets have been accumulated in "Foreign currency monetary item translation difference account" ("FCMITD account"), to be amortized over the balance period of such long term liability.

In accordance with the accounting treatment, the Company has debited an amount of ₹144 lacs (previous year : ₹285 lacs) on restatement of long term foreign currency monetary items to FCMITD account. Consequent to such transfer, the cumulative balance in FCMITD account aggregating ₹393 lacs (previous year: ₹285 lacs) is being amortized over the period of the loan. Accordingly, an amount of ₹86 lacs (previous year: ₹36 lacs) has been debited to the statement of profit and loss.

46. Previous year's figures have been re-grouped/ re-classified, wherever necessary, to conform to the current year presentation.

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 : 30 May 2013

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

UDAYANT MALHOUTRA
CEO and Managing Director

VIJAI KAPUR
Chairman

S GOVINDARAJAN
Director

HANUMAN SHARMA
Chief Financial Officer

M SINDHU
GM - Compliance, Legal
& Company Secretary

This page has been intentionally left blank

DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors have pleasure in presenting the Thirty Eighth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2013.

1. FINANCIAL RESULTS

The Financial Results of the Company for the year ended March 31, 2013, were as follows:

(₹ in Lacs)

Particulars	Standalone		Consolidated	
	Year Ended 31 March 2013	Year Ended 31 March 2012	Year Ended 31 March 2013	Year Ended 31 March 2012
Gross Sales	**44,944**	48,244	**149,298**	1,54,173
Net Sales	**40,622**	44,369	**143,717**	1,49,715
Profit (Before Interest, Depreciation & Taxation) (EBITDA)	**7,397**	6,867	**14,324**	15,181
Interest & Finance Charges	**4,625**	3,948	**8,456**	7,145
Depreciation	**2,629**	2,511	**4,638**	4,340
Net Profit Before Taxation and Exceptional Items	**143**	408	**1,230**	3,696
Exceptional Items	-	175	-	175
Net Profit Before Taxation and after Exceptional Items	**143**	233	**1,230**	3,521
Provision for Taxation:				
- Current Tax	-	-	**1,124**	1,388
-Minimum Alternative Tax Charge	-	89	-	89
- Minimum Alternate Tax Credit Entitlement	-	(89)	-	(89)
- Deferred Tax Charge	**113**	68	**1,297**	(331)
- Wealth Tax	-	-	-	-
Net Profit After Tax	**30**	165	**(1,191)**	2,464
Balance brought forward from previous year	**3,674**	4,031	**5,503**	3,561
Amount available for appropriation	**3,704**	4,196	**4,312**	6,025
Appropriations				
Dividend on Equity Shares – Interim	-	325	-	325
Proposed Final Dividend on Equity Shares	-	108	-	108
Tax on Dividend	-	72	-	72
Transfer to General Reserve	-	17	-	17
Balance carried to Balance Sheet	**3,704**	3,674	**4,312**	5,503

Notes: Previous year figures have been recast wherever necessary.

DIVIDEND

During the year under review, your Directors do not propose to declare any dividend due to poor economic conditions and paucity of profits.

TRANSFER TO RESERVES

During the year under report, your Directors do not propose to transfer any amount to General Reserve.

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 April 1, 2008, applying the hedging criteria. The movement in the Mark To Market (MTM), subsequent to the designation as a cash flow hedge, amounting to ₹1,495 lacs (Standalone), and ₹2,299 lacs (Consolidated) 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 ₹120 lacs and foreign exchange gain amounting to ₹51 lacs for the year ended March 31, 2012 and March 31, 2013 respectively, has been adjusted to the cost of fixed assets.

COMPANY PERFORMANCE

Total income on a consolidated basis was ₹145,758 lacs as against ₹151,850 lacs in 2011-12. EBITDA on a consolidated basis was ₹14,324 lacs as against ₹15,181 lacs in 2011-12. Net Profit Before Tax on a consolidated basis was ₹1,230 lacs as against ₹3,521 lacs in 2011-12. Net Profit After Tax on a consolidated basis was ₹(1,191) lacs as against ₹2,464 lacs in 2011-12.

The Hydraulics and Precision Engineering business increased to ₹31,139 lacs from ₹30,388 lacs in 2012. Profit (Before Interest & Tax) declined from ₹3,706 lacs to ₹2,083 lacs. This includes the turnover from the Hydraulics division of Dynamatic Limited, UK, a subsidiary of your Company, to the extent of ₹12,838 lacs and Profit (Before Interest & Tax) of (₹61) lacs.

The Aerospace business grew from ₹14,123 lacs to ₹17,151 lacs and Profit (Before Interest & Tax) grew from ₹4,573 lacs to ₹4,885 lacs. This includes the turnover from the Aerospace division of Dynamatic Limited, UK, a subsidiary of your Company, to the extent of ₹10,722 lacs and Profit (Before Interest & Tax) of ₹2,437 lacs.

The Aluminium Castings business declined from ₹5,484 lacs to ₹4,488 lacs and Profit (Before Interest & Tax) declined from (₹854) lacs to a loss of (₹635) lacs.

The Automotive business declined from ₹113,513 lacs to ₹107,964 lacs while Profit (Before Interest & Tax) declined from ₹3,112 lacs to ₹2,337 lacs. This includes the turnover from Eisenwerk Erla GmbH, a subsidiary of your Company to the extent of ₹76,844 lacs and Profit (Before Interest & Tax) of ₹4,448 lacs.

Exports from India have gone down by 9% with sales of ₹10,210 lacs against the previous year's ₹11,249 lacs.

Capital expenditure

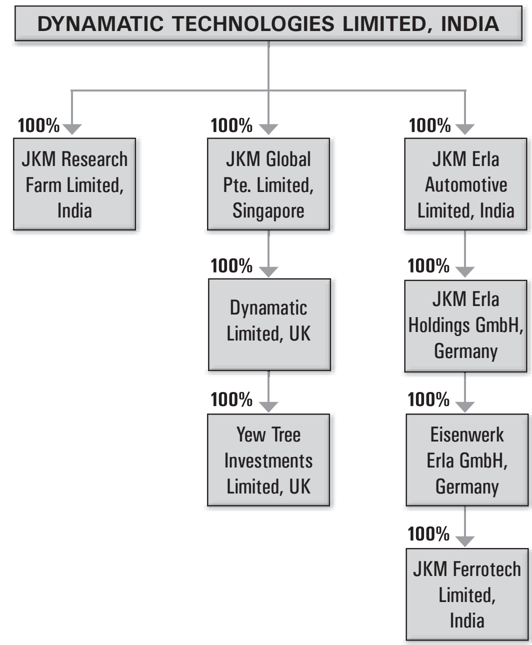
During the year, your Company incurred capital expenditure of ₹8,784 lacs for physical infrastructure and ₹1,213 lacs for procurement of intangible assets.

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 eight subsidiaries, the brief particulars of which are given below.

The structure of Dynamatic Technologies Limited and its subsidiaries as on March 31, 2013



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)

Demerger of automotive division of the Company with JKM Erla is under evaluation.

JKM Ferrotech Limited, India (JFTL)

JFTL is into manufacturing of ferrous alloy and castings, having its operations in Gummidipoondi, Tamil Nadu. 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, 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.

Yew Tree Investments Limited, Bristol, UK is a Wholly Owned subsidiary of Dynamatic Limited, UK.

JKM Erla Holdings GmbH, Germany (JKM Erla GmbH) 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, it is required to attach Directors' Report, Balance Sheet and Profit & Loss Account of the subsidiary companies 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 of the Companies Act, 1956, 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 the subsidiaries. The audited annual accounts and related information of the 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.

New Operational Model:

The market scenario offers a tough competition and working towards target costing is imminent. To contain the operational costs, as a drive towards lean management, it is being contemplated to fragment the operations into optimally sized multiple units. Such a step will help us to institutionalize the good shop floor practices that have been evolved and tested successfully in the II and III units.

Dynamatic Limited, Hydraulics, UK is accredited to ISO 9001:2008 standards and certification from British Standards Institute (BSI). Dynamatic Limited's lean initiatives continue to be the focus of cost reduction initiatives and projects. The UK facilities continue to have 0 (zero) defects per million and 100% on time delivery.

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 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. The unit initiated manufacture of Pressure Die Castings inhouse. We started enjoying uninterrupted power supply for our units which is bringing 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 and 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, 2013, the Company has no unclaimed deposits by the deposit holders of the Company.

7. DIRECTORS

Mr. Dietmar Hahn was co-opted as an Additional Director at the Board Meeting held on November 8, 2012. In terms of relevant provisions of the Companies Act, 1956, Mr. Dietmar Hahn 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 Mr. Dietmar Hahn for appointment as Director of the Company at the next Annual General Meeting. This item has been included in the notice convening the Annual General Meeting of the Company.

Mr. V. Sunder resigned as the President & Group CFO of the Company with effect from September 30, 2012 and was re-designated as Non-Executive Director of the Company, liable to retire by rotation with effect from the same date. Mr. V. Sunder placed his resignation as the Non-Executive Director on the Board with effect from June 3, 2013.

Under Section 256 read with Section 255 of the Companies Act, 1956, Mr. S. Govindarajan and Dr. K. Aprameyan, Directors of the Company retire by rotation at the ensuing Annual General Meeting, and are not being re-appointed as Directors of the Company as per Company's policy on age criteria for election to the Board. Ms. Malavika Jayaram who also retires by rotation at the ensuing Annual General Meeting, being eligible, offers herself for re-appointment.

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 have 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, 2013, 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, 2013, 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 Institute of Chartered Accountants of India, which form part of the Annual Report.

10. AUDITORS

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

M/s. Rao Murthy & Associates, have been appointed as the Cost Auditors of the Company with effect from May 30, 2013.

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 regulations 2(1)(s) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 include the following:

Sl. No.	Name of the Entity
1	JKM Holdings Pvt. Ltd.
2	Mr. Udayant Malhoutra
3	Udayant Malhoutra and Company Pvt. Ltd.
4	JKM Offshore India Pvt. Ltd.
5	Wavell Investments Pvt. Ltd.
6	Mrs. Barota Malhoutra
7	Vita Pvt. Ltd.
8	Christine Hoden (India) Pvt. Ltd.
9	Primella Sanitary Products 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 CFO of the Company is attached in **ANNEXURE - IV,** forming part of this report.

ACKNOWLEDGMENTS

Your Directors would like to thank 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

Vijai Kapur
Chairman

Place : Bangalore
Date : August 8, 2013

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, 2013.

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 ₹790.76 lacs during the year.
- Total units saved / annum is approximately 12 Million units.
- Carbon Emission Minimisation.

Units Generated in Windfarm Apr- Mar 13(Including Sold to TNEB)	1,38,92,985
Emission Minimisation by Windfarm	10,28,08,08,900

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 Air conditioner 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.

(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 ('R&D') 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. Our R&D effort is also focused on the automotive products as a proprietary product.

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 automation layout is redesigned and relayed for optimal usage considering work study and time study. Efforts are being made to enter into aerospace parts / products design and development.

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. Export activity in this front has been taken up.
- Development of Fixed Clearance Gear Pump with Low Pressure High Flow capability, catering to specific requirement of High HP Export 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 Major Tractor OEMs.
- Development of Bi-Directional Gear Pump for Marine Engine Transmission application for Twin Disc.
- Catering to total agricultural solution for professional farmers, Design & Development of a compact Pump-Motor combination unit has been carried out suitable for High-Powered Farm Sprayer for AGCO, USA.
- Design and Development of specially profiled Gear Pumps participating in the global multi-national tractor development program of AGCO, USA.
- Design and Development of Lubricating Oil Pumps & Water Pumps for world renowned Diesel Engine Manufacturers and for Indian Railways.
- Design and Development of Internal Gear Pump for lubrication of Tractor Transmission Assembly.
- Development of various types of Hydraulic Gear Motors.
- Design & Development of total Tractor Hydraulic aggregates including Hitch Control Valves, Relief Valves 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 Addition & Value Engineering (VA/VE) activities 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: The assembly line for Tractor Lift assembly being manufactured by Dynamatic for SAME has been completely automated in line with Poka-Yoke assembly process which is independent of operator's efficiency and reduces the worker fatigue, TAK time and also the space required. The state of the art assembly line is expected to attract more customer from the tractor industry for the lift housing.
- New projects for Defence sector. The Dynamatic Homeland Security team has responded to the requirement of Mini UAVs from the Artillery wing of the Indian Armed forces and is also responding to a global tender for Mini UAVs from CRPF.
- 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.
- Design customization of Mobile Command and Control Vehicle) for State Police for ISR (Intelligence, Surveillance and Reconnaissance) activities with Onboard IP Cameras, Server, GPS and GSM based tracking system. We have won a contract for 5 MCCVs from Gujarat State in July 2013. MCCV is one of the key ISR components for Safe City Projects being drafted by Ministry of Home Affairs and this order is a good reference point for us.
- Dynamatic has entered in to a teaming agreement with M/s. Aerovironment Inc, USA for the growing demand of Un-manned Aerial Vehicles in India.

  With over 23,000 UAVS delivered worldwide and currently operational, Aerovironment is one of the largest UAV manufacturers in the world and its products are extensively used by the military forces of the United States and 17 other countries. The combination of Aerovironment's technical capabilities in Unmanned Aerial Systems and Dynamatic's precision engineering capabilities and strong brand equity of both Companies will facilitate the availability of world-class UAVs in India.

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 with an aim to participate in the OEM's total tractor hydraulic development program.
- 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 2013	31 March 2012
(a)	Capital	**187**	211
(b)	Recurring	**434**	400
	Total	**621**	611

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 an 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.

- Design & Development of Lubricating Oil Pump suitable for Heavy Duty Engine, both for domestic & 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 is 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 ₹10,210 lacs.

(a). Foreign Exchange Earned and used:

₹ in lacs

Particulars	31 March 2013	31 March 2012
a. Total Foreign Exchange Earned	**11,017**	12,007
b. Total Foreign Exchange Used	**4,628**	8,571
• Import of Raw materials, components, stores and spares	**4,256**	7,092
• Foreign Travel	**38**	50
• Interest and legal expenses	**204**	461
• Capital Expenditure	**122**	967
• Others	**8**	1

ANNEXURE - II

A. ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2013

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, 2013	Shares held by the holding company in 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-13	100%	6,550,000 fully paid Equity shares of GBP 1 each	-	1,396	-	1,037
2	Yew Tree Investments Ltd,UK (a subsidiary of Dynamatic Limited, UK)	31-Mar-13	100%	100 fully paid Equity shares of GBP 1 each	-	64	-	25
3	JKM Erla Holdings GmbH, Germany (a subsidiary of JKM Erla Automotive Limited, India)	31-Mar-13	100%	25,000 fully paid Equity shares of Euro 1 each	-	1,654	-	1,699
4	Eisenwerk Erla GmbH, Germany (a subsidiary of JKM Erla Holdings GmbH, Germany)	31-Mar-13	100%	1,600,000 fully paid Equity shares of Euro 1 each	-	3,883	-	4,012
5	JKM Global Pte Limited, Singapore (a subsidiary of Dynamatic Technologies Limited, India)	31-Mar-13	100%	14,571,451 fully paid Equity shares of Singapore $1 each	-	-79	-	-104
6	JKM Erla Automotive Limited (a subsidiary of Dynamatic Technologies Limited, India)	31-Mar-13	99.99%	17,999,994 fully paid Equity shares of ₹10 each	-	-332	-	-175
7	JKM Ferrotech Limited (a subsidiary of Eisenwerk Erla GmbH, Germany)	31-Mar-13	99.99%	40,999,994 fully paid Equity shares of ₹10 each	-	-3,961	-	-1,263
8	JKM Research Farm Limited (a subsidiary of Dynamatic Technologies Limited, India)	31-Mar-13	99.99%	4,999,930 fully paid Equity shares of ₹10 each	-	40	-	46

B. INFORMATION RELATING TO SUBSIDIARIES AS AT 31 MARCH, 2013

(₹ in lacs)

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)	5,392.02	1,170.92	16,618.73	10,055.79	0.08	-	0.08	100%	23,637.64	1,914.25	518.49	1,395.76	-
Yew Tree Investments Ltd,UK (a)	0.08	677.34	697.32	19.90	-	-	-	100%	86.65	68.15	4.11	64.04	-
JKM Erla Holdings GmbH, Germany (c)	17.39	10,936.98	29,197.93	18,243.57	21,635.80	-	21,635.79	100%	3,883.57	2,368.63	714.52	1,654.11	-
Eisenwerk Erla GmbH (c)	1,112.70	9,925.19	35,430.86	24,392.97	4,190.04	-	4,190.03	100%	77,288.15	3,882.89	-	3,882.89	3,882.89
JKM Global Pte Limited, Singapore (b)	4,738.58	(1,314.34)	12,917.37	9,493.13	5,491.56	-	5,491.56	100%	46.56	(79.04)	-	(79.04)	-
Indian Subsidiaries													
JKM Erla Automotive Limited	2,063.60	1,896.97	7,137.42	3,176.86	6,198.75	-	6,198.75	99.99%	-	(332.17)	-	(332.17)	-
JKM Ferrotech Limited	4,100.00	(6,384.16)	15,018.39	17,302.54	-	-	-	99.99%	9,857.15	(2,925.13)	(1,035.77)	(3,960.90)	-
JKM Research Farm Limited	500.00	51.04	658.15	107.11	-	-	-	99.99%	108.00	75.42	35.04	40.38	-

Note:

The above details are as on March 31, 2013. 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	86.0355	82.3209
b	SGD	43.8900	43.7500
c	EURO	70.0669	69.5438

ANNEXURE – III

Form 'A'

Disclosure of particulars with respect to conservation of energy

	Power and Fuel Consumption	Hydraulics		Aerospace		Automotive	
Sl. No.	Particulars	Year					
		2012-13	2011-12	**2012-13**	2011-12	**2012-13**	2011-12
1.	**ELECTRICITY**						
	purchased units - lacs	**3,330,013**	3,968,263	**1,358,236**	1,446,575	**16,347,286**	6,476,268
	Total cost (₹)	**20,612,780**	23,373,069	**8,407,480**	8,520,326	**108,896,901**	31,832,914
	Rate / unit	**6.19**	5.89	**6.19**	5.89	**6.66**	4.92
2.	**GENERATION THROUGH CAPTIVE POWER FACILITIES**						
	Through Diesel generators						
	Units	**43,896**	91,133	**21,948**	45,566	**962,062**	1,724,823
	KWH per unit of fuel	**3.50**	3.50	**3.50**	3.50	**3.50**	3.50
	Fuel cost in ₹	**15.71/unit**	13.28	**15.71/unit**	10.85	**13.08**	13.14
3.	**THROUGH WIND FARM UNITS**	**NA**	NA	**NA**	NA	**6,653,702**	11,296,061
4.	**PURCHASED FUEL CONSUMED**						
	Furnace oil qty - lit	**2,940**	-	-	4,830	-	NA
	Total cost in ₹	**319,074**	-	-	410,550	-	NA
	Average rate / lit in ₹	**109**	-	-	85	-	NA
5.	**DIESEL OIL - lit**	**14,632**	33,740	**7,316**	NA	-	NA
6.	**OTHERS**						
	Gas - LPG	**LPG**	-	-	LPG	-	-
	Quantity - Kg	**16,320**	-	-	13,175	-	NA
	Total cost in ₹	**1,413,182**	-	-	590,381	-	NA
	Average rate per Kg	**87**	-	-	45	-	NA
7.	**CONSUMPTION PER UNIT PRODUCTION**						
	Units / pump / Auto parts	**9**	-	-	6	-	1
	FURNACE GAS	**15.00gm/ gear**	-	-	13.00 gms/ gear	-	-

CERTIFICATION BY CEO & MANAGING DIRECTOR AND CFO OF THE COMPANY

We, Udayant Malhoutra, CEO & Managing Director and Hanuman Sharma, 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 effect 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, 2013.

