



Form - A

1.	Name of the Company:	Dynamatic Technologies Limited
2.	Annual financial statements for the year ended	March 31, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable

Udayant Malhoutra  
CEO & Managing Director

Hanuman Sharma  
Executive Director and Chief Financial Officer

Sunil Gaggar  
Partner, B S R & Co., LLP  
Statutory Auditors of the Company

Vijai Kapur  
Chairman of Audit Committee



August 12, 2015

**1. The Secretary**

BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort  
Mumbai – 400 023  
Fax No. 022-22722039/3121/3132

**2. The Manager**

Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, 5th Floor  
Plot No. C/1, G Block  
Bandra-Kurla Complex, Bandra (E)  
Mumbai – 400 051  
Fax No: 022-26598237/8238

Dear Sir/Madam,

**Sub: Correction in Annual Report 2014-2015**

With reference to the above cited subject, we would like to bring to your notice the following inadvertent printing errors in the previous year column numbers of Fixed Assets schedule on page number C-23, 13. FIXED ASSETS

Particulars	Gross Block	
	Translation Adjustment	Additions
Wrongly printed	(6,993)	23,532
Correct number	7,221	9,318

Request you to take the same on records.  
We sincerely apologize for the inconvenience caused in this regard.

Also, please find attached herewith the scanned copy of the revised Annual Report for uploading on your respective website.

Thanking you,  
For Dynamatic Technologies Limited

**Naveen Chandra**  
Head Legal, Compliance  
& Company Secretary



DYNAMATIC TECHNOLOGIES LIMITED

# ANNUAL REPORT

*2014-2015*



**LEAP**  
*Ahead*



# All our efforts going forward, will be to constantly maximise Return on Capital Employed, while continuously seeking opportunities to grow to new heights.

## Dear Fellow Shareholder,

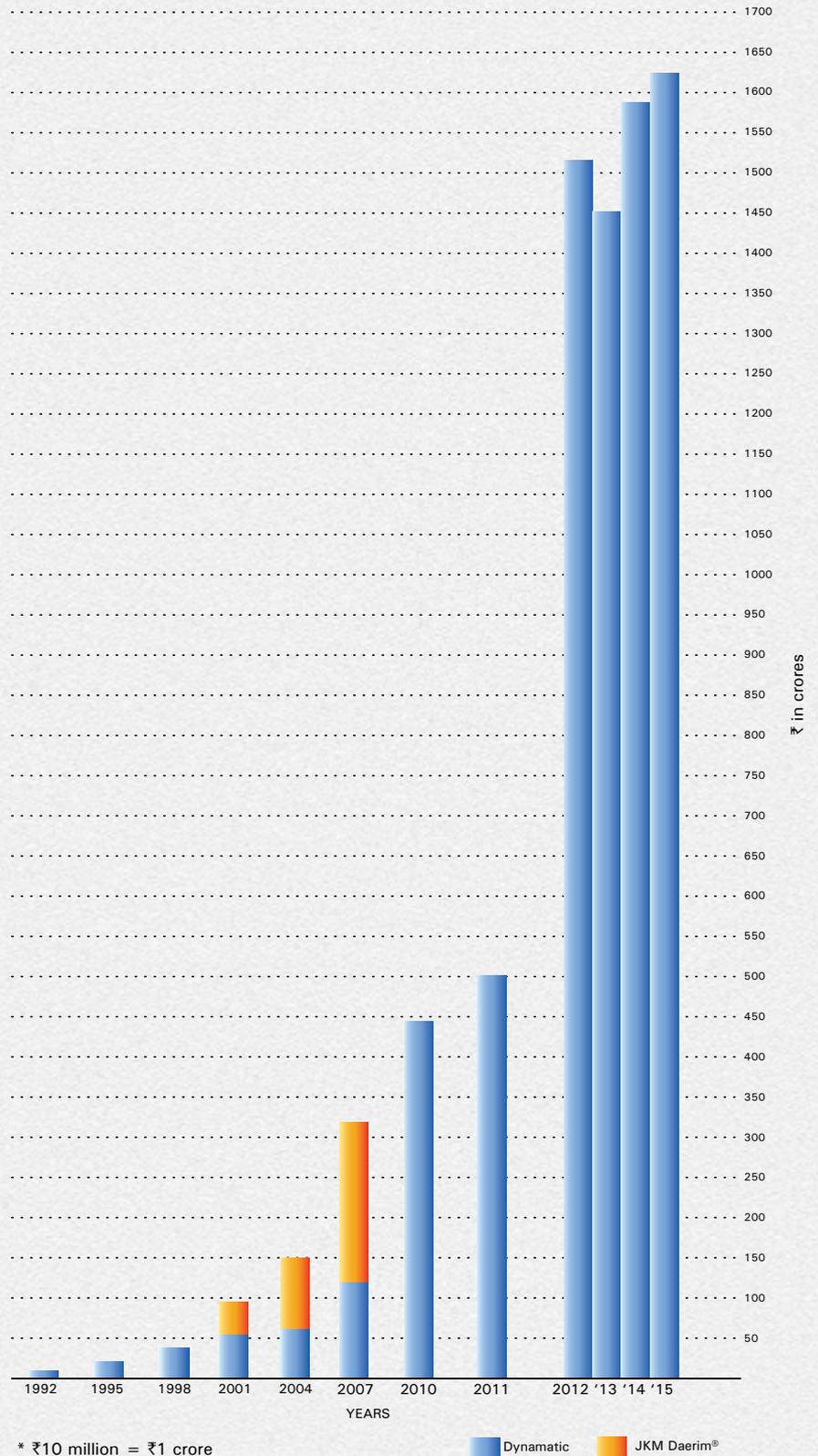
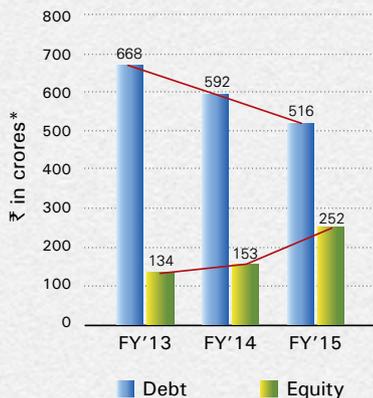
On behalf of the Board of Directors of Dynamatic Technologies Limited and its subsidiaries, I take pleasure in presenting you with Audited Financial Statements for the year 2014-15.

During the year under review, your Company along with its subsidiaries recorded a growth rate of 3% in Aggregate Revenue. Net Revenue recorded ₹16,288 million (aggregated with subsidiaries) with consolidated EBIDTA of ₹1,511 million & Net Profit Before Tax of ₹499 million.

The graph on the right shows your Company's growth over the past 24 years.

Although market sentiment improved during 2014-15, translation of these sentiments into reality is yet to fructify. Over the last 24 months your Company has responded to the shift in business context with corrective initiatives, including rationalisation of unprofitable business lines, and has increased its focus on higher margin businesses.

Two years ago your Company presented its stakeholders with a detailed plan for asset-light growth. We are pleased to confirm that this strategy has helped in optimising the balance-sheet, while creating headroom for substantial expansion. In addition your Company has improved balance-sheet quality by monetising non-core assets and increasing equity through a Qualified Institutional Placement, while aggressively paying down debt.



\* ₹10 million = ₹1 crore

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 2014-15 also includes the turnover recorded by your company's wholly owned subsidiaries as well as Inter-Division/Company Sales of ₹158 crores from Dynametal®, Dynamatic Hydraulics™, Dynamatic Wind Farm, Eisenwerk Erla GmbH, Germany, JKM Ferrotech Limited, India and Dynamatic Limited, UK.

These initiatives are expected to create a more profitable and flexible business model that improves the Return on Capital Employed, and increases operational competitiveness.

Your Company designs and builds high performance, precision engineered products for applications in its chosen business segments: Hydraulics, Automotive & Metallurgy and Aerospace & Defence.

Dynamic Hydraulics™ is one of the world's leading producers of high pressure hydraulic gear pumps for agricultural, construction and industrial applications. Your Company is a preferred supplier to leading OEMs across the world, serving customers on six continents through its manufacturing facilities in Swindon, UK, and Bangalore, India. Additionally, this division produces high-flow, low-pressure lube and water pumps for high horse power engines and is a strategic supplier for Cummins worldwide operations.

For close to 2 years, JKM Automotive™ units located around Chennai had struggled with disrupted production and interrupted casting supplies due to power scarcity in Tamil Nadu and inflationary pressures exerted by a depreciating rupee. This had severely impacted the profitability of your Company's Automotive business in India. In order to correct this business, your Company has rationalized its product mix, re-focused its attention to export markets and released capital by monetising spare land and buildings at its Irrungattukottai complex.

Your Company's Automotive business has already begun to grow new shoots, with JKM Ferrotech Limited having commenced export of Exhaust Manifold Castings to BMW and Lanchester Housings to Mercedes-Benz. JKM Automotive™ has also started delivering Fork Shifts Assemblies to Getrag Ford in Europe.



A new pouring machine for steel castings was installed into series process of the GFD moulding line at Eisenwerk Erla GmbH

Eisenwerk Erla GmbH produces turbine housings in high-nickel alloys of iron (D5S) for discerning users in Europe such as Volkswagen and Audi. The use of stainless steel turbine housings for next-gen petrol engines is progressing well, and Erla has received 3 new projects in high alloy steel. Additionally it has been nominated

for several other large projects. Preparations are also in progress for JKM Ferrotech™ to qualify for the production of turbine housings in Chennai, presenting your Company with opportunities to reduce cost.

Dynamic-Oldland Aerospace™ has been producing Flap Track Beam Assemblies for the Airbus Single-Aisle (A320) Aircraft Family on a global single-source basis since 2008 as a Tier II supplier to Airbus. In its single largest component sourcing deal in India, Airbus signed an agreement with your Company on February 16, 2015, for sourcing flap-track beams for its wide body A330 family aircraft. The agreement has elevated Dynamic Technologies to a global tier-1 supplier in Airbus's list. This award from Airbus will establish Dynamic-Oldland Aerospace™ as a Center of Excellence for the production of Flap Track Beams.



Showcasing Dynamic Flap Track Beams to Prime Minister Shri Narendra Modi at Toulouse along with Airbus CEO, Mr. Thomas Enders and Airbus India Managing Director, Dr. Srinivasan Dwarakanath. 'There's a bit of India in every Airbus'.

During the year under review Dynamic-Oldland Aerospace™ produced the first set of aft pylon and cargo ramp assemblies for Boeing's CH-47F Chinook helicopter. The commitment of Boeing and Dynamic to "Make in India" was highlighted by Indian Prime Minister Shri. Narendra Modi during his inaugural address at Aero India 2015 in Bangalore. Dynamic's relationship with Boeing began in 2010 with the award of a contract to supply mission and power equipment cabinets for the P-8I maritime reconnaissance and anti-submarine warfare aircraft.



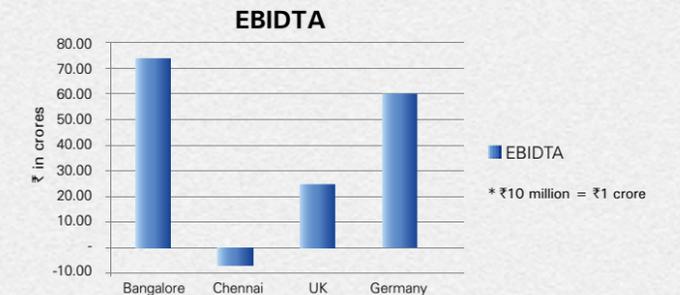
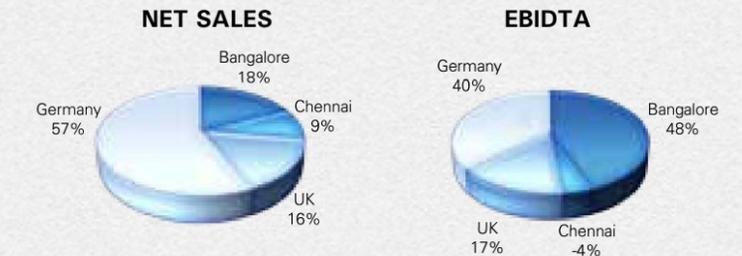
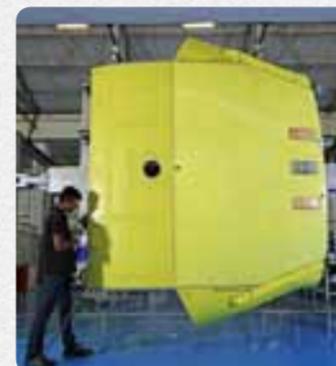
Aft Pylon Assembly and Cargo Ramp Assembly for the Boeing Chinook CH-47F Helicopter at Dynamic Park, Bangalore

Bell Helicopter, Textron India (TIPL) and Dynamic Technologies have been working together since 2012 to develop world-class aeronautic capacity in India as a crucial part of Bell Helicopter's global sourcing strategy. The uniqueness of the Dynamic - Bell program is that it involves the development of manufactured items from raw material itself, and brings foundational aerospace knowledge enabling Dynamic to successfully indigenise the manufacture of major helicopter assemblies. Your Company is contracted with Bell Helicopter as a single source supplier for major assemblies on the Cabin for Bell 407 (GX & AN variants) over the next seven years. On February 19, 2015 your Company delivered the first Assemblies to Bell in the presence of Shri Manohar Parrikar, Hon'ble Defence Minister of India.



*"In September 2014 Dynamic Technologies and its collaborator Boeing inaugurated a plant in India to manufacture critical parts for a Boeing helicopter that is sold globally. I understand that it was a day after 'Make in India' was launched. I am pleased to learn that the first set of parts is ready for shipment today".*

**- Hon'ble Prime Minister Shri Narendra Modi while inaugurating AERO INDIA 2015**



**Capital will flow to segments that offer greater opportunity for profitable growth, and away from those that create a drag on earnings.**

Your Company's aerospace business in India recorded 28% growth during the year under review, from ₹920 million in financial years 2014 to ₹1,173 million in financial year 2015.

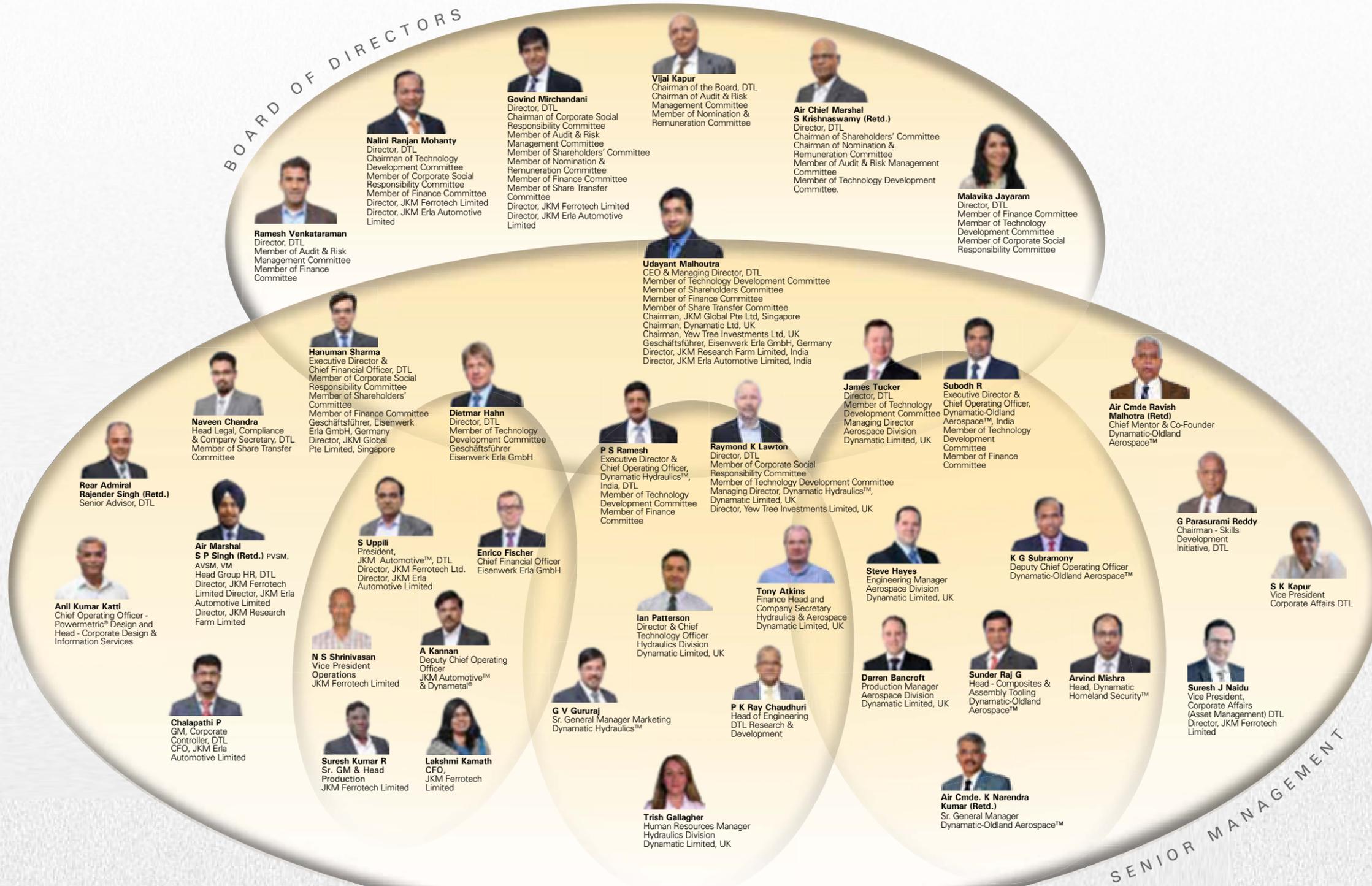
Throughout the history of Dynamic Technologies Limited, it has faced challenging times head on, seeking to benefit from the opportunities that accompany environmental risk. It has done so by being open to change, evolving into something bigger and better each time.

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

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

**Udayant Malhoutra**  
Chief Executive Officer and Managing Director

# C O R P O R A T E S T R U C T U R E



## DIRECTORSHIPS AND AUDITOR DETAILS IN SUBSIDIARIES

- 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  
Auditors  
KPMG LLP, UK  
Chartered Accountants & Statutory Auditors
- YEWE TREE INVESTMENTS LIMITED, UK**  
Chairman  
Mr. Udayant Malhoutra  
Director  
Mr. Raymond Keith Lawton  
Auditors  
KPMG LLP, Bristol
- JKM ERLA AUTOMOTIVE LIMITED**  
Director  
Mr. Udayant Malhoutra  
Director  
Mr. S. Uppili  
Director  
Mr. Nalini Ranjan Mohanty  
Director  
Mr. Govind Mirchandani  
Director  
Air Marshal S P Singh (Retd.)  
Auditors  
B S R & Co., LLP  
Chartered Accountants  
Bangalore
- EISENWERK ERLA GmbH, GERMANY**  
Chairman  
Mr. Udayant Malhoutra  
Managing Director  
Mr. Dietmar Hahn  
Director  
Mr. Hanuman Sharma  
Auditors  
KMPG AG, Germany  
Chartered Accountant & Statutory Auditors
- JKM FERROTECH LIMITED**  
Director  
Mr. S. Uppili  
Director  
Mr. Nalini Ranjan Mohanty  
Director  
Mr. Govind Mirchandani  
Director  
Air Marshal S P Singh (Retd.)  
Director  
Mr. Suresh J Naidu  
Auditors  
B S R & Co., LLP  
Chartered Accountants, Bangalore
- JKM GLOBAL PTE LIMITED, SINGAPORE**  
Chairman  
Mr. Udayant Malhoutra  
Director  
Mr. Hanuman Sharma  
Director  
Mr. Chai Chung Hoong  
Auditors  
KMPG LLP, Singapore
- JKM RESEARCH FARM LIMITED**  
Director  
Mr. Udayant Malhoutra  
Director  
Mrs. Pramilla Malhoutra  
Director  
Air Marshal S P Singh (Retd.)  
Auditors  
M/s. Prasad & Kumar,  
Chartered Accountants  
Bangalore
- JKM ERLA HOLDINGS GmbH, GERMANY**  
Chairman  
Mr. Udayant Malhoutra  
Director  
Mr. Dietmar Hahn  
Auditors  
KMPG AG, Germany  
Chartered Accountant & Statutory Auditors

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.

## DIRECTORS' BRIEF PROFILE

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### **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)

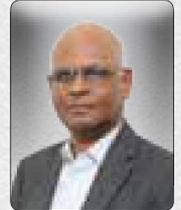
**Independent Director**

#### **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.

**Independent 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.

**Independent 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.

**Independent Director**



#### **Mr. Nalini Ranjan Mohanty**

*Engineer*

With his deep understanding in technology, he has brought about dramatic improvements in the operations of HAL and the Indian Aerospace Industry. He is the past Chairman of HAL. During his tenure, HAL could establish itself as one of the internationally recognized large Aviation industries. He is a Fellow of Institute of Engineers (India) and also Fellow of Aeronautical Society of India. In 2004, he received the prestigious "Padmashree Award" from the President of India.

**Independent Director**

#### **Mr. Ramesh Venkataraman**

*Financial Expert*

He is a Senior Partner & Executive Director of Samena Capital and Co-Head of Special Situations and Direct Investments. He was earlier a partner with McKinsey & Company's New York and lead the firm's High Tech and Telecom practice for Asia. He has advised the Prime Minister's Office on telecom and technology policy and worked closely with Nasscom, the association for Indian offshore IT and BPO firms, in shaping industry strategy, global positioning and regulation. He was chosen for the prestigious Young Achiever award by the Indo-American society.

**Independent 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.

**Non-Executive Director**

## DIRECTORS' BRIEF PROFILE

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**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.

**Non-Executive Director**

**Mr. James Tucker**

*Company Executive*

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

**Non-Executive Director**



**Mr. P S Ramesh**

*Company Executive*

Mr. P S Ramesh joined the Company in the year 1999 as Head of Quality and spearheaded the campaign for documenting procedures/ control plans and implementing ISO 9001 certification. He has been serving the Company for the past 16 years and has progressively grown to be the Chief Operating Officer of Dynamatic Hydraulics™, India.

**Executive Director & Chief Operating Officer, Hydraulics - India**

**Mr. Hanuman Kumar Sharma**

*Company Executive*

Mr. Hanuman Kumar Sharma joined the organization in 2012 as Chief Financial Officer. He has been actively involved in the company's initiatives to optimise the balance sheet, and prepare it for its larger plans. He has been involved in raising Equity through a QIP, and in rationalising and reducing debt. As CFO of Dynamatic Technologies Limited, he is responsible for consolidation of global accounts, and introduction of best accounting practices across the group.

**Executive Director & Chief Financial Officer**



**Mr. Subodh Rajendra Babu**

*Company Executive*

Mr. Subodh Rajendra Babu, joined Dynamatic Technologies Limited in 2000 and was associated with the business and product development team of JKM Automotive™, where he was actively involved in developing engine products for global customers. Since 2007, he has been involved in introducing world-class automotive manufacturing practices into the Aerospace Division, whilst scaling up operations to meet exacting customer requirements.

**Executive Director & Chief Operating Officer, Aerospace - India**

**Mr. Udayant Malhoutra**

*Industrialist*

Udayant has been associated with the Company since 1989 as Chief Executive. During this period he globalised and scaled the Company's original Hydraulic business, and founded the Company's Aerospace and Metallurgical businesses. He is credited with building and nurturing a world-class management team, and transforming the Company into a knowledge based organisation with global operations.

**Chief Executive Officer & Managing Director**



## GLOBAL PRESENCE / AUDITORS & BANKERS DETAILS

### REGISTERED OFFICE:

Dynamatic Park, Peenya, Bangalore – 560 058, India

### KEY FACILITIES:

#### **Dynamatic-Oldland Aerospace™, India**

Dynamatic Park, Peenya,  
Bangalore 560 058, India

Airforce Road, HAL Ancillary Unit – III,  
Ojhar, Niphad, Nasik, India

#### **Dynamatic Hydraulics™, Unit-1**

(Gear Pumps for Tractor and Industrial Sectors)

No. 1A/1, 1st Main Road, 1st Stage,  
2nd Phase, Peenya Industrial Area,  
Bangalore 560 058, India

#### **Dynamatic Hydraulics™, Unit-2**

(Hitch Control valves for Tractor Sector)

Plot No. K 12, 5th Cross, 1st Stage,  
Peenya Industrial Area,  
Bangalore 560 058, India

#### **JKM Pumps Division**

(Lube and Water Pumps for Engines)

Plot No. 28/A, 3rd Main, Phase I,  
Peenya Industrial Area,  
Bangalore 560 058, India

#### **Center for Bush Excellence**

(Bush Bearings for all Hydraulic Divisions)

Plot No. K 11, between 5th & 6th Cross,  
1st Stage, Peenya Industrial Area  
Bangalore 560 058, India

#### **JKM Automotive™**

JKM Park, SIPCOT Industrial Complex,  
Irungattukottai, Sriperumbudur,  
Tamil Nadu 602 105, India

#### **JKM Ferrotech Limited**

K-4, Phase II, SIPCOT Industrial Complex,  
Gummidipoondi, Thiruvallur District,  
Tamil Nadu 601 201, India

#### **Dynamatic Hydraulics™, UK**

Cheney Manor, Swindon,  
Wiltshire, SN2 2PZ, England, United Kingdom

#### **Dynamatic-Oldland Aerospace™, UK**

Jarvis Street, Barton Hill,  
Bristol BS5 9TR, England, United Kingdom

#### **Eisenwerk Erla GmbH**

Geschäftsführer 1, 08340  
Schwarzenberg / Erzgebirge, Germany

### AUDITORS:

#### **M/s. B S R & Co. LLP**

Chartered Accountants, Bangalore

#### **Head Legal, Compliance and Company Secretary**

Mr. Naveen Chandra P

#### **Registrar & Transfer Agents**

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32  
Gachibowli Financial District  
Nanakramguda, Hyderabad – 500 008

### BANKERS:

Axis Bank Limited

Bank of India

Commerzbank

DBS Bank Limited

Deutsche Leasing Finance

Electronica Finance Ltd

Export - Import Bank of India

GE Capital

ICICI Bank Limited

Kotak Mahindra Bank Limited

Punjab National Bank

State Bank of India

Sachsenbank

Siemens Financial Services

The Ratnakar Bank Ltd

The Royal Bank of Scotland

Yes Bank Limited

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	JKM Ferrotech Limited, India	
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# INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DYNAMATIC TECHNOLOGIES LIMITED

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Dynamatic Technologies Limited ("the Company"), its subsidiaries and an associate (collectively called 'the Group'), which comprise the consolidated balance sheet as at 31 March 2015, 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.

As stated in 2a of notes to consolidated financial statements, the consolidated financial statements have been prepared and audited to comply with the Listing Agreement as the Group is exempt from the requirements of the Companies Act, 2013 in respect to preparation and audit of consolidated financial statements.

## Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors 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 judgment, 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 procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the 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 on the consolidated financial statements.

