

DYNAMATIC TECHNOLOGIES LIMITED



DYNAMATIC TECHNOLOGIES LIMITED						
Regd. Office: Dynamatic Park Peenya, Bangalore - 560 056, India.						
Unaudited financial results of Dynamatic Technologies Limited for the Quarter ended 30th September, 2008						
(In Rs. Lacs, except per share data)						
Sl No.	Particulars	Quarter ended 30th September		Half year ended 30th September		Year ended 31st March (Audited)
		2008	2007	2008	2007	2008
1	Gross Sales	10407.72	3547.27	20056.34	6870.31	32377.72
2	Less: Exclon Duty	1465.84	431.58	2675.49	805.49	4942.81
3	Net Sales / Income from operations	8941.88	3115.69	17380.85	5964.82	27434.91
4	Other Income	159.07	161.14	354.28	244.63	838.40
5	Total Income (3 + 4)	9100.95	3276.83	17735.13	6209.45	28273.31
6	Expenditure:					
	a) (Increase) / Decrease in Stock in Trade and work in progress	-	-	-	-	-
	b) Consumption of raw materials	5135.96	1516.99	9875.58	3195.13	15860.64
	c) Purchase of Traded Goods	2.31	6.52	4.13	8.57	44.55
	d) Employee cost	1022.29	392.62	1947.70	764.55	2960.69
	e) Depreciation	436.67	130.58	830.21	242.57	1207.04
	f) Other Expenditure	1361.99	721.76	2691.83	1093.81	4298.13
	g) Total	7959.22	2768.47	15349.45	5304.63	24371.05
7	Interest	312.24	136.35	616.67	247.62	879.92
8	Exceptional Items (represents Unrealised Forex Loss/(Gain) (Refer Note 7)	429.34	(37.00)	809.44	(80.85)	-
9	Profit(+)/ Loss(-) from Ordinary Activities before Unrealised Forex Loss/Gain	829.49	370.01	1769.01	657.20	3022.34
10	Profit(+)/ Loss(-) from Ordinary Activities after Unrealised Forex Loss/Gain	400.15	407.01	959.57	738.05	3022.34
11	Tax Expense	149.98	133.20	355.18	235.84	1138.64
12	Net Profit (+) / Loss (-) from Ordinary Activities after Tax before Unrealised Forex Loss/Gain (9 -11)	679.61	236.81	1413.83	421.36	1883.70
13	Net Profit (+) / Loss (-) from Ordinary Activities after Tax and Unrealised Forex Loss/Gain (10 -11)	250.17	273.81	604.39	502.21	1883.70
14	Extraordinary items	-	-	-	-	26.02
15	Net Profit (+) / Loss (-) for the period after Extraordinary Item (13 -14)	250.17	273.81	604.39	502.21	1857.68
16	Paid-up equity share capital (Par value Rs.10/- each, fully paid)	541.47	419.36	541.47	419.36	481.07
17	Reserves excluding revaluation reserves	-	-	-	-	5,935.92
18	Earnings Per Share (EPS)					
	a) Basic and diluted EPS before Extraordinary/Exceptional/Unrealised Forex Loss/Gain items	12.95	5.65	26.21	10.05	44.81
	b) Basic and diluted EPS after Extraordinary/Exceptional/Unrealised Forex Loss/Gain items	4.64	4.60	12.00	9.00	44.19
19	Public Shareholding					
	Number of Shares	2523574	1799574	2523574	1799574	1799574
	Percentage of Shareholding	46.61	42.91	46.61	42.91	37.40
20	EBITDA (Item 5-6(g)+6(n))	1578.40	638.94	3215.89	1147.39	5109.30

Principles of Consolidation: The Financial Statements are prepared in accordance with principles and procedures for the preparation and presentation of Consolidated Financial Statements as set out in the Accounting Standard on Consolidated Financial Statements as notified under section 211(3C) of the Companies Act, 1956.