Place: Bangalore Date: August 8, 2013	**Udayant Malhoutra** CEO & Managing Director	**Hanuman Sharma** CFO

For and on behalf of the Board of Directors

Place: Bangalore
Date: August 8, 2013

Vijai Kapur
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

Despite improved global financial conditions and reduced short-term risks, the world economy continues to expand at a subdued pace in 2013, with the IMF projecting Global GDP growth at a little above 3%. Following the marked down turn over the past two years, global economic activity is expected to slowly gain momentum in the second half of 2013 and 2014 on the back of accommodative monetary policies in developed and developing economies. Most world regions are likely to see a moderate pick-up in activity, however growth will continue to be below potential. What was until now a two-speed recovery - strong in emerging markets and developing economies but weaker in advanced economies - is becoming a three-speed recovery. The projected growth for emerging markets and developing economies is higher than that of advanced economies, where there appears to be a growing bifurcation between the United States and the 17 countries Euro Zone.

The IMF growth forecasts for the emerging markets and developing economies is 5.3 % in 2013 and 5.7 % in 2014. Growth in the United States has been forecast at 1.9 % in 2013 and 3.0 % in 2014. In contrast, growth in the Euro Area has been projected at –0.3 % in 2013 and 1.1 % in 2014. The negative growth forecast for the Euro Zone not only reflects peripheral weakness but an unstable core as well. While Germany's growth is strengthening, it is still forecast at less than 1% in 2013.

South Asia's GDP is projected to expand by 4.7 per cent in 2013 and by 5.4 per cent in 2014 and the expected recovery, though moderate, will be based partly on an upturn in private demand following the recent easing of monetary policy, and a gradual strengthening of exports amidst slowly improving global conditions. Structural factors such as stubbornly high inflation, large fiscal deficits, political uncertainties, fragile security conditions, and transport and energy constraints will keep growth and investment in the region below potential.

In India, full-year growth slowed to 5.1 per cent in 2012 owing to ongoing weakness in investment, a significant deceleration in household consumption and sluggish exports. While India's growth is predicted to have bottomed out, the recovery will be slower than expected, with economic activity forecast to expand by a little over 5% in 2013 and 6.1% in 2014. Significant capital outflows from India in an environment of already weak growth, rupee depreciation which in turn increases external stability risks and constrained policy rate cuts, and slow progress in undertaking much needed policy reforms have been identified as the causes weighing down potential growth. Other key factors include political uncertainty and reform momentum, high cost of capital that can possibly reverse the gains realized on macro stability indicators like inflation, current account deficit and fiscal deficit; and a continued slowdown in new project inflows delaying a capex cycle recovery.

Looking ahead, although the brakes behind the recent under performances are expected to ease, it will do so gradually due to the continuing growth disappointments in major emerging market economies like India and China, a deeper recession in the Euro Zone and a slower U.S. expansion than expected. Although the short-term risks associated with the current situation in the euro area, the fiscal adjustments in the United States and the economic slowdown in large developing countries have diminished, they have not entirely disappeared. At the same time, new medium-term risks have emerged, including possible adverse effects of unconventional monetary measures in developed economies on global financial stability, which have the potential to once again derail the feeble recovery of the world economy.

OVERVIEW, STRUCTURE & DEVELOPMENT

Hydraulics Industry

Agriculture is the dominant sector of Indian economy, which determines the growth and sustainability. 2/3 of the Indian population still relies on agriculture for employment and livelihood. Yet this has remained as a to-be-explored Sector. Small scale agriculturist holding less than 5-10 acres of land should be able to reach the current tractor prices.

Robust rural liquidity and good monsoons always play a major role in increasing the demand for tractors and hence cyclical downturns are often witnessed. Last year, tractor sales lost traction. The last year had witnessed poor Monsoon in south and western India and this had serious impact on the sale of tractors, especially where rain fall was either poor or delayed. Obviously this reduced the demand for tractor pumps and also for pumps required in the aftermarket. This lean period was well utilised by your company in development of new products / valves, which helped us reaching a modest target of ₹162 Crores and certainly this will bear fruits in the coming years too. Your company's presence in other sectors such as lube and oil pumps for power generation group, did help in ramping up the sales for the year. The keen interest shown by global major players producing high horse power engines

/ generators in Dynamatic® Hydraulics for considering it as a strategic supplier is appreciable.

Dynamatic® Hydraulics which designs, develops, manufactures and markets a variety of Hydraulic pumps, motors, hitch control valves and related products for the Indian and overseas tractor markets, is one of the largest manufacturers of Hydraulic pumps in the world. The Company has sustained its market leadership position for the last 35 years and has been working towards enhancing its brand equity in the Hydraulics Gear Pump market by consolidating and expanding its product range.

Dynamatic® Hydraulics designs and manufactures cast iron pumps for the earth moving and construction equipment sectors, which are witnessing steady growth in India. These CI pumps have been designed and validated by Dynamatic® Hydraulics, UK, and have an advantage in terms of pressure ratings, higher flow and competitive prices. The Company plans to increase the production of these pumps in a steady manner.

Besides the above segments, Dynamatic® Hydraulics produces pumps for Industrial applications such as machine tools and power packs, a sector which 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

It has been a period of recession in the Global and Indian automotive Industry.

In India, except for Hyundai Motor India Limited which exports 40% of its vehicles and engines, it has been a turbulent period for the entire automotive industry. 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. Daimler has been very successful.

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

Whilst the global economic crisis has had a significant impact, prospects for the sector look positive, with the market predicted to be valued at US$1190 billion by end of 2014. This is underpinned by the large order backlog of both Boeing and EADS. Defence is the largest segment accounting for around 71%, with the rest comprising of the civil aviation sector. The US is the largest market accounting for 59% of the global aerospace & defence sector, followed by Europe with 22% share and Asia-Pacific with 19%.

The Aerospace market in the UK is estimated to generate £20 billion of sales per annum and 250,000 jobs. The growing Aerospace market is being supported and developed by world class companies such as BAE and Rolls Royce and a whole raft of high quality businesses such as GKN Aerospace, Airbus UK, Spirit AeroSystems.

Defence Procurement Procedure 2013

The recently released Defence Procurement Policy 2013, which supercedes all previous versions, contains unprecedented clauses and rules that add teeth to the MoD's declared intention to promote indigenisation. So far, successive DPPs of 2002, 2005, 2006, 2008, 2009 and 2011 have regarded all equipment purchased from Indian suppliers as ‘indigenous’ even when it contains 80-90% foreign-built items and just 10-20% Indian components which are often in secondary fields like assembly and delivery. DPP 2013 recognises that the ‘Buy and Make (Indian)’ and the ‘Make’ procedures must be simplified to enhance indigenisation by attracting more Indian companies into defence production and mandates a greater role for Indian industry, both in the public and private sector, by according higher preference to the ‘Buy (Indian)’, ‘Buy and Make (Indian)’ and ‘Make’ categorisations, by bringing further clarity in the definition of the ‘Indian Content’ and by simplifying the ‘Buy and Make (Indian)’ procedure.

Defence Industry Projects

P-8A Poseidon

The P-8A Poseidon is a long-range anti- submarine warfare, anti-surface warfare, intelligence, surveillance and reconnaissance aircraft capable of broad- area, maritime and littoral operations.

A derivative of the Next-Generation 737-800, the P-8A combines superior performance and reliability with an advanced mission system that ensures maximum interoperability in the future battle space. The P-8A is being developed for the U.S. Navy by a Boeing-led industry team that consists of CFM International, Northrop Grumman, Raytheon, GE Aviation, BAE Systems and Spirit AeroSystems.

The U.S. Navy plans to purchase 117 P-8As to replace its fleet of P-3C aircraft. In January 2011, Boeing received a $1.6 billion contract for low-rate initial production of the first six aircraft, spares, logistics and training devices; in November 2011, Boeing received a $1.7 billion LRIP award for seven additional P-8As. In September 2012, Boeing received a $1.9 billion contract for 11 aircraft, bringing the total to 24. P-8A initial operational capability is slated for 2013.

On Jan. 1, 2009, Boeing signed a contract with the government of India to provide eight P-8I long-range maritime reconnaissance and anti-submarine warfare aircraft to the Indian navy. The P-8I is a derivative of the P-8A designed specifically for the Indian navy.

The first test aircraft began U.S. Navy formal flight testing at Boeing Field in late 2009 and ferried to Naval Air Station Patuxent River, Md., on April 10, 2010, for completion of flight test. Six P-8A test aircraft currently are in flight test. Boeing’s first production P-8A made its initial flight July 7, 2011 and was officially delivered to the Navy March 4, 2012. Boeing completed the last if its LRIP-1 deliveries in January 2013.

CH-47 Chinook

The Indian Air Force has chosen the Boeing Chinook over Russian Mi-26 helicopters in a tender for the delivery of 15 heavy-lift helicopters 5th Dec 2012. The cost of the future contract will be determined following contract negotiations with Boeing, which are currently underway.

Boeing is pursuing a multi-year $4 billion order from the US Army for 177 more CH-47F Chinook helicopters. The five-year deal includes an option for the Army to buy 38 additional Chinooks, a multi-mission, twin-engine transport helicopter. This order would eventually bring the Army’s CH-47F total procurement close to its target of 464 aircraft, including 24 to replace peacetime attrition aircraft. The Deliveries are expected to begin in 2015.

Sukhoi 30MKI Fighter Bomber for Hindustan Aeronautics Limited

The Sukhoi 30MKI which is one of the finest multi-role aircraft in the world, combines a robust Russian airframe with state-of-the-art western avionics and locally developed computers. The addition of this aircraft 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.

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.

Commercial Industry

Despite the negative sentiments due to the Eurozone crisis and worries about China’s growth stalling, the Aerospace market in 2012 has beaten expectations of being a washout. The giant mega-deals of recent years have resulted in huge production backlogs for aircraft manufacturers. Airbus is slated to set up a fourth A320 plant in the US, while Boeing is boosting production 30% to reduce its backlog.

The civil aerospace is now very much in production and delivery mode, rather than racking up mammoth sales. 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

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.

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

Boeing

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.

Bell Helicopters

Bell Helicopters, an industry–leading producer of commercial and military aircraft, 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™ is vertically integrated to manufacture CNC components, Sheet Metal Components, Soft Tooling, Hard Tooling, Jig Manufacturing and has Comprehensive Engineering capabilities. The Aerospace Division has the largest infrastructure in the Indian Private Sector for the manufacture of complex Aero-Structures and is is AS9100 approved, NADCAP approved for Heat Treatment and Non Destructive Testing and Airbus / Boeing approved. This is the first time such capabilities have been developed in the Indian private sector.

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). 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 partners Boeing for the manufacture of cabinets to house critical power and mission equipment for the P-8 program and was recently awarded a contract for the manufacture the Aft Pylon and Cargo Ramp Assemblies for Boeing's CH-47F Chinook helicopter.

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.

Dynamatic-Oldland Aerospace™ also signed a MoU with Bell Helicopter for the Bell 407 Air Frame Cabin Assembly, Air Frame Component and Details. The estimated business volume of the work proposed is approximately $243 million USD over a ten year period starting in 2013. Dynamatic® has already qualified itself as well as an eco-system of sub-tier suppliers under the BELL PRODUCTION SYSTEM and has commenced trial production of airframe components and detailed parts.

Dynamatic Oldland Aerospace™, UK is a demonstrated leader in the development of exacting Airframe Structures and Precision Aerospace Components. It has two unique state of the art facilities in Bristol and Swindon possessing complex 5 Axis machining capabilities for the manufacture of Aerospace components and tooling. We also offer a fast track facility working with all major primes & manufacturing holding fixtures. We specialise in Reverse Engineering, Fixtures & Design Manufacturing.

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:14001.

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 and Complex

Engineering both in the UK & India. UK has seen recent expansion into its Swindon facility and this facility is now manufacturing Main Landing Gear parts and Over Wing details for the airbus fleet. As pioneers in the Indian & UK Private Sectors, 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.

Dynamatic's aerospace business offers its customers a total solution of high capex, highly skilled multi axis machining from the UK and high value added, highly skilled sheet metal details and assembly in India, giving its customer offset credits with best value from two cost models. The strategy is to continue to consolidate on its leadership position and emerge as technological leaders in multi axis high speed long bed machining with fully automated processes, which in turn will reduce costs and maximise on productivity.

B. OPPORTUNITIES AND THREATS

Your Company designs and builds highly engineered products for Automotive, Aeronautic, Hydraulic and Security applications at its futuristic design, engineering and manufacturing facilities in Europe and India, meeting exacting customer requirements on 6 continents. With over three decades of manufacturing experience, Your Company is vertically integrated, with its own alloy-making and casting capabilities as well as its own captive green energy sources. Its manufacturing facilities, which are lean, green and clean, are located in India (Bangalore, Chennai, Coimbatore, Nasik), United Kingdom (Swindon, Bristol) and Germany (Schwarzenberg.

Your Company's products and solutions are engineered by the following business units:

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

With three design laboratories in India and Europe, Your Company is a leading Private R&D Organisation, with numerous inventions and patents to its credit. The Company and its Subsidiaries employ around 50 scientists and 500 engineers with expertise in Mechanical Engineering, Advanced Computer Aided Engineering, Materials & Metallurgical Engineering, Fluid Dynamics and Defence & Aerospace Research. Your Company's bi-continental presence equips it with a geographical advantage in managing customer relationships and enables it to combine the strengths of each location, to deliver cost and long-term global manufacturing advantages to its customers.

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

The 'Yellow Brick Road' strategy, which uniquely positions the Company to achieve greater economic relevance, enables synergies in competence & skills, cost of efficiency and the maximizing of capacities, without departing from the Company's philosophy of building a green enterprise. It enables your Company to respond swiftly to customer needs of the Company, achieve business synergy, the cost competitiveness, risk mitigation, and develop a stable supplier base. The Strategy has been delivering results over the past year with strong order intakes from Global Majors in each business segment the Company operates in.

Despite the advantageous position, the external environment poses various risks and threats to the growth of your Company. Key amongst these risk factors is the Global Economic Slowdown, Stubborn Recessionary Conditions of the Euro Zone and Underperformance of the Indian Economy, Global Financial Risks, Political Uncertainties and Governance Risks in India, Fragile Security Conditions, Transport and Energy Constraints, High cost of capital and Capital Constraints and the instability of the Indian Rupee.

Understanding the opportunities for growth and the barriers in each segment as well as the threats and risks posed by the economic environment, Your Company plans to grow by leveraging on its competitive strengths namely:

- **Presence in diverse, synergistic business segments**
- **Leadership position in Hydraulics business**
- **Strong competence in Automotive business**
- **Captive Green Energy Source**
- **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**

Dynamatic® Hydraulics, India and UK

₹ in lacs

		31 March 2013	31 March 2012
Financial Highlights	Segment sales Profit before interest & Tax Capital Employed	**31,139** **2,083** **10,853**	30,388 3,706 15,568

Business Highlights

- **GLOBAL SCALE:** One of the World's largest manufacturers of Hydraulic Gear Pumps, with deliveries into 6 continents.
- **GLOBAL PRESENCE:** Production facilities in India and UK. Strong design and development partnerships with major tractor OEMs. 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, ZF, CNH Brazil and France, Womack, Terex etc.
- **INTELLECTUAL PROPERTY OWNERSHIP:** Owns the design of every part made.
- **DESIGN & DEVELOPMENT:** World-class design laboratories in India and UK which use enhanced technologies to support the Company's growth plans in a sustainable manner.
- **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.
- **STATE-OF-THE-ART MANUFACTURING:** Uses cutting edge technologies and highly sophisticated machinery for product manufacturing.
- **COMPREHENSIVE DISTRIBUTION BASE:** Possesses a global delivery chain and 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.
- **DOMINANT PLAYER IN INDIAN MARKET:** Single source supplier to 75% of India's Tractor OEMs and Construction Equipment Industry. Exports to over 30 countries, with products being used in original Equipment in USA, UK, Canada and South Korea.

  Supplier to the Infrastructure Sector with its cast iron body pumps for clients like JCB, Caterpillar, Cummins, Terex, CNH USA, .etc.

  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.
- **DEVELOPING NEW MARKETS:** During the downturn, Dynamatic® Hydraulics, UK, utilized its resources to discover its replacement market, along with OEMs, developing various products for customers. To ease the capacity constraints faced by the Indian operations, the John Deere US orders for the Thor, Argos and Zenith tractor programs were transferred to UK.

  Dynamatic® Hydraulics, India, has been working towards expanding its product range by focussing on hitch control valves and rock shaft assemblies. New divisions - JKM Pump Division and Center For Bush Excellence - have been established to cater to the OE market, which demands products at competitive prices.

Dynamatic-Oldland Aerospace™, India and UK

₹ in lacs

		31 March 2013	31 March 2012
Financial Highlights	Segment sales	**17,151**	14,123
	Profit before interest & Tax	**4,885**	4,573
	Capital Employed	**19,092**	13,372

Business Highlights

- **POLE POSITION:** Dynamatic-Oldland Aerospace™, India and UK, are recognized leaders for the development and manufacture of exacting Airframe Structures and Precision Aerospace components. Largest Infrastructure in the Private sector in India 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, BELL, GKN, Augusta Westland and Spirit have awarded Dynamatic-Oldland Aerospace™, key projects and awards.
- **GEOGRAPHICAL ADVANTAGE:**

  India: HAL, NAL, ISRO, DRDO, ADE are all headquartered in Bangalore. A rare and exemplary instance of Public Private Partnership, the Company consistently supplies Air Frame Structures for the Sukhoi 30MKI Fighter Bomber from its production facilities in Bangalore and a new facility provided by Hindustan Aeronautics Limited at Nasik.which was established by seamlessly transferring the assembly work from Bangalore without disrupting the deliveries on a running production program

  UK: The Company's Aerospace Facilities in Bristol and Swindon are ideally situated on the M4 corridor and central to the aerospace hub of the South West in the UK and our main customers, GKN, Airbus,Agusta Westland are also based in this region.
- **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 Wing &Rear Fuselage of 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. The success of this program has enabled Boeing to place orders for 11 more sets for the Limited Rate production and 33 additional orders for Full Rate production requirements for the US Navy.

  Boeing further enhanced the relationship with Dynamatic-Oldland Aerospace™, India by placing one of its largest orders in India for 100 Aircraft sets over 5 years of Ramp & Pylon Assembly for Chinook Helicopters. Work on this program is steadily progressing and first delivery is scheduled for Jan 2015.

  Bell Helicopters have chosen Dynamatic-Oldland Aerospace™, India as their supplier of choice for Cabin assemblies beginning with the Aft Cabin Assemblyfor the 407 series of Helicopters. The first articles for over 80 parts have been completed and Dynamatic-Oldland Aerospace™, India is poised to progressively build 60 Aircraft sets per annum beginning next year.

  In the UK, Dynamatic-Oldland Aerospace™ are a major strategic supplier to GKN. Current projects include:, A400m, A380, A340, A320, A321, C130J, Lynx Wildcat and Dassault. A fast track facility is also offered working with all major primes & manufacturing holding fixtures. The UK also specialise in Reverse Engineering, Fixtures & Design Manufacturing.

  India & UK work closely with Spirit AeroSystems, the world's largest Aero-Structure manufacturer, as an Industrial Partner in the manufacture in the UK and assembly in India of the Flap Track Beam Project.
- **OFFSET POLICY:** Poised to ride the tidal wave of business from Government's offset policy. Agreements signed with Boeing, Lockheed Martin, Northrop Grumman, Bell Helicopters for being their Offset partners in India.