## 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 Group as at 31 March 2015;
- (ii) in the case of the consolidated statement of profit and loss, of the profit of the Group for the year ended on that date; and
- (iii) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

## Other matter

We did not audit the financial statements and other financial information of certain subsidiaries which have been incorporated in the consolidated financial statements. These subsidiaries account for 42.87% of total assets as at 31 March 2015, 72.10% of the aggregate of total income from operations (net) and other income and ₹3,953 lacs net increase in cash and cash equivalents for the year ended 31 March 2015, 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 42.24% of total assets as at 31 March 2015, 71.82% of the aggregate of total income from operations (net) and other income and ₹4,068 lacs net increase in cash and cash equivalents for the year ended 31 March 2015, 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 aforesaid audit reports of these other auditors.
- b. The financial statement and other financial information of a subsidiary incorporated outside India as drawn up in accordance with the local GAAP has been audited by other auditor duly qualified to act as auditor in that country. For the purposes of preparation of the consolidated financial statements, the aforesaid local GAAP financial

statements have been restated by the Management so that they conform to the generally accepted accounting principles in India. Further, the financial statement and other financial information of a subsidiary incorporated in India has been audited by other auditor whose report has been furnished to us by the Management. Our opinion on the Statement is based on the aforesaid audit report of the other auditor. These subsidiaries account for 0.63% of total assets as at 31 March 2015, 0.28% of the aggregate of total income from operations (net) and other income and ₹115 lacs net decrease in cash and cash equivalents for the year ended 31 March 2015 as shown in the Statement.

We also did not audit the financial statements of an associate, whose financial statements reflect share of profit of the Company aggregating ₹8 lacs for the year ended 31 March 2015.

for **B S R & Co. LLP**

*Chartered Accountants*

Firm Registration Number: 101248W/W-100022



**Sunil Gaggar**

*Partner*

Membership number: 104315

Place : Bangalore

Date : 28 May 2015

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

(₹ in lacs)

	Note	31 March 2015	31 March 2014
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	634	554
Reserves and surplus	4	24,531	13,761
Money received against share warrants	42	-	1,000
		<b>25,165</b>	<b>15,315</b>
Minority Interest	4(a)	36	264
<b>Non-current liabilities</b>			
Long-term borrowings	5	26,584	36,185
Deferred tax liabilities (net)	6	2,757	3,411
Other long-term liabilities	7	295	1,385
Long-term provisions	8	679	288
		<b>30,315</b>	<b>41,269</b>
<b>Current liabilities</b>			
Short-term borrowings	9	13,974	10,077
Trade payables	10	27,434	28,060
Other current liabilities	11	15,801	19,389
Short-term provisions	12	2,255	1,566
		<b>59,464</b>	<b>59,092</b>
		<b>114,980</b>	<b>115,940</b>
<b>Assets</b>			
<b>Non current assets</b>			
Goodwill	45	8,789	6,788
		<b>8,789</b>	<b>6,788</b>
Fixed assets			
- Tangible fixed assets	13	53,546	59,672
- Intangible fixed assets	13	2,019	2,235
- Capital work in progress		435	278
		<b>56,000</b>	<b>62,185</b>
Non current investments	14	1	1
Long-term loans and advances	15	2,419	2,499
Other non-current assets	16	1,611	1,103
		<b>4,031</b>	<b>3,603</b>
<b>Current assets</b>			
Inventories	17	22,715	22,799
Trade receivables	18	11,308	10,163
Cash and bank balances	19	7,613	4,410
Short-term loan and advances	20	3,140	3,211
Other current assets	21	1,384	2,781
		<b>46,160</b>	<b>43,364</b>
		<b>114,980</b>	<b>115,940</b>
<b>Significant accounting policies</b>	<b>2</b>		

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

As per our report of even date attached

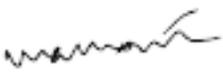
for **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration  
Number: 101248W/W-100022



**Sunil Gaggar**  
Partner  
Membership No.: 104315

Place : Bangalore  
Date : 28 May 2015

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



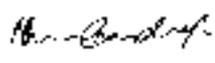
**UDAYANT MALHOUTRA**  
CEO and Managing Director  
DIN No.: 00053714



**HANUMAN SHARMA**  
Chief Financial Officer & Executive Director  
DIN No.: 07012725



**VIJAI KAPUR**  
Chairman  
DIN No.: 00056415



**NAVEEN CHANDRA P**  
Head Legal, Compliance  
& Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in lacs)

	Note	31 March 2015	31 March 2014
<b>Revenue from operations</b>			
Sale of products (gross)		163,865	159,350
Less: excise duty		(3,942)	(5,105)
Sale of products (net)		159,923	154,245
Contract revenue	39	1,224	2,946
Other operating revenues	22	1,736	1,563
		162,883	158,754
Other income	23	1,062	353
<b>Total revenue</b>		163,945	159,107
<b>Expenses</b>			
Cost of materials and components consumed	24	94,581	89,825
Change in inventories of finished goods and work-in-progress	25	(1,245)	(707)
Employee benefits	26	23,598	22,156
Finance costs	27	7,995	9,973
Depreciation and amortisation		5,091	5,126
Other expenses	28	30,842	31,187
<b>Total expenses</b>		160,862	157,560
<b>Profit before exceptional items and tax</b>		3,083	1,547
Exceptional items	29	1,909	1,033
<b>Profit before tax</b>		4,992	2,580
<b>Tax expense</b>			
Income tax		2,781	893
Minimum alternative tax charge		-	23
Minimum alternative tax credit entitlement		-	(23)
Deferred tax (credit)/charge		(654)	310
<b>Profit after tax</b>		2,865	1,377
<b>Earning per equity share [nominal value of share ₹10 each (previous year ₹10 each)]</b>			
Basic and diluted		47.28	25.42
<b>Number of shares used in computing earnings per share</b>			
Basic and diluted	41	6,058,828	5,416,763

## 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

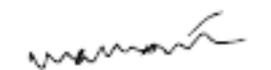
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Chartered Accountants  
Firm Registration  
Number: 101248WW-100022



**Sunil Gaggar**  
Partner  
Membership No.: 104315

Place : Bangalore  
Date : 28 May 2015

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



**UDAYANT MALHOUTRA**  
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DIN No.: 07012725



**VIJAI KAPUR**  
Chairman  
DIN No.: 00056415



**NAVEEN CHANDRA P**  
Head Legal, Compliance  
& Company Secretary

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(₹ in lacs)

	31 March 2015	31 March 2014
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>4,992</b>	2,580
Adjustments:		
Depreciation and amortisation	5,091	5,126
Finance Cost	7,995	9,973
Interest income	(104)	(97)
Debts / advances written off	48	238
Provision for bad and doubtful debts	2	(21)
Unrealised foreign exchange differences, net	(252)	68
Profit on sale of fixed asset, net	(4,159)	(1,246)
Amortisation of foreign currency monetary item translation difference account	170	161
<b>Operating cash flow before working capital changes</b>	<b>13,783</b>	16,782
(Increase) / Decrease in trade receivables	(1,158)	4,396
Decrease / (Increase) in loans and advances and other assets	974	(2,242)
Decrease/ (Increase) in inventories	84	(2,546)
(Decrease) / Increase in trade payables and other current liabilities	(925)	4,787
Increase/ (Decrease) in short term and long term provisions	275	(1,134)
Adjustment for foreign exchange in operating activity	1	(560)
<b>Cash generated from operations</b>	<b>13,034</b>	19,483
Income taxes paid	(1,430)	(2,076)
<b>Net cash generated from operating activities (A)</b>	<b>11,604</b>	17,407
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(2,466)	(3,802)
Proceeds from sale of fixed assets	7,378	2,731
Movements in deposits with banks	(185)	(498)
Interest received	104	136
<b>Net cash used in investing activities (B)</b>	<b>4,831</b>	(1,433)

**Cash flows from financing activities**

Proceeds from issue of share warrants	<b>3,000</b>	750
Proceeds from issue of equity shares by way of Qualified Institutional Placement	<b>5,191</b>	-
Payment on account of redemption of preference shares	<b>(5,000)</b>	-
Proceeds from borrowings from other than shareholders	<b>4,181</b>	22,915
Repayment of borrowings to other than shareholders	<b>(17,243)</b>	(23,652)
Loans taken from shareholders	<b>3,160</b>	125
Repayment of loans to shareholders	<b>(2,085)</b>	(595)
Deferral sales tax payment	<b>(117)</b>	(107)
Proceeds/(Repayments) of cash credits/ working capital loans (net)	<b>3,872</b>	(6,830)
Proceeds/(Repayments) of buyer's credit (net)	<b>24</b>	(56)
Repayments of public deposits (net)	<b>(250)</b>	(140)
Interest paid	<b>(8,457)</b>	(10,077)
Dividend paid out of unclaimed dividend	<b>(3)</b>	(3)
<b>Net cash used in financing activities (C)</b>	<b>(13,727)</b>	(17,670)
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>2,708</b>	(1,696)
Cash and cash equivalents at the beginning of the year	<b>3,763</b>	5,408
Effect of exchange rate changes on cash and cash equivalent	<b>857</b>	51
Cash and cash equivalents at the end of the year (refer note 19)	<b>7,328</b>	3,763

As per our report of even date attached

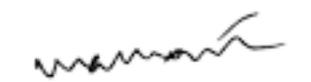
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**Sunil Gaggar**  
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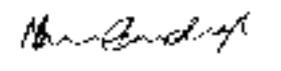
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**NAVEEN CHANDRA P**  
Head Legal, Compliance  
& Company Secretary

# NOTES TO THE FINANCIAL STATEMENTS

## 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 components, 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 consolidated financial statements

The consolidated financial statements of Dynamatic Technologies Limited, subsidiaries and a associate (collectively referred to as the ‘Group’) have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (‘GAAP’) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards prescribed under Section 133 of the Companies Act, 2013 (“Act”) read with Rule 7 of the Companies (Accounts) Rules, 2014, and the guidelines issued by the Securities and Exchange Board of India (SEBI). The consolidated financial statements have been prepared to comply with the Listing Agreement as the Group is exempt from the requirements of the Act in respect to preparation of consolidated financial statements. The consolidated financial statements are prepared by adopting uniform accounting policies between the group companies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s separate financial statements. The financial statements are prepared in Rupees in lacs unless otherwise stated.

### 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 Research Farm limited (JRFL)	Subsidiary	India	99.99
3	JKM Global Pte Limited (JGPL)	Subsidiary	Singapore	100
4	JKM Ferrotech Limited (JFTL)	Step Subsidiary	India	99.99
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 unrealised profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent Company 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 recognised 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 as 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.

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. Lease payments under operating leases are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date are shown under capital advances. The cost of the fixed asset not ready for its intended use on such date, is disclosed under capital work-in progress.

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. An increase in net book value arising on revaluation of fixed assets is credited directly to owner's interests under the heading of revaluation reserves and is regarded as not available for distribution. On disposal of a previously revalued item of fixed asset, the difference between net disposal proceeds and the net book value is charged or credited to statement of profit and loss except that, to the extent such a loss is related to an increase which was previously recorded as a credit to revaluation reserve and which has not been subsequently reversed or utilised, it is charged directly to that account. The amount standing in revaluation reserve following the retirement or disposal of an asset which relates to that asset is transferred to statement of profit and loss.

Borrowing costs directly attributable to the acquisition/ construction of the qualifying asset are

capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the statement of profit and loss in the period in which they are incurred.

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

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Group. Depreciation for assets purchased/ sold during a period is proportionately charged. The Group estimates the useful lives for fixed assets as follows:-

Class of assets	Estimated useful life (in years)
Leasehold Improvements	Period of Lease
Buildings	30 years to 60 years
Plant and Machinery/ Measuring instruments/ Electrical installations (Shift depreciation)	10 years, 13 years and 21 years for 3 shifts, 2 shifts and 1 shift respectively
Data processing equipment	4 years
Office equipment	5 years
Furniture and fixtures	10 years
Tools, dies and moulds	9 years
Vehicles	10 years
Motor boat	20 years

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

Lease hold land is depreciated over its tenure of 99 years.

#### Intangibles Fixed Assets

##### (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 amortisation and any accumulated impairment loss.

Subsequent expenditure is capitalised 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 recognised 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 capitalised 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 capitalised 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 recognised in the statement of profit and loss as incurred.

Intangible assets are amortised in the 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 amortised 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 amortised over the best estimate of its useful life. Such intangible assets that are not yet available for use are tested annually for impairment.

Amortisation 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 development	9 to 10 years
Non-compete fees	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 weighted average basis
- Stores and spares – on a weighted average basis
- Work-in-progress – includes costs of conversion
- Finished goods – includes costs of conversion
- Goods in transit – at purchase cost

The Group in the current year has revised its method of valuation of inventories to weighted average as compared to first in first out (FIFO) in the previous year. In the view of the Management, the revised policy would result in a more appropriate presentation of its financial statements. Had the Group followed FIFO method for valuation of inventories, the value of inventories as at 31 March 2015 would have increased from ₹22,694 lacs to ₹22,729 lacs and resultant increase in profit before tax from ₹4,962 lacs to ₹4,997 lacs.

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

##### (i) Provident fund

Employees receive benefits from a provident fund. The employee and employer each make monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan.

##### (ii) Compensated Absences

The eligible employees of the Group are entitled to compensated absence. The aforesaid employees can carry-forward a portion of the unutilised accumulating compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of

employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absence as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The Group recognises accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognised in the period in which the absences occur. The Group recognises actuarial gains and losses immediately in the statement of profit and loss.

### (iii) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Group. The gratuity fund is managed by the Life Insurance Corporation of India (LIC). The Group's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation carried out by an independent actuary using the projected unit credit method. The Group recognises actuarial gains and losses immediately in the statement of profit and loss.

### g. Revenue Recognition

Revenue from sale of products (including sale of scrap and raw material) is recognised when the risks and rewards of ownership are transferred to customers. The amount recognised 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 recognised when an unconditional right to receive such income is established.

Revenue from long-term contracts (contract revenue) is recognised 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 recognised 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.

Lease/sub-lease rental income is recognised when billable in accordance with the terms of the contract with the clients.

Export benefits are recognised 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 recognised using the time proportion method, based on the underlying interest rates.

### h. 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 recognised at the rate of exchange prevailing on the date of the transaction. Exchange difference arising on foreign exchange transactions settled during the year is recognised 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 recognised 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 amortised over the balance period of the relevant foreign currency item.

### Integral and non-integral operations

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

- All assets and liabilities, both monetary and nonmonetary are translated using the year-end rates
- Share capital and opening reserves and surplus are carried at historical cost
- Revenue and expenses are translated at 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.

#### **i. Derivative instruments and Hedge accounting**

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

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 recognised 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 recognised in the statement of profit and loss.

It is the policy of the Group to enter into derivative contracts to hedge interest rate risks related to the loan liabilities. The derivative arrangements are coterminous 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 recognised 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 recognised 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 Group accrues the estimated cost of warranties at the time when the revenue is recognised.

#### **k. Investment**

Long term investments are carried at cost less diminution, other-than-temporary, in value, determined separately for each individual investment.

#### **l. Provisions and contingencies**

The Group recognises 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 recognised 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 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.

**n. 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.

**o. 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.

**p. Leases**

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

**q. Income-tax**

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets

are recognised 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 recognised only to the extent that there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is virtual certainty of realisation 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 realised.

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 recognised 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.

**r. Government grants and subsidies**

Grants and subsidies from the Government are recognised when there is reasonable assurance that the grant/subsidy will be received and all attached 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.

**s. Cash flow statement**

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

(₹ in lacs)

As at  
31 March 2015

As at  
31 March 2014

**3. Share capital****Authorised****Equity shares**

20,000,000 (previous year 20,000,000) equity shares of par value of ₹10 each

2,000

2,000

**Preference shares**

500,000 (previous year 500,000) redeemable cumulative preference shares of par value of ₹100 each

500

500

2,5002,500**Issued, subscribed and fully paid up****Equity shares**

6,341,443 (previous year 5,540,050) equity shares of par value of ₹10 each

634

554

634554**Reconciliation of shares outstanding at the beginning and at the end of the year:**

Particulars	31 March 2015		31 March 2014	
	Number of shares	Amount (₹ in lacs)	Number of shares	Amount (₹ in lacs)
Shares outstanding at the beginning of the year	5,540,050	554	5,414,703	541
Share issued during the year against share warrants*	501,393	50	125,347	13
Share issued during the year by way of Qualified Institutional Placement**	300,000	30	-	-
Shares outstanding at the end of the year	6,341,443	634	5,540,050	554

\* refer note 42

\*\* refer note 46

**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 after subject to of dividend to preference shareholders. 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 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
<b>Class of shares (Equity)</b>					
No of shares issued	-	-	-	-	-

**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 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
<b>Class of shares (Equity)</b>					
No of shares issued	-	-	-	-	-

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% of equity shares**

Particulars	31 March 2015		31 March 2014	
	Number	% of total share in the class	Number	% of total share in the class
Equity shares of ₹10 each fully paid-up held by				
- Udayant Malhoutra	772,679	12.18%	795,248	14.35%
- JKM Holdings Private Limited	912,538	14.39%	912,538	16.47%
- Udayant Malhoutra and Company Private Limited	642,011	10.12%	642,011	11.59%
- JKM Offshore India Private Limited	442,071	6.97%	442,071	7.98%
- Samena Special Situations Mauritius	467,455	7.37%	467,455	8.44%
- Wavell Investments Private Limited	444,781	7.01%	281,828	5.09%
- Citigroup Global Markets Mauritius Private Limited	-	-	373,327	6.74%

(₹ in lacs)

	As at 31 March 2015	As at 31 March 2014
--	------------------------	------------------------

**4. Reserves and surplus**
**Capital reserves**

At the commencement and at the end of the year

	15	15
	<u>15</u>	<u>15</u>

**Capital redemption reserve**

At the commencement and at the end of the year

	240	240
	<u>240</u>	<u>240</u>

**Securities premium account**

At the commencement of the year

9,175	7,111
-------	-------

Add: Premium on issue of share warrants (refer note 42)

3,950	988
-------	-----

Add: Premium on issue of Qualified Institutional Placement (refer note 46)

5,161	-
-------	---

Add: Transferred from Minority interest (refer note 4 (a))

-	3,031
---	-------

Less: accrual of redemption premium on preference shares (refer note 4 (a))

(130)	(1,955)
-------	---------

Less: Premium on redemption of preference shares (refer note 4 (a))

(3,082)	-
---------	---

At the end of the year

<u>15,074</u>	<u>9,175</u>
---------------	--------------

**Hedge reserve**

At the commencement of the year

(2,742)	(2,299)
---------	---------

Addition /(deletion) during the year

2,111	(443)
-------	-------

At the end of the year (refer note 37)

<u>(631)</u>	<u>(2,742)</u>
--------------	----------------

**Other reserves (Redemption premium accrual)**

At the commencement of the year

1,955	-
-------	---

Add: accrual of redemption premium on preference shares (refer note 4 (a))

130	1,955
-----	-------

Less: Redemption premium accrual used for redemption of preference shares (refer note 4 (a))

(1,690)	-
---------	---

At the end of the year

<u>395</u>	<u>1,955</u>
------------	--------------

	As at 31 March 2015	As at 31 March 2014
<b>Reserve on amalgamation</b>		
At the commencement and at the end of the year	154	154
	<u>154</u>	<u>154</u>
<b>Revaluation reserve</b>		
At the commencement of the year	626	2,013
Less: Adjustment on account of on sale of peenya property (refer note 44)	(154)	-
Less: Adjustment on account of on sale of JKM Auto Plant II (refer note 44)	-	(1,387)
At the end of the year	<u>472</u>	<u>626</u>
<b>General reserve</b>		
At the commencement and at the end of the year	3,010	3,010
	<u>3,010</u>	<u>3,010</u>
<b>Subsidy received</b>		
At the commencement and at the end of the year	25	25
	<u>25</u>	<u>25</u>
<b>Debit balance arising on consolidation</b>		
At the commencement of the year	(2,179)	(1,386)
Depreciation on fair valuation of fixed assets	(793)	(793)
At the end of the year	<u>(2,972)</u>	<u>(2,179)</u>
<b>Surplus in the statement of profit and loss</b>		
At the commencement of the year	5,689	4,312
Profit for the year	2,865	1,377
At the end of the year	<u>8,554</u>	<u>5,689</u>
<b>Foreign currency translation reserve</b>		
At the commencement of the year	(1,807)	(1,315)
Additions during the year (includes reinstatement of goodwill, refer note 48)	2,318	(492)
At the end of the year	<u>511</u>	<u>(1,807)</u>
<b>Foreign currency monetary item translation difference account</b>		
At the beginning of the year	(401)	(307)
Exchange loss arising on account of reinstatement of loan (refer note 47)	(85)	(254)
Amount amortised during the year to statement of profit and loss (refer note 47)	170	161
At the end of the year	<u>(316)</u>	<u>(400)</u>
	<u>24,531</u>	<u>13,761</u>

(₹ in lacs)

**As at**  
**31 March 2015**      **As at**  
**31 March 2014**

**4 (a) Minority Interest****Preference shares issued by JEAL**

357,694 (previous year: 2,636,000) 0.01% redeemable non-cumulative preference shares of face value of ₹10 each.

	<b>36</b>	264
	<b>36</b>	264

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

Particulars	31 March 2015		31 March 2014	
	Number	Amount	Number	Amount
<b>(a) 0.01% Non-cumulative redeemable preference shares of ₹10 each</b>				
At the commencement of the year	<b>2,636,000</b>	<b>264</b>	2,636,000	3,295
Less: Transferred to securities premium #	-	-	-	(3,031)
Less: Redemption of shares during the year ##	<b>(2,278,306)</b>	<b>(228)</b>	-	-
At the end of the year	<b>357,694</b>	<b>36</b>	2,636,000	264

**ii) Particulars of shareholders holding more than 5% of preference shares**

Particulars	31 March 2015		31 March 2014	
	Number	% of total shares	Number	% of total shares
<b>0.01% Non-cumulative redeemable preference shares of ₹10 each held by</b>				
SHL Trading Limited	<b>357,694</b>	<b>100%</b>	2,636,000	100%

**Rights, preferences and restrictions attached to preference shares**

0.01% redeemable, non-cumulative redeemable 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 JEAL 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 of 18% per annum. The holders of these shares are entitled to a non-cumulative dividend of 0.01% on face value of the NCRPS.

# In the previous year, the Company has transferred an amount of ₹3,031 lacs (represents the premium received at the time of issue of NCRPS) to securities premium account. Resultantly, the Minority interest is represented by the face value of the preference shares issued. Further, based on the terms and conditions of NCRPS, the Company has accounted for the redemption premium till 31 March 2014 aggregating ₹195,500,000 by debiting securities premium account and crediting other reserves.

## During the year ended 31 March 2015, the Company has redeemed 2,278,306 preference shares of ₹10 each at a premium of ₹209.46 per share. For the balance 357,694 shares, the Company has accounted for the redemption premium till 31 March 2015 aggregating ₹395 lacs (for the year ended 31 March 2015 ₹130 lacs) by debiting securities premium and crediting other reserve.

**As at**  
**31 March 2015**                      **As at**  
**31 March 2014**

**5. Long-term borrowings***Secured***Term loans**

- From banks @	<b>24,470</b>	30,552
- Financial institutions @@	<b>763</b>	5,080
- from others *	<b>276</b>	388

**Deferred payment liability**

- Sales tax deferral loan **	-	46
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**Deposits from others #**

	-	119
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**Borrowings from shareholder### (refer note 35)**

	<b>1,075</b>	-
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	<b>26,584</b>	36,185
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@

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

Details of repayment terms, interest and maturity	Nature of security
Term loan from bank aggregating ₹2,545 lacs (previous year ₹3,985 lacs) repayable in 10 quarterly instalments. The rate of interest ranges from 18% - 19% per annum.	
Term loan from bank aggregating ₹3,082 lacs (previous year ₹4,193 lacs) repayable in 34 monthly instalments. The rate of interest @ 15.25% per annum.	
Term loan from bank aggregating ₹789 lacs (previous year ₹1,200 lacs) repayable in 11 quarterly instalments. The rate of interest ranges from 12%-13% per annum.	
Term loan from bank aggregating ₹1,148 lacs (previous year ₹1,848 lacs) repayable in 6 quarterly instalments. The rate of interest is 14% 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 ₹2,500 lacs (previous year ₹Nil lacs) repayable in 14 quarterly instalments. The rate of interest @ 13.75% per annum.	
Term loan from bank aggregating ₹543 lacs (previous year ₹1,637 lacs) repayable in 2 quarterly instalments. The rate of interest is LIBOR plus 2 % per annum.	
Term loan from bank aggregating to ₹4,410 lacs (previous year ₹1,200 lacs) repayable in 6 half yearly instalments with the rate of interest of 15% per annum.	
Term loan from bank aggregating ₹149 lacs (previous year ₹237 lacs ) repayable in 20 monthly instalments. The rate of interest @ 11.75% per annum.	
Term loan from bank amounting to ₹2,383 lacs (previous year ₹3,702 lacs) repayable in 6 half yearly instalments. The rate of interest is LIBOR plus 4.50% per annum.	
Term loan from bank aggregating ₹274 lacs (previous year ₹391 lacs) repayable in the month of April 2015. The rate of interest is LIBOR plus 3.50% per annum.	
Term loan from banks aggregating ₹1,857 lacs (previous year ₹2,674 lacs) repayable in 4 half yearly instalments. The rate of interest is LIBOR plus 3 % per annum.	Security provided consists of pledge of share of Dynamatic Limited, UK Corporate Guarantee given by the Company and JKM Erla Automotive Limited.
	Secured by way of charge over assets of Yew Tree Investments Ltd. & Dynamatic Limited, UK and by way of corporate guarantees given by Yew Tree Investments Ltd. and Dynamatic Limited, UK.
	Secured by first pari passu charge on the fixed assets of JKM Erla Automotive Limited and corporate guarantee given by the Company.

Details of repayment terms, interest and maturity	Nature of security
Term loan from banks aggregating to ₹Nil lacs (previous year ₹963 lacs) repaid during this financial year	Secured by corporate guarantee given by the Company.
Term loan from banks aggregating ₹Nil lacs (previous year ₹3,014 lacs) repaid during this financial year	
Term loan from banks aggregating ₹Nil lacs (previous year ₹10,726 lacs) repaid during this financial year.	Secured by movable and immovable fixed assets of Eisenwerk Erla Holding GmbH, corporate guarantee given by the Company.
Term loan from banks aggregating ₹9,870 lacs (previous year ₹Nil lacs) repayable in 16 quarterly instalment. The rate of interest is Euribor plus 3.5% per annum.	Secured by movable and immovable fixed assets of Eisenwerk Erla Holding GmbH Group.
Term loan aggregating ₹2,449 lacs (previous year ₹2,613 lacs) is repayable in 20 quarterly instalments. The rate of interest ranges from 14.95% - 16.95% per annum.	Secured, ranking pari passu, by way of first charge on present and future fixed assets, including leasehold land, and second charge on current assets. Corporate guarantee by the Company, JKM Erla Automotive Limited and personal guarantee given by promoter.
Term loan aggregating ₹696 lacs (previous year ₹716 lacs) is repayable in 20 quarterly instalments. The rate of interest ranges from 14.95% - 16.95% per annum.	
Term loan aggregating ₹1,300 lacs (previous year ₹1,500 lacs) is repayable in 36 monthly instalments. The rate of interest ranges from 14.15% - 14.25% per annum.	Secured, ranking pari passu, by way of first charge on present and future fixed assets including leasehold land and second charge on current assets and corporate guarantee given by the Company.
Term loan aggregating ₹750 lacs (previous year ₹1,050 lacs) is repayable in 30 monthly instalments. The rate of interest ranges from 14.15% - 14.25% per annum.	