The adjustment for deferred tax liability / asset for the current quarter has been made in accordance with the provisions of Accounting Standard 22 "Accounting for Taxes on Income".

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NOTES:

- 1 As per the recent amendment to Clause 41 of the Listing Agreement, companies are required to publish either stand-alone results or consolidated results. The Company has opted to publish stand-alone results during the current year, since consolidating its overseas subsidiaries results would entail conducting a Limited Quarterly Review by Auditors of these subsidiaries, and also integrating the financials of the newly acquired UK based Aerospace Company, Oldland CNC Ltd. - a task impossible to accomplish in the available time. Details regarding financials of the Company's subsidiaries will be uploaded to the website along with published quarterly results.
- 2 The financials for the quarter ended September 2008 represents the merged entity (JKM DAERIM Automotive Ltd merged with Dynamatic Technologies Ltd). Hence, the previous period's figures are not comparable.
- 3 The Company has acquired an UK based Aerospace Company, Oldland CNC Ltd for a purchase consideration of GBP 9.125 Million on 4th October 2008. The acquired company is strategically located very close to production sites of its customers like Airbus, GKN Aerospace, Magellan Aerospace, etc. The said company has been in business for the past 35 years and specialises in complex 5-axis machining.
- 4 During the period under review, the Company has successfully acquired a 12MW Wind Farm at Coimbatore for a total cost of Rs. 33.00 Crores. The Wind Farm has potential to generate approximately 18 Million units of Power annually. The acquisition will enable the Company to achieve 85% reduction in monthly energy costs at its Chennai complex and combat energy-price inflation in future. This is also a big step forward in converting the Company into an 'Eco Friendly Green Enterprise'. Generation of Wind Energy is seasonal in nature (March to Mid September), and the Company was able to generate approx. 3.06 Million units of power during the last 45 days of the current season.
- 5 The above results were reviewed by the Audit Committee and then approved by the Board of Directors at their meeting held on October 29th, 2008. The Company's stand-alone results will be subject to 'Limited Review' by the Auditors of the Company as required by the listing agreement with the Stock Exchanges.
- 6 EPS has been calculated as per Accounting Standard AS 22.
- 7 The Company consistently follows AS 11 on "The Effects of Changes in Foreign Exchange Rates" issued by The Institute of Chartered Accountants of India. Accordingly, the Company is required to recognise the notional forex losses for Q2 FY 2008, shown under exceptional items, as below - unrealised forex loss (net) of Rs. 428.34 lacs (Net Gain of Rs.37 lacs in Q2 FY 08) comprising of Rs.216.83 lacs (Net Gain of Rs.37 lacs in Q2 FY 08) on restatement of Assets and Liabilities and Rs. 212.71 lacs (Q2 FY 08 - Nil) on restatement of Foreign Currency borrowings. There is no loss or gain due to any forex transaction which is speculative in nature. The notional loss/gain is a non cash charge/accrual.

Impact of Currency Fluctuations - The Company has a policy in place to mitigate risk in an environment where currencies are very volatile. This policy has two basic foundations: a) To completely avoid speculative transactions. B) To try and match the Company's Income and Expenditure currency mix, in a way that will provide a natural hedge against Currency Fluctuations.