	• **GLOBAL SINGLE SOURCE:** Working very closely with EADS and Spirit AeroSystems to manufacture and assemble Flap Track Beams for the Airbus A-320 Family of Aircrafts in the UK and India. 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** **India** • DGAQA approval for in-house processes. • AS 9100 Rev C Certified by Underwriters Laboratories (UL). • NADCAP approvals for In-house processes. • 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. • First Indian Company in the Private sector to be certified by Airbus for Manufacture of Aero-Structures. **UK** **Airbus Certification** • GE Aviation • GKN Aerospace • Agusta Westland • BS EN ISO 9001:2008 • AS/EN 9100 • Spirit AeroSystems • ISO 14001 • **EXPANSION** Dynamatic Aerospace has been continuously expanding to build capabilities in large aero-structural assemblies, composites and complex engineering in India and the UK 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 and UK Private Sectors 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 has started construction on 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 part of the UK's ongoing expansion plans, manufacturing has now begun at the new Swindon Aerospace facility where Main Landing Gear parts and Over Wing details for the long range Airbus fleet are being produced. Future plans are to incorporate high speed long bed machining at our Bristol facility.

Dynamatic Homeland Security™, India

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,Bollards,Boom Barriers and RFID based Access Controls which will enhance potential customers' capabilities in countering modern day security threats.

Automotive, India and Germany

₹ in lacs

		31 March 2013	31 March 2012
Financial Highlights	Segment sales	**107,964**	113,513
	Profit before interest & Tax	**2,337**	3,112
	Capital Employed	**8,735**	18,217

Business Highlights

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, Daimler India, Renault Nissan India & 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 14 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 AutomotiveTM 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.

JKM Ferrotech Limited :

- Strengthened our position as the largest supplier of automotive castings to Mando India and TVS Sundram Fasteners and a major source outside Europe for Flywheels to VW Germany
- Commenced operations from the DISA Horizontal moulding line . Currently producing 70,000 Exhaust Manifolds in SiMo and High SiMo grades for Hyundai Motors India and 20 different part numbers for Daimler India.
- Approved by Toyota Motors India for the supply of Brake Parts to Chassis Brakes International (Formerly Bosch Chassis Systems)
- Received orders from new automotive customers - PHI Automotive and Addison (part of Amalgamations group)
- "First" Iron foundry in India to be approved by BMW Germany for the supply of Exhaust Manifold in the heat resistant grade SiMoNi. Part finds application in BMW's 1 series , 3 series and MINI cars.
- Set up an in-house machine shop for machining Daimler India parts – this is our first step towards establishing a "best in class" machining facility at JKM Ferrotech

Eisenwerk Erla GmbH

- The main products are Turbine housings, Exhaust manifolds, Crankshaft bearing caps, Compensation shafts.
- The whole team worked for improvements in the production of Turbine housings and Integrated Turbine housings. The intensity of cores in the casting process is much higher compare to the past, so the team developed the process of core assembling well.
- Successful implementation and start of serial production of the project 1.2l MQB Turbine Housing for BoschMahle Turbocharging Systems;
- Successful implementation and start of serial production of the project 1.4 MQB Turbine Housing for IHI Charging Systems International;
- Start of series production of Turbine Housing project N100 for BorgWarner – first TriTurbo for serial Diesel engines;

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

	• First core tooling made completely out of stainless steel for serial production was implemented (1.2l Integrated Turbine Housing); • Installation of 1st full automatic fettling machines for turbine housings; • We received our first project in stainless steel from Company ICSI for an Audi project, • Visit of strategic purchase of Continental as potential new customer as well as followed Pre-Audit were successful, good chances to get new strategic customer for turbine housings in the following business year • The relationship direct to the OEM's is improved because of the fact that Erla will is developing a steel production process, Erla was able to secure the position in the European turbocharger market. • Supplies the automotive industry with more than 88%. 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, Environmental and Energy Management and is certified by the TÜV Deutschland according to ISO/TS 16949:2009, ISO 14001:2004 and ISO 500010: 201 • Erla was successful in all costumer audits: Bosch Mahle GmbH & Co KG: A rating, ICSI GmbH: A rating, Schlote A-rating, MItec GmbH A-rating, Vögele AG: A-rating. • Major customers include IHI Charging Systems International GmbH, BorgWarner Turbo Systems GmbH, BoschMahle Turbo Systems GmbH & Co.KG, Audi AG, Volkwagen AG, Daimler AG AGCO-Fendt, Joseph Vögele AG, Mitec Automotive AG.

Dynametal® India - Aluminium Casting (including Metallurgy)

₹ in lacs

		31 March 2013	31 March 2012
Financial Highlights	Segment sales Profit before interest & Tax Capital Employed	**4,488** **(635)** **2,342**	5,484 (854) 1,172
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.		

Dynamatic® Wind Farm, India - Non-Conventional Energy

Highlights	• Generating 12MW of power – approximately 14 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. • Freedom from energy price inflation - 87% reduction in monthly energy costs, improving our cost competitiveness. • Scalable- Windmills can be added.

Powermetric® Design, India

Highlights	
	• Design and development of foldable struts for HAL's ALH program. • Certification of CEMILAC for air-worthiness design of strut. • Design and development of testing equipments for strut product validation. • Design and development of "stretch forming machine" required for Boeing programs. • Design of sheet metal parts for BELL Helicopter structure. • Proposal submitted to HAL for design / development of ALH door locking mechanism. • Proposal submitted to MTH, Germany for high flow water pumps for their new energy saving engines. • Design optimization and validation for static, thermal and dynamic stability of system by using high and mathematical tools. • Virtual simulation tools are being used for product validation. • Design of water and oil pumps for new generation cars 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 the Ford-Puma engine. • Technology demonstration and prototyping of Electrical Vehicle Charging point with communication link and built-in intelligence system. • Design and development of various test rigs for water and oil pump validation. • Design and development of assembly jigs and tooling for Aerospace applications. • Upgrading the machines at Foundry by retrofitting / re-conditioning with electro-mechanical systems.

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 (%)	
	2013	2012	**2013**	2012
Hydraulics & Precision Engineering	**31,139**	30,388	**19**	19
Aluminium Castings	**4,488**	5,484	**3**	3
Automotive Components	**107,964**	113,513	**67**	69
Aerospace	**17,151**	14,123	**10**	9
Others	**1,020**	607	**1**	0
TOTAL	**161,762**	164,115	**100**	100

D. OUTLOOK

The overall outlook for next financial year April 2013 to March 2014 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 and has resulted in increasing order intakes. 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

The overall outlook for the next accounting year April 2013 looks positive. According to the H. M. Treasury Office of Budget Responsibility, the outlook for the UK economy is to grow through the remainder of 2013 by 0.6%. There is then a gradual upturn forecast in 2014 with GDP anticipated at 1.8% at the end of next year. This is a reduction and downward trend of earlier forecasts which were set initially last December at 1.2% and 2.0% respectively for 2013 and 2014.

Business investment is forecast to make a relatively important contribution to the recovery in growth in the medium term at least. The low inflation is an important factor to this growth forecast and with the recent depreciation of the pound the CPI inflation rate will probably rise towards the end of this year and then gradually fall again through 2014 and 2015. In terms of what this all means to the Company is somewhat mixed in that, particularly in hydraulics, that our Eurozone business will continue to be challenging. However the market in the UK is expected to be stable and in the U.S. there is small growth forecast where the North American economy continues to grow.

Germany

With the global economic downturn caused by the euro crisis, a phase of an economic slowdown in China as well as instability of the US fiscal policy, Germany recorded only a slight growth of the GDP of 0.7 % to EUR 2.645 bn. in 2012. The growth rate slowed down significantly especially towards the end of the year which also caused the beginning of the year 2013 to proceed considerably weaker than expected.

Nevertheless, a slight growth is expected in Germany for the year 2013 which might accelerate towards the end of the year and which, at 0.6 - 0.8 %, is at a similar level to the previous year. The reason for this is the still present risk of an aggravation of the euro crisis as well as the related reluctance in the fields of incoming orders, investment and consumption. The situation is also expected to improve by the end of the year 2014, with a considerable plus of the GDP of 1.9 %. To sum up, a continuous growth at a low level is expected in the next few years despite some risks.

In 2013, the German automotive industry faces a challenging year. Globally speaking, an increase by approx. 3 % to 70 million vehicles is to be expected, with the German automotive industry also being able to expect a growth due to its high and further increasing global market share especially in Asia and North America. However, in the European and domestic market, stagnation, possibly with a decline, must be expected in 2013. For 2014, further growth, also in Europe, is predicted carefully, because existing overcapacities and market saturation will reduce by then.

The turbocharger industry will continue to grow disproportionate to the automotive sector. The development of all leading OEMs is concerned with the efficiency increase of petrol engines, especially due to legal requirements with regards to a reduction of the CO_2 emissions. Another important component besides the increased combustion temperatures is the use of turbocharging technology. It has to be assumed that more than 80 % of all newly developed high-volume engines are equipped with a charger. Therefore, from a present day perspective, a growth rate between 30 – 40 % is to be expected until the year 2015.

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 is currently implementing its 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 transcontinental growth in an economic environment fraught with uncertainty and risk, there has been a growing need for robust, diverse Human Resource strategies 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 Global Human Resources Team, which 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 Business HR representatives work in tandem with Corporate HR to implement policies at the Business level and to ensure that the specific HR, IR and Welfare requirements of their respective businesses are met. The focus of the Global Human Resources Team has been to create merit oriented, values based work culture across the organization, through talent identification, recruitment, and training and development initiatives.

The HR Function in Your Company 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, 2013 was 2822 .

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

- The Human Resources Teams at various sites contributed to the growth of their respective Business Units by delivering significant cost savings on employee costs and welfare measures.
- The Business HR teams have collaborated with their respective Business Teams to evolve efficient Human Resource Management solutions to counter the challenges posed by the slow economic environment
- Integrated Performance Management System comprising of Quarterly and Annual Work Appraisals, to measure sustained performance and behavioural traits, to provide feedback and to enable development of the employee.
- 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.
- Special Training Programmes – Technical Skills and Soft Skills - were designed to meet the specific needs of each Business Segment and implemented at each Business Unit.
- Special Training and Awareness Programmes on Safety are conducted periodically at each business unit
- Formulation of a detailed Code of Conduct for all employees of the organization
- Formulation Prevention of Sexual Harassment At Work Policy for the Company's operations in India
- Regular Health Check-Ups and Health Awareness Camps are held periodically.
- Streamlining of the Induction process to ensure employee engagement.
- Resource Sharing programmes for greater business synergies between 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.

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 endeavour 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. As on March 31, 2013, the Board consisted of twelve (12) members of whom ten (10) were Non-Executive Directors and two (2) were 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 during the year 2012-13

Name of the Director	Age	Indian Companies (Public Companies excluding this Company)	Committee Memberships (Excluding this Company)*	
			As Chairman	As Member
Directors				
Mr. Vijai Kapur	**82**	-	-	-
Dr. K. Aprameyan	**70**	-	-	-
Air Chief Marshal S. Krishnaswamy (Retd.)	**70**	-	-	-
Mr. Govind Mirchandani	**62**	-	-	-
Ms. Malavika Jayaram	**42**	**2**	-	-
Mr. S. Govindarajan	**71**	-	-	-
Non-Executive & Non-Independent Directors				
Mr. Raymond Keith Lawton	**60**	-	-	-
Ms. Claire Louise Tucker	**45**	-	-	-
Mr. Dietmar Hahn	**55**	-	-	-
Mr. V. Sunder #	**51**	**3**	-	**5**
Executive Directors				
Mr. B. Seshnath ##	**55**	-	-	-
Mr. N. Rajagopal ###	**64**	-	-	-
Executive & Promoter Director				
Mr. Udayant Malhoutra	**47**	**5**	-	**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.

* 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).

Mr. V. Sunder resigned as the President & Group CFO of the Company with effect from September 30, 2012 and was re-designated as Non-Executive Director of the Company, liable to retire by rotation with effect from the same date. Mr. V. Sunder placed his resignation as the Non-Executive Director on the Board with effect from June 3, 2013.

Mr. B. Seshnath stepped down as the Chief Marketing Officer and Director on the Board of the Company with effect from August 10, 2012.

Mr. N. Rajagopal would cease to be the Executive Director & Chief Technology Officer of the Company, with effect from August 23, 2013, with the tenure of his office coming to an end on August 22, 2013.

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 during the year 2012-13 are:

1. Mr. Udayant Malhoutra – CEO & Managing Director
2. Mr. N. Rajagopal*** – Executive Director & Chief Technology Officer
3. Mr. V. Sunder* – President & Group CFO and Director
4. Mr. B. Seshnath** – Chief Marketing Officer and Director

* Mr. V. Sunder resigned as the President & Group CFO of the Company with effect from September 30, 2012 and was re-designated as Non-Executive Director of the Company, liable to retire by rotation with effect from the same date. Mr. V. Sunder placed his resignation as the Non-Executive Director on the Board with effect from June 3, 2013.

** Mr. B. Seshnath stepped down as the Chief Marketing Officer and Director on the Board of the Company with effect from August 10, 2012

*** Mr. N. Rajagopal would cease to be the Executive Director & Chief Technology Officer of the Company, with effect from August 23, 2013, with the tenure of his office coming to an end on August 22, 2013.

There is clear demarcation of responsibilities and authority among these officials. The Executive Directors of the subsidiary companies incorporated either in India or abroad are 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**

   Mr. Vijai Kapur, aged 82, 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**

   Dr. K. Aprameyan, aged 70, 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.)**

   Air Chief Marshal S. Krishnaswamy (Retd.), aged 70, 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. He is also a director in Transindia Aviation Private Limited and Skan Consultancy Private Limited.

4. **Mr. Govind Mirchandani**

   Mr. Govind Mirchandani, aged 62 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**

   Ms. Malavika Jayaram, aged 42, 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 North western 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. As at March 31, 2013, she is also a director in Cablex Systems India Private Limited, JKM Erla Automotive Limited and JKM Ferrotech Limited.

6. Mr. S. Govindarajan

Mr. S. Govindarajan, aged 71, 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 of 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. Ms. Claire Louise Tucker

Ms. Claire Louise Tucker, aged 45 years, has been a Director since 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.

8. Mr. Raymond Keith Lawton

Mr. Raymond Keith Lawton, aged 60, 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.

9. Mr. Dietmar Hahn

Mr. Dietmar Hahn, aged 55 years, a Foundry Engineer from the University of Freiberg, has over two decades of rich experience in sales, operations and engineering and has held various positions ranging from Team leader to the present Managing Director of Eisenwerk Erla GmbH, Germany. Subsequent to Dynamatic's acquisition of

Eisenwerk Erla GmbH, he has been part of the Dynamatic Leadership Team since 2011. Apart from being the Managing Director in Eisenwerk Erla GmbH, Mr. Dietmar Hahn is also a Director on the Board of the Company since November 8, 2012.

10. Mr. N. Rajagopal

Mr. N. Rajagopal, aged 64, 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 & CEO 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.

Mr. N. Rajagopal would cease to be the Executive Director & Chief Technology Officer of the Company, with effect from August 23, 2013, with the tenure of his office coming to an end on August 22, 2013.

11. Mr. V. Sunder

Mr. V. Sunder, aged 51, a senior member of the Institute of Company Secretaries of India, served as CEO & Executive Director of JKM Daerim Automotive Limited (JKM Daerim) from 2000 to 2006 (JKM Daerim is now a division of Dynamatic Technologies Limited).

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 and was promoted as President and Group CFO, to head the corporate functioning of finance. He resigned as the President & Group CFO of the Company with effect from September 30, 2012 and was re-designated as Non-Executive Director of the Company, liable to retire by rotation with effect from the same date.

Mr. Sunder is also a director in the following companies:

1. MA FOI Strategic Consultants Private Limited
2. MA FOI Connecting Dots Advisory Private Limited
3. Karpaka Ganapathi Investments Private Limited

With effect from June 3, 2013, Mr. V. Sunder placed his resignation as the Non-Executive Director on the Board.

12. Mr. Udayant Malhoutra

Mr. Udayant Malhoutra, aged 47, 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 CEO & 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 CEO & 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 8,98,048 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. Raghvir Agro Enterprises Private Limited

16. JKM Global Pte Limited, Singapore
17. Dynamatic Limited, UK
18. Yew Tree Investments Limited, UK

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 possess 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 during the year 2012-13:

in ₹ (Rupees)

Name of the Director	Remuneration			Total
	Sitting fees*	Salary & Allowance	Perquisites	
Non-Executive & Independent Directors:				
Mr. Vijai Kapur	**1,05,000**	--	--	**1,05,000**
Dr. K. Aprameyan	**1,65,000**	--	--	**1,65,000**
Air Chief Marshal S. Krishnaswamy (Retd.)	**2,40,000**	--	--	**2,40,000**
Mr. S. Govindarajan	**2,10,000**	--	--	**2,10,000**
Mr. Govind Mirchandani	**1,35,000**	--	--	**1,35,000**
Ms. Malavika Jayaram	**45,000**	--	--	**45,000**
Non-Executive & Non-Independent Directors				
Mr. Raymond Keith Lawton	**1,05,000**	--	--	**1,05,000**
Ms. Claire Louise Tucker	**45,000**	--	--	**45,000**
Mr. Dietmar Hahn	**15,000**	--	--	**15,000**
Mr. V. Sunder #	**60,000**	**23,30,892**	**75,000**	**24,65,892**
Executive Directors				
Mr. B. Seshnath ##	--	**15,25,111**	**4,34,325**	**19,59,436**
Mr. N. Rajagopal ###	--	**41,09,592**	**1,44,996**	**42,54,588**
Executive & Promoter Director				
Mr. Udayant Malhoutra	--	**50,12,004**	**2,87,091**	**52,99,095**

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.

Mr. V. Sunder resigned as the President & Group CFO of the Company with effect from September 30, 2012 and was re-designated as Non-Executive Director of the Company, liable to retire by rotation with effect from the same date. Mr. Sunder's salary is hence only for part of the year. He is entitled to sitting fees post re-designation as Non-Executive Director. Mr. V. Sunder placed his resignation as the Non-Executive Director on the Board with effect from June 3, 2013.

Mr. B. Seshnath stepped down as the Chief Marketing Officer and Director on the Board of the Company with effect from August 10, 2012.

Mr. N. Rajagopal would cease to be the Executive Director & Chief Technology Officer of the Company, with effect from August 23, 2013, with the tenure of his office coming to an end on August 22, 2013.

B. BOARD MEETINGS

Scheduling and selection of Agenda 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 / teleconference are also used to enable Directors who are travelling to participate in the meetings.

During the year 2012-13, Six (6) Board meetings were held. The dates on which the Board Meetings were held are as follows:

- May 15, 2012
- August 3, 2012
- August 14, 2012
- September 28, 2012
- November 8, 2012 and
- February 5, 2013

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

Board meetings and the attendance of Directors during the year 2012-13

Name of the Director	Attended
Mr. Vijai Kapur	4
Dr. K. Aprameyan	4
Air Chief Marshal S. Krishnaswamy (Retd.)	6
Mr. S. Govindarajan	6
Mr. Govind Mirchandani	6
Ms. Malavika Jayaram	3
Ms. Claire Louise Tucker	3
Mr. Raymond Keith Lawton	4
Mr. Dietmar Hahn#	1
Mr. Udayant Malhoutra	6
Mr. V. Sunder*	6
Mr. B. Seshnath**	2
Mr. N. Rajagopal***	5

Notes:

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

Apart from Dr. K. Aprameyan and Ms. Malavika Jayaram, all other Directors attended the Annual General Meeting held on September 28, 2012.