@@

(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 ₹Nil lacs (previous year: ₹4800 lacs ) with rate of interest is 17.50% per annum was repaid during the year.	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 financial institutions aggregating to ₹259 lacs (previous year: ₹396 lacs ) repayable in 19 monthly instalments. The rate of interest @ 14% per annum	Secured by way of exclusive charge on assets financed and secured by way of personal guarantee given by promoter.
Term loan from financial institutions aggregating to ₹512 lacs (previous year ₹804 lacs ) repayable in 7 quarterly instalments. The rate of interest ranges from 12% to 13% per annum	Secured by way of exclusive charge on assets financed
Term loan from financial institutions aggregating to ₹187 lacs (previous year ₹Nil lacs ) repayable in 59 monthly instalments. The rate of interest ranges from 10% to 12% per annum	Secured by way of exclusive charge on assets financed
Term loan from financial institutions aggregating to ₹267 lacs (previous year ₹Nil lacs ) repayable in 49 monthly instalments. The rate of interest @ 13.84% per annum	Secured by way of exclusive charge on assets financed and secured by way of personal guarantee by promoter.
Term loan from financial institutions aggregating to ₹101 lacs (previous year: ₹131 lacs) payable in 38 monthly instalments. The rate of interest is 15% per annum	Secured by way of exclusive charge on assets financed

- \* Secured by hypothecation of vehicles. The outstanding loan amount ₹1 lacs is repayable during financial year 2015-16 and accordingly disclosed in current maturity of long term debts in "other current liabilities". The rate of interest for the outstanding vehicle loan ranges from 9.75% per annum to 11.50% per annum.
- \* Leasing Finance from banks aggregating ₹465 lacs (previous year ₹776 lacs) repayable in 36 monthly instalments. The rate of interest is 6.70% per annum. The Leasing facility is secured by way of exclusive charge on assets financed by them.
- \*\* 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 fully repaid by 2015-16. The amount repayable in 2015-16 is ₹45 lacs and accordingly disclosed in current maturities of long term debts in "Other current liabilities".
- # Deposits from others carried interest rate in the range 10-11 %per annum and were repaid during the current year.
- ## Borrowings from Shareholders aggregating to ₹1,075 lacs (previous year ₹Nil lacs) repayable in 24 monthly instalments with a initial moratorium of 12 months from the date of draw down. The borrowing carries interest rate @ 18.50% per annum.

(₹ in lacs)

	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>
<b>6. Deferred tax liabilities (net)</b>		
<b>Deferred tax liabilities</b>		
Fixed assets	3,501	4,184
Others	-	175
	<b>3,501</b>	<b>4,359</b>
<b>Deferred tax assets</b>		
Provision for employee benefits	341	134
Provision for doubtful debts	210	208
Provision for warranty	19	76
Unabsorbed depreciation and business loss	74	530
Others	100	-
	<b>744</b>	<b>948</b>
	<b>2,757</b>	<b>3,411</b>
<b>7. Other long term liabilities</b>		
Derivative liability (refer note 37)	128	1,288
Rent equalisation reserve	115	-
Others	52	97
	<b>295</b>	<b>1,385</b>
<b>8. Long-term provisions</b>		
<b>Provision for employee benefits</b>		
Gratuity (refer note 33)	463	96
Compensated absences	216	192
	<b>679</b>	<b>288</b>

(₹ in lacs)

**As at**  
**31 March 2015**                      **As at**  
**31 March 2014**

**9. Short term borrowings***Secured***Loans repayable on demand**

Cash credit *	13,328	7,511
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*Unsecured***From banks**

- Foreign currency buyer's credit **	292	268
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- Vendor bill discounting #	354	2,298
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	13,974	10,077
--	--------	--------

\* Cash credit from banks carry interest ranging between 11.25% - 15% p.a., computed on a monthly basis on the actual amount utilised, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock and book debts of the Group and in addition to the aforesaid security ₹4,498 lacs of cash credit is also secured by personal guarantee by promoter.

\*\* The Group has taken foreign currency buyer's credit, which carry interest ranging between LIBOR plus 2% to 3% p.a. with a repayable terms from six months to one year.

# The Group has taken vendor bill discounting facility from banks which carry interest between 11.50% - 18.90% p.a. and is payable within 90 days from date of bill discounted.

**10. Trade payables**

Due to micro and small enterprises (refer to note 40)	-	-
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Dues to creditors other than micro and small enterprises	24,257	24,820
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Acceptances	3,177	3,240
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	27,434	28,060
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**11. Other current liabilities**

Current maturities of long-term debt (refer note 5)	11,073	12,890
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Capital creditors	331	339
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Retention money	186	201
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Accrued expenses	1,140	1,395
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Book overdraft	71	131
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Interest accrued but not due on borrowings**	264	726
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Employee related liabilities	1,390	1,556
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Derivative liability (refer note 37)	456	1,311
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Advance from customer	97	229
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continued..

(₹ in lacs)

	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>
Dealer deposits	60	56
Unpaid dividend	22	25
Statutory liabilities	610	448
Others	101	82
	<u>15,801</u>	<u>19,389</u>

\* Includes current maturities of secured term loans from banks ₹10,275 lacs (previous year : ₹11,097 lacs), current maturities of secured term loans from financial institutions ₹563 lacs( previous year ₹1,051 lacs), current maturities of secured term loans from others ₹190 lacs (previous year ₹498 lacs), current maturities of un-secured deffered payment liability ₹45 lacs (previous year ₹116 lacs) and current maturities of un-secured deposit from related party (shareholder) and others ₹Nil lacs ( previous year: ₹128 lacs).

\*\* includes due to related party (refer note 40) 4 -

## 12. Short-term provisions

### Provision for employee benefits:

Gratuity (refer note 33)	229	112
Compensated absences	206	127

### Others

Provision for warranties (refer note 34)	336	616
Provision for income tax, net of advance tax	1,365	560
Provision for onerous contracts (refer note 34)	68	73
Others	51	78
	<u>2,255</u>	<u>1,566</u>

13. FIXED ASSETS

(₹ in lacs)

Particulars	Gross Block				Accumulated Depreciation				Net block		
	As at 1 April 2014	Translation Adjustment	Additions	Disposals	As at 31 March 2015	As at 1 April 2014	Translation Adjustment	Depreciation for the year	Disposals	As at 31 March 2015	As at 31 March 2014
<b>Tangible fixed assets (owned)</b>											
Land #	10,967	(77)	71	(135)	10,826	-	-	-	-	10,826	10,967
Buildings	16,258	(1,359)	82	(3,130)	11,851	3,388	(822)	504	(696)	9,477	12,870
Leasehold improvements	113	(3)	326	-	436	6	-	46	-	384	107
Plant and machinery	56,599	(4,665)	1,948	(774)	53,108	27,470	(3,983)	3,809	(333)	26,145	29,129
Measuring instruments	355	-	239	-	594	117	-	34	-	443	238
Electrical installations	2,140	-	17	(349)	1,808	485	-	37	(113)	1,399	1,655
Data processing equipment	1,058	(38)	203	-	1,223	888	(27)	83	-	279	170
Office equipment	2,471	(539)	319	(250)	2,001	976	(304)	268	(201)	1,262	1,495
Furniture and fixtures	494	(30)	58	(2)	520	350	(16)	47	(2)	141	144
Tools, dies and moulds	3,343	(135)	902	-	4,110	1,588	(57)	588	-	1,991	1,755
Vehicles	707	(15)	23	(179)	536	310	(8)	62	(103)	275	397
Motor boat	402	-	-	-	402	61	-	20	-	81	341
<b>Leasehold land</b>	418	-	-	-	418	14	-	5	-	399	404
<b>Assets taken on finance lease</b>											
Plant and Machinery	-	-	125	-	125	-	-	1	-	124	-
Tools, Dies And Moulds	-	-	82	-	82	-	-	2	-	80	-
<b>Total tangible fixed assets (A)</b>	<b>95,325</b>	<b>(6,861)</b>	<b>4,395</b>	<b>(4,819)</b>	<b>88,040</b>	<b>35,653</b>	<b>(5,217)</b>	<b>5,506</b>	<b>(1,448)</b>	<b>53,546</b>	<b>59,672</b>
<b>Intangible fixed assets, owned</b>											
Application software	985	(77)	176	(4)	1,080	785	(62)	60	(3)	300	200
Prototype development	2,855	-	-	-	2,855	825	-	311	-	1,136	2,030
Non compete fee	1,013	(75)	-	-	938	1,008	(77)	7	-	938	5
<b>Total intangible fixed assets (B)</b>	<b>4,853</b>	<b>(152)</b>	<b>176</b>	<b>(4)</b>	<b>4,873</b>	<b>2,618</b>	<b>(139)</b>	<b>378</b>	<b>(3)</b>	<b>2,854</b>	<b>2,235</b>
<b>Grand Total (A)+(B)</b>	<b>100,178</b>	<b>(7,013)</b>	<b>4,571</b>	<b>(4,823)</b>	<b>92,913</b>	<b>38,271</b>	<b>(5,356)</b>	<b>5,884</b>	<b>(1,451)</b>	<b>55,565</b>	<b>61,907</b>
Previous year	87,225	(6,993)	23,532	(3,586)	100,178	27,914	5,151	5,919	(713)	61,907	

# Refer note 44

Depreciation for the year is reflected as follows:	Year ended 2015	Year ended 2014
	Depreciation as per statement of profit and loss	5,091
Fair value depreciation	793	793
	5,884	5,919

	As at 31 March 2015	(₹ in lacs) As at 31 March 2014
<b>14. Non-current investments</b>		
<i>(valued at cost unless stated otherwise)</i>		
<b>Trade investments</b>		
Long term Investment in equity instruments		
a) Investment in other entities - unquoted		
1) 5,000 (previous year - 5,000) equity shares of face value of ₹10 each of Harasfera Design Private Limited	1	1
2) 921,530 (previous year 921,530) equity shares of face value of ₹10 each of Murablack (India) Limited	92	92
Provision for diminution in value	(92)	(92)
	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>
<b>15. Long term loans and advances</b>		
<b>Other loans and advances</b>		
<i>Unsecured, considered good</i>		
Capital advances	139	205
Security deposits	2,143	1,505
Advance tax and tax deducted at source, net of provisions	137	789
	<u>2,419</u>	<u>2,499</u>
<b>16. Other non-current assets</b>		
<b>Other bank balances</b>		
Bank deposits due to mature after 12 months from the reporting date	951	404
Prepaid expenses	496	699
Others	164	-
	<u>1,611</u>	<u>1,103</u>
<b>17. Inventories</b>		
<i>(Valued at lower of cost and net realisable value)</i>		
Raw materials*	6,854	6,182
Work-in-progress	11,118	11,519
Finished goods	3,340	3,413
Stores and spares	1,403	1,685
	<u>22,715</u>	<u>22,799</u>
* Includes raw material in transit current year: ₹142 lacs (previous year: ₹123 lacs)		
<b>18. Trade receivables</b>		
<b>Unsecured</b>		
Outstanding for period exceeding six months		
- Considered good	1,181	1,559
- Considered doubtful	724	722
Other debts		
- Considered good	10,127	8,604
	<u>12,032</u>	<u>10,885</u>
Less: Provision for doubtful receivables	(724)	(722)
	<u>11,308</u>	<u>10,163</u>

	As at 31 March 2015	(₹ in lacs) As at 31 March 2014
<b>19. Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	45	44
Balance with banks	-	-
- on current accounts	7,218	3,719
- on margin money deposit accounts (Original maturity of less than 3 months)	65	-
	<u>7,328</u>	<u>3,763</u>
<b>Other bank balances</b>		
- unpaid dividend account	21	25
- on margin money deposit accounts (Original maturity more than 3 months but less than 12 months)	264	425
- on fixed deposit accounts (Original maturity more than 3 months but less than 12 months)	-	197
	<u>285</u>	<u>647</u>
	<u>7,613</u>	<u>4,410</u>
<b>Details of Bank deposits:</b>		
(i) Bank deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	65	-
(ii) Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	285	647
(iii) Bank deposits due to mature after 12 months of the reporting date included under 'Other non - current assets' (refer note 16)	951	404
	<u>1,301</u>	<u>1,051</u>
<b>20. Short term loan and advances</b>		
<b>Others</b>		
<i>Unsecured, considered good</i>		
Advances to supplier	832	1,273
Cenvat receivable	1,098	1,207
Value added tax receivable	581	238
Loans to employees	40	41
Minimum alternate tax credit entitlement	522	417
Others	67	35
	<u>3,140</u>	<u>3,211</u>
<b>21. Other current assets</b>		
Unbilled revenue (refer note 39)	-	1,346
Prepaid expenses	836	1,141
Export incentive receivable	493	223
Others	55	71
	<u>1,384</u>	<u>2,781</u>
<b>22. Other operating revenues</b>		
Scrap sales	1,394	1,357
Export incentives	342	206
	<u>1,736</u>	<u>1,563</u>

	As at 31 March 2015	(₹ in lacs) As at 31 March 2014
<b>23. Other income</b>		
Interest income from bank deposits	104	97
Provision no longer required written back	32	42
Foreign exchange gain, net	771	-
Profit on sale of fixed assets (net)	16	63
Miscellaneous Income	139	151
	<u>1,062</u>	<u>353</u>
<b>24. Cost of materials and components consumed</b>		
Raw materials and packing materials consumed*		
Inventory of materials at the beginning of the year	6,182	6,097
Add: purchases during the year	95,253	89,910
Less: closing stock	6,854	6,182
	<u>94,581</u>	<u>89,825</u>
* the consumption disclosed is based on the derived figures rather than actual records of issue		
<b>25. Changes in inventories of finished goods and work-in-progress</b>		
Opening stock		
- Finished goods	3,413	2,400
- Work-in-progress	11,519	10,121
	<u>14,932</u>	<u>12,521</u>
Closing stock		
- Finished goods	3,340	3,413
- Work-in-progress	11,118	11,519
	<u>14,458</u>	<u>14,932</u>
Impact of excise duty on change in stock of finished goods	126	(53)
(Less) / Add: foreign currency translation adjustments	(1,845)	1,757
	<u>(1,245)</u>	<u>(707)</u>
<b>26. Employee benefits expense</b>		
Salaries, wages and bonus	19,715	18,608
Contribution to provident fund and other funds	1,722	1,361
Workmen and staff welfare expenses	2,161	2,187
	<u>23,598</u>	<u>22,156</u>
<b>27. Finance costs</b>		
Interest expense	7,835	9,517
Other borrowing costs	160	456
	<u>7,995</u>	<u>9,973</u>
<b>28. Other expense</b>		
Consumption of stores, loose tools and spare parts	4,130	4,884
Subcontractor charges	4,240	4,821
Power and fuel	7,651	8,327
Rent (refer note 32)	2,474	1,415

Repairs and maintenance:		
- buildings	370	261
- plant and machinery	1,793	2,116
- others	1,002	981
Rates and taxes	619	433
Legal and professional	1,370	1,373
Travelling and conveyance	971	949
Printing and stationery	153	122
Communication	174	161
Foreign exchange loss (net)	1,175	1,074
Provision for doubtful debts (net)	2	(21)
Bad debts written off	48	238
Insurance	653	579
Cash discount	352	376
Freight outward	1,144	1,080
Sales promotion and advertisement	78	32
Loss on sale of fixed assets (net)	22	-
Warranty and replacement expenses	44	93
Security charges	180	183
Packing expenses	332	305
Directors sitting fees	44	9
Membership and subscriptions	106	90
Bank charges	309	331
Miscellaneous	1,406	975
	<b>30,842</b>	<b>31,187</b>

## 29. Exceptional items

Loan prepayments and its related costs (refer note 44)	2,256	150
Profit on sale of fixed assets (refer note 44)	(4,165)	(1,183)
	<b>(1,909)</b>	<b>(1,033)</b>

## 30. Commitments

### 1. Capital commitments

(₹ in lacs)

Particulars	As at 31 March 2015	As at 31 March 2014
Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	2,363	1,765

### 2. Other commitments

JKM Erla Automotive Limited (JEAL), a subsidiary of the Company, had issued 2,636,000 0.01% redeemable, non-cumulative redeemable preference shares [NCRPS] of ₹10 each, with SHL Trading Limited ("Subscriber") on 8 June 2011 at a premium of ₹115 per share aggregating ₹3,300 lacs. These shares were redeemable, in whole or in part after 18 months by subscriber, after giving a notice in writing to JEAL, at a price that ensures to the subscriber an internal rate of return of 18% per annum. Till 31 March 2015, the Company has redeemed 2,278,306 shares and balance 357,694 shares is redeemable. The Company undertakes the liability in case JEAL is unable to redeem the NCRPS or does not pay the Redemption Value when due and payable. There are no other material commitments.

### 31. Contingent liabilities

The details of contingent liabilities are as under:

(₹ in lacs)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Claim against the company not acknowledged as debts in respect of:</b>		
Excise duty related matters	45	45
Income taxes	41	41

### 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 ₹377 lacs (previous year ₹225 lacs).
- b) The Company is obligated under non-cancellable operating leases for land, building, plant and machinery, electrical installations. Lease rental expense under non-cancellable operating leases during the year was ₹2,097 lacs (previous year ₹1,190 lacs).

(₹ in lacs)

Particulars	As at 31 March 2015	As at 31 March 2014
Payable within one year	2,141	1,244
Payable within one and five years	5,700	2,157
Payable after five years	2,553	-

- c) The Company has taken plant and machinery and tools, dies and moulds under finance lease. Future minimum lease payments under finance lease obligations as at 31 March 2015 are:

Period	Minimum Lease	Future Interest	Present value of minimum lease
Payable within one year	46	20	26
Payable between one and five years	203	43	161

### 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 2015	As at 31 March 2014
Opening defined benefit obligation	881	757
Current service cost	76	76
Interest cost	81	63
Benefits settled	(105)	(128)
Actuarial losses	407	113
<b>Closing defined benefit obligation</b>	<b>1,340</b>	<b>881</b>
<b>Change in plan assets</b>		
Plan assets at the beginning of the year, at fair value	673	730
Expected return on plan assets	54	54
Contributions	23	19
Benefits settled	(105)	(128)
Actuarial gain/(losses)	3	(2)
<b>Plan assets at the end of the year, at fair value</b>	<b>648</b>	<b>673</b>

**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	<b>648</b>	673
Present value of the defined benefit obligations at the end of the year	<b>(1,340)</b>	(881)
<b>Liability recognised in the balance sheet</b>	<b>(692)</b>	(208)

# Disclosed ₹463 lacs (previous year: ₹96 lacs) as long term provisions and ₹229 lacs (previous year: ₹112 lacs) as short term provisions

(₹ in lacs)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Gratuity cost for the year</b>		
Current service cost	<b>76</b>	76
Interest cost	<b>81</b>	63
Net actuarial losses recognised in year	<b>404</b>	115
Return on plan assets	<b>(54)</b>	(54)
<b>Total, included in "Employee benefits"</b>	<b>507</b>	200

**Assumptions at the valuation date**

Discount factor	<b>7.90%</b>	9.20%
Expected rate of return on plan assets	<b>7.90%</b>	8.00%
Expected rate of salary increase	<b>6.00%</b>	6.00%
Attrition rate	<b>5.00%</b>	5.00%
Retirement age	<b>58</b>	58

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

**Five Year Information**

Amounts for the current and previous four periods as on 31 March are as follows: (₹ in lacs)

	2015	2014	2013	2012	2011
Present value of DBO	<b>1,340</b>	881	757	755	661
Fair value of plan assets	<b>648</b>	673	730	707	592
Funded status [Surplus / (Deficit)]	<b>(692)</b>	(208)	(27)	(48)	(69)
Experience loss / (gain) adjustments on plan liabilities	<b>407</b>	113	(1)	(10)	(5)
Experience loss / (gain) adjustments on plan assets	<b>(3)</b>	(2)	10	2	2

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

**(a) Provision for warranty:**

(₹ in lacs)

Particulars	As at 31 March 2015	As at 31 March 2014
Opening balance	<b>616</b>	689
Provision created during the year	<b>44</b>	93
Utilised during the year	<b>(324)</b>	(166)
<b>Closing balance</b>	<b>336</b>	616

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.

**(b) Provision for onerous contracts:**

(₹ in lacs)

Particulars	As at 31 March 2015	As at 31 March 2014
Opening balance	73	73
Provision created during the year	9	14
Utilised during the year	(14)	(14)
<b>Closing balance</b>	<b>68</b>	<b>73</b>

**35. Related party transactions:****(a) Names of related parties and relationship**

Sl. No.	Name of related parties	Relationship
(i)	Harasfera Design Private Limited	Associate
(ii)	JKM Holdings Private Limited	Companies over which key management personnel or relatives of such personnel are able to exercise significant influence (other related entities)
(iii)	JKM Offshore (India) Private Limited	
(iv)	Udayant Malhoutra and Company Private Limited	
(v)	Wavell Investments Private Limited	
(vi)	Vita Private Limited	
(vii)	Udayant Malhoutra	
(viii)	Hanuman Kumar Sharma	Executive Director w.e.f 14 November 2014 and Chief Financial Officer
(ix)	P. S. Ramesh	Executive Director w.e.f 14 November 2014 and Chief Operating Officer – Hydraulics, India
(x)	N Rajagopal	Chief Operating Officer and Executive Director up to 22 August 2013
(xi)	Raymond Keith Lawton	Executive Director
(xii)	James David Tucker	Executive Director w.e.f 14 February 2015
(xiii)	Claire Tucker	Executive Director (resigned with effect from 31 March 2014)
(xiv)	Pramilla Malhoutra	Relatives of Key Managerial Person
(xv)	Udita Malhoutra	

**(b) Transactions with related parties and year end balances**

(₹ in lacs)

Sl. No.	Name of related party	Description of the transaction	Transactions		Outstanding balance [receivable / (payable)]	
			31 March 2015	31 March 2014	As at 31 March 2015	As at 31 March 2014
(i)	Harasfera Design Private Limited	Legal and professional charges	21	21	-	-
(ii)	JKM Holdings Private Limited	Rent paid	4	4	-	-
(iii)	Udayant Malhoutra and Company Private Limited	Interest expenses	3	8	-	-
		Short term borrowings taken	180	125	-	-
		Short term borrowings repaid	180	395	-	-
(iv)	Wavell Investments Private Limited	Long term borrowings taken	1,075	-	(1,075)?	-
		Short term borrowings taken	1,905	200	-	-
		Short term borrowings repaid	(1,905)	-	-	-
		Issue of share capital (including securities premium)	1,300	1,001	-	325
		Interest expenses	10	9	(4)&	-
(v)	Udayant Malhoutra	Issue of share capital (including securities premium)	2,700	-	-	675
		Managerial remuneration	46	48	-	-
(vi)	Hanuman Kumar Sharma	Managerial remuneration #	26	-	-	-
(vii)	P S Ramesh	Managerial remuneration #	19	-	-	-
(viii)	N Rajagopal	Managerial remuneration #	-	21	-	-
(ix)	Raymond Keith Lawton	Managerial remuneration	106	95	-	-
(x)	James David Tucker	Managerial remuneration	133	-	-	-
(xi)	Claire Tucker	Managerial remuneration	-	118	-	-
(xii)	Pramilla Malhoutra	Expenses- rent	-	24	-	-
(xiii)	Udita Malhoutra	Expenses- rent	4	4	-	-

? aggregating ₹1,075 lacs (previous year ₹Nil) has been disclosed under note 5 as borrowings from shareholders under long term borrowings.

& aggregating ₹4 lacs (previous year Nil) has been disclosed under note 11 as Interest accrued but not due on borrowings under other current liabilities.

# 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.

### 36. Segment information:

#### Information about Primary Business Segments:

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

- Hydraulics– comprising hydraulic pumps, hand pumps, lift assemblies, valves and power packs
- Automotive and aluminium castings (“AUC”) – comprising case front, water pumps, intake manifolds, exhaust manifold and research farm.
- Aerospace and defence(“ASP”) – comprising airframe structures, precision aerospace, components and Homeland division which offers cutting edge security products and technologies which will enhance potential customer capability in countering modern day security threats.
- Others – comprising wind farm which is into generation of power through wind energy and corporate.

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 2015

(₹ in lacs)

Particulars	Hydraulics	AUC	ASP	Others	Unallocated	Total
<b>(i) Revenue</b>						
External – sales and services	30,674	109,957	26,194	-	-	166,825
Less: excise duty	(1,459)	(2,464)	(19)	-	-	(3,942)
<b>Total revenue</b>	<b>29,215</b>	<b>107,493</b>	<b>26,175</b>	-	-	<b>162,883</b>
<b>(ii) Results</b>						
Segment result	2,602	2,149	5,265	-	-	10,016
Add: Other income	-	-	-	-	1,062	1,062
(Less): interest expense	-	-	-	-	(7,995)	(7,995)
Add: Exceptional items	-	-	-	-	1,909	1,909
<b>Profit/(loss) before taxation</b>	<b>2,602</b>	<b>2,149</b>	<b>5,265</b>	-	<b>(5,024)</b>	<b>4,992</b>
(Less): provision for taxation	-	-	-	-	(2,127)	(2,127)
<b>Net profit after tax</b>	<b>2,602</b>	<b>2,149</b>	<b>5,265</b>	-	<b>(7,152)</b>	<b>2,865</b>
<b>(iii) Other information</b>						
Segment assets	17,070	47,535	25,995	3,897	20,483	114,980
Segment liabilities	8,492	27,645	2,995	260	23,803	63,195
Depreciation	953	3,026	1,105	7	-	5,091

Particulars	Hydraulics	AUC	ASP	Others	Unallocated	Total
<b>(i) Revenue</b>						
External – sales and services	33,286	108,210	22,363	-	-	163,859
Less: excise duty	(2,333)	(2,742)	(30)	-	-	(5,105)
<b>Total revenue</b>	<b>30,953</b>	<b>105,468</b>	<b>22,333</b>	-	-	<b>158,754</b>
<b>(ii) Results</b>						
Segment result	3,342	2,112	5,713	-	-	11,167
Add: Other income	-	-	-	-	353	353
(Less): interest expense	-	-	-	-	(9,973)	(9,973)
(Less): Exceptional items	-	-	-	-	(1,033)	(1,033)
<b>Profit/(loss) before taxation</b>	<b>3,342</b>	<b>2,112</b>	<b>5,713</b>	-	<b>(8,587)</b>	<b>2,580</b>
(Less): provision for taxation	-	-	-	-	(1,203)	(1,203)
<b>Net profit after tax</b>	<b>3,342</b>	<b>2,073</b>	<b>5,713</b>	-	<b>(9,790)</b>	<b>1,377</b>
<b>(iii) Other information</b>						
Segment assets	18,862	50,887	26,500	3,955	15,916	115,940
Segment liabilities	10,006	26,989	4,862	173	22,146	64,176
Depreciation	957	3,132	1,037	-	-	5,126

**37. Hedged derivative instruments**

As of 31 March 2015, the Company has recognised a cumulative loss of ₹631 lacs (previous year: ₹2,742 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 2015	As at 31 March 2014
Category	Currency Hedged	Amount in original currency in lacs	Amount in original currency in lacs
<b>Forward Contracts</b>			
(to hedge Trade Receivables)	<b>GBP</b>	<b>23</b>	65
Interest rate swaps	<b>USD</b>	<b>30</b>	45
	<b>EUR</b>	<b>34</b>	224

### 38. Un-hedged derivative instruments

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 2015		As at 31 March 2014	
	Amount in original currency in lacs	Amount in ₹ lacs	Amount in original currency in lacs	Amount in ₹ lacs
<b>Trade receivables</b>				
USD	60	3,775	53	3,217
EURO	8	526	11	891
GBP	14	1,297	3	300
AUD	0	4		
<b>Loans payable</b>				
GBP	8	753	-	-
SGD	11	522	-	-
USD	69	4,277	45	2700
<b>Interest accrued on loan</b>				
USD	1	46	1	66
<b>Advance paid</b>				
CHF	-	-	-	1
USD	1	43	-	17
EURO	-	30	-	-
GBP	-	18	-	-
JPY	-	5	-	-
<b>Trade payables</b>				
USD	18	1,105	8	524
EURO	4	280	13	1,073
GBP	0	41	3	300
CHF	-	-	6	431

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

(₹ in lacs)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Contract revenue recognised as revenue for the year	1,224	2,946
Aggregate amount of contract cost incurred for contracts in progress at the reporting date	-	915
Recognised profits (less recognised losses) for contracts in progress at the reporting date	-	431
Unbilled revenues (contract revenue recognised in excess of billings) presented under other current assets	-	1,346
Advance received from customer	-	144

#### 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. Computation of weighted average number of shares

(₹ in lacs)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Weighted average number of equity shares outstanding at the beginning of the year	5,540,050	5,414,703
Add: Weighted average number of equity shares issued during the year;		
- 125,347 number of shares issued on 26 March 2014	-	2,060
- 217,269 number of shares issued on 3 June 2014	179,768	-
- 200,557 number of shares issued on 13 July 2014	143,961	-
- 83,567 number of shares issued on 19 July 2014	58,611	-
- 300,000 number of shares issued on 17 October 2014	136,438	-
Weighted average number of equity shares outstanding during the year	6,058,828	5,416,763

42. Pursuant to a resolution passed in the Extraordinary General Meeting of shareholders dated 25 March 2013, amounts aggregating ₹675 lacs and ₹575 lacs (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.