The Group (Company and its subsidiaries) has long term loans (4 years) denominated in US Dollars totaling to US\$ 16.85 million, and the high volatility in foreign exchange markets has resulted in the notional MTM losses mentioned above. The Group expects to achieve US Dollar denominated sales of over US\$ 44 Million during the term of the aforementioned loans thereby providing a comprehensive natural hedge against any forex fluctuations. Simply stated, the Company enjoys a natural hedging advantage over the next 48 months, of US \$2.61 against each US\$ 1.00 marked as a notional MTM Loss during the period under review.
- 8 Further, in order to recognise the impact of fluctuation in foreign currency rates arising out of instruments acquired to hedge highly probable forecast transaction in appropriate accounting periods, the Company has from this year decided to apply the principles of recognition set out in Accounting Standard 30 - Financial Instruments - Recognition and Measurement as suggested by the The Institute of Chartered Accountants of India. As a result, the impact of unrealised forex loss in Q2 FY 09 of Rs. 138.32 lacs (Rs. Nil in Q2 FY 08) is carried as Hedging Reserve to be ultimately set off when the underlying transaction arises.
- 9 The derivative contract entered into by the Company has resulted in MTM gain in Q2 FY 09 of Rs.77.62 lacs (Q2 FY 08 - Rs.Nil) and cumulative gain of Rs. 282.57 lacs for the half year ended September 08. This has not been recognised in the above financials as per the Guidelines issued by the Institute of Chartered Accountants of India.
- 10 In August 2008, the Company has raised Rs.74.53 crores through allotment of 604,000 equity shares of Rs.10/- each at a price of Rs.1234/- per share to Qualified Institutional Buyers(QIB) pursuant to Qualified Institutional Placement(QIP) under Chapter XIII-A of the SEBI (DIP) Guidelines. The utilisation of QIP proceeds is in line with the objects of the issues as stated in the placement document.
- 11 Previous period's figures are recast wherever necessary.
- 12 Information on Investor complaints pursuant to clause 41 of the Listing Agreement for the quarter ended 30th September 2008:

Particulars	Opening	Received	Resolved	Pending
Number of Complaints	4	1	5	0

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Segment reporting		Quarter ended		Half Year ended		(In Rs. Lacs)
Sl No.	Particulars	30th September,		30th September,		Year ended 31st March, (Audited)
		2008	2007	2008	2007	2008
1	Segment Revenue					
	a) Hydraulics & Precision Eng.	3259.06	2565.56	5932.73	4749.26	9800.48
	b) Aluminium Castings	1349.06	711.27	2810.95	1460.19	3779.16
	c) Automobile Components	5641.01	-	11471.36	-	18078.68
	d) Wind Farm	82.33	-	82.33	-	0.00
	e) Unallocated	0.00	-	53.80	-	232.42
	Total:	10331.46	3276.83	20351.17	6209.45	31890.94
	Loss: Inter Segment revenue	1230.51	-	2618.04	-	3617.63
	Net Sales/ Income from operations	9100.95	3276.83	17733.13	6209.45	28273.31
2	Segment Result (Profit)(+/-) Loss(-)					
	before tax and interest from Segment					
	a) Hydraulics & Precision Eng.	588.18	456.02	1124.64	782.84	1660.96
	b) Aluminium Castings	65.49	52.34	201.91	121.98	362.73
	c) Automobile Components	413.06	-	1004.13	-	1646.15
	d) Wind Farm	55.00	-	55.00	-	0.00
	e) Unallocated	(429.34)	37.00	(809.44)	80.85	232.42
	Total:	712.39	545.36	1576.24	985.67	3902.26
	Loss: Interest	312.24	138.35	616.67	247.62	879.92
	Profit before tax	400.15	407.01	959.57	738.05	3022.34
3	Capital Employed					
	(Segment Assets - Segment Liabilities):					
	a) Hydraulics & Precision Eng.	11207.20	4402.01	11207.20	4402.01	5059.95
	b) Aluminium Castings	2154.02	1875.15	2154.02	1875.15	2063.32
	c) Automobile Components	6255.52	5427.11	6255.52	5427.11	5722.13
	d) Wind Farm	3355.00	-	3355.00	-	-
	Total:	22971.74	11704.27	22971.74	11704.27	12845.40

Notes:

Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17), Segment Revenue, Results and Capital

By order of the Board
for Dynamatic Technologies Limited

UDAYANT MALHOTRA
CEO & Managing Director

Place: Bangalore
Date : October 28, 2008

www.dynamatics.com

For clarifications please contact:
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