Appointed as Additional Director with effect from November 8, 2012

* With effect from June 3, 2013, Mr. V. Sunder placed his resignation as the Non-Executive Director on the Board.

** Mr. B. Seshnath stepped down as the Chief Marketing Officer and Director on the Board of the Company with effect from August 10, 2012.

*** Mr. N. Rajagopal would cease to be the Executive Director & Chief Technology Officer of the Company, with effect from August 23, 2013, with the tenure of his office coming to an end on August 22, 2013.

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, noncompliance 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 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 meetings 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 six (6) Committees:

1. Audit Committee
2. Leadership, HRD & Remuneration Committee
3. Shareholders Committee
4. Technical Development Committee
5. Nomination Committee
6. Finance 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, whichever 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 2012-13

Audit Committee meetings were held on:

- May 15, 2012
- August 3, 2012
- August 14, 2012
- November 8, 2012
- February 5, 2013

Name of the Member	No. of meetings attended
Mr. Vijai Kapur, Chairman of the Audit Committee	3
Dr. K. Aprameyan	4
Air Chief Marshal S. Krishnaswamy (Retd.)	5
Mr. Raymond Keith Lawton	3
Mr. S. Govindarajan	5

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 Auditors actively participate and recommend the required policies and changes from time to time.

Mr. Vijai Kapur, Chairman of the Audit Committee, was present at the Annual General Meeting held on September 28, 2012.

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 2012-13

During the year under review, the Committee had one (1) meeting on August 3, 2012. All members except Mr. Vijai Kapur attended the said meeting.

3. Shareholders Committee / Investor Grievance Committee

The Company had constituted shareholders Committee at its Board meeting held in 2002.

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. Udayant Malhoutra
- Mr. V. Sunder*

* With effect from June 3, 2013, Mr. V. Sunder placed his resignation as the Non-Executive Director on the Board.

Attendance at the Committee Meetings held during the year 2012-13

The Committee Meetings were held on:

- May 15, 2012
- August 14, 2012
- November 8, 2012
- February 5, 2013

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

* *With effect from June 3, 2013, Mr. V. Sunder placed his resignation as the Non-Executive Director on the Board.*

Compliance officer

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 2012-13

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	21	21
Non-receipt of Duplicate Shares	2	2
Non-receipt of Share Certificates after transfer	12	12
Non-receipt of annual reports	4	4
Total	**39**	**39**

There were no outstanding complaints as on March 31, 2013. 32 requests (3582 Equity shares) for transfers and 12 requests (5863 Equity shares) for transmissions, transposition and deletion of name and 52 requests (9014 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.

All requests / communications from Shareholders including request for annual reports, revalidation of dividend warrants, change of address, transfer of shares, etc. are received by Karvy Computershare Private Limited, Hyderabad, Registrars and Share Transfer Agents on behalf of the Company (RTA / Karvy) and all these requests from the Shareholders have been addressed to their satisfaction.

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. Further in terms of the said provision, the Company has opened a demat suspense account with Karvy Computershare Private Limited for crediting unclaimed shares and any corporate benefits in terms of securities accruing on such shares, like, bonus shares, split etc. With respect to shares held in physical form, the same is in the process of dematerialization and would be transferred to demat suspense account shortly.

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*
- Ms. Sindhu M

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.

* Mr. N. Rajagopal would cease to be the Executive Director & Chief Technology Officer of the Company, with effect from August 23, 2013, with the tenure of his office coming to an end on August 22, 2013.

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

The Technology Development Committee, which was constituted by the Board at its meeting held on 24 September 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 trademarks 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 Keith Lawton
- Ms. Malavika Jayaram
- Mr. N. Rajagopal*
- Mr. Udayant Malhoutra.

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.

* Mr. N. Rajagopal would cease to be the Executive Director & Chief Technology Officer of the Company, with effect from August 23, 2013, with the tenure of his office coming to an end on August 22, 2013.

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
- Air Chief Marshal S. Krishnaswamy (Retd.)
- Mr. S. Govindarajan
- Mr. Udayant Malhoutra

6. **Finance Committee**

The Board, at its meeting held on February 5, 2013, constituted the Finance Committee. The said Committee has been constituted with the following powers:

- To approve availing loans, providing necessary security, giving guarantees.
- Approve investing funds of the Company
- To consider and approve purchase of securities of wholly owned subsidiary
- To authorize suitable Directors / personnel of the Company to do such acts and things as is necessary or incidental to give effect to the aforesaid finance related activities of the Company such as registration of documents, affixing common seal of the Company and so on.

Composition

- **Mr. S. Govindarajan, Chairman**
- Dr. K. Aprameyan
- Mr. Govind Mirchandani
- Ms. Malavika Jayaram
- Mr. N. Rajagopal*
- Mr. Udayant Malhoutra

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.

* Mr. N. Rajagopal would cease to be the Executive Director & Chief Technology Officer of the Company, with effect from August 23, 2013, with the tenure of his office coming to an end on August 22, 2013.

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 'Sanjayavani'. 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.

During the year under review, an amount of ₹12.5 crores was raised by preferential issue of convertible Warrants to Mr. Udayant Malhoutra, Promoter and CEO & Managing Director of the Company and Wavell Investments Private Limited, Promoter Company.

The details of Warrants issued is as follows:

1. Mr. Udayant Malhoutra, Promoter and CEO & Managing Director of the Company has been issued 3,38,440 convertible warrants at the rate of ₹797.78, towards 25% of the consideration received.
2. Wavell Investments Private Limited, Promoter Company has been issued 2,88,300 convertible warrants at the rate of ₹797.78, towards 25% of the consideration received.

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 behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. 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 Programme. 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.

The Company is in the process of formulating a policy on prevention, prohibition and redressal of sexual harassment of women and men at the workplace. An Internal Committee is also being constituted to consider and redress complaints of sexual harassment.

General Body meetings

Annual General Meetings ('AGM') / Extraordinary General Meeting ('EGM'):

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
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
2011-12 AGM	Registered Office, Bangalore	September 28, 2012 at 10.00 am	• 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 such terms and conditions as laid down thereunder. • 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 upon such terms and conditions as laid down thereunder.
2012-13 EGM	Registered Office, Bangalore	March 25, 2013 at 10.30 am	• Increase in the shareholding of Foreign Institutional Investors ('FII') up to 26%. • Preferential issue of Convertible Warrants.

On September 29, 2012, the Company mooted the proposal to alter the objects clause of the Memorandum of Association of the Company by Postal Ballot in accordance with section 192A of the Companies Act, 1956 read with Postal Ballot Rules, 2012. The said proposal was approved by Shareholders with 100% of valid votes casted in favour of the resolution.

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	Last date for claiming unclaimed divided	Due date for transfer to IEPF
2005-06			
Final Dividend	16.09.2006	15.09.2013	15.10.2013
2006-07			
Interim Dividend	08.06.2007	07.06.2014	07.07.2014
Final Dividend	29.09.2007	27.09.2014	27.10.2014
2007-08			
Interim Dividend	22.01.2008	21.01.2014	20.02.2014
Final Dividend	27.09.2008	26.09.2014	26.10.2014
2008-09			
Interim Dividend	30.06.2009	29.06.2016	29.07.2016
Final Dividend	25.08.2009	24.08.2016	23.09.2016
2009-10			
Interim Dividend-I	29.10.2009	28.10.2016	27.11.2016
Interim Dividend-II	30.01.2010	29.01.2017	28.02.2017
Final Dividend	22.09.2010	21.09.2017	21.10.2017
2010-11			
Interim Dividend-I	12.11.2010	11.11.2017	11.12.2017
Interim Dividend-II	07.02.2011	06.02.2018	08.03.2018
Final Dividend	13.08.2011	12.08.2018	11.09.2018
2011-12			
Interim Dividend I	14.11.2011	13.11.2018	13.12.2018
Interim Dividend II	13.02.2012	12.02.2019	14.03.2019
Final Dividend	28.09.2012	27.09.2019	27.10.2019

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.

Investor services

The Company has paid the listing fee for the year 2012-13 to the Stock Exchanges, where the shares of the Company are listed in India.

Annual General Meeting for the year 2012-13

Date and time:	**Friday, September 27, 2013 at 10:00 am**
Venue:	Dynamatic Park, Peenya, Bangalore – 560 058
Financial calendar:	Our tentative calendar for declaration of results for the financial year 2013-14 is given below:

Calendar for Reporting:

Quarter ended	**Release of results**
June 30, 2013	On or before August 14, 2013
September 30, 2013	On or before November 14, 2013
December 31, 2013	On or before February 14, 2014
March 31, 2014	By end of April / May 2014

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, 2013

Category (₹10/- per share)	No. of Shareholders	Amount (in ₹)	% of Amount
1 – 5,000	4,460	31,87,650	5.89
5,001 – 10,000	163	11,55,720	2.13
10,001 – 20,000	78	11,33,040	2.09
20,001 – 30,000	25	6,00,700	1.11
30,001 – 40,000	13	4,70,910	0.87
40,001 – 50,000	5	2,37,370	0.44
50,001 – 1,00,000	17	11,46,400	2.12
1,00,001 & Above	23	4,62,15,240	85.35
Total	**4,784**	**5,41,47,030**	**100.00**

Shareholding Pattern as on March 31, 2013

Category	No. of shares	% of holding
PROMOTERS HOLDING		
Indian Promoters		
JKM Holdings Private Limited	9,12,538	16.85
Udayant Malhoutra	8,98,048	16.59
Udayant Malhoutra and Company Private Limited	6,42,011	11.86
JKM Offshore India Private Limited	4,42,071	8.16
Wavell Investments Private Limited	96,181	1.78
Barota Malhoutra	4,938	0.09
Vita Private Ltd	100	0.00
Christine Hoden (India) Pvt Ltd	100	0.00
Primella Sanitary Products Pvt Ltd	100	0.00
TOTAL :	**29,96,087**	**55.33**
NON-PROMOTERS HOLDING		
Mutual Funds / UTI	10,611	0.20
Financial Institutions / Banks	392	0.01
Central Government / State Government (S)	0	0.00
Venture Capital Funds	0	0.00
Insurance Companies	0	0.00
Foreign Institutional Investors	14,09,871	26.04
SUB TOTAL	**14,20,874**	**26.24**
OTHERS		
Private Corporate Bodies	1,14,473	2.11
Indian Public	8,59,158	15.87
Clearing Agents	125	0.003
NRIs/OCBs	20,005	0.37
Trust	3,981	0.07
SUB TOTAL	**9,97,742**	**18.43**
GRAND TOTAL	**54,14,703**	**100.00**

Share market price data

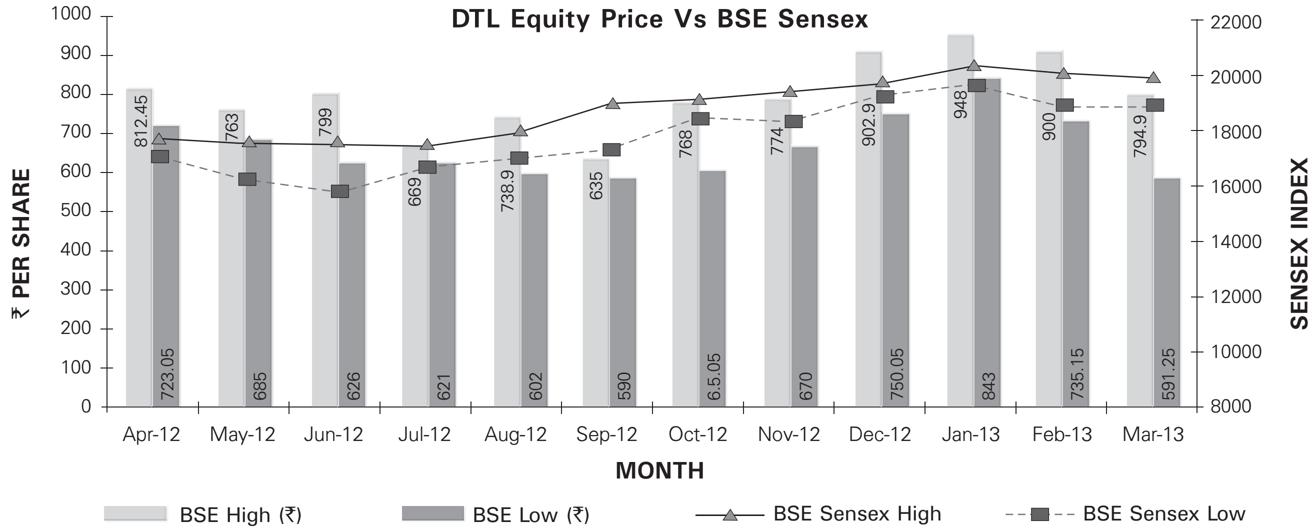
The monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Limited ('BSE') and National Stock Exchange of India Limited ('NSE') for the year 2012-2013:

Month	BSE			NSE		
	High (Amount in ₹)	Low (Amount in ₹)	Volume of shares traded	High (Amount in ₹)	Low (Amount in ₹)	Volume of shares traded
April 2012	812.45	723.05	10,609	811	725.35	11,647
May 2012	763.00	685.00	1,458	710	743	3,154
June 2012	799.00	626.00	8,270	733.65	608	7,242
July 2012	669.00	621.00	6,852	666	620	2,709
August 2012	738.90	602.00	6,660	762	606.05	9,750
September 2012	635.00	590.00	3,845	659.8	590.2	5,066
October 2012	768.00	605.05	16,151	766.95	605.5	21,200
November 2012	774.00	670.00	16,808	758.45	671	14,295
December 2012	902.90	750.05	8,491	902.05	750.05	12,633
January 2013	948.00	843.00	7,301	959	845.1	10,865
February 2013	900.00	735.15	9,767	899.95	735	9,101
March 2013	794.90	591.25	10,312	794.9	607.35	11,547

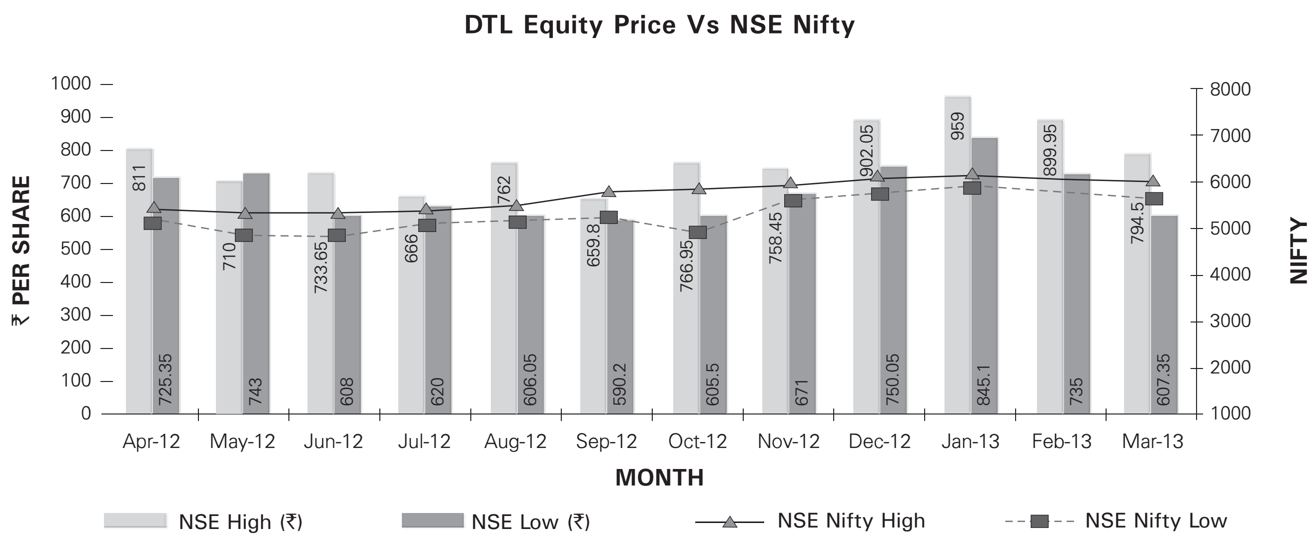
Note:

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



Comparison of Company's share price movement with NSE Nifty



Status of dematerialization of shares

Particulars	March 31, 2013		March 31, 2012	
	No. of shares	**% of total shares**	**No. of shares**	**% of total shares**
National Securities Depository Limited	50,87,843	93.96	50,87,139	93.95
Central Depository Services (I) Limited	1,46,865	2.71	1,38,555	2.56
Total Dematerialized	52,34,708	96.68	52,25,694	96.51
Physical	1,79,995	3.32	1,89,009	3.49
Grand Total	**54,14,703**	**100.00**	**54,14,703**	**100**

PLANT LOCATION:

1. Dynamatic Park, Peenya, Bangalore – 560 058
2. Sipcot Industrial Park, Irungattukottai, Sriperumbudur, Tamil Nadu
3. K-4, II Phase, Sipcot Industrial Complex, Gummidipoondi, 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   Extension: 248
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: prabhakar@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 Exchanges

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 between at 8.30 am and 9.00 am from Corporation Circle near 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: +91-80-28394933 / 34 / 35 (Extension: 254) (Contact: Mr. J. Devaraj – Senior Manager, Secretarial)

Email: **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 2013. 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 8, 2013

"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 CEO & 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
CEO & Managing Director

1. OUR VISION, BUSINESS PHILOSOPHY AND SUSTAINABILITY

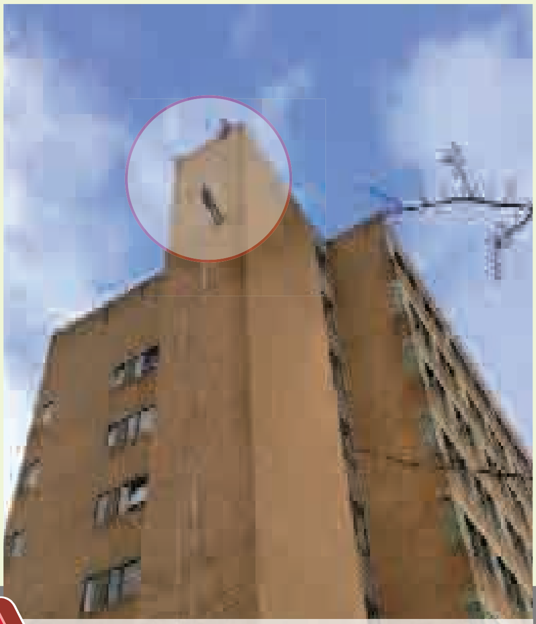
A Company like Dynamatic Technologies is essentially an organ deploying significant contribution to the growth of the country's economy and society's well being. We, therefore, are aware of the need to work beyond financial considerations and put in that little extra to ensure that we are perceived not 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.

Clean Energy generated by the JKM Wind Farm at Coimbatore

- 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:



A Dynamatic® personnel scaling 100 feet down the side of the Yeovil District Hospital at the Yeovil Abseil Challenge

SOCIAL Responsibility

Dynamatic® reaches out to the communities it is a part of, dedicating resources for projects that support the local communities. Over the past year, Dynamatic's Aerospace Team in the UK participated in various Fund Raiser events including the Yeovil Abseil Challenge where they raised over £4000 for the local Yeovil Women's Hospital and The Action For Children Charity, as well as a 'Foot Ball Shirts' Charity Event for Bobby Brown's Bowel Cancer Fund.

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.

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.