Out of these 288,300 and 338,440 convertible warrants, the Company after receiving balance 75% consideration issued 125,347 equity shares to Wavell Investments Private Limited during the year ended 31 March 2014 and 338,440 equity shares and 162,953 equity shares to Mr. Udayant Malhoutra and Wavell Investments Private Limited respectively during the year ended 31 March 2015.

43. The Group 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.
44. Exceptional item for the year ended 31 March 2015 includes profit on sale of one of its assets (Land, Buildings and other structures at Dynamatic Park, Peenya, hereinafter referred to as "Peenya Property"). During the year ended 31

March 2015, the Company entered into a "Deed of Conveyance and Absolute Sale" ("Sale deed") dated 22 August 2014 with M/s Raised on Denim India and Karnataka Texspares and Steel Profiles Private Limited (collectively known as "Purchasers") towards the sale of Peenya Property at a gross consideration of ₹7,000 lacs. The related written down value of the aforesaid asset as at the date of sale was ₹2,830 lacs. Upon the execution of Sale deed and corresponding sale of the Peenya Property on 22 August 2014, the Company credited ₹4,164 lacs (after netting off selling expenses of ₹160 lacs and adjusting Revaluation Reserve of ₹154 lacs) to the statement of profit and loss. The aforesaid asset is leased back to the Company for a lock in period of eight years with an option to continue the same for a further period of two years. The Company does not have any obligation to buy back the Peenya Property at the end of the lease term.

Further, during the year ended 31 March 2015, the Group has carried out a deleverage exercise and has prepaid certain loans to the banks and other parties in the books of the Company as well as at subsidiaries. As a part of this deleverage exercise and repayment of loans the Group had incurred various charges such as redemption premium to banks, prepayment penalty, swap cancellation, up-front fees etc. aggregating ₹2,256 lacs which is included in exceptional items.

During the year ended 31 March 2014, the Company had transferred its right on leasehold land located at the SIPCOT area in Tamil Nadu along with the building and superstructure constructed on it for aggregate consideration of ₹2,854 lacs. Accordingly, the Company had credited ₹1,183 lacs (after netting off selling expenses) to the statement of profit and loss including adjustment of revaluation reserve of ₹1,387 lacs which is included in exceptional items.

Further, exceptional items for the year ended 31 March 2014 includes various expenses such as professional fees and other incidental charges incurred by the Company towards loan funds raised from KKR India Financial Services Private Limited, a Non-Banking Financial Company.

45. In accordance with paragraph 27 of Accounting Standard II, "The Effects of Changes in Foreign Exchange Rates", the Company has reinstated the goodwill arose on the acquisition of non-integral foreign operations at the closing rate. This has resulted in to a reinstatement of ₹2,001 lacs credited to Foreign currency translation reserve lying in Reserves and Surplus.
46. The Board of Directors of the Company vide its meeting dated 8 September 2014 has delegated its power to the Finance Committee to act as deemed necessary in relation to the issue of equity shares by way of Qualified Institutional Placement (QIP) in accordance with Chapter VIII of Securities and Exchange Board of India ("Issue of Capital and Disclosure Requirements") Regulations, 2009, as amended and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and other relevant provisions in connection with this QIP. The Finance Committee in its meeting dated 13 September 2014 has accorded its approval to create, issue, offer and allot equity shares subject to Shareholders' approval. The Company had obtained the Shareholders' approval by way of special resolution passed in Extraordinary General Meeting dated 11 October 2014. The Finance Committee on 17 October 2014 has approved the allotment of 300,000 equity shares of face value of ₹10 each pursuant to the QIP on the receipt of funds aggregating ₹5,400 lacs. The said shares were allotted on 17 October 2014.
47. Pursuant to the Companies (Accounting standards) Amendment Rules, 2011, vide GSR 914(E) dated 29 December 2011, JEAL 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 amortised over the balance period of such long term liability.

In accordance with the accounting treatment, the Company has debited an amount of ₹85 lacs (previous year: ₹254 lacs) on restatement of long term foreign currency monetary items to FCMITD account. Consequent to such transfer,

the cumulative balance in FCMITD account aggregating ₹486 lacs (previous year: ₹561 lacs) is being amortised over the period of the loan. Accordingly, an amount of ₹170 lacs (previous year: ₹161 lacs) has been debited to the statement of profit and loss.

48. As per the requirement of Section 123 of the Companies Act 2013, the Group, based on the external technical evaluation, has reassessed the remaining useful lives of assets, primarily consisting of plant and machinery and buildings with effect from 1 April 2014. Based on the reassessment, the Management believes that there would not be any change in the useful lives of fixed assets from the previous estimates and accordingly no accounting adjustments is currently required.

As per our report of even date attached

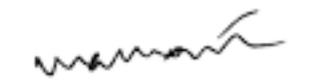
for **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration  
Number: 101248W/W-100022



**Sunil Gaggar**  
Partner  
Membership No.: 104315

Place : Bangalore  
Date : 28 May 2015

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



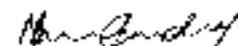
**UDAYANT MALHOUTRA**  
CEO and Managing Director  
DIN No.: 00053714



**HANUMAN SHARMA**  
Chief Financial Officer & Executive Director  
DIN No.: 07012725



**VIJAI KAPUR**  
Chairman  
DIN No.: 00056415



**NAVEEN CHANDRA P**  
Head Legal, Compliance  
& Company Secretary

## DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors have pleasure in presenting the Fortieth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2015.

### 1. FINANCIAL RESULTS

The Financial Results of the Company for the year ended March 31, 2015, were as follows:

(₹ in Lacs)

Particulars	Standalone		Consolidated	
	Year Ended 31 March 2015	Year Ended 31 March 2014	Year Ended 31 March 2015	Year Ended 31 March 2014
Gross Sales	<b>48,727</b>	47,194	<b>166,825</b>	163,859
Net Sales	<b>45,653</b>	42,892	<b>162,883</b>	158,754
Profit (Before Interest, Depreciation & Taxation) (EBITDA)	<b>6,701</b>	7,481	<b>15,106</b>	16,293
Other Income	<b>781</b>	290	<b>1,062</b>	353
Interest & Finance Charges	<b>5,373</b>	5,957	<b>7,995</b>	9,973
Depreciation	<b>2,850</b>	2,816	<b>5,091</b>	5,126
Net Profit Before Taxation and Exceptional Items	<b>(741)</b>	(1,002)	<b>3,082</b>	1,547
Exceptional Items	<b>3,719</b>	1,033	<b>1,909</b>	1,033
Net Profit Before Taxation and after Exceptional Items	<b>2,978</b>	31	<b>4,992</b>	2,580
Provision for Taxation:				
- Current Tax	<b>1,451</b>	-	<b>2,781</b>	893
- Minimum Alternative Tax Charge	-	23	-	23
- Minimum Alternate Tax Credit Entitlement	-	(23)	-	(23)
- Deferred Tax Charge	<b>(578)</b>	-	<b>(654)</b>	310
- Wealth Tax	-	-	-	-
Net Profit After Tax	<b>2,105</b>	31	<b>2,865</b>	1,377
Balance brought forward from previous year	<b>3,735</b>	3,704	<b>5,689</b>	4,312
Amount available for appropriation	<b>5,840</b>	3,735	<b>8,554</b>	5,689
<b>Appropriations</b>				
Dividend on Equity Shares – Interim	-	-	-	-
Proposed Final Dividend on Equity Shares	-	-	-	-
Tax on Dividend	-	-	-	-
Transfer to General Reserve	-	-	-	-
Balance carried to Balance Sheet	<b>5,840</b>	3,735	<b>8,554</b>	5,689

Notes: Previous year figures have been recast wherever necessary.

#### DIVIDEND

During the year under review, your Directors do not propose to declare any dividends 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 ₹417 lacs (Standalone), and ₹631 lacs (Consolidated) has been accounted under Hedge Reserve Account.

#### CAPITAL EXPENDITURE

During the year under review, your Company incurred capital expenditure of ₹4,395 lacs for physical infrastructure and ₹176 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, and design and development activities; for the future benefits of your Company.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Loans, guarantees and investments covered under 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

### **DEPOSITS**

The Company has not accepted any deposits during the year under review. There were no deposits remaining unpaid/unclaimed as at the end of the year 2015.

There has been no default in repayment of deposits or payment of interest there on during the year under review and there are no deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

### **PROCEEDS FROM PUBLIC ISSUE, RIGHTS ISSUE, PREFERENTIAL ISSUE, ETC.,**

Pursuant to a resolution passed in the Extraordinary General Meeting of shareholders dated 25 March 2013, amounts aggregating ₹675 lacs and ₹575 lacs (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.

Out of these 288,300 and 338,440 convertible warrants, the Company after receiving balance 75% consideration issued 125,347 equity shares to Wavell Investments Private Limited during the year ended 31 March 2014 and 338,440 equity shares and 162,953 equity shares to Mr. Udayant Malhoutra and Wavell Investments Private Limited respectively during the year ended 31 March 2015.

The Board of Directors of the Company vide its meeting dated 8 September 2014 has delegated its power to the Finance Committee to act as deemed necessary in relation to the issue of equity shares by way of Qualified Institutional Placement (QIP) in accordance with Chapter VIII of Securities and Exchange Board of India ("Issue of Capital and Disclosure Requirements") Regulations, 2009, as amended and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and other relevant provisions in connection with this QIP. The Finance Committee in its meeting dated 13 September 2014 has accorded its approval to create, issue, offer and allot equity shares subject to Shareholders' approval. The Company had obtained the Shareholders' approval by way of special resolution passed in Extraordinary General Meeting dated 11 October 2014. The Finance Committee on 17 October 2014 has approved the allotment of 300,000 equity shares pursuant to the QIP on the receipt of funds aggregating ₹5,400 lacs. The said shares were allotted on 17 October 2014.

## **DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Company has adequate internal financial controls during the year under review. This has been confirmed on a periodical basis by both the internal and statutory auditors of the Company.

### **DISCLOSURE ABOUT COST AUDIT**

M/s Rao, Murthy & Associates were appointed as Cost Auditors of the Company for the Financial Year 2014-15. Form CRA-2 towards appointment of Cost Auditors was filed on March 31, 2015.

### **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.

### **REPORT ON SUBSIDIARY COMPANIES**

Company has one or more subsidiaries, and Company in addition to its own Financial Statements, prepare Consolidated Financial Statements incorporating therein the Financial Statements of all of its subsidiaries in the same form and manner as that of its own, which shall be laid before the Shareholders at the Annual General Meeting of the Company.

Consolidated Financial Statements forms part of this Annual Report. Statement containing the salient feature of the financial statement of a company's subsidiary or subsidiaries, associate company or companies and joint venture or ventures is enclosed as **ANNEXURE-1** in form AOC-1.

Copy of this Annual Report will be published on our website at **www.dynamics.com**

### **EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS**

There were no material changes / commitments affecting the financial position of the company between March 31, 2015 and the date of Board's Report.

## **2. BUSINESS**

### **COMPANY PERFORMANCE**

Total income on a consolidated basis is ₹162,883 lacs as against ₹158,754 lacs in 2013-14. EBITDA on a consolidated basis is ₹15,106 lacs as against ₹16,293 lacs in 2013-14. Net Profit Before Tax on a consolidated basis is ₹4,992 lacs as against ₹2,580 lacs in 2013-14. Net Profit After Tax on a consolidated basis is ₹2,865 lacs as against ₹1,377 lacs in 2013-14.

The Hydraulics and Precision Engineering business decreased to ₹29,215 lacs from ₹30,953 lacs in 2014. Profit (Before Interest & Tax) decreased from ₹3,342

lacs to ₹2,602 lacs. This includes the turnover from the Hydraulics division of Dynamatic Limited, UK, a subsidiary of your Company, to the extent of ₹11,369 lacs and Profit (Before Interest & Tax) of ₹261 lacs.

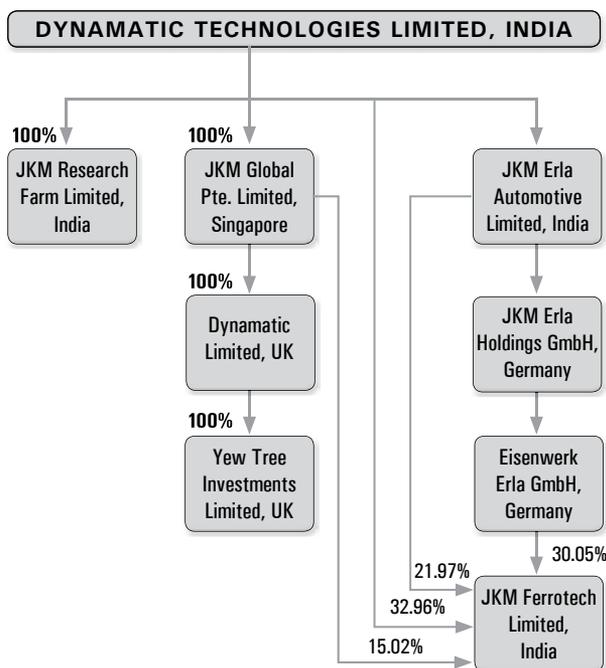
The Aerospace business grew from ₹22,333 lacs to ₹26,175 lacs and Profit (Before Interest & Tax) decreased from ₹5,713 lacs to ₹5,265 lacs. This includes the turnover from the Aerospace division of Dynamatic Limited, UK, a subsidiary of your Company, to the extent of ₹14,591 lacs and Profit (Before Interest & Tax) of ₹1,580 lacs.

The Automotive business increased from ₹105,468 lacs to ₹107,493 lacs while Profit (Before Interest & Tax) increased to ₹2,149 lacs from ₹2,112 lacs. This includes the turnover from Eisenwerk Erla GmbH, a subsidiary of your Company to the extent of ₹91,685 lacs and Profit (Before Interest & Tax) of ₹5,348 lacs. Exports from India have gone up by 44% with sales of ₹15,655 lacs against the previous year's ₹10,847 lacs.

### 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, 2015 is as appended hereunder:



### 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)

JKM Erla continues to be a wholly owned subsidiary of the Company.

### 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 Limited 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.

## RESEARCH & DEVELOPMENT

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 monetisation, collaboration and risk mitigation, focusing on future technologies.

The Company owns the following Patents for various Products:

### • From India

*Five - (One from India, One Patent from the United States & three from the European Union).*

### • From England

*Thirteen - (11 UK, 1 Italian and 1 US patent). In addition, the Company has 2 patents pending in multiple jurisdictions, awaiting registration.*

The Company has 9 trademarks registered and 11 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, (Refer page D-4) 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 and recently for Macdon and Manitou Gehl in the U.S. The Company has already successfully launched these new products in India and globally.

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

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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.

## QUALITY MANAGEMENT SYSTEM (QMS)

### Dynamatic Hydraulics™

During the year, your Company has successfully completed re-certification 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. This year, these two management systems are merged in to one called Integrated Management System (IMS) and was audited by UL India. The re-certification audit which was for 11 man days was successfully completed and your company has been awarded certification by UL India for the next 3 years.

Your Company has continued its efforts in addressing and complying with health and safety requirements. 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. The medical check for all the employees has been completed with the guidance of company Medical Officer. At the same time, the Company has been successful in merging the EMS & OHSAS requirements into a common management system called Integrated Management System. This has avoided unnecessary duplication of work in monitoring and maintenance of records.

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.

During this financial year, special attention is paid towards risk assessment and mitigation activities. Disaster recovery plan is revisited and meticulously followed.

### **SUPPLY CHAIN MANAGEMENT AND PRODUCTIVITY**

To enhance its competitive edge, your company has taken up many measures to sustain the growth, more so to make it totally system driven. During this year focus was laid on making the purchase process stronger and reliable.

- Dual sources were developed for most of the critical parts. New aluminium GDC sources were developed.
- New source for aluminium extrusion was established. Alternate source for steel bar stock was introduced.
- The entire purchase group was restructured and empowered to purchase RM and child parts for the respective units.
- All purchase transactions are made through ERP to facilitate quick data retrieval.
- Work order concept is being introduced to ensure control over material purchase in time and absolute control over inventory.
- A finished goods despatch procedure is documented to ensure the accumulated cenvat utilisation.

These measures have helped us to have control over creditors and smooth cash flow during the challenging days.

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 vendors have been advised to be cautious and cost effective to address the recession in the market. New suppliers have been identified to ensure dual source and most cost effective supplies.

### **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, many measures have been initiated. Such a step will help us to institutionalise the good shop floor practices that have been evolved and tested successfully in the past.

Dependency on the agri-sector has its own disadvantages. Monsoon, govt. subsidies, etc., play a seasonal role and hence it is always better to widen our product range beyond agri-sector. Attempt to develop new products is contemplated so that series production can eventually happen in the coming years.

The Marketing strategy meet with key distributors has given insight on the market requirement and need for new products. Your company will take up new product development with all enthusiasm and vigor. During this Meet, an updated product catalogue was released. A special book let 'Pumps User's Guide' was released and distributed to all distributors as an educational tool.

All efforts are put to increase the total turnover and at the same time the operational margins. New OEMs have been added and new products are productionised and released to market. To contain the operational costs, man power cost is being monitored.

As a part of new operational requirement, new products are being developed through outsourcing rather than adding resources in house. This keeps the operations lean and flexible.

**Dynamatic Limited, Hydraulics, UK**, is accredited to ISO 9001:2008 standards and has through recently passing the latest quality audit renewed its certification from British Standards Institute (BSI) for a further three years through to 2018. Dynamatic Limited's lean initiatives, continuous improvement activities and employee engagement continue to be the focus of all employees. The UK facilities recently reached partner status in the John Deere Achieving Excellence results and has passed the latest BSI quality audit.

**JKM Automotive™** and **Dynametal®** have gone through a very significant change in operation as a result of several strategic initiatives taken by the Company in the last two years.

There were multiple products manufactured and supplied by the Company to Hyundai and other customers which were having no synergy with the Dynamatic strategic vision of focusing on two foundries viz Aluminium and Ferrous Foundry and associated machining of components. All the products which does not fall into this category have been surrendered back to customer and we could make a smooth transition to the new suppliers without having a single minute line stoppage at customers. We could make one machine shop redundant in this process, cut down losses by running non-profitable products and could also monetise the redundant plant.

Currently JKM automotive is predominantly running turbo charger compressor housing, inlet Manifolds and Exhaust

manifolds which constitute 80% of sales is fed by the Company's own foundries in Chennai.

**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. The division successfully got NADCAP appointed for spot welding of Alum Titanium items. This Division is also a certified supplier for major OEMs like Airbus, Boeing & Bell Helicopters, 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: 14001.

**Powermetric® Design**, has approval of 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 newly and indigenously designed and developed foldable strut has been certified by CEMILAC for its air worthiness. Powermetric design team has executed the digital engineering program for BELL helicopter, using the legacy engineering data and delivering digitised 3-D model of parts on high end CAD platform.

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

Powermetric has also designed and developed special sheet metal stretch forming machines for aerospace industry for producing accurate and repeatable parts for fuselage skins of aircrafts. The curved profile of aircraft's sub-structure or frame can also be produced by these machines.

**Dynamatic Homeland Security™** Designs and Develops cutting edge Security Solutions to enhance the Nation's capabilities in countering modern day Security Threats. Our strong Research and Development capabilities combined with the powerful partnerships we have forged with

leading "global security technology" companies enable us to offer potential customers like National Defense Forces, Police, Para Military & Disaster Management Agencies, solutions for Intelligence, Surveillance and Reconnaissance (ISR) missions that will enhance their abilities to prepare and plan for emergencies as well as their response and recovery skills.

#### **Tactical Un-Manned Aerial Vehicles**

Dynamatic Technologies has teamed with AeroVironment, Inc., a world leader in Unmanned Aircraft Systems, to address the growing global demand for Unmanned Aerial Vehicles (UAVs). Over 30000 operational UAVs worldwide and millions of Combat hours of Operation make these platforms most reliable and mission capable tool for our Security Forces. Dynamatic has the license to produce largest quantities of UAVs in India in the Private Sector.

Dynamatic has indigenously developed a Vertical Take Off and Landing UAV "Patang" for ISR missions for Police and Para Military. With over 60 minutes of endurance, Patang provides the security forces the longest Mission Time in this class of UAVs.

#### **Mobile Command and Control Vehicles**

Dynamatic's "Prahari" is custom designed vehicle based ISR platform for Surveillance in urban areas by the law enforcement agencies. Prahari's unique architecture facilitates the monitoring; control and recording of ongoing activities from the integral payloads on the vehicle as well as from wireless IP based payloads located remotely. This makes it the ideal surveillance platform for the Police Forces.

Prahari is currently in use by a State Police Department.

#### **AWARDS, RECOGNITION AND IMPORTANT MILESTONES**

- Dynamatic Hydraulics™ UK has recently on January 1st 2015 signed a Long Term Agreement with John Deere which enables the business to quote for additional J-D business within the Deere organisation.
- Received certification for foldable strut used for ALH. Recognised by CEMILAC for design capabilities.
- JKM Automotive™ has received supplier appreciation award from Hyundai Motors in vendor convention.
- Received award from John Deere for designing, developing and sustaining the product quality of "Internal Gear Pump"
- Distributor's meet was held along with the key branch managers to Bangalore on behalf of Dynamatic Hydraulics™.
- Two days session was conducted to brainstorm on measures to increase sales and enhance Dynamatic Hydraulics™ brand equity.
- A new 1 MP series pump was also launched during

the meet. The pump was manufactured to focusing on the industrial sector where pumps below 150 bar pressure are being used. The advantage of the pump is that it is lighter as it is fully made out of aluminium and also shorter as it uses specially designed shorter bush bearings.

- The highest flow pump, 680 lpm, designed for the Indian Railways has been approved by DLW, Varanasi. With this success, we remain as a key supplier to Indian Railways.
- New Contracts:-Aircraft - Airbus single aisle FTB
- Contract long term extension Jan 1st 2016 - Dec 31st 2020 Customer Spirit AeroSystems.
- Offering a 3% discount on our Value added.
- This Package feeds the Flap track beam assembly line in DTL Bangalore.
- Aircraft - Airbus Long range FTB
- New Contract "Phase two" term Jan 1st 2015 - Dec 31st 2020 Customer DTL Bangalore.
- Mahindra & Mahindra has awarded Dynamic Hydraulics™ the responsibility of production of pumps for their prestigious 'M' star project which is named as CRUSADE and Dynamic Hydraulics™ is the single source for this customer.

## **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

The information relating to conservation of energy and technology absorption are appended hereunder:

### **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 systematised and quantifiable by implementing ISO 14000 and OHSAS 18000.

### **b) TECHNOLOGY ABSORPTION**

Research & Development plays a vital role in developing and adopting new technologies to enhance our operational efficiencies. The Company owns the world's best Hydraulic Technologies viz. Plessey and Dowty Technologies, both of which are from England.

The Company acquired the Dowty Technology during its collaboration with Dowty in 1973 and it obtained the Plessey Technologies through the acquisition of Dynamic Limited, UK, in 2007. Our R&D effort is also focused on the automotive products as a proprietary product.

## **(i) Efforts made in technology absorption:**

### **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. Dynamic 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.

### **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 for both Domestic & Export market.
- Development of Fixed Clearance Gear Pump with Low Pressure High Flow capability, catering to specific requirement of High HP Tractors.
- Design & Development of Value Enriched Global Gear Pump catering to various Tractor applications.
- Development of Bi-Directional Gear Pump for Marine Engine Transmission application for European & US based customers.
- Design and Development of Lubricating Oil Pumps for world renowned Diesel Engine Manufacturers.
- Development of Lubricating & Scavenging Oil Pumps suitable for very High H.P. Diesel Engines employed in Indian Railways.
- Development of various types of Hydraulic Gear Motors both for Domestic & Export customers.
- Design & Development of Gear Pump-Motor Combo Unit for Hi-End Agricultural Farm Mechanisation equipment catering to US Market.

- Design & Development of total Tractor Hydraulic aggregates including Hitch Control Valve and Lift assembly with Draft Control feature incorporated.
- Design & Development of Pressure & Flow controlled Compact Gear Pump.
- 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 for existing products and processes.
- Interactive participation with both Domestic & Export customers towards the Design & Development of New Gear Pumps & Gear Motors suitable for customer's new equipment design.
- Regular usage of Hi-End Design Analytical tools, viz. ANSYS, CFD, Pro-Mechanica, Fatigue analysis tools, etc. complemented with in-depth Product Validation & Verification strategies.
- Dynamic 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.
- Continuous synergy between Dynamic, UK & Dynamic, India Design team towards new product design & development, product & process optimisation, etc.
- Development of new Machine Tools, Machine Tools Structures including CNC machines upgrade.
- Factory Automation.
- New projects for Defence sector. The Dynamic 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.
- Dynamic Homeland Security™ has concluded

a contract for 5 numbers of Mobile Command and Control Vehicle (MCCV) to a State Ministry of Home Affairs. This MCCV- "Prahari" is custom designed for surveillance in urban areas by the law enforcement agencies. Its unique architecture facilitates the monitoring, recording and relaying of ongoing activities from the vehicle as well as from remote locations. This makes Prahari an ideal surveillance and reconnaissance tool for the Police Forces and Para Military. This state government is going to use Prahari for: Mobile monitoring of important events and public gatherings, keep an eye on VVIP Security, general surveillance, monitoring and recording at the time of riots or any other contingency, general patrolling of critical areas and critical assets, assisting police officials for pre and post analysis of any critical incident and assistance to emergency service 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 Dynamic's precision engineering capabilities and strong brand equity of both Companies will facilitate the availability of world-class UAVs in India.