INNOVATION and Sustainability

In recent times, there has been a rising demand in the Global Petrol Engine Turbo Charger market for stainless steel castings and a drastic reduction in high volume Ni-Resist projects. The substitution of Ni-Resist Projects with Stainless Steel Projects has been driven by higher temperature and mass flow requirements as well as an increased awareness of the consequences of high nickel content. Responding to the changing market trends, the team at Eisenwerk Erla developed an innovative stainless steel casting process comprising of a new Pouring System that can be installed on the existing GFD moulding line just 30 minutes prior to production and dismantled in an equally short time.

- 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.

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.

SAFETY & DIGNITY @ WORK

Dynamatic's policy on The Prevention of Sexual Harassment Of Men and Women At the Work Place is aligned to the Government of India's Sexual Harassment Of Women At The Work Place (Prevention, Prohibition and Redressal) Act 2013 and seeks to create a safe, healthy working environment that enables all its Employees to work without fear of prejudice, gender bias and sexual harassment. The Company believes that all employees have the right to be treated with dignity and have put in place appropriate mechanisms to ensure this.

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.

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:

a. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;

b. in the case of the statement of profit and loss, of the profit for the year ended on that date; and

c. in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 227(3) of the Act, 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 purpose 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, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the balance sheet, the statement of profit and loss and the cash flow statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Act; and

   (e) on the basis of written representations received from the directors as at 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

Sunil Gaggar
Partner
Membership number: 104315

Place : Bangalore
Date : 30 May 2013

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 2013. 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 current year and no material discrepancies were observed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(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 the 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 inventory. 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 wholly owned subsidiary companies covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act'). The maximum amount outstanding during the year and the year-end balances of such loans are as follows:

(₹)

Name of the Company	Maximum amount outstanding during the year	Balance as at 31 March 2013
JKM Erla Automotive Limited	47,565,647	43,232,426
JKM Ferrotech Limited	415,869,120	299,324,809
JKM Global Pte Limited	160,943,083	158,255,742
JKM Research Farm Limited	12,911,013	6,887,022

The Company has not granted any other secured or unsecured loans to any other company, firm or other party 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. In our opinion, the terms and conditions on which loans have been given to JKM Ferrotech Limited and JKM Global Pte Limited are not prejudicial to the interest of the Company. Further, loans given to JKM Erla Automotive Limited and JKM Research Farm Limited are interest free. In our opinion, as these interest free loans have been given to wholly owned subsidiaries, they are not, prima facie, prejudicial to the interest of the Company. The Company has not granted any other loan, secured or unsecured, to any other company, firm or other party covered in the register maintained under Section 301 of the Act.

(c) In respect of the principal repayment of the above loans, the Company has not sought the repayment of the loans and the borrowers have been regular in payment of interest, where applicable. Accordingly, paragraphs 4(iii)(c) and 4(iii)(d) of the Order is not applicable for the said loans.

(d) The Company has taken loans from three companies covered in the register maintained under Section 301 of 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 2013
JKM Holdings Private Limited	5,000,000	-
Wavell Investments Private Limited	20,000,000	20,000,000
Udayant Malhoutra & Company Private Limited	98,000,000	27,000,000

The Company has not taken any other loans from any other company, firm and other party covered in the register maintained under Section 301 of the Act.

(e) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies covered in the register maintained under Section 301 of the Act, are not, prima facie, prejudicial to the interest of the Company.

(f) In the case of loans taken from the companies covered in the register maintained under Section 301 of the Act, the Company has been regular in repaying the principal amounts along with interest as stipulated.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain goods sold and services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, 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 sale of goods and rendering of services. We have not observed any major weakness 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 Rs 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, except for purchases of certain items of inventories and fixed assets which are for the Company's specialised requirements and similarly for sale of certain goods and rendering of services for the specialised requirements of the buyers and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.

(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 2013 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 Sales-tax, Wealth tax, Service tax, Customs duty and Excise duty which have not been deposited on account of any dispute. The Company, however, disputes the following Income-tax dues:

Name of the Statute	Nature of the Dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act 1961	Tax/ Demand/ Penalty	15	AY 2005-06	High Court of Karnataka

(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 purposes 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 report that funds raised on short term basis amounting to ₹747,300,000 have been used for long-term investment. The aforesaid amount has been computed based on the guidance provided in the Statement on Companies (Auditor's Report) Order, 2003 issued by the Institute of Chartered Accountants of India.

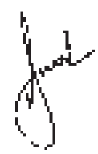
(xviii) The Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under Section 301 of the Act.

(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 : 30 May 2013

BALANCE SHEET AS AT MARCH 31, 2013

(₹ in lacs)

	Note	As at 31 March 2013	As at 31 March 2012
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	**541**	541
Reserves and surplus	4	**15,080**	14,950
Money received against share warrants	48	**1,250**	-
		16,871	15,491
Non-current liabilities			
Long-term borrowings	5	**14,539**	19,868
Deferred tax liabilities (net)	6	**2,801**	2,688
Other long-term liabilities	7	**1,040**	1,425
Long-term provisions	8	**156**	202
		18,536	24,183
Current liabilities			
Short-term borrowings	9	**13,177**	11,967
Trade payables	10	**8,758**	9,542
Other current liabilities	11	**9,455**	7,886
Short-term provisions	12	**75**	198
		31,465	29,593
		66,872	69,267
ASSETS			
Non-current assets			
Fixed assets			
- Tangible fixed assets	13	**26,691**	26,752
- Intangible fixed assets	13	**2,465**	1,568
- Capital work in progress		**7,228**	8,938
- Intangible fixed assets under development		**188**	447
		36,572	37,705
Non-current investments	14	**7,040**	7,040
Long-term loans and advances	15	**2,958**	2,319
Other non-current assets	16	**383**	656
		10,381	10,015
Current assets			
Inventories	17	**6,063**	5,889
Trade receivables	18	**6,857**	9,589
Cash and bank balances	19	**628**	788
Short-term loan and advances	20	**4,730**	3,647
Other current assets	21	**1,641**	1,634
		19,919	21,547
Total		**66,872**	69,267
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 : 30 May 2013

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

UDAYANT MALHOUTRA
CEO and Managing Director

VIJAI KAPUR
Chairman

S GOVINDARAJAN
Director

HANUMAN SHARMA
Chief Financial Officer

M SINDHU
GM - Compliance, Legal & Company Secretary

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

(₹ in lacs)

	Note	31 March 2013	31 March 2012
Revenue from operations			
Sale of products (gross)		**43,185**	47,281
Less: excise duty		**(4,322)**	(3,875)
Sale of products (net)		**38,863**	43,406
Contract revenue	**44**	**1,759**	963
Other operating revenues	**22**	**1,100**	880
		41,722	45,249
Other income	**23**	**1,033**	924
Total revenue		**42,755**	46,173
Expenses			
Cost of materials consumed	**24**	**20,899**	24,958
Change in inventory of finished goods and work-in-progress	**25**	**(343)**	(218)
Employee benefits	**26**	**4,692**	5,492
Finance costs	**27**	**4,625**	3,948
Depreciation and amortisation		**2,629**	2,511
Other expenses	**28**	**10,110**	9,074
Total expenses		**42,612**	45,765
Profit before exceptional items and tax		**143**	408
Exceptional items	**29**	-	(175)
Profit before tax		**143**	233
Tax expenses			
Minimum alternative tax charge		-	89
Minimum alternative tax entitlement		-	(89)
Deferred tax charge		**113**	68
Profit after tax		**30**	165
Earning per equity share **[nominal value of share ₹10 each (previous year ₹10 each)]**			
Basic and diluted		**0.55**	3.05
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 : 30 May 2013

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

UDAYANT MALHOUTRA
CEO and Managing Director

VIJAI KAPUR
Chairman

S GOVINDARAJAN
Director

HANUMAN SHARMA
Chief Financial Officer

M SINDHU
GM - Compliance, Legal & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

(₹ in lacs)

	31 March 2013	31 March 2012
Cash flow from operating activities		
Profit before tax	**143**	233
Adjustments:		
Depreciation and amortisation	**2,629**	2,511
Finance costs	**4,625**	3,948
Interest income	**(283)**	(262)
Loss on sale of fixed assets, net	**25**	7
Bad debts written off	**40**	136
Provision for doubtful debts, net	**356**	130
Unrealised foreign exchange differences	**16**	49
Operating cash flow before working capital changes	**7,551**	6,752
Decrease / (increase) in trade receivables	**2,228**	(1,117)
Increase in inventories	**(174)**	(169)
Increase in loans and advances and other assets	**(358)**	(1,237)
(Decrease) / increase in trade and other payables	**(529)**	4,205
(Decrease) / increase in provisions	**(43)**	26
Cash generated from operations	**8,675**	8,460
Income taxes paid, net	**(73)**	(323)
Net cash generated from operating activities (A)	**8,602**	8,137
Cash flows from investing activities		
Purchase of fixed assets	**(2,194)**	(9,816)
Proceeds from sale of fixed assets	**297**	56
Investment in subsidiary	-	(1,796)
Loans to subsidiaries	**(1,865)**	(1,855)
Interest received	**176**	149
Net cash (used in) investing activities (B)	**(3,586)**	(13,262)

(₹ in lacs)

Cash flows from financing activities		
Proceeds from issue of share warrants	**1,250**	-
Proceeds from borrowings	**870**	13,329
Repayment of borrowings	**(3,488)**	(3,632)
Proceeds from cash credits/ working capital loans (net)	**1,445**	842
Proceeds from buyer's credit (net)	**(452)**	(723)
Proceeds from public deposits (net)	**(28)**	19
Interest expense paid	**(4,673)**	(3,797)
Deferral sales tax payment	**(77)**	(65)
Dividend paid	**(128)**	(541)
Dividend tax paid	-	(89)
Net cash (used in) / provided by financing activities (C)	**(5,281)**	5,343
Net (decrease)/ increase in cash and cash equivalents (A + B +C)	**(265)**	218
Cash and cash equivalents at the beginning of the year	**413**	195
Cash and cash equivalents at the end of the year*	**148**	413

* refer note 19

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 : 30 May 2013

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

UDAYANT MALHOUTRA
CEO and Managing Director

VIJAI KAPUR
Chairman

S GOVINDARAJAN
Director

HANUMAN SHARMA
Chief Financial Officer

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.

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 statement of profit and loss 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.

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:

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

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 statement of 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 the statement of profit or loss as incurred.

Intangible assets are amortized in the statement of 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

(i) Inventories are carried at the lower of cost and net realisable value.

(ii) Cost of inventories comprises purchase price and all incidental expenses incurred in bringing the inventory to its present location and condition. The method of determination of cost is as follows:

- Raw materials and components – on a first in first out method
- Work-in-progress – includes costs of conversion
- Finished goods – includes costs of conversion
- Goods in transit – at purchase cost

(iii) Fixed production overheads are allocated on the basis of normal capacity of production facilities.

(iv) Inventories are valued at lower of cost or net realizable value. The comparison of cost and net realisable value is made on an item-by-item basis.

(v) The net realisable value of work-in-progress is determined with reference to the net realisable value of related finished goods. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

(vi) The provision for inventory obsolescence is assessed on a quarterly basis and 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 long-term contracts (contract revenue) is recognized on the percentage of completion method. Percentage of completion method is applied by calculating the proportion that the actual costs bear to the estimated total costs of the contract. The estimates of the contract revenue and costs are reviewed periodically by the Management and any effect of change in estimate is recognized in the period such changes are determined. Liquidated damages/ penalties are provided for wherever there is a delayed delivery attributable to the Company. Provision for foreseeable losses is made in the year in which such losses are foreseen.

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.

Premium or discount on foreign exchange forward contracts taken to hedge foreign currency risk of an existing asset / liability is recognised in the statement of profit and loss over the period of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss of the reporting period in which the exchange rates change.

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 risk related to loan liabilities. The derivative arrangements are coterminous 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 per share is computed by dividing the net profit 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 operating, investing and financing activities of the Company are segregated.

		As at 31 March 2013	(₹ in lacs) As at 31 March 2012
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 2013		31 March 2012	
	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 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
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 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Class of shares (Equity)					
No of shares issued	-	-	-	-	1,048,390

During the year 2007-2008 1,048,390 shares were allotted by way of bonus shares by capitalization of securities premium and capital redemption reserve. The Company has not bought back any shares during the period of five years immediately preceding the balance sheet date.

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

Particulars	31 March 2013		31 March 2012	
	Number	% of total share	Number	% of total share
Equity shares of ₹10 each fully paid-up held by				
- Udayant Malhoutra	**898,048**	**16.59%**	902,728	16.67%
- JKM Holdings Private Limited	**912,538**	**16.85%**	907,415	16.76%
- Udayant Malhoutra and Company Private Limited	**642,011**	**11.86%**	642,011	11.86%
- JKM Offshore India Private Limited	**442,071**	**8.16%**	442,071	8.16%
- Samena Special Situations Mauritius	**467,455**	**8.63%**	427,289	7.89%
- FID Funds (Mauritius) Limited	**391,908**	**7.24%**	391,908	7.24%
- Citigroup Global Markets Mauritius Private Limited	**373,327**	**6.89%**	373,327	6.89%

(₹ in lacs)

		As at 31 March 2013	As at 31 March 2012
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	**(1,600)**	(275)
	Additions/ (deletion) during the year	**105**	(1,325)
	At the end of the year (refer note 43)	**(1,495)**	(1,600)
	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	**2,018**	2,020
	Less: Additional depreciation charged on revalued assets	**(5)**	(2)
	At the end of the year	**2,013**	2,018
	General reserve		
	At the commencement of the year	**3,138**	3,121
	Amount transferred from statement of profit and loss	**-**	17
	At the end of the year	**3,138**	3,138
	Surplus in the statement of profit and loss balance		
	At the commencement of the year	**3,674**	4,031
	Profit for the year	**30**	165
	Appropriations		
	- Interim dividend [amount ₹Nil per share (previous year ₹6 per share)]	-	(325)
	- Proposed dividend [amount ₹Nil per share (previous year ₹2 per share)]	-	(108)
	- Tax on dividend	-	(72)
	- Transfer to general reserves	-	(17)
	At the end of the year	**3,704**	3,674
		15,080	14,950

(₹ in lacs)

	As at 31 March 2013	As at 31 March 2012
5. Long-term borrowings		
Secured		
Term loans		
- From bank @	**12,859**	17,658
- Financial institutions @@	**1,288**	1,701
- from others *	**14**	85
Unsecured		
Deferred payment liability		
- Sales tax deferral loan **	**181**	260
Deposits from shareholders * **	**2**	3
Deposits from others #	**195**	161
	14,539	19,868

@
(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 ₹5,712 lacs (previous year ₹6,526 lacs) repayable in 12-20 quarterly instalments. The rate of interest ranges from 14% - 17% per annum.	First pari passu charge on the entire movable 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 ₹5,500 lacs (previous year ₹5,500 lacs) repayable after moratorium period of 2 years in 60 monthly instalments. The rate of interest is 14% - 15% per annum.	
Term loan from bank aggregating ₹1,500 lacs (previous year ₹1,500 lacsl) repayable after moratorium period of 2 years in 20 quarterly instalments. The rate of interest is 12% per annum.	
Term loan from bank aggregating ₹2,048 lacs (previous year ₹2,300 lacs) repayable in 14 quarterly instalments. The rate of interest is 13.75% per annum.	
Term loan from bank aggregating ₹327 lacs (previous year ₹Nil) repayable in 44 Monthly instalments. The rate of interest is 12 % per annum.	
Term loan from bank aggregating ₹852 lacs (previous year ₹3,257 lacs) repayable in 3 quarterly instalments. The rate of interest is 9.83 % per annum.	
Term loan from bank aggregating ₹2,508 lacs (previous year ₹1,999 lacs) repayable in 5 half yearly instalments. The rate of interest is LIBOR plus 2 % per annum.	
Term loan from bank aggregating to ₹Nil (previous year ₹324 lacs) repayable in 4 quarterly instalments with the rate of interest of 6 months LIBOR + 2.75% was repaid during the year	
Term loan from bank aggregating to ₹Nil (previous year ₹155 lacs) repayable in 4 quarterly instalments with the rate of interest ranging from 6.75% - 7.1% per annum was repaid during the year	

@@
(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 ₹515 lacs (previous year: ₹619 lacs) repayable in 43 monthly instalments. The rate of interest is 14% p.a	Secured by way of exclusive charge on assets financed by Siemens Financial Services Private Limited.
Term loan from financial institutions aggregating to ₹1,096 lacs (previous year ₹1,389 lacs) repayable in 15 quarterly instalments. The rate of interest is 9.73% to 13.50% p.a	Exclusive charge of GE Capital Services India (GECSI) on assets (as approved by GECSI) financed from the GE loan in accordance with deed of hypothecation.
Term loan from financial institutions aggregating to ₹106 lacs (previous year: ₹112 lacs) payable in 55 monthly instalments from the date of purchase. The rate of interest is 15%	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. @ Irungattukottai) 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 2013-14 is ₹88 lacs and accordingly disclosed in current maturities of long term debts in "Other current liabilities".

*** 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 2013	As at 31 March 2012
6. Deferred tax liabilities (net)		
Deferred tax liabilities		
Fixed assets	**3,260**	3,021
	3,260	3,021
Deferred tax assets		
Gratuity	**4**	16
Compensated absences	**55**	54
Provision for bad and doubtful debts	**206**	68
Warranty	**20**	-
Unabsorbed depreciation and business loss	**174**	195
	459	333
	2,801	2,688
7. Other long term liabilities		
Advance from customer	**209**	102
Derivative liability (refer note 43)	**821**	1,303
Others	**10**	20
	1,040	1,425
8. Long-term provision		
Provision for employee benefits		
Gratuity (refer note 38)	**9**	48
Compensated absences	**147**	154
	156	202

(₹ in lacs)

		As at 31 March 2013	As at 31 March 2012
9.	**Short term borrowings**		
	Secured		
	Loans repayable on demand		
	Cash credit and working capital demand loans*	**9,956**	8,551
	Unsecured		
	From banks		
	- Foreign currency buyer's credit **	**324**	776
	- Vendor bill discounting #	**2,427**	2,590
	Borrowings from shareholders## (refer note 41)	**470**	50
		13,177	11,967

* Cash credit and working capital demand loans from banks carry interest ranging between 12.50% - 16.25% 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 1.29% - 2.154% for 180 days 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 bills discounted.

\## The loan carries interest @ 16.75% to 18.00 % p.a. and is repayable in various instalments by 15 July 2013.

10.	**Trade payables**		
	Due to micro and small enterprises (refer note 45)	-	-
	Dues to creditors other than micro and small enterprises	**5,601**	5,579
	Acceptances	**3,157**	3,963
		8,758	9,542

* includes amounts payable to related parties, refer note 41

11.	**Other current liabilities**		
	Current maturities of long-term debt (refer note 5)*	**6,374**	4,767
	Capital creditors	**321**	783
	Acceptances for capital goods	**97**	-
	Accrued expenses	**511**	613
	Interest accrued but not due on borrowings	**302**	350
	Employee related liabilities	**484**	546
	Derivative liability	**531**	297
	Advance from customer	**386**	83
	Dealer deposits	**55**	60
	Unpaid dividend	**28**	30
	Statutory liabilities	**366**	357
		9,455	7,886

* Includes current maturities of term loans from banks ₹5,588 lacs (previous year: ₹3,904 lacs), current maturities of term loans from financial institutions ₹429 lacs (previous year: ₹418 lacs), current maturities of term loans from others ₹77 lacs (previous year: ₹105 lacs), current maturities of sales tax deferral loan ₹88 lacs (previous year: ₹86 lacs) and current maturities of deposits from shareholders and others category ₹192 lacs (previous year: ₹254 lacs)

12.	**Short-term provisions**		
	Provision for employee benefits:		
	Gratuity (refer note 38)	**3**	-
	Compensated absences	**13**	13
	Others		
	Provision for warranties (refer note 39)	**56**	56
	Proposed equity dividend [including tax thereon ₹Nil (previous year ₹17 lacs)]	-	126
	Provision for income tax	**3**	3
		75	198

13. FIXED ASSETS

(₹ in lacs)

	Gross Block							Accumulated Depreciation					Net Block	
Particulars	As at 1 April 2012	Additions	Exchange differences	Borrowing costs	Total Additions	Disposals	As at 31 March 2013	As at 1 April 2012	Depreciation for the year	Adjustment due to revaluations	Disposals	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
Tangible Assets (owned)														
Land	3,866	-	-	-	-	-	3,866	-	-	-	-	-	3,866	3,866
Buildings	5,842	160	4	-	164	-	6,006	987	196	5	-	1,188	4,818	4,855
Plant and machinery	26,357	2,292	(42)	-	2,250	477	28,130	11,270	1,794	-	196	12,868	15,262	15,087
Measuring instruments	377	10	(7)	-	3	47	333	130	15	-	42	103	230	247
Electrical installations	839	16	1	-	17	-	856	241	40	-	-	281	575	598
Data processing equipment	687	16	1	-	17	1	703	563	45	-	1	607	96	124
Office equipment	298	16	-	-	16	8	306	208	30	-	4	234	72	90
Furniture and fixtures	308	8	-	-	8	9	307	186	23	-	6	203	104	122
Tools, dies and moulds	1,475	171	(9)	-	162	-	1,637	589	153	-	-	742	895	886
Vehicles	707	8	-	-	8	69	646	212	63	-	40	235	411	495
Motor boat	402	-	-	-	-	-	402	20	20	-	-	40	362	382
Total tangible assets (A)	**41,158**	**2,697**	**(52)**	-	**2,645**	**611**	**43,192**	**14,406**	**2,379**	**5**	**289**	**16,501**	**26,691**	**26,752**
Intangible assets														
Application software	582	26	1	-	27	-	609	419	53	-	-	472	137	163
Prototype development	1,714	1,151	-	-	1,151	-	2,865	309	228	-	-	537	2,328	1,405
Total intangible assets (B)	**2,296**	**1,177**	**1**	-	**1,178**	-	**3,474**	**728**	**281**	-	-	**1,009**	**2,465**	**1,568**
Total (A) + (B)	**43,454**	**3,874**	**(51)**	-	**3,823**	**611**	**46,666**	**15,134**	**2,660**	**5**	**289**	**17,510**	**29,156**	**28,320**
Previous year	38,770	4,608	122	91	4,821	137	43,454	12,649	2,557	2	74	15,134	28,320	

Notes:

1. **Depreciation for the year is reflected as follows:**

	2013	2012
Depreciation as per statement of profit and loss	**2,629**	2,511
Depreciation considered under intangible assets	**31**	46
	2,660	2,557

	As at 31 March 2013	(₹ in lacs) As at 31 March 2012
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 17,999,994) equity shares of ₹10 each of JKM Erla Automotive Limited	**1,800**	1,800
	7,039	7,039
b) Investment in other entities - unquoted		
1) 5,000 (previous year 5,000) equity shares of ₹10 each of Harasfera Design Private Limited	**1**	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
	7,040	7,040
Aggregate book value of unquoted investments	**7,040**	7,040

* 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 (subsidiary) and Dynamatic Limited, UK (step subsidiary).

15. Long term loans and advances		
Other loans and advances		
Loans and advances to related parties		
Unsecured, considered good		
Loans and advances to subsidiaries (refer to note 41)	**2,022**	1,506
Others		
Unsecured, considered good		
Capital advances	**113**	107
Security deposits	**447**	357
Advances to supplier	-	46
Advance income tax	**376**	303
	2,958	2,319
16. Other non-current assets		
Interest accrued on loan to a subsidiary (refer note 41)	**323**	-
Prepaid expenses	**32**	70
Other bank balances		
Bank deposits with more than 12 months maturity	-	36
Derivative asset	-	520
Unpaid dividend account	**28**	30
	383	656

(₹ in lacs)

	As at 31 March 2013	As at 31 March 2012
17. Inventories		
(Valued at lower of cost and net realizable value)		
Raw materials	**2,660**	2,794
Work-in-progress	**1,449**	1,672
Finished goods	**1,293**	727
Stores and spares	**661**	696
	6,063	5,889
18. Trade receivables		
Unsecured		
Outstanding for period exceeding six months		
- Considered good*	**1,970**	1,231
- Considered doubtful	**606**	210
Other debts		
- Considered good*	**4,887**	8,358
	7,463	9,799
Less: Provision for doubtful receivables	**(606)**	(210)
	6,857	9,589

* Includes amounts receivable from related parties, refer note 41

	As at 31 March 2013	As at 31 March 2012
19. Cash and bank balances		
Cash and cash equivalents		
Cash on hand	**7**	4
Balance with banks		
- on current accounts	**141**	409
	148	413
Other bank balances		
- on fixed deposit accounts	**43**	-
- on margin money deposit accounts	**437**	375
	628	788
20. Short term loan and advances		
Loans and advances to related parties		
Unsecured, considered good		
Loans to subsidiaries (refer note 41)	**3,055**	1,704
Others		
Unsecured, considered good		
Advances to supplier	**444**	438
Cenvat receivable	**585**	838
Value added tax receivable	**199**	198
Loans to employees	**42**	70
Minimum alternate tax credit entitlement	**394**	394
Others	**11**	5
	4,730	3,647
21. Other current assets		
Unbilled revenue (refer note 44)	**1,378**	762
Prepaid expenses	**261**	313
Derivative asset (refer note 43)	-	339
Interest accrued on loan to a subsidiary (refer note 41)	-	216
Others	**2**	4
	1,641	1,634

(₹ in lacs)

		For the year ended 31 March 2013	For the year ended 31 March 2012
22.	**Other operating revenues**		
	Scrap sales	**1,100**	880
		1,100	880
23.	**Other income**		
	Interest income	**283**	262
	Management fees (refer note 47)	**700**	657
	Miscellaneous income	**50**	5
		1,033	924
24.	**Cost of materials consumed***		
	Inventory of materials at the beginning of the year	**2,794**	2,956
	Add: purchases	**20,765**	24,796
	Less: closing stock	**2,660**	2,794
		20,899	24,958

* the consumption disclosed is based on the derived figures rather than actual records of issue

	Major raw material and components consumed		
	Aluminum extrusions	**1,253**	1,314
	Castings	**5,163**	8,783
	Steel	**666**	844
	Components	**4,401**	4,952
	Aluminum alloy	**8,491**	4,783
	Others*	**915**	4,282
		20,889	24,958

* Individual values of these are less than 10% of total raw material and components consumed

25.	**Changes in inventory of finished goods and work-in-progress**		
	Opening stock		
	- Finished goods	**727**	761
	- Work-in-progress	**1,672**	1,420
		2,399	2,181
	Closing stock		
	- Finished goods	**1,293**	727
	- Work-in-progress	**1,449**	1,672
		2,742	2,399
		(343)	(218)

(₹ in lacs)

Particulars	31 March 2013				31 March 2012			
	Opening inventory	Turnover	Closing inventory	(Increase)/ decrease in inventory	Opening inventory	Turnover	Closing inventory	(Increase) / decrease in inventory
Manufactured goods								
Hydraulic gear pump	**291**	**13,506**	**592**	**(301)**	271	13,990	291	(20)
Exhaust-manifold	**58**	**4,918**	**71**	**(13)**	80	4,780	58	22
Compressor housing	**9**	**4,474**	**36**	**(27)**	-	3,960	9	(9)
Water pump	**21**	**2,253**	**46**	**(25)**	28	2,718	21	7
Case front	**81**	**772**	**100**	**(19)**	66	2,350	81	(15)
Special product	**55**	**1,239**	**70**	**(15)**	88	1,501	55	33
Intake manifold	**17**	**1,059**	**82**	**(65)**	27	1,615	17	10
Rocker arm. - A & B	**42**	**1,765**	**15**	**27**	36	1,927	42	(6)
Others	**153**	**13,199**	**281**	**(128)**	165	14,440	153	12
	727	**43,185**	**1,293**	**(566)**	761	47,281	727	34
Work-in-progress								
Pumps	**889**	-	**670**	**219**	759	-	889	(130)
Valves	**145**	-	**64**	**81**	111	-	145	(34)
Intake manifold	**190**	-	**183**	**7**	187	-	190	(3)
Others	**448**	-	**532**	**(84)**	363	-	448	(85)
	1,672	-	**1,449**	**223**	1,420	-	1,672	(252)
	2,399	**43,185**	**2,742**	**(343)**	2,181	47,281	2,399	(218)

(₹ in lacs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
26. Employee benefits		
Salaries, wages and bonus	**3,846**	4,465
Contribution to provident fund and other funds	**361**	405
Workmen and staff welfare expenses	**485**	622
	4,692	5,492
27. Finance costs		
Interest expense	**4,194**	3,572
Other borrowing costs	**431**	376
	4,625	3,948

(₹ in lacs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
28. Other expense		
Consumption of stores, loose tools and spare parts	**1,828**	2,251
Power and fuel	**1,279**	1,150
Subcontractor charges	**1,627**	1,392
Foreign exchange loss (net)	**842**	130
Travelling and conveyance expenses	**695**	626
Legal and professional fees	**644**	533
Rent	**606**	290
Provision for doubtful debts (net)	**356**	166
Repairs and maintenance:		
- buildings	**39**	17
- plant and machinery	**261**	262
- others	**550**	631
Rates and taxes	**87**	78
Insurance	**132**	128
Communication expenses	**73**	79
Cash discount	**57**	44
Freight outward	**283**	496
Sales promotion and advertisement	**36**	65
Loss on sale of fixed assets (net)	**25**	7
Warranty and replacement expenses	**30**	44
Bad debts written off	**40**	136
Donations	-	1
Printing and stationery	**60**	76
Security charges	**104**	83
Selling expenses	**168**	182
Directors sitting fees	**11**	11
Miscellaneous expenses	**277**	196
	10,110	9,074
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. Commitment

Particulars	As at 31 March 2013	As at 31 March 2012
Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	**288**	256

There are no other material commitments.

31. Contingent liabilities

The details of contingent liabilities are as under:

Particulars	As at 31 March 2013	As at 31 March 2012
Financial guarantee	**22,075**	19,423

32. Particulars of managerial remuneration

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Salaries and allowances (including bonus)	**134**	167
Contribution to provident fund	**7**	9
Perquisites	**11**	11
Total	**152**	187

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 2013	For the year ended 31 March 2012
Statutory audit fees	**45**	40
Other services	**46**	53
Out-of-pocket expenses	**3**	2
Total	**94**	95

(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 ₹269 lacs (previous year ₹237 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 ₹337 lacs (previous year ₹53 lacs).

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Payable within one year	**431**	212
Payable between one and five years	**1,498**	688
Payable after 5 years	-	-

35. Details of imported and indigenous raw materials and components consumed (₹ in lacs)

Particulars	For the year ended 31 March 2013		For the year ended 31 March 2012	
	Value	%	Value	%
Imported	**4,309**	**21%**	7,670	31%
Indigenous	**16,590**	**79%**	17,288	69%
	20,899	**100%**	24,958	100%

36. Details of imported and indigenous stores and spares consumed

Particulars	For the year ended 31 March 2013		For the year ended 31 March 2012	
	Value	%	Value	%
Imported	**167**	**9%**	77	3%
Indigenous	**1,661**	**91%**	2,174	97%
	1,828	**100%**	2,251	100%

37. Value of imports on C.I.F. basis

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Raw materials and components	**4,060**	7,020
Stores and spares	**196**	72
Capital goods	**122**	967
	4,378	8,059

38. 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 2013	As at 31 March 2012
Change in defined benefit obligation		
Opening defined benefit obligation	**739**	661
Current service cost	**52**	68
Interest cost	**57**	54
Benefits settled	**(107)**	(51)
Actuarial losses / (gain)	**1**	7
Closing defined benefit obligation	**742**	739
Change in plan assets		
Plan assets at the beginning of the year, at fair value	**691**	592
Expected return on plan assets	**54**	49
Contributions	**82**	94
Benefits settled	**(107)**	(51)
Actuarial gain/(losses)	**10**	7
Plan assets at the end of the year, at fair value	**730**	691
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	**730**	691
Present value of the defined benefit obligations at the end of the year	**(742)**	(739)
Liability recognized in the balance sheet	**(12)**	(48)
Gratuity cost for the period		
Current service cost	**52**	68
Interest on defined benefit obligation	**57**	54
Net actuarial gain / (losses)	**(9)**	-
Return on plan assets	**(54)**	(49)
Total, included in "Employee benefit expense"	**46**	73
Assumptions at the valuation date		
Discount factor	**8.25%**	8.50%
Expected rate of return on plan assets	**8.00%**	8.50%
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	**₹110 lacs**	₹100 lacs

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

Five Year Information

Amounts for the current and previous four periods as on 31 March are as follows:

	2013	2012	2011	2010	2009
Present value of DBO	**742**	739	661	508	456
Fair value of plan assets	**730**	691	592	494	413
Funded status [Surplus / (Deficit)]	**(12)**	(48)	(69)	(14)	(43)
Experience gain / (loss) adjustments on plan liabilities	**1**	7	(6)	(2)	0
Experience gain / (loss) adjustments on plan assets	**10**	7	2	5	4

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

Provision for warranties

(₹ in lacs)

Particulars	As at 31 March 2013	As at 31 March 2012
Opening balance	**56**	47
Provision	**19**	44
Utilized during the year	**(19)**	(35)
Closing balance	**56**	56

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.

40. Expenditure and earnings in foreign currency

(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Expenditure in foreign currency		
Travelling	**38**	50
Legal and professional charges	-	61
Interest	**204**	400
Others	**8**	1
	250	512
Earnings in foreign currency		
Exports of goods on F.O.B. basis	**10,210**	11,249
Interest	**107**	101
Management fee	**700**	657
	11,017	12,007

41. **Related party transactions:**

(a) Names of related parties and relationship

Sl. No.	Name of related parties	Relationship
(i)	Dynamatic Limited, UK	Step subsidiary
(ii)	JKM Global Pte Limited, Singapore	Subsidiary
(iii)	JKM Research Farm Limited	Subsidiary
(iv)	JKM Erla Automotive Limited	Subsidiary
(v)	JKM Erla Holdings GmbH, Germany	Step subsidiary
(vi)	Eisenwerk Erla GmbH, Germany	Step subsidiary
(vii)	JKM Ferrotech Limited	Step subsidiary
(viii)	Harasfera Design Private Limited	Associate
(ix)	JKM Holdings Private Limited	Companies over which key management personnel or relatives of such personnel are able to exercise significant influence (other related entities)
(x)	JKM Human Resources Private Limited	
(xi)	JKM Offshore (India) Private Limited	
(xii)	Udayant Malhoutra and Company Private Limited	
(xiii)	Wavell Investments Private Limited	
(xiv)	Vita Private Limited	
(xv)	Udayant Malhoutra	Chief Executive Officer and Managing Director
(xvi)	V Sunder	President and Group Chief Financial Officer upto 30 September 2012, Non-executive director from 1 October 2012.
(xvii)	B Seshnath	Executive Director and Chief Marketing Officer upto 14 August 2012
(xviii)	N Rajagopal	Executive Director and Chief Operating Officer
(xix)	Pramilla Malhoutra	Relatives of KMP
(xx)	Udita Malhoutra	
(xxi)	Barota Malhoutra	

(b) Transactions with related parties and year end balances

(₹ in lacs)

Sl. No.	Name of related party	Description of the transaction	Transactions during the year ended		Outstanding balance [receivable / (payable)]	
			31 March 2013	31 March 2012	As at 31 March 2013	As at 31 March 2012
(i)	Dynamatic Limited, UK	Sale of manufactured goods	522	477	256	85
		Purchase of raw materials	70	72	(159)	(89)
		Expenses-recharges received	-	3	-	-
(ii)	JKM Global Pte Limited, Singapore	Interest income	107	101	323	216
		Loans and advances given including reinstatement gain	77	257	1,583	1,506
(iii)	JKM Research Farm Limited	Expenses- rent	108	108	-	-
		Loans and advances given	51	2	69	126
(iv)	JKM Erla Automotive Limited	Loans and advances given	221	52	432	211
		Investment made during the year	-	1,796	-	-
(v)	Eisenwerk Erla GmbH, Germany	Management fees	700	657	-	-
(vi)	JKM Ferrotech Limited	Sales of manufactured goods	590	78	412	-
		Sale of fixed asset	301	-	-	-
		Labour charges	32	-	-	-
		Purchase of raw materials	2,744	531	-	-
		Other income- interest	141	104	-	-
		Expenses- recharges received	-	121	-	-
		Loans and advances given	3,798	1,579	2,993	1,351
(vii)	Harasfera Design Private Limited	Legal and professional charges paid	19	-	-	-
(viii)	JKM Holdings Private Limited	Rent paid	4	4	-	-
		Interest expenses	-	32	-	-
		Short term borrowings	-	-	-	(50)
		Short term borrowing repaid	50	-	-	-
		Interim dividend paid	-	53	-	-
		Final dividend paid	18	32	-	-
(ix)	JKM Human Resources Private Limited	Expenses- salaries and wages	761	786	(51)	(32)
(x)	JKM Offshore (India) Private Limited	Interim dividend paid	-	26	-	-
		Final dividend paid	9	18	-	-
(xi)	Udayant Malhoutra and Company Private Limited	Interim dividend paid	-	39	-	-
		Final dividend paid	13	27	-	-
		Interest expenses	67	-	-	-
		Short term borrowings	270	-	(270)	-
(xii)	Wavell Investments Private Limited	Short term borrowings	200	-	(200)	-
(xiii)	Udayant Malhoutra	Interim dividend paid	-	56	-	-
		Final dividend paid	18	38	-	-
		Managerial remuneration	54	52	-	-
(xiv)	V Sunder	Managerial remuneration	29	53	-	-
(xv)	B Seshnath	Managerial remuneration	24	40	-	-
(xvi)	N Rajagopal	Managerial remuneration	45	42	-	-
(xvii)	Pramilla Malhoutra	Rent paid	24	22	-	-
(xviii)	Udita Malhoutra	Rent paid	4	4	-	-
(xix)	Others	Interim dividend paid	-	6	-	-
		Final dividend paid	2	4	-	-

42. **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
- Others – comprising Wind farm division which is into generation of power through wind energy and Homeland division which offers cutting edge security products and technologies which will enhance potential customer capability in countering modern day security threats

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 2013

(₹ in lacs)

Particulars	HPE	AC	AUC	ASP	Others	Unallocated	Total
A. Primary segment reporting							
(i) Revenue							
External – sales and services	18,301	4,488	20,446	6,476	914	-	50,625
Less: excise duty	(2,112)	-	(2,187)	(11)	(12)	-	(4,322)
Inter-segment sales and services	(22)	(4,011)	(167)	-	(381)	-	(4,581)
Other income	797	-	208	28	-	-	1,033
Total revenue	**16,964**	**477**	**18,300**	**6,493**	**521**	**-**	**42,755**
(ii) Results							
Segment result	3,577	(356)	527	3,040	609	-	7,397
(Less): depreciation	(637)	(278)	(995)	(517)	(202)	-	(2,629)
(Less): interest expense	-	-	-	-	-	(4,625)	(4,625)
Profit/(loss) before taxation	**2,940**	**(634)**	**(468)**	**2,523**	**407**	**(4,625)**	**143**
(Less): provision for taxation	-	-	-	-	-	(113)	(113)
Net profit after tax	**2,940**	**(634)**	**(468)**	**2,523**	**407**	**(4,738)**	**30**
(iii) Other information							
Segment assets	11,128	3,704	18,696	15,384	4,098	13,862	66,872
Segment liabilities	3,564	1,362	5,072	1,395	30	38,578	50,001
Capital expenditure	22	131	524	1,060	116	-	1,853
Depreciation	637	278	995	517	202	-	2,629
Other non-cash expenses	23	19	186	167	-	-	395