#### **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.
- Capitalising on new business opportunities in various verticals, including Green power and Energy distribution technologies.
- Contributing to India's Defence indigenisation and technological up-gradation program and also participating in India's security programs.
- Design and development of new products for Indian aerospace program
- Participation in import substitution program of Indian defence projects
- 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.

#### EXPENDITURE ON R&D

₹ in lacs

Particulars		31 March 2015	31 March 2014
(a)	Capital	92	21
(b)	Recurring	448	258
	<b>Total</b>	<b>540</b>	<b>278</b>

#### FOREIGN EXCHANGE EARNINGS AND OUTGOING

Particulars of foreign exchange earnings and outgo are as follows:

₹ in lacs

Particulars	31 March 2015	31 March 2014
a. Total Foreign Exchange Earned	16,932	12,292
b. Total Foreign Exchange Used	3,759	2,345
• Import of Raw materials, components, stores and spares	3,048	2,212
• Foreign Travel	40	8
• Interest	30	92
• Capital Expenditure	611	30
• Others	30	3

#### CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business during the year under review. The Department of Industrial Policy and Promotion, Ministry of Commerce has permitted the Company to carry on activities.

#### 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.

#### 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.

### 3. 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](http://www.ier.co.in) or at National Stock Exchange home page: at NSE-IPFT Sponsored Research Reports.

Mr. R. Vijaykumar, Company Secretary in Practice, had conducted the Corporate Governance audit for the year under review. A separate section on Corporate Governance and a certificate from Mr. R. Vijaykumar, regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges in India is presented in a separate section forming part of this Annual Report.

#### a) BOARD MEETINGS

During the year 2014-15, 7 (seven) Board meetings were held. The details of the Board Meetings are furnished in the Corporate Governance Report which forms part of this Annual Report.

#### b) BOARD DIVERSITY

The Company recognises and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us retain our competitive advantage. The Board has adapted the policy on appointment, continuation and cessation of Directors which sets out the approach to diversity in the composition of the Board.

#### c) DIRECTORS AND KEY MANAGERIAL PERSONNEL:

##### *Appointments*

During the year under review, the Board of Directors a their meeting held on November 14, 2014, Mr. P S Ramesh and Mr. Hanuman Kumar Sharma appointed as Directors of the Company. Mr. James Tucker was appointed as additional Director in the Board Meeting held on February 14, 2015. The appointment of Mr. P S Ramesh, Mr. Hanuman Sharma and Mr. James Tucker have also been considered and approved by the Shareholders by passing requisite resolutions by way of postal ballot.

Mr. Subodh Rajendra Babu was co-opted as an Additional Director at the Board Meeting held on May 28, 2015. In terms of relevant provisions of the Companies Act, 2013, Mr. Subodh Rajendra Babu holds office up to the date of the forthcoming Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose the name of Mr. Subodh Rajendra Babu 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.

#### **Re-appointments**

Mr. Raymond Keith Lawton, Non-Executive Director of the Company would retire by rotation in accordance with section 152 of the Companies Act, 2013 and eligible, offers himself for re-appointment.

None of the Directors of the Company are disqualified from being appointed as Directors as specified under Section 264 of the Companies Act, 2013.

Details of all the Directors have been covered in Corporate Governance Report which forms part of the Annual Report.

#### **d) DECLARATION FROM INDEPENDENT DIRECTORS**

All Independent Directors of the Company meet the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013. In line with the provisions of section 134(3)(d) of the Companies Act, 2013, the declaration from Independent Directors, confirming their independence in terms of section 149 of the Companies Act, 2013 have been obtained.

#### **e) FORMAL ANNUAL EVALUATION**

Formal evaluation of the Board is made based on the guidelines laid down by the Nomination & Remuneration Committee.

#### **f) REMUNERATION POLICY**

The Nomination and Remuneration Committee has laid down remuneration policy which is designed to attract, motivate, retain manpower and improve productivity by creating a congenial work environment, encouraging initiative, personal growth and teamwork besides offering appropriate remuneration package.

The policy applies to Directors, senior management including its Key Managerial Personnel and other employees of the Company.

Members can download the complete remuneration policy on the Company's website at ([http://www.dynamics.com/downloads/REMUNERATION\\_POLICY\\_2015.pdf](http://www.dynamics.com/downloads/REMUNERATION_POLICY_2015.pdf)).

#### **RATIO OF REMUNERATION TO EACH DIRECTOR**

Details / Disclosures of Ratio of Remuneration to each Director to the median employee's remuneration forms part of this annual report as **ANNEXURE-2**.

#### **Disclosure of details in case of payment of remuneration to Managerial Personnel under Schedule V Part II, Section II (A)**

<b>KEY MANAGERIAL PERSONNEL CTC DETAILS</b>				
	<b>FY 13-14</b>	<b>FY 14-15</b>	<b>Increase/Decrease</b>	<b>% Increase</b>
<b>Udayant Malhoutra, CEO &amp; Managing Director</b>	48,00,000	46,42,508	-1,57,492	-3.28%
<b>Naveen Chandra, Head Legal, Compliance and Company Secretary</b>	15,00,000	22,59,996	7,59,996	50.67%
<b>Hanuman Sharma, Executive Director &amp; CFO</b>	55,02,960	70,02,960	15,00,000	27.26%
<b>P S Ramesh, Executive Director &amp; COO, Hydraulics</b>	39,64,704	54,64,704	15,00,000	37.83%
<b>TOTAL</b>	<b>15,7,67,664</b>	<b>1,93,70,168</b>	<b>36,02,504</b>	<b>22.85%</b>

#### **g) VIGIL MECHANISM**

A vigil mechanism has been established by the Board of Directors and employees. Equal opportunity of being heard is given to all employees and Directors under the said vigil mechanism.

#### **h) RISK MANAGEMENT POLICY**

To incorporate the changes mandated under the Companies Act, 2013 and the amended clause 49 of the Listing Agreement entered into between DTL and National Stock Exchange of India Limited and Bombay Stock Exchange Limited ('SEBI Circular'), the Board at their meeting held on August 14, 2014, decided to rename the Audit Committee as "Audit and Risk Management Committee". The charter of new Audit and Risk Management Committee have been amended suitably.

The Audit and Risk Management Committee of the Board has reviewed the Risk Management Policy developed by your Company.

The main objective of the said policy are:

- i. To ensure that all the current and future material risk exposures of DTL are identified, assessed, quantified, appropriately mitigated and managed;
- ii. To establish a framework for DTL's risk management process and to ensure Company-wide implementation;

- iii. To ensure systematic and uniform assessment of risks related with each of the units of DTL;
- iv. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices; and
- v. To assure business growth with financial stability.

The said policy has been uploaded on Company's website at [www.dynamics.com](http://www.dynamics.com)

#### i) RELATED PARTY TRANSACTION

Particulars of contracts or arrangements with Related parties referred to in Section 188(1) is disclosed in Form AOC- 2 as **ANNEXURE-3**.

#### j) JUSTIFICATION FOR ENTERING INTO RELATED PARTY TRANSACTIONS

All related party transactions are between wholly owned subsidiaries and the Company and all these transactions are at arms' length basis.

#### k) DIRECTORS' RESPONSIBILITY STATEMENT

The Directors' Responsibility Statement as required under 134 (5) of the Companies Act, 2013.

The Board of Directors do hereby confirm that:

- I. In the preparation of accounts for the financial year ended March 31, 2015, 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, 2013, 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, 2015, on a 'going concern' basis.
- V. We have laid down internal financial controls to be followed by the company and that the internal financial controls are adequate and are operating effectively.
- VI. We have devised proper systems to ensure compliance with the provisions of all applicable laws and the systems are adequate and operating effectively.

#### VII. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of the Companies Act, 2013 (as amended from time to time), dividends which remained unclaimed for a period of seven years, have been transferred by the Company to the Investor Education and Protection Fund.

#### I) 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 / person
1.	JKM Holding Private Limited
2.	Mr. Udayant Malhoutra
3.	Udayant Malhoutra and Company Private Limited
4.	JKM Offshore India Private Limited
5.	Wavell Investments Private Limited
6.	Mrs. Barota Malhoutra
7.	Vita Private Limited
8.	Christine Hoden (India) Private Limited
9.	Primella Sanitary Products Private Limited
10.	Greenearth Biotechnologies Limited

#### m) 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 forms part of this Annual Report.

##### Listing With Stock Exchanges

The Company confirms that it has paid the Annual Listing Fees for the year 2015-2016 to NSE and BSE where the Company's Shares are listed.

##### Significant & Material Orders Passed By The Regulators

During the year under review, no significant / material orders were passed by the regulators or Courts or Tribunals impacting the going concern status and the company's operations in future.

## n) EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in form MGT 9 is enclosed as **ANNEXURE-4** to this Annual Report.

## 4. AUDITORS

### Statutory Auditors

M/s BSR & Co. LLP are the Statutory Auditors of the Company for a period of five years with effect from August 14, 2014.

M/s. B S R & Co., LLP have confirmed to the Company that they are not disqualified under section 141 or any other applicable provisions for the time being in force and are eligible for being appointed as statutory auditors of the Company. M/s. B S R & Co., LLP have also confirmed to the Company that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013.

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

### Cost Auditors

M/s Rao, Murthy & Associates were appointed as Cost Auditors of the Company for the Financial Year 2014-15.

### Secretarial Auditors

Mr. R Vijayakumar, Practising Company Secretary is the Secretary Auditor of the Company.

Secretarial audit report as provided by Mr. R Vijayakumar, Practising Company Secretary is enclosed to this Report as **ANNEXURE-5**

## QUALIFICATIONS IN AUDIT REPORTS

Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made-

(a) *by the statutory auditor in his report; and*

There are no qualifications, reservations or adverse remarks reported by M/s. B S R & Co., LLP, statutory auditors in their report for the year under review.

(b) *by the company secretary in practice in his secretarial audit report;*

Mr. Vijayakumar, Company Secretary in practice, has made no qualifications or reservations or adverse remark in the secretarial audit report.

The auditors above mentioned have used appropriate disclaimers to limit the scope of their audit to the documents provided by the management and explanations/representations made by the management.

## 5. CORPORATE SOCIAL RESPONSIBILITY POLICY

Although it is not mandatory to constitute Corporate Social Responsibility Committee ('CSR Committee'), the Company on its own initiative has constituted the CSR Committee for overseeing and facilitating deliberation on the social and environmental consequences of each of the decisions made by the Board; effectively factoring the interests of all Shareholders, customers, employees, suppliers, business partners, local communities and other organisations in the Board's decision making; developing the CSR Policy and monitoring the same from time to time. The Company has formulated the CSR Policy under the guidance of Ernst & Young, international consultants taking into consideration the requirements of the stakeholders of the Company. The said policy has been approved by the Board and the same has been posted on the website of the Company (**www.dynamics.com**)

### Reason For Not Spending

As said above, CSR initiatives are not mandatory under applicable law for the time being in force. The CSR policy approved by the Board of Directors is under implementation and a comprehensive report on the CSR activities and the amount spent will be provided in the next Annual 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

DIN No.: 00056415

**Place : Bangalore**  
**Date : May 28, 2015**

**ANNEXURE - 1**

**Form AOC-1**

Statement containing the salient feature of the financial statement of a company's subsidiary or subsidiaries, associate company or companies and joint venture or ventures under the first provision to sub-section (3) of section 129 is as appended hereunder:

Sl. No.	Name of the Subsidiary	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities (excl. (2) & (3))	Investments		% of Holding	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend (incl. dividend tax)
						Long-term	Current						
1	2	3	4	5	Total	6	7	8	9	10	11		
<b>Foreign Subsidiaries (Reporting currency reference mentioned against each Subsidiary)</b>													
1	Dynamic Limited UK (a)	6,056	3,642	17,005	7,307	-	-	100%	25,861	1,717	253	1,464	591
2	Yew Tree Investments Ltd, UK (a)	-	867	558	(309)	-	-	100%	99	78	20	57	-
3	JKM Eria Holdings GmbH, Germany (c)	17	13,873	23,873	9,983	-	21,003	100%	4,193	3,228	943	2,285	-
4	Eisenwerk Eria GmbH (c)	1,080	9,635	33,333	22,618	-	4,068	100%	92,054	4,160	-	4,160	4,160
5	JKM Global Pte Limited, Singapore (b)	6,903	605	11,162	3,653	-	10,903	100%	1,042	752	-	752	-
<b>Indian Subsidiaries</b>													
6	JKM Eria Automotive Limited	4,336	(941)	9,239	5,844	9,199	-	99.99%	-	(460)	-	(460)	-
7	JKM Ferrotech Limited	13,651	(11,231)	13,793	11,373	-	-	99.99%	12,503	(2,768)	-	(2,768)	-
8	JKM Research Farm Limited	500	94	634	40	-	-	99.99%	108	82	36	46	-

Details of reporting currency and the rate used for converting.

Reporting Currency Reference	For Conversion	
	Currency	Closing Rate (in `)
a	GBP	92.46
b	SGD	47.38
c	EURO	67.51

Names of subsidiaries which are yet to commence operations: Nil

## ANNEXURE - 2

### DETAILS OF REMUNERATION OF KEY MANAGERIAL PERSONNELS AND OTHER DIRECTORS:

1. Details / Disclosures of Ratio of Remuneration to each Director to the median employee's remuneration of the Employees of the Company (Ratio) for the financial year 2014-15 and the percentage increase in remuneration of Directors and Company Secretary (%) during the financial year 2014-15:

Name & Designation	2013-14	2014-15	Ratio	% Increase
Udayant Malhoutra, CEO & Managing Director	48,00,000	46,42,508	1:13	-3.28%
Naveen Chandra P, Head Legal Compliance and Company Secretary	15,00,000	22,59,996	1:6	50.67%
Hanuman Sharma, Executive Director & CFO	55,02,960	70,02,960	1:19	27.26%
P S Ramesh, Executive Director & COO, Hydraulics	39,64,704	54,64,704	1:15	37.83%

2. The percentage increase in the median remuneration of employees in the financial year: 8.27%
3. The explanation on the relationship between average increase in remuneration and Company's performance:

The remuneration Policy is designed to attract, motivate, retain manpower and improve productivity by creating a congenial work environment, encouraging initiative, personal growth and team work besides offering appropriate remuneration package. It aims towards good corporate governance as well as sustained long term value creation for shareholders. In keeping with the said objective the remuneration of the said Employees was at an average percentage of 20.61% compared to 6.44% growth in revenues from operation.

The average increase in the remuneration of 20.61% is due to performance appraisal of the employees. Due to moderate growth in revenue / profits, the Company was not able to support hike of salaries of employees in the Company during the last couple of years.

4. Comparison of each remuneration of the Key Managerial Personnel against the performance of the company:

Name & Designation of the Key Managerial Personnel	Remuneration	% of remuneration to	
	(₹ In Lacs)	Revenue	PAT
Udayant Malhoutra, CEO & Managing Director	46.43	0.10%	2.21%
Naveen Chandra P, Head-Legal, Compliance and Company Secretary	22.60	0.05%	1.07%
Hanuman Sharma, Executive Director & CFO	70.03	0.15%	3.33%
P S Ramesh, Executive Director & COO, Hydraulics	54.65	0.12%	2.60%

During the year the average increase in the remuneration of Key Managerial Personnel was at 22.85% as against 6.44% growth in the total revenues from operation.

5. The number of permanent employees on the rolls of company : 1,184
6. Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;

The market capitalisation increased from ₹45,937 lacs to ₹2,33,704 lacs recording a percentage increase by 408%. Price Earnings Ratio stands at 111.02 as on March 31, 2015 against 1,481.83 as on March 31, 2014. The closing price of equity shares as on March 31, 2015 was ₹3,857.25 on the National Stock Exchange of India Limited and ₹3,862.50 on the BSE Limited, representing an increase of over 19,213% the last public offer price of ₹20 per share made by the Company during 1994.

7. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentage increase in the salaries of employees other than the managerial personnel : 20.64%

Average percentage increase in the managerial remuneration : 19.92%

8. The key parameters for any variable component of remuneration availed by the directors : NIL
9. The ratio of remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the year : There are no employees who receive remuneration greater than that of the highest paid Director.
10. Affirmation that the remuneration is as per the remuneration policy of the company : It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.
11. The percentage of equity shares held by the employee in the company (greater than 2% of paid-up capital): NIL.

Whether any such employee is a relative of any director or manager of the company and if so, name of such Director or Manager – Not applicable.

**Details of Personnel Drawing Remuneration of ₹60 lacs and above p.a. for the Financial Year 2014-15**

Name	Hanuman Kumar Sharma*	S Uppili*
Designation	Executive Director & CFO	President - Automotive Division
Remuneration received during 2014-15	₹70,02,960	₹65,00,004
Nature of Employment Contractual / otherwise	Regular	Regular
Nature of Duties	Financial control and business planning	Operational Control and Strategic Directions of JKM Automotive
Qualification	CA, CS, CWA, MBA & B. Com.,	BE (Electrical)
Experience	18	29
Age	42	51
Last Employment	CFO - Kamaz Vectra Motors	COO, Igarashi Motors India Ltd., & MD - Agile Electric Sub Assembly Pvt. Ltd.
Date of commencement of Employment	17-09-2012	29-10-2011
No. of Share	Nil	Nil
%of Paid up Capital	Nil	Nil
Relationship with other Directors	Nil	Nil

\*Other than above mentioned personnel no other Employees is drawing salary more than ₹5 Lacs p.m.

ANNEXURE – 3

AOC-2

1. Details of contracts/arrangement/ transactions not at arm's length basis: Nil

2. Details of contracts/arrangement/ transactions at arm's length basis: Refer below table

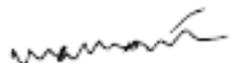
(₹ in lacs)

Name of related party	Nature of relationship	Nature of contracts/ arrangement/ transactions	Transactions during the year ended 31st March 2015	Date of approval by the Board	Amount Paid as a advance
Dynamatic Limited, UK	Step Subsidiary	Sale of manufactured goods	230	14-02-2015	Nil
		Purchase of raw materials	151	14-02-2015	Nil
		Management fees	473	14-02-2015	Nil
JKM Research Farm Limited	Subsidiary	Expenses- rent	108	14-02-2015	Nil
		Loans and advances repaid	(3)	14-02-2015	Nil
JKM Erla Automotive Limited	Subsidiary	Loans and advances given	1,125	14-02-2015	Nil
		Loans and advances repaid	(930)	14-02-2015	Nil
		Other income-interest income	65	14-02-2015	Nil
Eisenwerk Erla GmbH, Germany	Step Subsidiary	Management fees income	804	14-02-2015	Nil
JKM Ferrotech Limited	Step Subsidiary	Sales of raw materials	2,318	14-02-2015	Nil
		Labour charges	1	14-02-2015	Nil
		Purchase of fixed assets	488	14-02-2015	Nil
		Purchase of raw materials and components	3,234	14-02-2015	Nil
		Other income- interest income	555	14-02-2015	Nil
		Loans and advances given	5,270	14-02-2015	Nil
		Loans and advances repaid	(4,000)	14-02-2015	Nil
Harasfera Design Private Limited	Associate	Legal and professional fees paid	21	14-02-2015	Nil
JKM Holdings Private Limited	Companies over which key management personnel or relatives of such personnel are able to exercise significant influence (other related entities)	Rent paid	4	14-02-2015	Nil
Udayant Malhoutra and Company Private Limited		Interest expenses	3	14-02-2015	Nil
		Short-term borrowings	180	14-02-2015	Nil
		Short-term borrowings repaid	(180)	14-02-2015	Nil
Wavell Investments Private Limited		Long-term borrowings taken	1,075	23-03-2015	Nil
		Short-term borrowings taken	1,905	23-03-2015	Nil
		Short-term borrowings repaid	(1,905)	23-03-2015	Nil
	Issue of share capital (including securities premium)	1,300	13-07-2014	Nil	
	Interest expenses	10	23-03-2015	Nil	
Udayant Malhoutra	Chief Executive Officer and Managing Director	Issue of share capital (including securities premium)	2,700	13-07-2014	Nil
		Managerial remuneration	46	28-05-2014	Nil
Hanuman Kumar Sharma	Executive Director and Chief Financial Officer	Managerial remuneration	26	14-11-2014	Nil
P. S. Ramesh	Executive Director and Chief Operating Officer - Hydraulics, India	Managerial remuneration	19	14-11-2014	Nil
Udita Malhoutra	Relatives of Key Managerial Person	Rent paid	4		Nil

For and on behalf of the Board of Directors



**Vijai Kapur**  
Chairman  
DIN No.: 00056415



**Udayant Malhoutra**  
CEO and Managing Director  
DIN No.: 00053714

**ANNEXURE - 4****FORM NO. MGT 9 (Extract of Annual Return as on financial year ended on 31.03.2015)****Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.****I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L72200KA1973PLC002308
2.	Registration Date	07-03-1973
3.	Name of the Company	Dynamatic Technologies Limited
4.	Category/Sub-category of the Company	Company Limited by Shares, Indian Non-Government Company
5.	Address of the Registered office & contact details	Dynamatic Park, Peenya, Bangalore - 560058
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

**Standalone**

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	Turnover amount in lacs	% to total turnover of the company
1	Hydraulic products	2813	17,919	39%
2	Aerospace Products	3030	11,735	26%
3	Automotive Products	2930	14,723	32%
4	Others		1,277	3%
	<b>Total Revenue</b>		<b>45,653</b>	<b>100%</b>

**Consolidated**

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	Turnover amount in lacs	% to total turnover of the company
1	Hydraulic products	2813	29,215	18%
2	Aerospace Products	3030	26,175	16%
3	Automotive Products	2930	103,931	64%
4	Iron Castings	2431	3,562	2%
	<b>Total Revenue</b>		<b>162,883</b>	<b>100%</b>

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	Percentage of shares held
1.	JKM Research Farm Limited, India	U85110KA1994PLC016696	Subsidiary	100%
2.	JKM Global Pte Limited, Singapore	N.A	Subsidiary	100%
3.	JKM Erla Automotive Limited, India	U35122KA2011PLC056973	Subsidiary	100%
4.	Dynamatic Limited, UK	N.A	Subsidiary	100%
5.	Yew Tree Investments Limited, UK	N.A	Subsidiary	100%
6.	JKM Erla Holdings GmbH, Germany	N.A	Subsidiary	100%
7.	Eisenwerk Erla, GmbH, Germany	N.A	Subsidiary	100%
8.	JKM Ferrotech Limited, India	U27310TN2007PLC063323	Subsidiary	100% (Direct Holding – 32.96%, holding through subsidiaries - 67.04%)
9	Harasfera Design Private Limited	U74900KA2011PTC061366	Associate	50%

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) as at March 31, 2015**

**Category-wise Share Holding**

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NUMBER OF SHAREHOLDERS	TOTAL NUMBER OF SHARES	NUMBER OF SHARES HELD IN DEMATERIALISED FORM	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		SHARES PLEDGE OR OTHERWISE ENCUMBERED	
					AS a PERCENTAGE of (A+B)	As a PERCENTAGE of (A+B+C)	NUMBER OF SHARES	AS a PERCENTAGE
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)* 100
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>							
(1)	INDIAN							
(a)	Individual /HUF	3	777617	777617	12.26	12.26	380000	48.87
(b)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	8	2464628	2464628	38.87	38.87	152500	6.19
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Others	0	0	0	0.00	0.00	0	0.00
	<b>Sub-Total A(1) :</b>	<b>11</b>	<b>3242245</b>	<b>3242245</b>	<b>51.13</b>	<b>51.13</b>	<b>532500</b>	<b>16.42</b>
(2)	FOREIGN							
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Others	0	0	0	0.00	0.00	0	0.00
	<b>Sub-Total A(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>Total A = A(1)+A(2)</b>	<b>11</b>	<b>3242245</b>	<b>3242245</b>	<b>51.13</b>	<b>51.13</b>	<b>532500</b>	<b>16.42</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>							
(1)	INSTITUTIONS							
(a)	Mutual Funds /UTI	11	430235	419732	6.78	6.78		
(b)	Financial Institutions /Banks	5	1333	1333	0.02	0.02		
(c)	Central Government / State Government(s)	0	0	0	0.00	0.00		
(d)	Venture Capital Funds	0	0	0	0.00	0.00		
(e)	Insurance Companies	0	0	0	0.00	0.00		
(f)	Foreign Institutional Investors	17	961605	961605	15.16	15.16		
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00		
(i)	Others	0	0	0	0.00	0.00		
	<b>Sub-Total B(1) :</b>	<b>33</b>	<b>1393173</b>	<b>1382670</b>	<b>21.97</b>	<b>21.97</b>		
(2)	NON-INSTITUTIONS							
(a)	Bodies Corporate	329	372659	370173	5.88	5.88		
(b)	Individuals							
	(i) Individuals holding nominal share capital upto ₹1 lakh	6713	809682	666850	12.77	12.77		
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	11	504713	504713	7.96	7.96		
(c)	Others							
	<b>Sub-Total B(2) :</b>	<b>7203</b>	<b>1706025</b>	<b>1556845</b>	<b>26.90</b>	<b>26.90</b>		
	<b>Total B = B(1)+B(2) :</b>	<b>7236</b>	<b>3099198</b>	<b>2939515</b>	<b>48.87</b>	<b>48.87</b>		
	<b>Total (A+B) :</b>	<b>7247</b>	<b>6341443</b>	<b>6181760</b>	<b>100.00</b>	<b>100.00</b>		
<b>(C)</b>	<b>Shares held by custodians, against which Depository Receipts have been issued</b>							
(1)	Promoter and Promoter Group							
(2)	Public	0	0	0	0.00	0.00		
	<b>GRAND TOTAL (A+B+C) :</b>	<b>7247</b>	<b>6341443</b>	<b>6181760</b>	<b>100.00</b>	<b>0.00</b>	<b>532500</b>	<b>8.40</b>