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

(₹ in lacs)

Particulars	HPE	AC	AUC	ASP	Others	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

B. Secondary segment reporting

Information relating to geographical segment for the year ended 31 March 2013

Particulars	31 March 2013			31 March 2012		
	In India	Outside India	Total	In India	Outside India	Total
Revenue	**32,545**	**10,210**	**42,755**	34,924	11,249	46,173
Carrying amount of segment assets	**61,781**	**5,091**	**66,872**	63,961	5,306	69,267
Capital expenditure	**1,854**	-	**1,854**	9,116	-	9,116

43. Derivative instruments

As of 31 March 2013, the Company has recognized a cumulative loss of ₹1,495 lacs (2012: ₹1,600 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:

(₹ in lacs)

Particulars		As at 31 March 2013	As at 31 March 2012
Designated derivative instruments			
Forwards sell	**GBP**	**107**	149
Cross currency swaps	**JPY**	-	3,476
	SGD	-	80
Non designated derivative instruments			
Forwards – Sell	**EURO**	-	3
	USD	-	16
Forwards and options – Buy	**USD**	-	35
	JPY	**1,475**	-

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 2013		As at 31 March 2012	
	Amount in original currency in lacs	Amount in ₹ lacs	Amount in original currency in lacs	Amount in ₹ lacs
Trade receivables				
USD	**33**	**1,842**	49	2,506
EURO	**8**	**540**	6	421
GBP	**10**	**797**	8	657
Loans receivable				
USD	**24**	**1,314**	24	1,236
EURO	**4**	**275**	4	270
Interest receivable				
SGD	**7**	**323**	5	216
Advance paid				
CHF	-	-	0	5
Trade payables				
USD	**40**	**2,160**	69	3,518
EURO	**3**	**247**	1	63
CHF	**0**	**2**	-	-
GBP	**0**	**22**	0	3
JPY	**66**	**38**	502	313

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

(₹ in lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Contract revenue recognized as revenue for the year	**1,759**	963
Aggregate amount of contract cost incurred for contracts in progress at the reporting date	**813**	725
Recognized profits (less recognized losses) for contracts in progress at the reporting date	**565**	37
Unbilled revenues (contract revenue recognized in excess of billings) presented under other current assets	**1,378**	762
Advance received from customer	**591**	183

45. Dues to Micro and Small Enterprises

According to the information available with the Company, there are no dues payable to Micro and Small 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 26 August 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).

46. 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.

47. 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.

48. Pursuant to a resolution passed in the Extraordinary General Meeting of shareholders dated 25 March 2013, amounts aggregating ₹67,500,166 and ₹57,499,994 (being 25% of the total value of warrants at the date of allotment) has been brought in by Mr Udayant Malhoutra in his capacity as Promoter and by Wavell Investments Private Limited, being a Promoter group company, towards subscription of 338,440 and 288,300 convertible warrants of ₹797.78 each respectively. These warrants give the right to the warrant holders to subscribe for one equity share of ₹10 each in the Company per warrant which is exercisable within 18 (eighteen) months from the date of allotment i.e. 26 March 2013.

49. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international as well as specified domestic transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international as well as specified domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

50. Previous year's figures have been re-grouped/ re-classified, wherever necessary, to conform to the current year presentation.

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 : 30 May 2013

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

UDAYANT MALHOUTRA
CEO and Managing Director

VIJAI KAPUR
Chairman

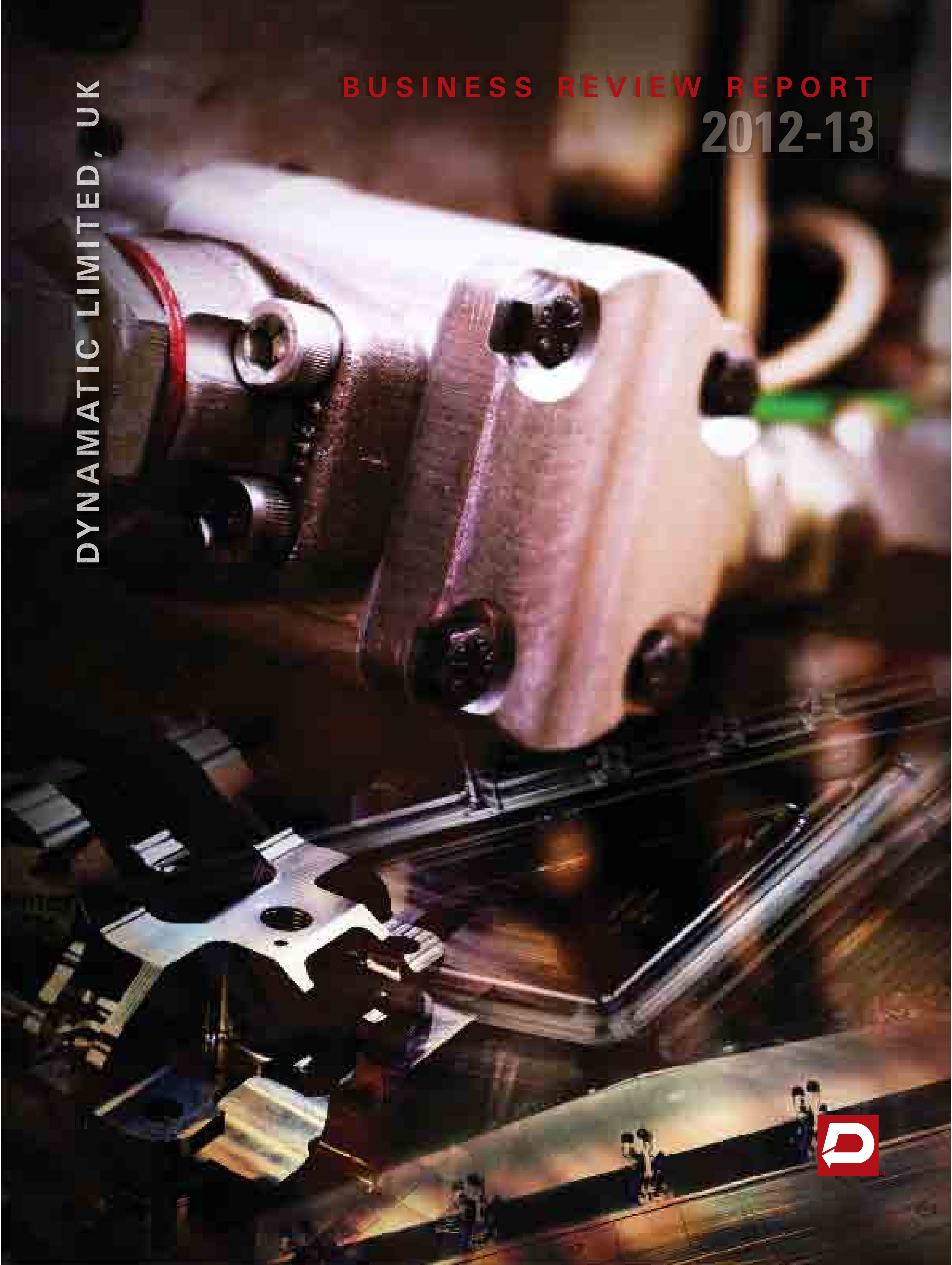
S GOVINDARAJAN
Director

HANUMAN SHARMA
Chief Financial Officer

M SINDHU
GM - Compliance, Legal & Company Secretary

DYNAMATIC LIMITED, UK

BUSINESS REVIEW REPORT 2012-13



DYNAMATIC LIMITED, UK

DIRECTORS

Mr. Udayant Malhoutra - Chairman
Mr. Michael John Handley - Director
Mr. Raymond Keith Lawton - Managing Director, Hydraulics Division
Mr. Ian Patterson - Director & Chief Technology Officer, Hydraulics Division
Ms. Claire Tucker - Corporate Director, Aerospace Division
Mr. James Tucker - Managing Director, Aerospace Division

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 31.03.2013 ₹ *in Lacs****	**Year ended 31.03.2012 ₹ *in Lacs****
Sales	**23,247**	18,734
EBIDTA	**3,124**	2,783
Interest	**394**	335
Depreciation	**689**	523
PBT *[Before Unrealised Forex Gain / (Loss) & Extraordinary item]*	**2,041**	1,925
Unrealised Forex *Gain/(Loss) & Extraordinary item*	**(58)**	(25)
PBT *[After Unrealised Forex Gain / (Loss) & Extraordinary item]*	**1,983**	1,901
Tax Charge / (credit)	**523**	507
Profit After Tax	**1,460**	1,394

** Numbers restated as Indian GAAP*

SWINDON

Dynamatic® Hydraulics, Swindon saw another large increase in sales that resulted in growth over and above the sustained increases achieved during 2011-12. The trend of increased sales improved quite dramatically throughout this last financial year with sales increasing by 16% over the previous year. This increase has enabled the plant to continue to run the full day shift and also introduce a small twilight shift to run the key equipment required to match both the production and capacity demands. As we have moved towards the end of this financial year one of the main OEM tractor platforms, in CNH Brazil, is planned to come to an end in the first quarter of the new financial year. This will have a significant effect on the Swindon sales although this will be offset somewhat by moving into full production with the Argos and Zenith tractor platforms with John Deere in Waterloo, U.S.A.

The Swindon plant has continued with all of its lean initiatives that has been the basis of cost reduction initiatives and projects. There has also been a continuation and focus on the employee engagement program which is aimed at empowering all employees to get involved in all aspects of the business with the aim at improving efficiency and reducing costs being the main drivers. With the possibility of flat or even slightly reduced sales through the next financial year it is vital that the business focuses on these initiatives in order, that even with lower sales, we see increased efficiencies and hence improved profitability. This also works hand in hand with improving all of our quality metrics which internally means reduction of scrap levels but also, more importantly, lifts our quality performance with all of our customer base and in particular the major OEM customers such as John Deere, Womack, ZF, Terex etc.

Future Outlook

Looking forward to the year ahead it will be one of stabilising and consolidating the OEM business in particular and taking the opportunity wherever possible to grow business both within and also beyond the existing customer base. In particular we will be exploring new opportunities within the John Deere group of companies where we have recently quoted for a new project outside of the tractor business in the combine plant. We are also actively seeking to grow further the cast iron pump product range that was launched into Terex based in Northern Ireland across other customers particularly targeting the North American market. Although the sales budget for this forthcoming year is relatively flat the plant, as described previously, has continued to drive all of its lean initiatives and cost reduction activities and the target is to have a greatly improved EBIDTA against lower sales in this next financial year. We are also looking to build upon the investment made last year in the first new machine tools we have taken delivery of in the last 12 years. The pair of new Morara grinding machines are now running on a two shift basis and are utilised on the grinding of the journals, faces and O/D's of our range of group 2 and group 2.5 drive and driven gears. This type of equipment is another important factor in improving our plant efficiency and reducing costs.

The activity in growing the Aerospace footprint within the Hydraulics facility is planned to continue and grow during the next year in line with the anticipated growth of the UK aerospace business and it is planned to utilise the space in Bay 1 of the Cheney Manor facility. In line with this, and due to the fact that the current lease with Swindon Borough Council is due to end in July 2015, we have already begun to explore other facility options with the council as the age and condition of the current building is giving cause for concern in terms of its overall condition. In summary, the year ahead is both challenging whilst also providing an opportunity for Swindon to stabilise and move into a profitable situation with more business and focus on our major OEM customer base.

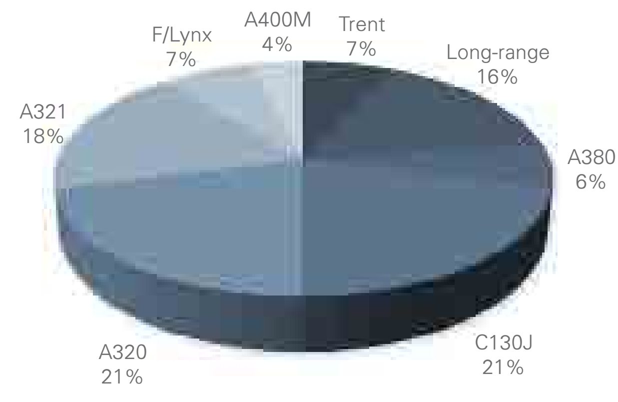
Raymond Keith Lawton
Managing Director
Dynamatic® Hydraulics
Dynamatic Limited, UK

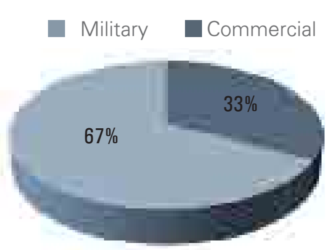
BRISTOL

In the UK, the total aerospace market is estimated to generate £20 billion of sales per annum and provides 250,000 jobs. Not only do we have world class companies such as BAE and Rolls Royce but a whole raft of high quality businesses such as GKN Aerospace, Airbus UK, Spirit Aerosystems, GE Aviation supplying and supporting this important and growing UK market. Dynamatic-Oldland Aerospace™ division is fortunate to be working with all of these companies and prides itself on developing relationships further to enhance its order book and in turn provide the customer with high quality engineered products incorporating the complete global engineering solution.

Dynamatic-Oldland Aerospace™ division in the UK continues to have a good mix of business across a varied range of aircrafts.

Sales to date by Aircraft





Our current largest single project is the A320/A321

67% of our UK business to date being in the commercial sector

We achieved sales of £12.15mil against a forecast of £11.73mil; this was an overall increase in sale in the annual period of 4.9%. There was a slight reduction of 0.7% in PBT on last year's results due to increased labour and machine tool breakdowns. Great emphasis has been placed on increasing productivity further with the expansion of our existing twilight shift in the Bristol site, implementation of our PIP (process improvement plan), expansion into the Swindon aerospace site and rental of faster, larger machine tools. This will increase capacity to support the predicted aircraft rate increases and enable us to expand our order book and maintain a good return. The sales forecast for 2013/2014 is £13.68mil. The increase in labour was essential to enable us to expand our project and CAD team infrastructure to ensure we maintain a high engineering skill set throughout the business and to meet the customers delivery requirements, headcount in the year increased by 7 heads, but there was a recent transfer (Q1) of a further 6 heads from UK Hydraulics into UK Aerospace Swindon. This will bring the headcount up to 94 in Q1 2014. All departments of the Bristol site have excelled throughout the year and at times faced some very difficult situations with regards to machine tool breakdown pushing out the customer delivery schedules. Overall we produced 249,120 parts in the year with an internal RFT (right first time) of 98.73%, 12 concessions were submitted and a total of 260 first off articles and over 400 FAI for the new Dassault project were produced.

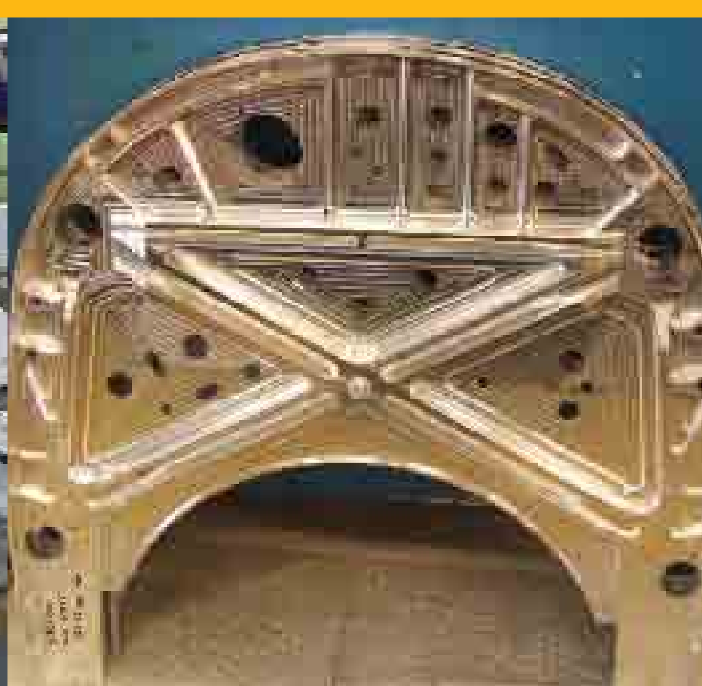
Future Outlook

Whilst the global economic crisis has since had a significant impact on sales worldwide, prospects for the aerospace sector look positive, with the market predicted to be valued at US$1190 billion by end of 2014. This is underpinned by the large order backlog of both Boeing and EADS. The US is the largest market accounting for 59% of the global aerospace & defence sector, followed by Europe with 22% share and Asia-Pacific with 19%. We are confident that with the planned introduction of large 5 axis machine tools, increased shifts, lean principles to utilise and increase capacity with further use of automation that the Dynamatic-Oldland Aerospace™, UK division will continue to maintain steady sales growth and its competitive edge.