**B) SHAREHOLDING OF PROMOTER- AS AT MARCH 31, 2015**

Sl. No.	Name of the Shareholder	Details of Shares held		Encumbered shares (*)			Details of Warrants		Details of convertible securities		Total Shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Shares held	As a % of grand total (A)+(B)+(C)	Pledge Shares	AS a percentage (VI)=(V)/(III)*100	AS a % of grand total (A) + (B) + (C) of sub-clause (i)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(i)	(ii)	(iii)	(iv)	(v)	(vi)=(v)/(iii)*100	(vii)	(viii)	(ix)	(x)	(xi)	(xii)
	<b>PROMOTER</b>										
1	UDAYANT MALHOUTRA	741214	11.69	380000	51.27	5.99	0	0.00	0	0.00	11.69
2	UDAYANT MALHOUTRA	31465	0.50	0	0.00	0.00	0	0.00	0	0.00	0.50
	<b>PROMOTER GROUP</b>										
1	JKM HOLDINGS PRIVATE LIMITED	912538	14.39	0	0.00	0.00	0	0.00	0	0.00	14.39
2	UDAYANT MALHOUTRA AND COMPANY PRIVATE LIMITED	642011	10.12	2500	0.39	0.04	0	0.00	0	0.00	10.12
3	WAVELL INVESTMENTS PRIVATE LIMITED	444781	7.01	150000	33.72	2.37	0	0.00	0	0.00	7.01
4	JKM OFFSHORE INDIA PVT LTD	442071	6.97	0	0.00	0.00	0	0.00	0	0.00	6.97
5	GREENEARTH BIOTECHNOLOGIES LTD	22927	0.36	0	0.00	0.00	0	0.00	0	0.00	0.36
6	BAROTA MALHOUTRA	4938	0.08	0	0.00	0.00	0	0.00	0	0.00	0.08
7	VITA PRIVATE LTD	100	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
8	CHRISTINE HODEN (INDIA) PVT LTD	100	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
9	PRIMELEA SANITARY PRODUCTS PVT LTD	100	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
	<b>TOTAL :</b>	<b>3242245</b>	<b>51.13</b>	<b>532500</b>	<b>16.42</b>	<b>8.40</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>51.13</b>

## V. CHANGE IN PROMOTERS' SHAREHOLDING

Sl. No.	Date	Particulars	No of shares	% of Total share capital of the Company	Cumulative shareholding during the year	
					No. of shares	% of Total share capital of the Company
<b>1</b>	<b>UDAYANT MALHOUTRA</b>					
	01-04-2014	Shareholding at the beginning of the year	795248	14.35	-	-
	16-05-2014	Transfer / sale	20000	0.36	775248	13.99
	30-05-2014	Transfer / sale	150000	2.71	625248	11.29
	03-06-2014	Conversion of Warrants	217269	3.77	842517	14.63
	17-06-2014	Transfer / sale	6009	0.10	836508	14.53
	07-07-2014	Transfer / sale	100000	1.74	736508	12.79
	10-07-2014	Transfer / sale	20660	0.36	715848	12.43
	13-07-2014	Conversion of Warrants	121171	2.03	837019	14.05
	15-07-2014	Transfer / sale	9340	0.16	827679	13.89
	25-08-2014	Transfer / sale	25000	0.41	802679	13.47
	27-08-2014	Transfer / sale	16000	0.26	786679	13.20
	28-08-2014	Transfer / sale	9000	0.15	777679	13.05
	31-10-2014	Transfer / sale	5000	0.08	772679	12.18
	31-03-2015	Shareholding at the end of the year	772679	12.18		
<b>2</b>	<b>JKM HOLDINGS PRIVATE LIMITED</b>					
	1/4/2014	Shareholding at the beginning of the year	912538	16.47	-	16.47
	31/3/2015	Shareholding at the end of the year	912538	14.39	-	14.39
<b>3</b>	<b>UDAYANT MALHOUTRA AND COMPANY PRIVATE LIMITED</b>					
	1/4/2014	Shareholding at the beginning of the year	642011	11.59	-	11.59
	31/3/2015	Shareholding at the end of the year	642011	10.12	-	10.12
<b>4</b>	<b>WAVELL INVESTMENTS PRIVATE LIMITED</b>					
	1/4/2014	Shareholding at the beginning of the year	281828	5.09		5.09
	3/6/2014	Conversion of Warrants	79386	1.33	361214	6.06
	13-07-2014	Conversion of Warrants	83567	1.38	444781	7.36
	31/3/2015	Shareholding at the end of the year	444781	7.01		7.01
<b>5</b>	<b>JKM OFFSHORE INDIA PVT. LTD.</b>					
	1/4/2014	Shareholding at the beginning of the year	442071	7.98	-	7.98
	31/3/2015	Shareholding at the end of the year	442071	6.97	-	6.97
<b>6</b>	<b>GREENEARTH BIOTECHNOLOGIES LTD</b>					
	1/4/2014	Shareholding at the beginning of the year	22927	0.41	-	0.41
	31/3/2015	Shareholding at the end of the year	22927	0.36	-	0.36
<b>7</b>	<b>BAROTA MALHOUTRA</b>					
	1/4/2014	Shareholding at the beginning of the year	4938	0.09	-	0.09
	31/3/2015	Shareholding at the end of the year	4938	0.08	-	0.08
<b>8</b>	<b>VITA PRIVATE LTD</b>					
	1/4/2014	Shareholding at the beginning of the year	100	0.00	-	0.00
	31/3/2015	Shareholding at the end of the year	100	0.00	-	0.00
<b>9</b>	<b>CHRISTINE HODEN (INDIA) PVT LTD</b>					
	1/4/2014	Shareholding at the beginning of the year	100	0.00	-	0.00
	31/3/2015	Shareholding at the end of the year	100	0.00	-	0.00
<b>10</b>	<b>PRIMELLA SANITARY PRODUCTS PVT LTD</b>					
	1/4/2014	Shareholding at the beginning of the year	100	0.00	-	0.00
	31/3/2015	Shareholding at the end of the year	100	0.00	-	0.00

## VI. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS

Sl. No.	Date	Particulars	No of shares	% of Total share capital of the Company	Cumulative shareholding during the year	
					No. of shares	% of Total share capital of the Company
<b>1</b>	<b>SAMENA SPECIAL SITUATIONS MAURITIUS</b>					
	04-01-2014	Share holding at the beginning of the year	467455	8.44		8.44
	31-03-2015	Share holding at the end of the year	467455	7.37		7.37
<b>2</b>	<b>HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND</b>					
	04-01-2014	Share holding at the beginning of the year	0	0.00		
	27-03-2015	Purchase	167745	2.65	167745	2.65
	31/3/2015	Share holding at the end of the year	167745	2.65		
<b>3</b>	<b>GOLDMAN SACHS INDIA FUND LIMITED</b>					
	04-01-2014	Share holding at the beginning of the year	0	0.00		
	27-03-2015	Purchase	157179	2.48	157179	2.48
	31/3/2015	Share holding at the end of the year	157179	2.48		
<b>4</b>	<b>ALCHEMY INDIA LONG TERM FUND LIMITED</b>					
	04-01-2014	Share holding at the beginning of the year	163000	2.94		
	13-06-2014	Less: Sale	3000		160000	2.78
	25-07-2014	Less: Sale	5258		154742	2.60
	05-09-2014	Less: Sale	3916		150826	2.50
	19-09-2014	Less: Sale	826		150000	2.48
	17-10-2014	Less: Sale	3958		146042	2.30
	21-11-2014	Less: Sale	14436		131606	2.08
	12-12-2014	Less: Sale	287		131319	2.07
	23-01-2015	Less: Sale	1087		130232	2.05
	30-01-2015	Less: Sale	122		130110	2.05
	20-03-2015	Less: Sale	1261		128849	2.03
	27-03-2015	Less: Sale	3848		125001	1.97
	31/3/2015	Share holding at the end of the year	125001	1.97		
<b>5</b>	<b>HDFC TRUSTEE COMPANY LIMITED - HDFC INFRASTRUCTURE FUND</b>					
	04-01-2014	Share holding at the beginning of the year	0	0.00		
	17-10-2014	Allotment- QIP	120000	1.89	120000	1.89
	31/3/2015	Share holding at the end of the year	120000	1.89		
<b>6</b>	<b>ASHISH KACHOLIA</b>					
	04-01-2014	Share holding at the beginning of the year	0	0.00		
	07-11-2014	Purchase	96446	1.62	96446	1.62
	18/7/2014	Purchase	8235	0.14	8235	0.14
	31/3/2015	Share holding at the end of the year	104681	1.65		
<b>7</b>	<b>PARAM CAPITAL RESEARCH PRIVATE LIMITED</b>					
	04-01-2014	Share holding at the beginning of the year	61299	1.11		
	04/04/2014	Purchase	7328	0.13	68627	1.24
	11/04/2014	Purchase	2382	0.04	71009	1.28
	18/04/2014	Purchase	10972	0.20	81981	1.48
	23/05/2014	Purchase	72626	1.31	154607	2.79
	23/05/2014	Less: Sale	-72626	-1.31	81981	1.48
	30/05/2014	Less: Sale	-2878	-0.05	79103	1.43
	06/06/2014	Purchase	14189	0.25	93292	1.62
	11/07/2014	Purchase	7787	0.14	101079	1.76

	18/07/2014	Purchase	7787	0.13	108866	1.83
	18/07/2014	Less: Sale	-7787	-0.13	101079	1.70
	31/3/2015	Share holding at the end of the year	101079	1.59		
<b>8</b>	<b>MUKUL MAHAVIR PRASAD AGRAWAL</b>					
	04-01-2014	Share holding at the beginning of the year		0.00		
	13/6/2014	Purchase	100000	1.74	100000	1.74
	31/3/2015	Share holding at the end of the year	100000	1.58		
<b>9</b>	<b>LASHIT SANGHVI</b>					
	04-01-2014	Share holding at the beginning of the year	82000	1.48		1.48
	31/3/2015	Share holding at the end of the year	82000	1.29		1.29
<b>10</b>	<b>NEHA SANGHVI</b>					
	04-01-2014	Share holding at the beginning of the year	82000	1.48		1.48
	31/3/2015	Share holding at the end of the year	82000	1.29		1.29

## VII. SHAREHOLDING OF DIRECTORS & KEY MANAGERIAL PERSONNEL

in ₹ (Rupees)

Name of the Directors & Key Managerial Personnel	Shareholding			% of Total share capital of the Company
	No. of Shares as on 1st April 2014	No. of Shares as on 31st March 2015	Increase / Decrease	
Mr. P. S. Ramesh <i>(appointed as Director and designated as Executive Director and Chief Operating Officer – Hydraulics, India of the Company with effect from November 14, 2014)</i>	-	-	-	-
Mr. Hanuman Kumar Sharma <i>(appointed as Director and designated as Executive Director and Chief Financial Officer of the Company with effect from November 14, 2014)</i>	-	-	-	-
Mr. Udayant Malhoutra <i>(CEO &amp; Managing Director)</i>	7,95,248	7,72,679	-22,569	12.18%
Mr. Rajendra Babu Subodh <i>(appointed as Additional Director and designated as Executive Director of the Company with effect from May 28, 2015)</i>	-	-	-	-
Mr. Naveen Chandra P <i>(Head Legal, Compliance and Company Secretary)</i>	-	-	-	-

## VIII. RENUMERATION OF DIRECTORS & KEY MANAGERIAL PERSONNEL

### Compensation paid to the Directors for the year ended March 31, 2015:

in ₹ (Rupees)

Name of the Directors & Key Managerial Personnel	Remuneration			Total
	Sitting fees*	Salary	Perquisites & allowance	
<b>Non- Executive &amp; Independent Directors</b>				
Mr. Vijai Kapur	4,40,000	--	--	4,40,000
Air Chief Marshal S. Krishnaswamy (Retd.)	8,35,000	--	--	8,35,000
Mr. Govind Mirchandani	11,15,000	--	--	11,15,000
Ms. Malavika Jayaram	4,30,000	--	--	4,30,000
Mr. Nalini Ranjan Mohanty	4,45,000	--	--	4,45,000
Mr. Ramesh Venkataraman	2,80,000	--	--	2,80,000

Name of the Directors & Key Managerial Personnel	Remuneration			Total
	Sitting fees*	Salary	Perquisites & allowance	
<b>Non- Executive &amp; Non-Independent Directors</b>				
Mr. Raymond Keith Lawton	1,95,000	--	--	1,95,000
Ms. Claire Louise Tucker <i>(stepped down as Director of the Company with effect from August 14, 2014)</i>	--	--	--	--
Mr. Dietmar Hahn	1,80,000			1,80,000
Mr. James David Tucker <i>(appointed as Director of the Company with effect from August 14, 2014)</i>	--	--	--	--
<b>Executive Director &amp; Key Managerial Personnel</b>				
Mr. P.S. Ramesh <i>(appointed as Director and designated as Executive Director and Chief Operating Officer – Hydraulics, India of the Company with effect from November 14, 2014)</i>	-	18,02,704	1,34,511	19,37,215
Mr. Hanuman Kumar Sharma <i>(appointed as Director and designated as Executive Director and Chief Financial Officer of the Company with effect from November 14, 2014)</i>	-	25,28,015	67,083	25,95,099
Mr. Udayant Malhoutra <i>(CEO &amp; Managing Director)</i>	-	43,18,404	3,24,104	46,42,508
Mr. Rajendra Babu Subodh <i>(appointed as Additional Director and designated as Executive Director of the Company with effect from May 28, 2015)</i>	-	33,20,428	2,48,260	35,68,748
Mr. Naveen Chandra P <i>(Head Legal, Compliance and Company Secretary)</i>	-	22,59,996	-	22,59,996

**IX. INDEBTEDNESS** - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	27,961	2,433	119	30,513
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	474	-	-	474
<b>Total (i + ii + iii)</b>	<b>28,435</b>	<b>2,433</b>	<b>119</b>	<b>30,987</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	11,770	1,367	-	13,137
* Reduction	10,412	2,433	119	12,964
<b>Net Change</b>	<b>1,358</b>	<b>1,066</b>	<b>119</b>	<b>173</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	29,793	1,367	-	31,160
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	189			189
<b>Total (i + ii + iii)</b>	<b>29,982</b>	<b>1,367</b>	<b>-</b>	<b>31,349</b>

**X. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:** Nil

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To the Members of **Dynamatic Technologies Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Dynamatic Technologies Limited ("the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31 March 2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2015 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made hereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Effective 28th October 2014) - Not applicable;
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – Not Applicable.

I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The major head/groups of Acts, Laws and Regulations as applicable to the Company are (i) Industrial Laws; (ii) Labour Laws; (iii) Environmental and prevention of pollution Laws; (iv) Tax Laws; (v) Economic and Commercial Laws; (vi) Legal Metrology Act, 2009 and (vii) Acts prescribed under Shops and Establishment Act of various local authorities.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India - not applicable as the same was not notified during the audit period; and
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Significant observation is as follows:

The Company has not filed MGT-10, pursuant to Section 93 of the Companies Act, 2013, towards change of 2% in shareholding position of few shareholders during the year under review.

I further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

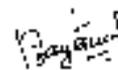
I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company / Board has carried out the following specific event / actions, which are having major bearing on the Company's affairs in pursuance of the above referred laws

- 1) The Board of Directors of the Company has allotted 300,000 Equity Shares of ₹10 each at a premium of ₹1,790 per share on Private Placement Offer (Qualified Institutional Placement), based on the approval of the Shareholders at their meeting held on 11 Oct 2014. The shares have been listed on BSE and NSE;
- 2) During the year, the Board of Directors, based on the Shareholders' approval obtained at the EGM held on 25 Mar 2013, has allotted 501,393 Equity Shares @ ₹10 per shares at a premium of ₹787.10 per share, by conversion of convertible warrants as detailed below:
  - On 03 June 2014 – Allotment of 217,269 Equity Shares
  - On 13 July 2014 – Allotment of 200,557 Equity Shares and
  - On 19 July 2014 – Allotment of 83,567 Equity Shares

The shares have been listed on BSE and NSE.

- 3) At the Annual General Meeting held on 14 Aug 2014, the Shareholders passed a special resolution under (i) Section 180(1) (a) to mortgage / create charge on the properties of the Company to secure the loan(s) being availed by the Company – upto ₹500 crores and (ii) Section 180(1)(c) to borrow monies where the monies borrowed already exceeds the aggregate of the paid-up capital and free reserve – upto ₹500 crores



**R Vijaykumar**

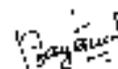
Practicing Company Secretary  
FCS No. 6418; C P No.8667

28 May 2015  
Bangalore

To the members of **Dynamatic Technologies Limited**

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively are the responsibilities of the management of the Company. My responsibility is to express an opinion on these secretarial records, systems, standards and procedures based on audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure the correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report 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.



**R Vijaykumar**

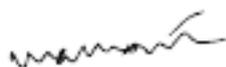
Practicing Company Secretary  
FCS No. 6418; C P No.8667

28 May 2015  
Bangalore

## CERTIFICATION BY CEO & MANAGING DIRECTOR AND CFO OF THE COMPANY

We, Udayant Malhoutra, CEO & Managing Director and Hanuman Sharma, CFO, of Dynamic Technologies Limited, to the best of our knowledge and belief, certify that:

- a. We have reviewed the Balance Sheet and Profit and Loss account (the Company), and all its Schedules and Notes on Accounts, as well as the Cash Flow statements and the Director's Report;
- b. Based on our knowledge and information, these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- c. To the best of our knowledge and belief, the financial statements and other information included in this report present a true and fair view of the Company's affairs and are in compliance with existing accounting standards as issued by the Institute of Chartered Accountants of India, and /or applicable laws and regulations;
- d. To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- e. We are responsible for establishing and maintaining internal controls for financial reporting of the Company regularly evaluating the effectiveness of internal control systems of the Company pertaining to financial reporting and disclosure to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any.
- f. The Company's respective functional heads and we have disclosed, all relevant information wherever applicable, to the Company's Auditors and the Board of Directors of the Company:
  - We have eliminated all significant deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarise 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 & Risk Management 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, 2015.



**Udayant Malhoutra**  
CEO and Managing Director  
DIN No.: 00053714



**Hanuman Sharma**  
Executive Director & CFO  
DIN No.: 07012725

**For and on behalf of the Board of Directors**



**Vijai Kapur**  
Chairman  
DIN No.: 00056415

Place : Bangalore  
Date : 28 May 2015

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## SAFE HARBOUR STATEMENT

Statements in this Management Discussion and Analysis contains "forward looking statements" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Dynamatic's future business developments and economic performance. While these forward looking statements indicate the Company's assessment and future expectations concerning the development of business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with the Company, legislative developments, and other key factors that could affect the business and financial performance. Dynamatic undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

## A. BUSINESS OVERVIEW

Incorporated in 1973, Dynamatic Technologies Limited ("Dynamatic" or the "Company") is engaged in the designing and manufacture of highly engineered products for the automotive, hydraulic, defence and aeronautic industries. The Company is one of the world's largest manufacturers of hydraulic gear pumps and automotive turbochargers. It is also a global Tier I supplier to major global aerospace OEMs (original equipment manufacturers) such as Airbus, Boeing and Bell Helicopters.

Dynamatic operates in three segments: Automotive & Metallurgy, Hydraulics and Aerospace & Defence.

The Automotive & Metallurgy division supplies engine, transmission, turbocharger and chassis parts to the leading global OEMs. It also manufactures high precision, complex metallurgical ferrous castings for automobile engines and turbochargers. The division supplies critical engine and transmission products to around 50% of the passenger cars made in India.

The Dynamatic Hydraulics™ manufactures hydraulic gear pumps with aluminium or cast iron body, motors, hand pumps, hitch control valves, rock shaft assemblies, lube and water pumps and related products and complete hydraulic solutions for the Indian and overseas markets. The Company is Asia's largest producer of hydraulic gear pumps and one of the largest globally. It has about 65% market share of the organised tractor market in India and supplies to all OEMs in India.

The Aerospace & Defence division is engaged in production of airframe structures and precision aerospace components. Its products include wing and rear fuselages, ailerons and wing flaps and key airframe structures. The

division also provides solutions for unmanned aerial systems & vehicles, monitoring & surveillance systems.

## B. GLOBAL/WORLD ECONOMY

Overall view of world economic growth in 2015 is about the same as expected in 2014. Despite modest improvement in global economic growth versus 2014, significant risks and uncertainties remain that could temper growth in 2015. In the recent past there have been increasingly challenging for the global economy, leading to some significant adjustments in Global Economic Outlook. The changes are to a large extent the result of greater volatility and uncertainty, and they present a higher risk for the global economy in 2015. The rapid decline in oil prices, quick adjustments in exchange rates (with the US dollar appreciating and weakening of most other currencies, notably the euro), and the new quantitative easing program of the ECB are just a few examples of the economic factors at play. In addition, there is increased geopolitical uncertainty related to the Russia-Ukraine and Middle East conflicts, as well as increased concern about the economic and political future of the Euro Area and European Union.

As a result, the overall global real GDP growth average is projected to be 3.3% from 3.4% as projected earlier reflects a combination of upsides and downsides. Downward revision are primarily due to a major GDP decline in Russia (from +0.8 to -3.5%) and moderate declines in the Euro Area (1.6 to 1.4%), Japan (1.1 to 0.6%), and Brazil (1.5 to 0.5%). Upward revisions include the United States (2.6 to 2.9%), Mexico (2.8 to 3.5%), and India (5.5 to 5.9%).

The United States will continue to register stronger growth than its peers, but the expansionary phase will show signs of maturing, causing a moderation in profitability and a variety of cost pressures. European economies have more scope to recover, and the recently announced QE program may help improve business and consumer confidence, and the weakened euro could help offset negative effects from slower exports to emerging markets. However, Europe's dysfunctional policy environment to accelerate growth through investment and reforms could make the recovery look moderate compared to the United States. China will continue its "soft fall" growth trajectory, as already limited government stimuli will have less effect despite recent monetary easing, and expose the weakening of China's creditworthiness more clearly. Other major emerging markets will continue to grow, but their pace will vary depending on the net impact of declining oil prices and exchange rate depreciations, as well as progress of their own reform agendas. New geographies for growth, such as Africa and parts of Asia, offer opportunities to build sustainable growth models but they also bring challenges on economic, legal, and institutional fronts.

## Indian economy

The Indian economy seems to have gained momentum since the NDA government has come into power;

As per latest available data, the advanced estimates suggest a GDP growth of 7.4 per cent in FY15 for India as compared to 6.9 per cent in FY14 making India one of the fastest growing economies in the world. However, sustained economic growth can be ensured only by addressing structural constraints that arise due to low manufacturing base, delay in project approvals and insufficient complementary investments, lack of infrastructure, and agricultural production's high dependence on the monsoon and high food inflation.

Improved economic growth during FY14-15 has been contributed by better performance in the manufacturing and services sector. However concerns surrounding construction and mining still exist. Agriculture also suffered due to poor monsoon, but there are no indications of its spill over to next year. Concerns over India's economic performance grew when, for the first time in 25 years, India witnessed a sub-5 per cent growth for the second consecutive year in FY14. However, since the NDA Government came into power, India is back on its growth trajectory due to better performance in many macroeconomic indicators and reforms announced by the government.

As per Economic Survey 2014-15, the Indian agricultural sector is expected to register a growth of 1.1 per cent in FY15 as compared to 3.8 per cent in FY14 due to decline in production levels. Industry, on the other hand, is expected to perform better as compared to FY14 due to the 'Make in India' campaign launched by the Government to transform India into a manufacturing hub with a aim to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best in class manufacturing infrastructure. Accordingly manufacturing in FY15 is expected to grow at 6.7 per cent (5.3 per cent in FY14), power generation at 5.9 per cent (2.9 per cent in FY14), and mining at 1.7 per cent (5.5 per cent in FY14), Services sector comprising of Trade, hotels, transport, communication and services related to broadcasting; financial, real estate and professional services, and public administration, defence and other services holds the maximum share in India's GDP.

The Government of India and RBI are constantly introducing measures aimed at attracting investments like FDI in key sectors such as defence, railways and insurance; reforms in banking sector, maintaining growth and improving the ease of doing business in India. The pace of economic recovery during FY16 is expected to be better than the pace during FY15. However, it could depend on a variety of factors such as the performance of agriculture and industry, inflation rate, and policy support. The Economic Survey of India 2015 outlines a few priority areas for the Government of India such as reviving investments, strengthening macro-economic stability,

creating non-agriculture related jobs and developing infrastructure and agriculture.

## C. INDUSTRY OVERVIEW AND SEGMENT DISCUSSION:

### Hydraulics

#### Looking Forward

Dynamatic hydraulics™ to a larger extent depends on Tractor OEMs orders which is seasonal. It is true that Indian agri-sector is an ever green sector which will keep growing consistently. It is time that mechanisation and sophistication would get introduced in this sector and dependency on labour would reduce. The yield per hectare has to increase to match with the demand of food grains in the country. This again suggests farmers will opt for higher HP tractors with sophistications. It is only in India this sector still remains not fully exploited and hence this offers sustained opportunity for your Company's growth.

Dynamatic Hydraulics™ has an established capacity to produce 780000 sections of gear pumps an year. It is prudent to keep exploring other sectors which are not seasonal and there by utilise the intrinsic skill and expertise the team has. Your company has continued to develop new products/valves, thereby has achieved sales of ₹179 crores in this year, and is contemplating to enter in to new product domains which will help in increasing the turn over and exploit the talent the team possesses.

Your Company will focus on timely supplies of CI pumps in this year the production of these pumps has been planned to increase in a steady manner. The intention is to utilise the experience and get in to the earth moving sector in a big way. We have developed pumps and motors for the compactors and pavers for an European OEM. Trials are successful in India and the trials at the principal's place in Germany are in progress. Preparations are made to supply CI pumps to back hoe loaders, excavators, and dumpers. This will necessitate making modifications to the existing design. The R&D team has already working in this direction.

We have in this current year developed tandem pumps for most of the major tractor OEMs. The present day tractors are with steering control systems for the comfort of the driver and hence a separate pump for steering control has become necessary. Hence demand for such tandem pumps has increased.

We have taken up Indigenisation Programme in defence sector and also in Railways. The pumps being developed for the Tatra project will help us in entering in to this new market. The samples and initial batch of pumps made for DLW will establish us as a key supplier to Indian railways.

Cylinder safety Relief valves – cost effective but with quick response capability for tractor industry was the challenge in the last quarter. The efforts put in this direction have yielded very favourable results now.

The pumps developed for Centurion project, supplied through TAFE, for tractors made in China, Brazil and

Turkey will find us a new customer in Europe in the next financial year.

Dynamatic Hydraulic™ is also involved in manufacturing and supplying pumps for industrial applications such power packs, SPM industry Material handling equipment, Road construction equipment, Hydraulic presses, Furnaces, etc.,

### Financial and Operational Performance

(₹ in lacs)

	Year ended 31 March, 2015	Year ended 31 March, 2014	Change (%)
<b>Revenue</b>			
India	<b>17,847</b>	16,839	6%
UK	<b>11,369</b>	14,142	-20%
<b>EBITDA</b>			
India	<b>2,826</b>	3,014	-6%
Margin (%)	<b>16%</b>	18%	
UK	<b>583</b>	1,025	-43%
Margin (%)	<b>5%</b>	7%	

Total revenue dropped by ₹1,765 during FY2015 resulting decline of 6% over FY2014. Revenue from India showed a growth of 6%, primarily due to boom in Agri sector in the first half of the year. UK revenue decreased by 20% as falling crop prices impacted on agricultural demand as compared to FY14. Overall EBITDA margins in FY'15 is 12% reporting a decline of 137 bps over FY14. Margins declined by 207 bps at India due to low tractor demand in the second of the year and UK by 213 bps due to low demand in agriculture sector.

### Automotive and Metallurgy

#### Industry Overview

Automotive Industry continue to have sluggish growth in the last year. Excess capacity has been built in with more players coming into Indian Market with multiple models of vehicles being introduced.