Claire Tucker
Corporate Director
Europe Operations
Dynamatic Limited, UK

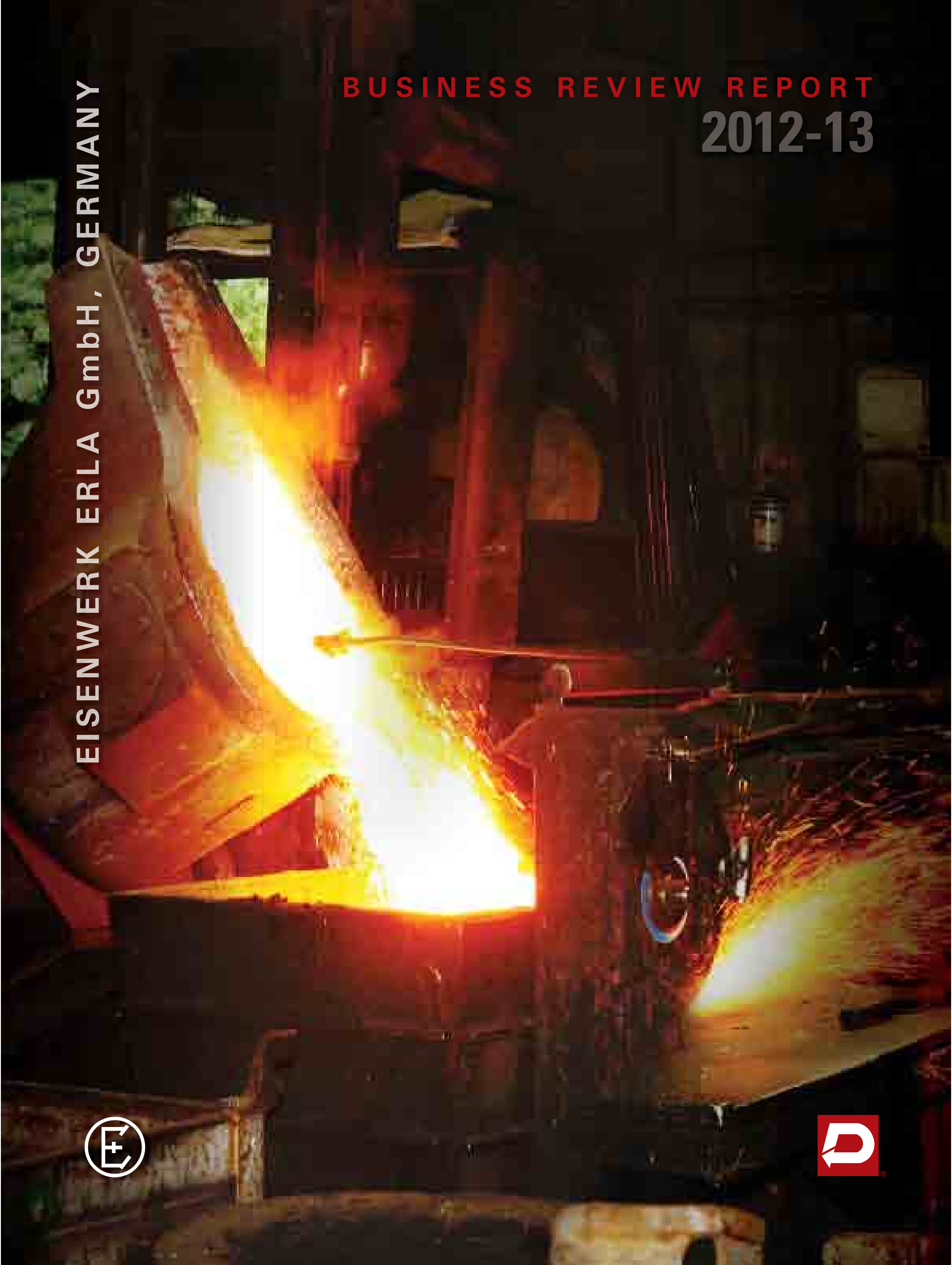
James Tucker
Managing Director
Aerospace Division
Dynamatic Limited, UK

A E R O S P A C E



EISENWERK ERLA GmbH, GERMANY

BUSINESS REVIEW REPORT 2012-13



JKM ERLA HOLDINGS GmbH, GERMANY
&
EISENWERK ERLA GmbH, GERMANY

DIRECTORS

Mr. Udayant Malhoutra	- Chairman
Ms. Claire Tucker	- Director
Mr. Hanuman Sharma	- Director
Mr. Dietmar Hahn	- Managing Director
Mr. Enrico Fisher	- Chief Financial Officer and Company Secretary

LAWYER

Dr. Hans-Hein Thomas

AUDITORS

KMPG AG, Germany

Chartered Accountant & Statutory Auditors

BANKERS

Commerzbank, Germany

GE Capital, Germany

Sachsen Bank, Germany

Deutsche Leasing für Sparkassen und Mittelstand GmbH, Germany

IKB Deutsche Industriebank AG, Germany

REGISTERED OFFICE

Gießereistraße 1, 08340 Schwarzenberg / Erzgebirge, Germanyy

OPERATING PLANTS

Eisenwerk Erla GmbH, Gießereistraße 1, 08340 Schwarzenberg / Erzgebirge, Germany

FINANCIAL RESULTS

Particulars	Year ended 31.03.2013 ₹ *in Lacs**	Year ended 31.03.2012 ₹ *in Lacs**
Sales	**76,311**	82,181
EBIDTA	**4,970**	5,830
Interest	**2,079**	1,893
Depreciation	**522**	456
PBT	**2,369**	3,480
Tax charge / (*credit*)	**715**	1,011
Profit After Tax	**1,654**	2,469

**Numbers restated as per Indian GAAP*

EISENWERK ERLA GmbH, GERMANY

REVIEW OF BUSINESS 2012-13

SCHWARZENBERG

Overview of the business during the financial year 2012-13, in terms of milestones achieved, new clients, change in work force, etc.

With regard to the turnover of 108.9 Mio Euro, the business year 2012-13 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.

Outlook for the year 2013-14, in line with the targets set going ahead.

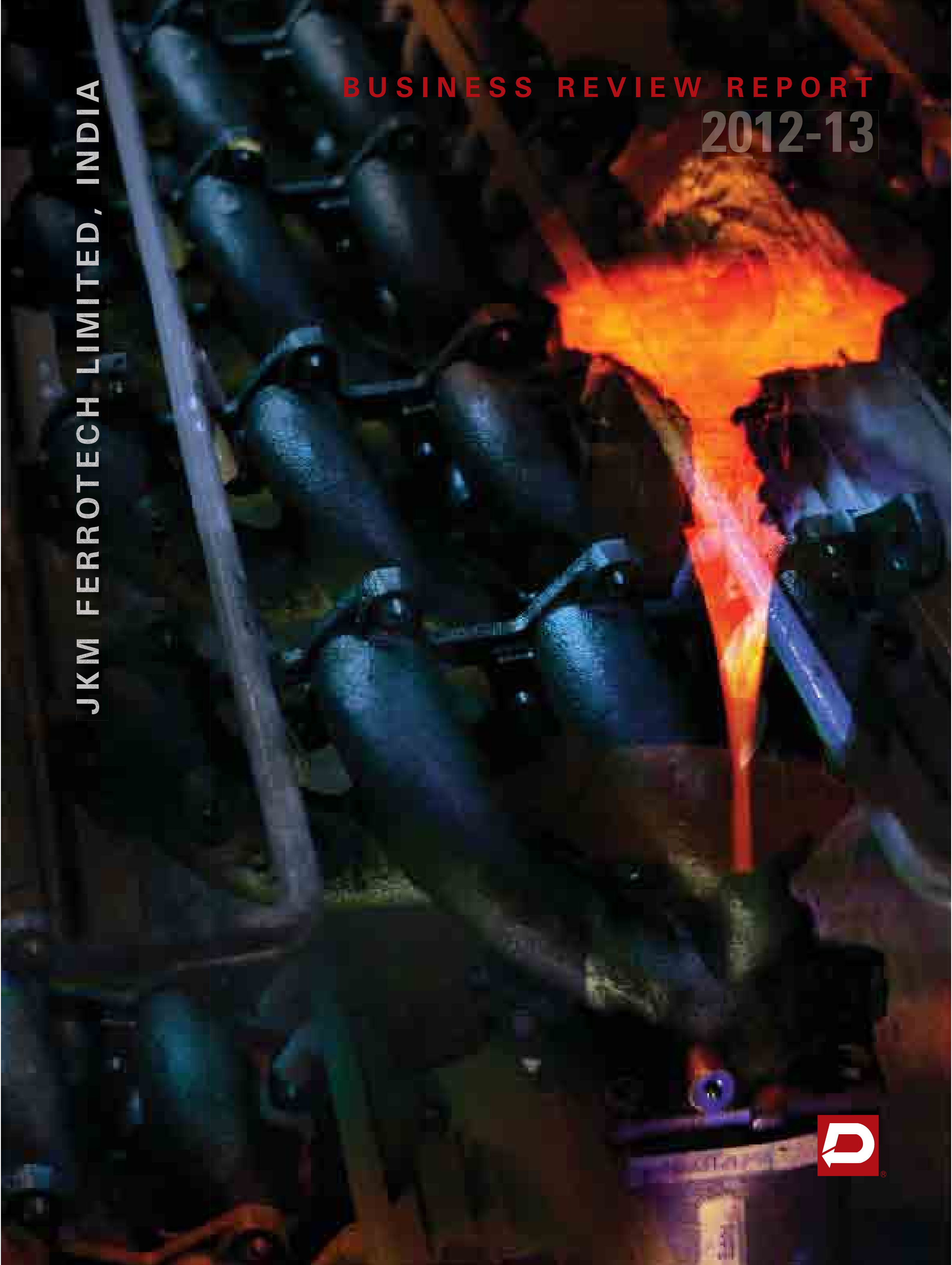
The turnover target for the business year 2013-14 is 115 Mio Euro. Despite the slight economic slow-down in Europe, we are working on this target and expecting with the new Turbocharger projects to compensate for the decline in the current series. The team in Erla is working concentrated on the improvement of processes, cost reduction and the improvement of quality.

Dietmar Hahn
Managing Director

This page has been intentionally left blank

BUSINESS REVIEW REPORT 2012-13

JKM FERROTECH LIMITED, INDIA



JKM FERROTECH LIMITED, INDIA

DIRECTORS

Mr. S. Uppili	- Executive Director
Rear Admiral Rajender Singh (Retd.)	- Director
Mr. D. S. Sathyanarayana	- 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, Gummidipoondi, Thiruvallur District, Tamil Nadu, India

OPERATING PLANTS

K-4, Phase I, SIPCOT Industrial Complex, Gummidipoondi, Thiruvallur District, Tamil Nadu, India

FINANCIAL RESULTS

JKM FERROTECH LIMITED, INDIA		
Particulars	**Year ended 31.03.2013 ₹ *in Lacs****	**Year ended 31.03.2012 ₹ *in Lacs****
Sales	**9,640**	7,837
EBIDTA	**(702)**	63
Interest	**1,360**	894
Depreciation	**789**	817
PBT *Before Unrealized Forex Gain / (Loss)*	**(2,851)**	(1,648)
Unrealized Forex *Gain / (Loss)*	**(74)**	(188)
PBT *After Unrealized Forex Gain / (Loss)*	**(2,925)**	(1,836)
Tax charge / *(credit)*	**1,036**	(573)
Profit (Loss) After Tax	**(3,961)**	(1,263)

METALLURGY

We crossed 12,000 tons of sales for the year. The demand from our major domestic customers such as, Mando India and Sundaram Fasteners was steady. Exports to VW has seen a steep increase even to an extent of 500 tons per month.

All castings which were sourced from Coimbatore suppliers has been fully in sourced with the successful commissioning of the Horizontal line.

JFTL has been audited by BMW Germany and has qualified the company to supply manifolds to BMW Germany.

JFTL could get sanction for enhanced power connection for the Horizontal Foundry and are able to run all 30 days with the EB power.

Future Outlook

After stabilization of the Foundry last year, we are focusing on the profitability of the Foundry by improving the operational efficiency as well as getting the right pricing with customers.

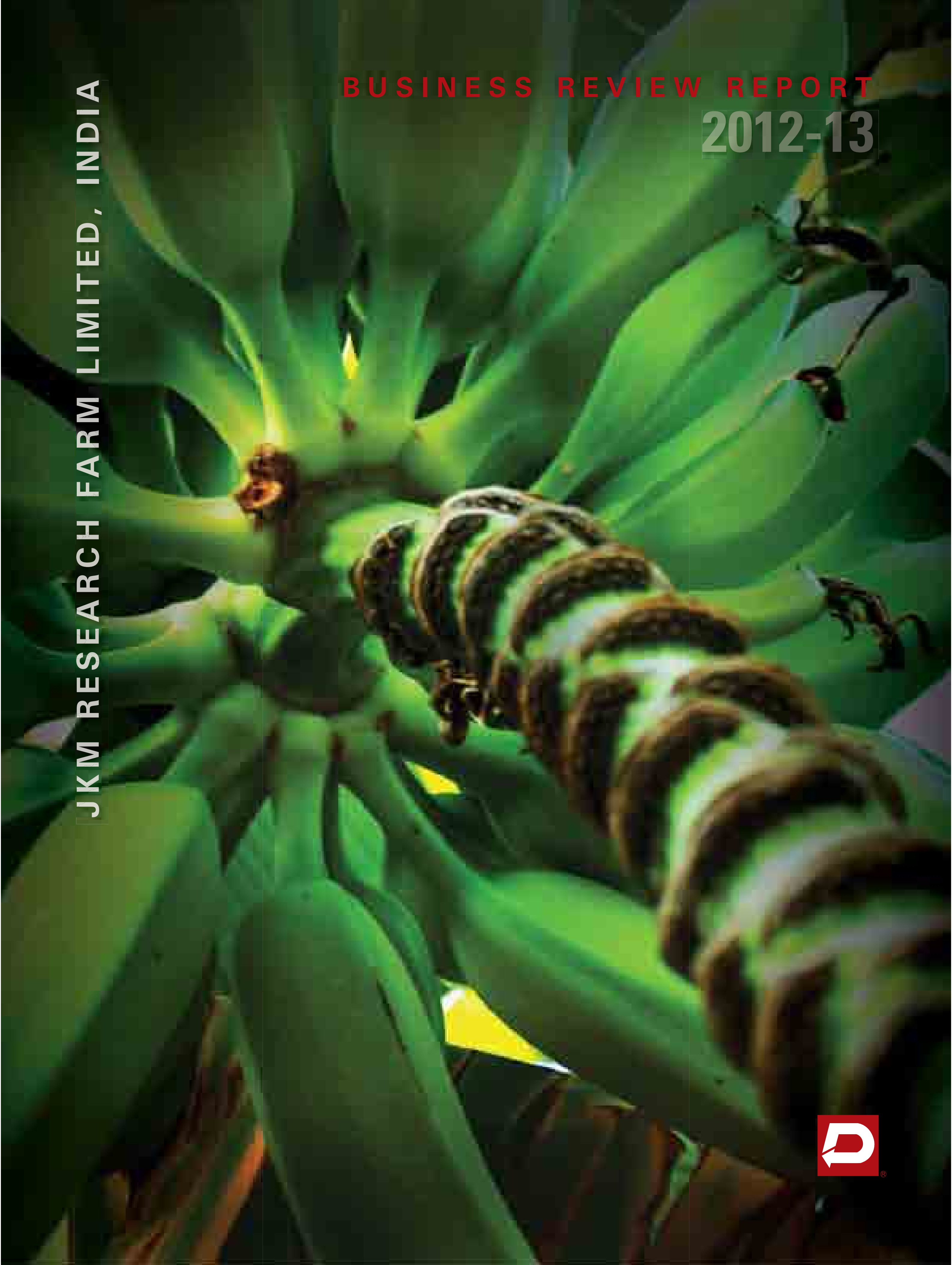
We have also successfully set up a machine shop in the foundry exclusively for Daimler, which by the year end will result in a turnover of ₹4 crores a month.

Manifolds for BMW Germany, Bearing Caps for MAN Germany and Housing for Daimler Germany, which are currently under development, are expected to get into series production in 2013.

JFTL needs to take a strategic decision on entering into knuckles for which ILJIN is showing lot of interest.

S. Uppili
Executive Director

This page has been intentionally left blank



JKM RESEARCH FARM LIMITED, INDIA

BUSINESS REVIEW REPORT 2012-13

JKM RESEARCH FARM LIMITED, INDIA

REVIEW OF **BUSINESS 2012-13**

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, 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. The Profit Before Tax for the year amounted to ₹75 lacs as against previous year profit of ₹89 lacs.

Udayant Malhoutra
Chairman

DIRECTORS

Mr. Udayant Malhoutra	- Chairman
Mrs. Pramilla Malhoutra	- Director
Rear Admiral Rajender Singh (Retd.)	- Director

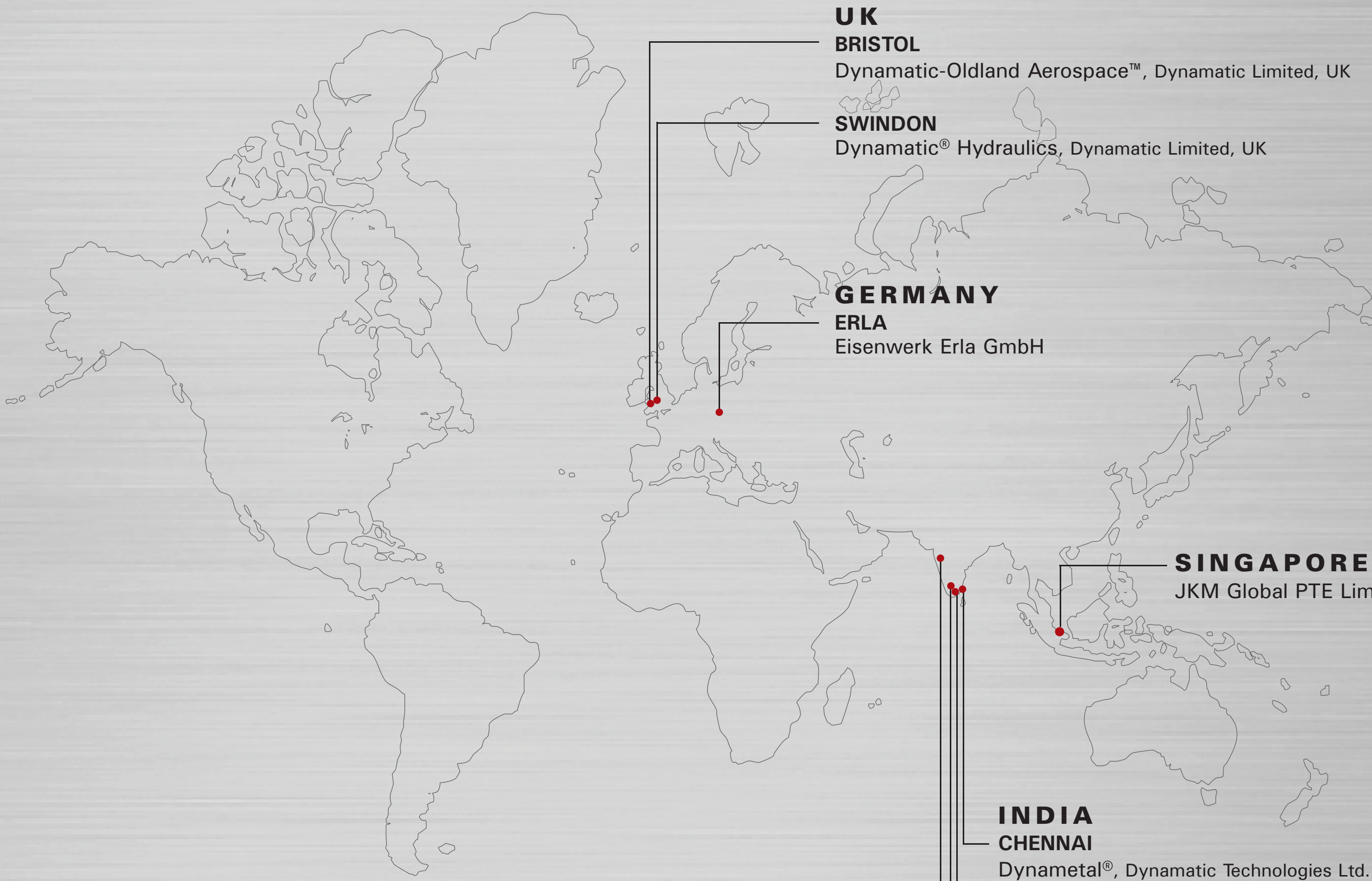
AUDITORS

M/s. Prasad and Kumar,
Chartered Accountants, Bangalore

REGISTERED OFFICE

Dynamatic Park, Peenya, Bangalore 560 058 India


balance between short term growth and
focus on long term wealth creation
ECONOMICS
socially responsible
nation building
VALUES
integrity
environment friendly
CUSTOMER CENTRIC ORGANISATION STRUCTURE
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

Dynamatic Park Peenya Bangalore 560 058 India Tel +91 80 2839 4933 / 34 / 35 Fax +91 80 2839 5823

Form – A

1.	Name of the Company:	Dynamatic Technologies Limited
2.	Annual financial statements for the year ended	March 31, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	None

....
Udayant Malhoutra
CEO & Managing Director

....
Hanuman Sharma
Chief Financial Officer

....
Sunil Gaggar
Partner-B S R & Associates
Statutory Auditors of the Company

....
Vijai Kapur
Chairman of Audit Committee

Dynamatic Park Peenya Bangalore 560 058 India
Tel +91 80 2839 4933 / 34 / 35 Fax +91 80 2839 5823
www.dynamatics.com