Hyundai continue to maintain their position in the market and there has been a very good growth at Daimler India and they continue to enhance their market share.

While there is an opportunity for strong growth, India continues to face challenges due to high investment on production facilities, limited availability of electricity and skilled manpower, rising fuel costs and interest rates. The Company believes that improving labour productivity and flexibility as well as capital efficiency are the key factors in the automotive industry. Quality manpower, the ability to make infra structural improvements and raw material availability are also major determinants of market positioning. Access to the latest and most efficient technologies and techniques are expected to endow

leading 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.

### Segment Overview

JKM Automotive™, the automotive division of the Company located in Chennai, possesses state-of-the-art manufacturing technology for supply of advanced automotive components. It is the only company in Chennai which has the unique expertise in aluminium and green sand ferrous foundries and manufactures high technology castings for automotive OEMs. The Company caters to leading OEMs such as Hyundai, Fiat India, Tata Motors, Ford, 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 all customers. With the advantage of backward integration from ferrous foundry, the automotive unit is able to undertake effective supply chain management.

### Business Highlights and Market Positioning

#### 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. Products cater to approximately 35% of India's automobiles.
- **Innovative Supply Chain Management:** Possesses state-of-the-art technologies to manufacture high quality automotive components for Hyundai, Ford, TATA Motors, Daimler India, Renault Nissan India and Honeywell on a single source basis. Diversifying the customer base by focusing on customers besides Hyundai to mitigate business risk.
- **Geographical Advantage:** JKM Automotive has two manufacturing facilities located in Chennai, one of India's prominent automotive hubs.
- **Addresses Three Segments:** Applies highly efficient production systems and processes to manufacture automotive components for highway, off-highway and technology oriented applications. There is a strong engagement with GETRAG Ford for supply of various transmission assemblies with end customer VOLVO and FORD for Global requirements. The current product has been successfully stabilized and JKM has been awarded with three more Business in the same category of Huge volumes.
- **Future Projects**  
JKM Automotive™ has been audited by Borgwarner and BMW Germany for production and supply of compressor Housings and Differential casing. There s a natural advantage as the specialization

in compressor housing at JKM dates back to over 10 years and the potential to develop the same for Borgwarner is very high.

- **Green Energy:** Utilizes green energy through the Company's wind farm, which generated 14 million units of during the year. This resulted in 87% annual savings in power and enabled the facility to considerably reduce its carbon footprint.
- **Quality Management Systems:** JKM Automotive™ facilities are certified with the highest quality and safety standards specified by the automotive industry including TS 16949.

#### JKM Ferrotech Limited, India

The major operational highlights of the subsidiary during FY2015 may be listed as follows:

- Overall sales grew by 13 %
- Export sales were up by 33% and this was largely by Lanchester Housing to Daimler Germany.
- Domestic sales remained flat however there was significant increase in sales from Addison, Daimler India and Foundation Brakes Systems.
- Initiated discussions with BMW Germany, BorgWarner USA for Diff-cases and Turbocharger parts respectively.
- Online core Conveyor installed for inspection and core dressing.
- Magnetic Crack check machine installed and exhaust manifolds are checked prior to dispatch
- To control emission, installation of Wet scrubber done in horizontal Melting Furnace.
- New tumblast machine installed to improve productivity.

#### Eisenwerk Erla GmbH, Germany

Production in Erla is characterised by the manufacture of turbine housings, exhaust manifolds and other major engine components.

- Produces 90% for the automotive industry.
- Following many prototypes, 3 stainless steel series orders attained.
- Developed an improved casting station for steel castings.
- Erla's projects in steel castings are focused on the European market.
- The focal point for the partial automation in the core manufacturing and process optimisation is to improve productivity and quality.
- Conversion of core boxes from synthetic materials to steel core boxes for quality improvement.

- Negotiations with the turbine manufacturer Continental for new projects were successful.
- Development projects "ferritic steel for turbines" has been successfully completed.
- Customer audits of Mitsubishi, Schlote and Modine have been successfully implemented.
- Has special know-how in the manufacture of turbine housings in D5S and stainless steel along with the necessary core production.
- Has quality, environmental and energy management systems according to ISO / TS 16 949: 2009,
- ISO 14 001:2008 and ISO 50 001:2011
- Major customers include IHI Charging Systems International, Bosch Mahle Turbo Systems GmbH & Co. KG, BorgWarner Turbo Systems GmbH, Audi AG, Volkswagen AG, Daimler Chrysler AG, BMW Group, AGCO Fendt GmbH and Joseph Vögele AG.

#### Dynametal®, India - Aluminium Casting (including Metallurgy)

- Uses advanced metallurgical technologies to produce high quality non-ferrous alloys and castings for industrial, automotive and aerospace applications at its modern foundry in Chennai
- Facility equipped with electric furnaces, which makes it highly eco-friendly with the infrastructure created and controlled in-house

(₹ in lacs)

	Year ended 31 March, 2015	Year ended 31 March, 2014	Change (%)
<b>Revenue</b>			
India	<b>15,872</b>	17,621	-10%
Germany	<b>91,685</b>	88,225	4%
<b>EBITDA</b>			
India	<b>-673</b>	-868	-22%
<i>Margin (%)</i>	<b>-4.2%</b>	-4.9%	
Germany	<b>5,983</b>	5,612	7%
<i>Margin (%)</i>	<b>6.5%</b>	6.4%	

Total revenue increased by ₹1,711 during FY2015, increase of 2% over FY2014. Revenue from India showed a decline of 10% as recovery in the Auto sector in India remains sluggish and Germany revenue slightly increased by 4%. Overall EBITDA margins were 4.9 % for FY2015 that is slightly more by 45 bps over FY2014 mainly on account of cost control.

#### Strategy and Outlook

The Company is focusing on multiple areas to drive higher growth and profitability in the Automotive business. Over the years, the Company developed capabilities to

manufacture performance critical components for the automotive industry such as turbochargers and exhaust manifolds. Turbochargers increase the fuel efficiency of the engine and decrease carbon emissions. Increasing focus on fuel efficiency and environmental safety globally presents significant opportunities for this business.

Steel casting is another strategic focus area for the Company. Engine downsizing and changed burning process for higher fuel efficiency have increased the operating temperature of petrol engines. This has led to increased demand for steel castings due to their ability to withstand higher temperatures. Dynamatic is closely working with its customers to understand their specific requirement for steel castings to be able to provide them best in class products.

The exports market presents a key growth avenue for the Company. Dynamatic has started exporting performance critical castings to major global OEMs, as a tier II supplier from its foundries in India. The Company is striving to increase sales of performance critical castings through this channel to drive higher profitability.

While there is an opportunity for growth, India continues to face challenges due to high investment required in production facilities; scarcity of electricity and skilled manpower and rising fuel costs and interest rates. The Company believes improvement in labour productivity and flexibility as well as capital efficiency is one of the key success factors in the automotive industry.

Skilled manpower, the ability to drive infrastructural improvements and optimum utilisation levels, raw material availability, access to the latest technologies and techniques and understanding of the Government policy framework may be considered as other significant drivers of a strong market position

## **Aerospace & Defence**

The Aerospace & Defence division is engaged in production of airframe structures and precision aerospace components. Its products include wing and rear fuselages, ailerons and wing flaps and key airframe structures. The division also provides solutions for unmanned aerial systems & vehicles, monitoring & surveillance systems, restricted entry systems and perimeter security. Further, the Company assembles Flap Track Beams for the Airbus single aisle A-320 family of aircrafts on a single source basis and is the first private sector company in India to manufacture a functional aero-structure of a major commercial jet.

## **Industry Overview**

As air travel demand is increasing, aircraft equipment continues to improve, with enhancements powered by innovations in jet engine fuel efficiency, navigation technology, and materials science. These improvements, especially in fuel efficiency, are driving demand for

aircraft replacement, thus advancing the obsolescence of certain previous generation aircraft. Fuel costs, as a percentage of total operating costs for airlines have risen from an average of 13.6% in 2001 to 31% expected in 2013. Therefore, the investments in next generation fuel efficient aircraft, which promises to deliver at least an estimated 15% better fuel burn rate, become very attractive for airline operators.

## **Defence Industry**

### **Defence Procurement**

Since the introduction of the offset clause, the Ministry of Defence (MoD) has concluded 16 offset contracts worth \$4.3 billion with various vendors. According to the current pace of modernisation, offset business worth \$24 billion may be expected to flow into the sectors of defence, civil aerospace, and internal security in the next decade.

### **Defence Industry Projects**

**P-8A Poseidon:** The P-8A Poseidon is a long-range antisubmarine 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 can ensure maximum inter-operability in the future battle space. The P-8A is being developed for the US Navy by a Boeing-led industry team that consists of CFM International, Northrop Grumman, Raytheon, GE Aviation, BAE Systems and Spirit AeroSystems.

The US 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 aircrafts to 24.

On January 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 formal flight testing of US Navy at Boeing field in late 2009 and travelled to Naval Air Station Patuxent River, Md., on April 10, 2010, for completion of flight test. Six P-8A test aircrafts are currently under flight testing.

P-8A, Boeing's first production, made its initial flight on July 7, 2011 and was officially delivered to the Navy on March 4, 2012. Boeing completed the last of its LRIP-1 deliveries in January 2013.

**CH-47 Chinook:** The Indian Air Force chose the Boeing Chinook over Russian Mi-26 helicopters under a tender

process for the delivery of 15 heavy-lift helicopters on December 5, 2012. The value of the future contract will be determined following contract negotiations with Boeing, which are currently underway. Boeing is pursuing a multiyear \$4 billion order from the US Army for 177 more CH-47F Chinook helicopters. The five-year deal includes an option for the US Army to buy 38 additional Chinooks, a multi-mission, twin-engine transport helicopter. This order would eventually bring the US Army's CH-47F total procurement close to its target of 464 aircraft, including 24 for replacement of peacetime attrition aircrafts. The deliveries are expected to begin in 2015.

**Sukhoi 30MKI Fighter Bomber for Hindustan Aeronautics:** The Sukhoi 30MKI, which is one of the finest multi-role aircrafts 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 strong lead in offensive capability which is 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 the wing and tail parts of the aircraft and has started producing the Fuselage. The manufacturing of the engine is the most challenging aspect of indigenisation and is expected to be undertaken soon.

### Commercial Industry

Despite the negative sentiments due to the Eurozone crisis and worries about China's growth stalling, the Aerospace market has defied expectations of recent slowdown. The mega deals of recent years have resulted in large production backlogs for aircraft manufacturers. Airbus is expected to set up a fourth A320 plant in the US while Boeing is increasing production by 30% to reduce its backlog.

The civil aerospace industry has progressed to the production and delivery mode. The single-aisle market is the world's fastest-growing sector in the civil aerospace industry. Boeing predicted that a large majority of new jet sales during the next 20 years (around 69%) would be of single-aisle aircrafts such as 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 is expected to drive these future sales.

Rapidly expanding Indian carriers, including many new discount airlines, have ordered close to \$40 billion worth of large jets over the past two years. Airbus has received 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 close to Airbus' approximately \$22 billion in Indian orders. The growth potential of the Indian aviation sector has led global manufacturers to recognise that India would continue

to be one of the fastest growing aviation markets in the world. With the average growth rate for next 10 years estimated at 12.2%, the number of new aircrafts required by Indian carriers places the country as the fifth largest in the world.

### Airbus

Airbus-built aircrafts have become a key element in the operations of Indian airlines. Starting with the delivery of an A300 to Indian Airlines in 1960, the fleet of Indian carriers now includes both single-aisle and wide-body aircrafts. It is poised to expand with future introductions for other Airlines like Indigo.

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 selectively encourages its major tier-one partners to do so. Airbus continues to pursue other potential areas of cooperation with India, including air traffic control 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 knowledge sharing activities with the country.

### Bell Helicopters

Bell Helicopters, an industry-leading producer of commercial and military aircrafts, is globally Recognised for world-class customer service, innovation and superior quality. Bell has experienced considerable growth in both commercial and military sectors. Due to increased demand of its existing products and new program developments, Bell is exploring new strategic suppliers for standard parts such as minor and major structures, Bonded Panels and tooling. As a result, Bell has identified the Company as a likely supplier with a potential of becoming a key strategic supplier in future.

### Segment Overview

**Dynamatic-Oldland Aerospace™, India**, is a pioneer and a Recognised leader in the Indian private sector for the development of complex aero-structures and manufacture of aircraft parts and accessories. The Company is also vertically integrated to manufacture CNC and sheet metal components, with soft and hard tooling assembly, Jig Manufacturing and has comprehensive engineering capabilities. The Aerospace and Defence division has the largest infrastructure in the Indian private sector for the

manufacture of complex aero-structures. It is AS9100 approved, NADCAP approved for heat treatment, spot welding and nondestructive testing and Airbus/Boeing approved. This is the first time such capabilities have been developed in the Indian private sector.

The Company has successfully executed important projects for national defence agencies such as DRDO and HAL. Its products include the wing and rear fuselage of the LAKSHYA, India's first pilotless target aircraft and ailerons and flaps for the HJT-36 Intermediate Jet Trainer (IJT). Dynamatic also manufactures and assembles major airframe structures for the Su-30MKI fighter-bomber, which is the largest defence program in India. 6 different control surfaces – Vertical Fins, Ventral Fins, Horizontal Stabilisers, Slats, Canard and Airbrake form part of an aircraft. Over 60 Aircrafts sets have been produced and supplied to HAL, Nasik from our facility in Nasik, where Jigs have been duplicated and all the assemblies relocated where the complete Sukhoi Aircraft is assembled by HAL.

The Company partners Boeing for the manufacture of cabinets used to keep critical power and mission equipment for the P-8 program. It has recently manufactured and delivered the Aft Pylon and Cargo Ramp assemblies for Boeing's CH-47F Chinook helicopter and ramping up to productive levels.

In the commercial aircraft business, the Company has been producing flap track beam assemblies for the Airbus single aisle (Airbus A320) aircraft family on a global single source basis since 2008 as a Tier II supplier. Dynamatic is working closely with Spirit AeroSystems, the world's largest Aero-Structure manufacturer.

Dynamatic Technologies has secured a contract to supply flap track beams for long-range aircraft variants in the Airbus A330 family. This contract makes Dynamatic Technologies the first company in the Indian private sector to become a global Tier I supplier to Airbus. This would mean Dynamatic Technologies would now directly supply beams to Airbus, becoming the first Indian private company to do so.

The Company also signed a MoU with Bell Helicopters for the Bell 407 air frame cabin sub-assemblies, air frame components and details. Dynamatic Technologies has already qualified itself along with a number 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. It also offers a fast track facility, which is working with all major primes and manufactures holding fixtures. Dynamatic specialises in reverse engineering, fixtures and 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 and Agusta Westland. It is compliant with BSI ISO 9001:2000 and AS 9100 standards. Dynamatic has also been accredited with Environmental Management System (EMS) certification under 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 and India. The Swindon facility of the UK business has been expanded and now manufactures main landing gear parts and over wing details for the Airbus fleet. The Company is a pioneer in the Indian and UK private sectors, with a demonstrated track record for the manufacture and development of complex aero-structures. As a result, the Company has the first mover advantage and has formulated a strategic growth plan for future. Dynamatic offers its customers a comprehensive solution of high capex, highly skilled multiaxis machining from the UK and high value added, highly skilled sheet metal details and assembly from India. This provides customers with offset credits and best value from two cost models.

### Business Highlights and Market Positioning

- **Leading Position:** Dynamatic-Oldland Aerospace™, India is a pioneer and Recognised leader in the Indian private sector for the development and manufacture of high precision airframe structures and aerospace components. The Company has the largest infrastructure in the Indian private sector and has facilities in India and Europe. It is currently working closely with EADS and Spirit Aerosystems to assemble Flap-Track Beams for the Airbus A-320 family of Aircrafts
- **Supplier of Choice:** Customers like DRDO, ADE, HAL, Boeing and Spirit have awarded Dynamatic-Oldland Aerospace™, India with key projects and awards
- **Locational Advantage:** The Company has a major geographical advantage in India and UK

**India:** All the major customers of the Company – HAL, NAL, ISRO, DRDO and ADE are headquartered in Bangalore, enabling time and cost savings. The Company consistently supplies air frame structures for the Sukhoi 30MKI Fighter Bomber from its production facilities in Bangalore and Nasik

**UK:** The Company's aerospace facilities in Bristol and Swindon are ideally situated on the M4 corridor and the aerospace hub in the south west UK. This is in close proximity to major customers such as GKN, Airbus and Agusta Westland

- The Company is HAL's largest developmental partner on the Sukhoi 30MKI program and builds major air frame structures for the Fighter Bomber including Canard, Ventral Fin, Horizontal Stabiliser, Slat, Vertical Fin and Air Brakes
- Other products include Wing and Rear Fuselage of LAKSHYA, India's pilotless target aircraft and Aileron and Flap for HJT-36, Intermediate Jet Trainer.

Dynamatic-Oldland Aerospace™, India manufactures cabinets to store critical power and mission equipment for the P-8I, a multi-mission maritime patrol aircraft customised for the Indian Navy. The success of this program has enabled Boeing to place orders for 11 more sets for 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 that consisted of 100 aircraft sets over 5 years for Ramp & Pylon Assembly of Chinook Helicopters. Work on this program is steadily progressing and first delivery is scheduled for January 2015.

Bell Helicopters have chosen Dynamatic-Oldland Aerospace™, India as their supplier of choice for cabin assemblies, beginning with the Aft Cabin Assembly for the 407 series of helicopters. The first articles of Aft Fuselage (#52 Assembly) and Turnover Bulkhead Assembly (#63 Assembly) were delivered in March and ramp up is in progress. Dynamatic-Oldland Aerospace™, India is poised to progressively build 120 aircraft sets per annum beginning next year.

In UK, Dynamatic is a major strategic supplier to GKN. It is currently working on A400m, A380, A340, A320, A321, C130J, Lynx Wildcat and Dassault projects. Dynamatic also offers a fast track facility, which engages with all major primes and manufactures holding fixtures. The UK business also specialises in Reverse Engineering, Fixtures and Design Manufacturing.

The India and UK businesses work closely with Spirit AeroSystems, the world's largest aero-structure manufacturer. The UK business is an industrial partner in manufacturing in the UK and India business caters to assembly of the Flap Track Beam project in India.

- **Offset Policy:** Dynamatic is poised to benefit from business generated from the Government's offset policy. Agreements for offset partnership in India have been signed with Boeing, Lockheed Martin and Northrop Grumman.
- **Global Single Source Supplier:** The Company has achieved the single source supplier status for the Airbus 320 Flap Track Beams, which are supplied to Spirit AeroSystems (Europe) Limited. This is the first instance that a functional aero-structure of a major commercial jet is being manufactured in India

## • QMS

- Have 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. The licenses pertain to the industrial production of heavy vehicles such as Battle Tanks, Land Systems and Sub-Systems and manufacture of two defence products – Distribution Mechanism and Hydraulic Coupling, which are fitted on heavy armoured vehicles. The Company has also received a license to manufacture aircraft parts and accessories
- First company in the Indian private sector to be certified by Airbus, Boeing and Bell for manufacture of aerostructures

## UK

- Airbus certification
- GE Aviation
- GKN Aerospace
- Agusta Westland
- BS EN ISO 9001:2008
- AS/EN 9100
- Spirit AeroSystems
- ISO 14001

## Dynamatic Homeland Security™

A division of the Company, Dynamatic Homeland Security™ offers cutting edge security products and technologies such as Unmanned Aerial Vehicles, Mobile Surveillance Vehicles, Under Vehicle Scanners, Bollards, Boom Barriers and RFID based Access Controls. These solutions are aimed at enhancing the potential customers' capabilities in countering modern day security threats.

(₹ in lacs)

	Year ended 31 March, 2015	Year ended 31 March, 2014	Change (%)
<b>Revenue</b>			
India	<b>11,735</b>	9,195	28%
UK	<b>14,440</b>	13,138	10%
<b>EBITDA</b>			
India	<b>4,445</b>	4,371	2%
<i>Margin (%)</i>	<b>38%</b>	48%	
UK	<b>1,946</b>	2,349	-17%
<i>Margin (%)</i>	<b>13%</b>	18%	

Total revenue increased by ₹3,841 during FY2015, an increase of 17% over FY2014. Revenue from India showed a growth of 28% driven by higher sales to Boeing Company and Bell Helicopter as compared to FY2014. UK revenue increased by 10%, driven by higher sales mainly to Spirit AeroSystems and others as compared to FY2014. Overall EBITDA margins were 24% for FY2015, resulting in decrease by 600bps over FY2014. Profitability impacted primarily due to operating costs to enable production as per new orders; Higher employee cost on account of increased hiring for new projects whereas revenues are expected in the forthcoming years.

### Strategy and Outlook

The aircraft industry is experiencing high demand due to increasing passenger traffic and the need for more fuel efficient aircrafts. As a result, the aircraft production is expected to reach record high levels of 29,000 – 34,000 units (excluding regional jets) over the next 20 years.

Dynamatic is taking several initiatives to capitalise on this opportunity. The Company is establishing a state of the art aerospace assembly facility in Bangalore to meet the requirements of the Boeing and Bell projects. As part of the ongoing expansion plans, manufacturing has now begun at the new Swindon Aerospace facility in the UK. This facility manufactures main landing gear parts and over wing details for the long range Airbus fleet.

Further, the Company has been making investments to build capabilities in large aero-structural assemblies, composites and complex engineering. This will enable it to become a preferred strategic supplier to both Tier I and other major OEM suppliers. As a pioneer in the Indian Private Sector with a demonstrated track record for the development of complex aero-structures, Dynamatic Aerospace enjoys the 'First Mover Advantage' and has formulated a strategic growth plan for its immediate future.

The Company's strategy is also to consolidate on its leadership position to emerge as a technological leader in multi axis high speed long bed machining with fully automated processes. This measure, in turn, is expected to reduce costs and maximise productivity.

### JKM Wind Farm

- Generating 12MW of power – approximately 14 million units annually, for captive consumption at JKM Automotive and Dynametal®
- Strategic land bank near Coimbatore; located near Coimbatore airport
- Consists of 48 windmills on 440 acres of freehold land
- Uninterrupted supply of power to Automotive and Metallurgy businesses
- Represents a significant step towards achievement

of zero carbon footprint by facilities in Tamil Nadu

- Improvement in competitiveness by 87% reduction in monthly energy costs
- Provides insulation from energy price inflation
- Eco-friendly environment
- Scalable through addition of further windmills

### Powermetric® Design

- Engages in design and development of foldable struts for HAL's ALH program. Product validation and environmental tests underway
- Certification of CEMILAC for airworthiness design of strut
- Designs and develops testing equipment for strut product validation
- Designs and develops "skin stretch forming machine" required for Boeing programs
- Capable of designing sheet metal parts for BELL Helicopter structure

Executed the digital engineering program for BELL helicopter, using the legacy engineering data and delivering digitised 3-D model of parts on high end CAD platform. Approximately 1200 parts are completed

- Engages in design optimisation and validation for static, thermal and dynamic stability of system by using advanced and mathematical tools
- Uses virtual simulation tools for product validation
- Produced the design of automation integration with sand core shooting machines for aluminium foundry
- 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
- Undertakes upgrading the machines at foundry by retrofitting/re-conditioning with electro-mechanical systems

Design and development of foldable struts for ALH program of HAL.

## D. GEOGRAPHY WISE OUTLOOK:

### UK

The UK economy has been recovering at a relatively strong rate since early 2013, although there were signs of a slight slowdown in growth in late 2014 due to problems in the Eurozone and other geopolitical uncertainties. It is expected GDP growth to average around 2.5% in 2015,

supported by recent oil price falls, before easing slightly to around 2.3% in 2016.

We expect the services sector to remain the main engine of UK growth for both output and employment. Manufacturing and construction growth have slowed recently, but should remain positive contributors to overall UK growth in 2015-16.

Dynamatic's UK business is expected to stabilise at the 2015-16 sales levels due to increased orders and additional business within the Aerospace segment but a reduced order book in the Hydraulic business due to the significant downturn in the agricultural market segment.

#### Germany

The economic forecast for Germany has improved against the weak year-end phase of 2014. Even if tension in the Eurozone continues to be a worry, the levels of investment are so far advanced that they have stabilised in recent months at an above-average level. The outlook for the coming year is good. For 2015, an increase of 1.9% is expected. Overall, this 1.9% is one percent higher in comparison to the average growth rate of other countries within the Euro-zone, according to the OECD. However, the employment situation is only likely to improve slightly.

The German economy would benefit from a slight pick-up in global growth, with the euro area in particular set to enjoy increased expansion. Moreover, the decline in the value of the euro would help boost exports, which Berlin predicted would show "solid" growth both in 2015 and 2016, Gabriel said.

Recently Germany's leading economic institutes already sharply increased their growth forecast for this year to 2.1%, saying the country's current robust recovery was being fuelled by cheap oil, the weak euro and a boom in consumer spending.

## E. FINANCIAL CONDITION

### Share Capital

(₹ in lacs)

	Year ended 31 March, 2015	Year ended 31 March, 2014	Change (%)
Share capital	634	554	80
Reserves and surplus	24,531	13,761	10,770
Money received against share warrants	-	1,000	(1,000)
Non controlling interest (Preference capital)	36	264	(228)

The Company had an Authorised Share Capital of ₹2000 lacs, as on March 31, 2015, divided into 20,000,000 shares

with face value of ₹10 each. The issued, subscribed and paid-up share capital was ₹634 lacs, as on March 31, 2015 as compared to ₹554 lacs, as on March 31, 2014.

The Reserves and Surplus were ₹24,531 lacs, as on March 31, 2015, which recorded an increase of ₹10,770 lacs compared to March 31, 2014. The increase is attributable to:

(₹ in lacs)

Profits generated in the year	2,865
Securities premium account	5,899
Foreign currency translation reserve	2,318
Foreign currency monetary item translation difference account	84
Hedge reserve	2,111
<b>Total</b>	<b>13,277</b>

### Offset by:

(₹ in lacs)

Revaluation reserve	(154)
Debit balance arising on consolidation	(793)
Other reserves (Redemption premium accrual)	(1,560)
<b>Total</b>	<b>(2,507)</b>
<b>Net Change</b>	<b>10,770</b>

During the year, the Company received an investment of ₹3,000 lacs from Mr. Udayant Malhoutra and Wavell Investments Private Limited, the Promoters of the Company, through the conversion of convertible warrants. The company also raised ₹5,400 lacs of equity through QIP. The investment were aimed towards strengthening the equity position and overall financial condition of Dynamatic.

### Borrowings

(₹ in lacs)

	Year ended 31 March, 2015	Year ended 31 March, 2014	Change (%)
Long term borrowings	37,657	49,076	(11,419)
Short term borrowings	13,974	10,077	3,897
<b>Total</b>	<b>51,631</b>	<b>59,153</b>	<b>(7,522)</b>

As part of the strategic initiatives taken by the Company to improve its financial strength, the Company monetised some of its non-core assets during the year. This resulted in a gross cash inflow of ₹7,000 lacs, which was subsequently utilised to reduce debt.

### Fixed Assets

(₹ in lacs)

	Year ended 31 March, 2015	Year ended 31 March, 2014	Change (%)
<b>Tangible fixed assets</b>	53,546	59,672	(6,126)
<b>Intangible fixed assets</b>	2,019	2,235	(216)
<b>Capital work in progress</b>	435	278	157
<b>Total</b>	<b>56,000</b>	<b>62,185</b>	<b>(6,185)</b>

The tangible fixed assets decreased primarily on account of sale of one of its assets (Land, Buildings and other structures at Dynamatic Park, Peenya, Bangalore). The aforesaid asset is leased back to the Company for a lock in period of eight years with an option to continue the same for a further period of two years. The Company does not have any obligation to buy back the Peenya Property at the end of the lease term. The decline in intangible fixed assets can be primarily attributed to write off of assets during the year.

### Capital Expenditure

The Company incurred ₹4,571 lacs as capital expenditure during the year. The amount was primarily utilised for addition to product lines/plant capacities in Aerospace & Defence segment and for product development and maintenance capex across all business segments.

### Inventories

The inventories of the Company mainly comprise of raw material of ₹6,854 lacs, work in progress of ₹11,118 lacs, finished goods of ₹3,340 lacs and stores and spares of ₹1,403 lacs. The account showed decrease of ₹84 lacs during the year, driven by effective inventory management at overall level in spite of new projects/ business developments.

## F. OPPORTUNITIES & THREATS

The launch of the 'Make in India' campaign by the new government is expected to make it easier to do business in India. With easier regulations and less complex paperwork, the costs are likely to come down making India an all the more cost effective manufacturing destination. Apart from being a cost effective manufacturing base, India also has an attractive R&D platform and an abundant

raw material supply. These dynamics, with economies of scale, have encouraged OEMs over the years to establish and expand their Indian operations. Product development capabilities have resulted in the launch of low cost compact cars and alternate fuel variants.

Despite the strong production growth for the last decade, penetration of cars in India on a per capita basis continues to remain the lowest among emerging markets. Rising disposable incomes, ongoing urbanisation, agricultural automation and industrial growth all support further penetration of automotive vehicles across India in the near term. As industry sourcing from low cost countries has increased, India is emerging as Aerospace hub in addition to an automotive hub for exports.

The Company designs and builds highly engineered products for Automotive, Aerospace & Defence and Hydraulics sectors from its state of the art design, engineering and manufacturing facilities in Europe and India, catering to exacting customer requirements in 6 continents. With over three decades of manufacturing experience, Dynamatic is vertically integrated, with its own alloy-making and casting capabilities as well as captive green energy sources. Its manufacturing facilities, which are lean, green and clean, are located in India (Bangalore, Chennai, Coimbatore and Nasik), United Kingdom (Swindon and Bristol) and Germany (Schwarzenberg).

Dynamatic'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 Limited, India
- JKM Automotive™, India
- JKM Wind Farm, India
- Powermetric® Design, India

With three design laboratories in India and Europe, Dynamatic is a leading private R&D organisation, having 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. The Company's bi-continental presence provides a geographical advantage in managing customer relationships and enables combination of strengths of each location to deliver cost effective and long-term global manufacturing advantages to its customers.

The Company has a leadership position in each of its business segments and believes it is well positioned to sustain its leadership across key markets and exploit major growth opportunities in all businesses. The 'Yellow Brick Road' strategy, which uniquely positions the Company to achieve greater economic relevance, enables synergies in competence and skills, cost efficiency and capacity maximisation, without deviating from the Company's philosophy of building a green enterprise. It enables Dynamatic to respond rapidly to customer needs, achieve synergies and cost competitiveness, mitigate risks and develop a stable supplier base. The strategy has been successful over the past year with strong order intakes from leading global companies in all segments.

Despite the competitive position, the external environment presents several risks and threats to the growth of the Company. Key amongst these risk factors are the global economic slowdown, difficult recessionary conditions of the Euro zone and under performance of the Indian economy, global financial risks, geo political uncertainties and governance risks in India, weak security conditions, transport and energy constraints, high cost of capital and capital constraints and the instability of the Indian Rupee.

Understanding the growth opportunities and the barriers, threats and risks presented by the economic environment in each segment, Dynamatic plans to grow by leveraging its competitive strengths namely:

- Presence in diverse and synergistic business segments
- Leadership position in Hydraulics business
- Strong competence in Automotive business
- Captive green energy source
- Pioneer advantage in the Aerospace business
- Strong design capability and scalability
- Proven management team and skilled manpower with wide experience
- Well-developed and blue chip customer base

## G. RISKS & CONCERNS

The Company's increasing exposure to global markets entails the inherent risks faced by a global company such as foreign currency, product liability and warranty risks. These risks are being mitigated through appropriate de-risking strategies. Global automotive markets have experienced downwards pressure and volatility in the last couple of years. The Company's operations are directly dependent on the general economic conditions in both Indian and in other key global markets. To counter these risks, the Company continues to broaden its product portfolio, increase its customer base, enhance geographic reach and also enter new segments if feasible.

The Strategic Business Units of the Company are managed by highly experienced Chief Operating Officers, who are supported by various teams of capable personnel. All key functions and divisions of Dynamatic are independently responsible for monitoring risks associated with their respective areas of operations. Various risks and the procedures to mitigate them have been identified by the Company.

## H. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The Company has in place adequate systems for the management of internal control processes, commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors and cover all offices, plant facilities and key areas of business. The Company's internal control systems provide for:

- Adherence to applicable accounting standards and policies;
- Accurate recording of transactions with internal checks, prompt reporting and timely action;
- Compliance with applicable statues, policies, listing requirements and management policies and procedures;
- A comprehensive budgetary control system at all rungs of our business aided management's periodic reviews of the Company's performance.
- Review of capital investments and long term business plans;
- Periodic review meetings to guide optimum utilisation of resources;
- Effective use of resources and safeguarding of assets.
- A stringent Information Security Management System has been developed to protect and safeguard key information from unauthorised access across all units. Also ensure confidentiality, integrity and availability of critical data within the organisation.

The Board level Audit Committee of the Company reviews the Internal Audit Reports and management's feedback on Internal Audit Reports on a quarterly basis. Improvements in control systems are also suggested regularly. A detailed report on the Audit Committee forms part of the Corporate Governance Report. Audit Committee also reviews effectiveness of the internal control system, and also provides update on operating effectiveness and controls, from time to time to senior management team. A CEO and CFO Certificate, forming part of the Corporate Governance Report, confirms the existence and effectiveness of internal controls and reiterates their responsibilities to report deficiencies to the Audit Committee and rectify the same.

## **I. ENVIRONMENT SAFETY, HEALTH AND ENERGY CONSERVATION**

Dynamatic is fully committed towards the protection of environment, health and safety of its employees and conservation of energy. These objectives are considered as an integral part of operations and the Company's vision of a sustainable and responsible growth.

### **Environment Safety**

Dynamatic places high importance on managing its environment footprint. Accordingly, the Company's policies are aimed towards ensuring minimum wastage of natural resources and use of green technologies for production.

Techniques such as rain water harvesting and waste water treatment have been adopted at all plants to minimise water consumption. The Company's facilities are nonpolluting and are ISO 14000 and OHSAS 18000 certified. This enables adoption of systematic and quantifiable approaches and techniques to minimise impact on environment.

JKM Wind Farm, the power generation unit near Coimbatore, India, generates green energy for captive use. The wind farm comprises of 48 windmills on 440 acres of freehold land and generates approximately 12 million units of power annually. This enables Dynamatic to significantly reduce its carbon foot print.

Dynamatic's acquisition of Eisenwerk Erla GmbH has enhanced its capabilities to design, develop and manufacture high precision, complex metallurgical products for automotive Turbochargers. Turbochargers are automotive components that use exhaust gases to compress fresh air which enters the engine. These parts therefore, use waste gases to enhance engine performance, thereby optimising fuel consumption and reducing emissions.

The Company has requested its shareholders to register their email IDs with the Company or its Registrar & Share Transfer Agent to enable sending documents such as notices of general meeting (s), annual reports and other communication through e-mail. Further, the Company has decided to discontinue sending hard copies of shareholder communication materials over time. All such documents shall be available on the Company's website ([www.dynamatics.com](http://www.dynamatics.com)) and shall also be available at the Registered Office of the Company during office hours. Hard copies of annual report, notice convening the Annual General Meeting is being circulated by hard copy to those shareholders who have raised requests for the same.

### **Work Culture**

The Company constantly endeavours to inculcate strong work ethos and values among all employees by creating a high performance work environment. The Corporate

Human Resource Department under the leadership of Head – Group HR continuously reviews the strategic policies, HR practices and work environment to make them current, humane and enjoyable. A continuous and constant thrust is maintained towards acquisition, development, retention and management of best talent with a focus on engagement, empowerment and building a cohesive and productive work force. The Company prides itself in maintaining cordial industrial relations with its work force and fostering bonhomie and esprit de corps to promote inclusiveness and sense of belonging.

### **Health and Safety of Employees**

With its motto "People First Production Always", the HR Department is deeply committed to provide a safe working environment and sustainable health benefits to its employees. Adequate and structured safety training programmes have been designed for all employees at the Company's facilities. The Company has well-equipped safety installations and conducts periodic safety drills, awareness workshops and audits to achieve its aim of zero accidents.

"Health Creates Wealth" and a "Sound Mind in a Sound Body" are fundamental to the Company's work ethos. To fulfill this aim the Company provides various health benefits to its employees such as regular health check-ups and health-related awareness programmes. These initiatives are conducted at all Company facilities and are in line with the Company's objective of maintaining a healthy and motivated workforce.

## **J. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS (HR/IR)**

The Company continues with its transcontinental growth with special emphasis on "Make in India". The management appreciates the need to imbibe global human resource strategies to enable change management in a dynamic business environment. To that end Group - HR strives to inculcate Dynamatic's vision and values through a robust process of hiring, developing, inspiring, caring, sharing and celebrating to promote greater synergies between various business units of the Company.

Business HR representatives work closely with Corporate HR to implement policies at business level towards enhancing transparency and trust for better industrial relation and welfare objectives. The focus of the HR team is to promote excellence through merit and values-based work culture across the organisation.

The HR team strives to improve the quality of work place experience for all employees through impactful programmes and policies that enable leaders and managers to systematically create a great work place. The global foot print of the Company requires programme with variety, originality, human touch, inclusiveness and integration with the cultures at large. The strategies and

efforts of the Company's Corporate HRD are guided and honed by the Leadership, Human Resource Development & Remuneration Committee, a Board level committee.

The Company works towards creating a culture which is not just about the perks and benefits but the one in which all are inspired and have the opportunity to contribute their talents and best of themselves.

The Company is committed to improving day to day relationships that employees experience through safe work practices, use of personal protective equipment on the shop floor and by continuously educating the workforce through training programmes and demonstrations. On-site healthcare facilities, health and accident insurance coverage, medical feedback from experts and support in maintaining special health requirements form part of the various initiatives undertaken by the Company.

Dynamatic strength lies in its extremely competent and committed workforce, many amongst whom have worked in the Company for over 20 years. The pride, trust and credibility that the Company enjoys among its employees enables the Company to develop a well enabled and engaged work force of over 2500 personnel.

The low attrition rate across the Company, below 5%, during the year under review has enabled the Company to retain its well trained and disciplined work force despite innumerable environmental challenges.

#### **HUMAN RESOURCE HIGHLIGHTS FOR THE YEAR UNDER REVIEW**

- Based on feedback from the employees and the business heads, the integrated performance management system comprising quarterly and annual work appraisals is being introduced on an electronic platform. This would help to monitor sustained and continuous performance and behavioural traits and provide feedback for development of the employees. This platform would also help the management in ensuring timely completion of people processes.
- Training calendars including technical skills and soft skills programmes, were designed in accordance with the specific needs of each business segment and implemented at each business unit. At the corporate level, HR has designed leadership development programme for senior leaders, management development programme for middle management and training for associates to be conducted across all divisions of the Company in India.
- Policy on prevention, prohibition and redressal of sexual harassment at workplace was framed for

the Company's India operations and awareness sessions were held at all locations.

- New employee induction process is being rejuvenated. Each division is coming up with an induction manual with glimpses of Company history, ethos and FAQs about professional life at Dynamatic.
- Participative management by workforce in the Company's business processes
- Festivals such as Kannada Rajyothsava, International Women's Day and Ayudha Pooja celebrated at Bangalore, with participation from all employees in associated cultural and sports programmes.
- Biometric attendance recording system for all employees is being provided at all the manufacturing plants and the Corporate office.
- Workforce at Hydraulics division has stabilised the plant operations without any incident or interruption due to relocation. The plant has also obtained necessary clearances from all customers well in time and there was no interruption in work due to lack of approvals/ clearances.
- Environment Management System (EMS) – 14001 is implemented at Aerospace Division. Similarly, Hydraulics Division is certified for Integrated Management Systems comprising Quality as well as Environmental Management System.
- Aerospace division received NADCAP welding certification.
- Remuneration Policy has been formulated.
- Policies such as Leave and Attendance, Travel, Telephone/Mobile have been updated.
- As a pilot project of the green initiative, Hydraulics Division has initiated paper recycling and leaf composting projects. On successful initiation, the projects will be extended to other divisions also.

Increased participation of women in production and other activities has been promoted at JKM Automotive™ by giving them an opportunity to learn while they earn.

## RISK MANAGEMENT REPORT

The following section discusses various dimensions of our risk management. The risk-related information outlined in this section is not exhaustive and is for information purposes only. The discussion may contain statements, which may be forward looking in nature. Our business model is subject to uncertainties that could cause actual results to differ materially from those reflected in the forward looking statements. Readers are advised to refer to the detailed discussion of risk factors and related disclosures in our regulatory filings, and exercise their own judgment in assessing risks associated with the Company.

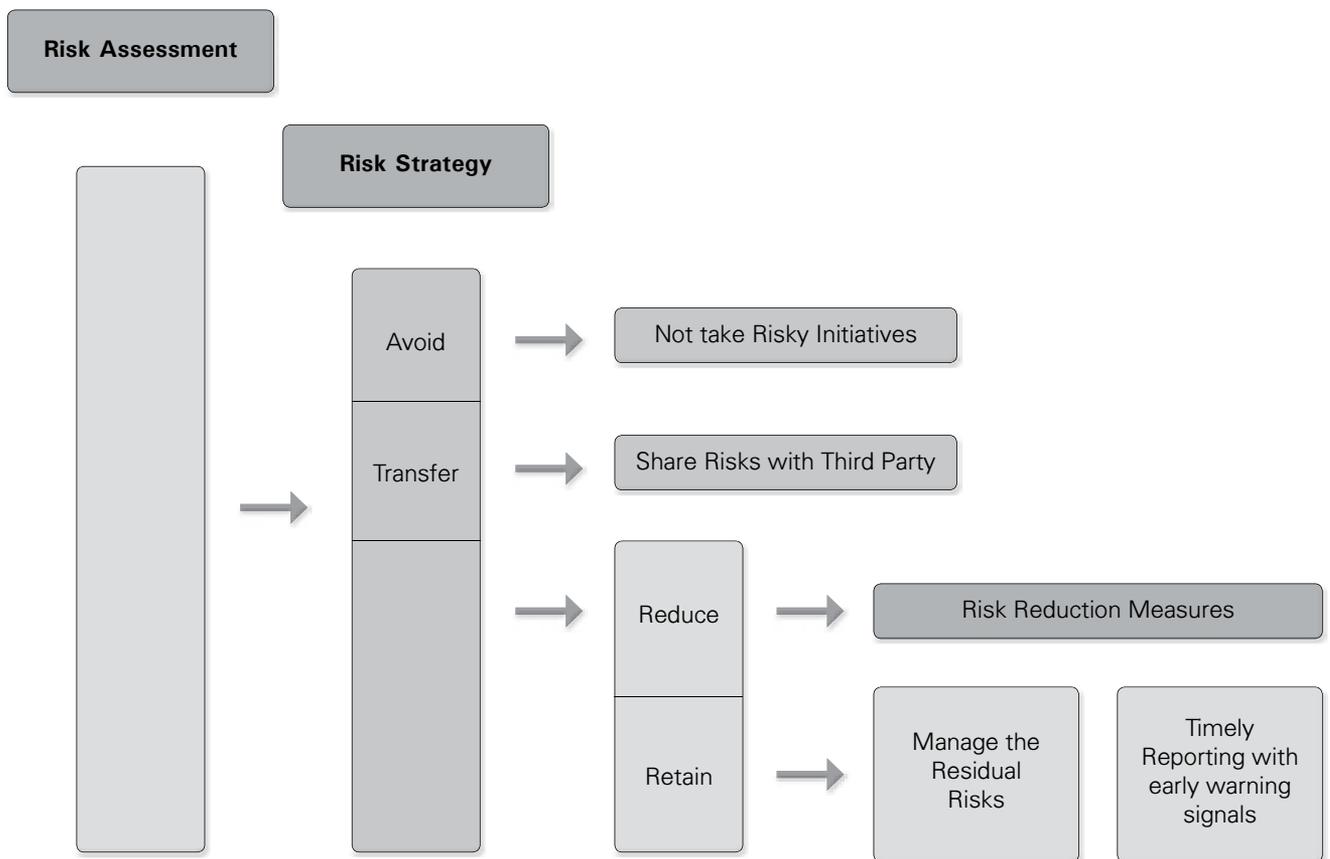
### A. Overview

Risk Management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within Dynamatic Technologies Limited (DTL) environment. Our Enterprise Risk Management (ERM) framework encompasses practices relating to the identification, assessment, monitoring and mitigation of strategic, operational, and external environment risks to achieving our key business objectives. ERM at Dynamatic Technologies Limited seeks to minimise the adverse impact of risks to our key business objectives and enables the Company to leverage market opportunities effectively. Our Business plans articulates the key business objectives of the Company through a set of specific goals that have to be achieved in the short-term, and strategic goals aimed at achieving our aspirations in the medium term. Several risks can impact the achievement of a business objective. Similarly, a single risk can impact the achievement of several business objectives.

Our risk management practices seek to sustain and enhance the long-term competitive advantage of the Company. Our core values and ethics provide the platform for our risk management practices.

### B. Dynamatic Technologies Limited risk management framework

The following framework shall be used for the implementation of the Risk Strategy:



## 1. Risk management : Governance structure

Our risk management framework works at various levels across the enterprise. The key roles and responsibilities regarding risk management in the Company are summarised as follows :

Level	Key roles and responsibilities
Board of Directors (Board)	<ul style="list-style-type: none"> <li>Corporate governance oversight of risk management performed by the Executive Management</li> <li>Approving key business objectives to be achieved by the Company. Ensuring that the Executive Management focuses on managing risks to key business objectives</li> <li>Review the performance of the Audit and Risk Management Committee</li> </ul>
Audit and Risk Management Committee	<ul style="list-style-type: none"> <li>Comprises four independent directors <ul style="list-style-type: none"> <li>- Mr. Vijai Kapur, Chairman</li> <li>- Air Chief Marshal S Krishnaswamy (Retd.)</li> <li>- Mr. Govind Mirchandani</li> <li>- Mr. Ramesh Venkataraman</li> </ul> </li> <li>Assisting the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and external environment risks</li> <li>Monitoring and approving the risk management framework and associated practices of the Company</li> <li>Reviewing and approving risk-related disclosures</li> </ul>
Risk Council (RC)	<ul style="list-style-type: none"> <li>Comprises Chief Executive Officer (CEO), Chief Operating Officer/s (COO) and Chief Financial Officer (CFO)</li> <li>Responsible for oversight of risk management practices including, identification, impact assessment, monitoring, mitigation, and reporting</li> <li>Reviewing enterprise risks for the achievement of business objectives periodically, initiating mitigation actions, identifying owners for mitigation actions, and reviewing progress of mitigation actions</li> <li>Formulation and deployment of risk management policies and procedures</li> <li>Providing updates to the Audit and Risk Management Committee and the Board from time to time on the enterprise risks and actions taken</li> </ul>
Chief Risk Officer (CRO)	<ul style="list-style-type: none"> <li>Headed by Chief Financial Officer (CFO) who also acts as CRO</li> <li>Comprises the network of risk managers from business units and specialist groups</li> <li>Facilitating the execution of risk management practices in the enterprise, in the areas of risk identification, impact assessment, monitoring, mitigation and reporting</li> <li>Providing periodic updates to Risk Council and quarterly updates to the Risk Management Committee on risks to key business objectives and their mitigation</li> <li>Working closely with business units, business enabling functions and mitigation action owners in deploying mitigation measures and monitoring their effectiveness</li> </ul>
Business Unit Risk Managers	<ul style="list-style-type: none"> <li>Managing their functions as per the Company's risk management practices</li> <li>Ensuring compliance to policies and procedures laid out by the Company in their respective business units</li> <li>Managing risks concomitant to the business decisions relating to their unit, span of control or area of operations</li> <li>Ensuring effectiveness of risk mitigation actions in their units</li> <li>Reporting risk events and incidents relating to their unit in a timely manner</li> </ul>

## 2. Key business objectives

We have a Business planning process and we quarterly review the business objectives of the Company. The corporate performance is measured, monitored and managed on an ongoing basis.

The focus of risk management is to assess risks to the achievement of these business objectives and to deploy mitigation measures. This is done through periodic review meetings of the Risk Management Committee and the Risk Council.

## 3. Risk categories

The following broad categories of risks to the business objectives have been considered in our risk management framework :

- **Strategy:** Risks to the successful execution of the Company's articulated strategies. These originate from the choices we make on markets, business mix, resources and delivery models that can potentially impact our competitive advantage in the medium and long-term.
- **Business:** Risks relating to the inherent characteristics of our industry such as competitive structure, emergence of new business models, technological landscape, extent of linkage to economic environment and regulatory structure.
- **Operations:** Risks inherent to business operations including those relating to quality, delivery, cost competition. Operational risks are assessed primarily on three dimensions — business process effectiveness, compliance to policies and procedures, and strength of underlying controls.

## 4. Key risk management practices

The key risk management practices include those relating to identifying key risks to our business objectives, impact assessment, risk analysis, risk evaluation, risk reporting and disclosures, risk mitigation and monitoring, and integration with strategy and business planning.

**Risk identification and impact assessment:** Risk register and internal audit findings also provide inputs for risk identification and assessment. Risk survey of executives across units, functions and subsidiaries is conducted on an annual basis to seek inputs on key risks. Operational risks are assessed primarily on three dimensions, namely, strength of underlying controls, compliance to policies and procedures and business process effectiveness.

**Risk Evaluation:** Risk evaluation is carried out to decide the significance of risks to the Company.

**Risk Reporting and Disclosure:** Risks to the achievement of key business objectives through the maintenance of Risk register are reported and discussed with the Risk Council and Committee.

**Risk mitigation and monitoring:** Risk mitigation is done based on risk score which is based on risk impact and risk probability. Risk are transferred, treated or tolerated based on Risk scores.

**Integration with strategy and business planning:** Identified risks to the business objectives in the near-term, medium-term and long-term are used as one of the key inputs for the development of strategy and annual business plan. Key strategic initiatives are identified to mitigate specific risks.

## C. Risk management highlights for the year

During the last fiscal, our risk management practices continued to focus on mitigating risks relating to supply chain, delivery and quality of OEMs in our all three segments. Impact of risks relating to our public reputation, our competitive position and differentiation in aerospace segments, and volatile currency movements also required continuous focus during the year.

We carried out the following risk management activities to identify, monitor and mitigate impact of risks:

- Reviewed key operational risks and actions based on inputs from the risk register, internal audit findings and key incidents. Reviewed operational risk areas including product liability, new aerospace projects, delivery, newly acquired skills, and execution management.

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 appended hereunder:

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 for the benefit of the stakeholders.

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 a strong disclosure regime is a pivotal feature of market-based monitoring of corporate conduct and is central to the ability of shareholders to exercise their voting rights effectively and 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 (Board diversity) 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 maximising 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.

- Maximising 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 during the year under review include:**

The Company has implemented the compliances required under the provisions of the Companies Act, 2013 and the amended Listing Agreement.

#### **• Induction kit to Directors:**

The Company has rolled out an induction document to help newly appointed Directors to understand the business, get familiarised with the top management, the fellow Board members, the qualities expected of a Director, person whom a Director could contact in case any clarifications or any update on business performance is required etc. Besides providing a comprehensive induction to the new Directors, the induction kit outlines the statutory powers, duties & obligations of Directors, forms to be filed by them periodically etc., and thus serves as a ready reference to Directors. The Company is in the process of developing an induction program for Directors.

#### **• Policy for appointment, continuation and cessation of Directors:**

Policy for appointment, continuation and cessation of Directors which has been approved by the Board of Directors lays down the criteria for determining qualifications, positive attributes and other aspects as required under section 149(6) of the Companies Act, 2013 and clause 49 of the Listing Agreement.

- **Evaluation of the performance of Directors on Board:**

The Nomination & Remuneration Committee of the Board has formulated criteria for evaluation of the performance of the Board, Committees, individual Directors and the Chairman of the Board.

- **Remuneration policy:**

The Company has formulated the Remuneration Policy and the same has been approved by the Board on recommendation of Nomination and Remuneration Committee of the Board. The policy has been posted on the website of the Company. ([www.dynamics.com](http://www.dynamics.com))

- **Code of Conduct on Prevention of Insider trading:**

In accordance with SEBI (Prevention and Prohibition of Insider Trading) Code, 2015, the Company has formulated Code of Conduct on prevention of insider trading.

The Company is having an effective whistle blower policy enabling the stakeholders to freely communicate their concerns about illegal or unethical practices. The said policy has been posted on the website of the Company. ([www.dynamics.com](http://www.dynamics.com))

To ensure best governance, the Company has in place, Code of Business Conduct for employees, Code of Conduct for Prevention of Insider Trading, Key Accounting Policies, etc.

- **Policy for prevention, prohibition and redressal of sexual harassment**

The Company has in place a policy for prevention, prohibition and redressal of sexual harassment of women at the workplace. Internal Compliant Committees have also been constituted for various units of the Company to consider and redress complaints of sexual harassment.

- **Corporate Social Responsibility:**

Although it is not mandatory to constitute Corporate Social Responsibility Committee ('CSR Committee'), the Company on its own initiative has constituted the CSR Committee for overseeing and facilitating deliberation on the social and environmental consequences of each of the decisions made by the Board; effectively factoring the interests of all Shareholders, customers, employees, suppliers, business partners, local communities and other organisations in the Board's decision making; developing the CSR Policy and monitoring the same from time to time. The Company has formulated the CSR Policy under the guidance of Ernst & Young, international consultants taking into consideration the requirements of the stakeholders of the Company. The said policy has been approved by the Board and the same has been posted on the website of the Company ([www.dynamics.com](http://www.dynamics.com))

- **Related Party Transactions Policy:**

The Company has formulated Related Party Transactions Policy which has been approved by the Board on recommendation of Nomination and Remuneration Committee. The said Policy has been posted on the website of the Company ([www.dynamics.com](http://www.dynamics.com))

- **Policy on Subsidiary and Material Subsidiary of the Company:**

As per the provisions of the Listing Agreement, the Company has formulated the Policy on subsidiary and material subsidiary of the Company, which has been posted on the website of the Company ([www.dynamics.com](http://www.dynamics.com))

- These guidelines are constantly monitored and reviewed by the Board from time to time.

- The Board is kept abreast of all significant changes in the legislations which have a bearing on the Directors and / or the Board's operation in any manner from time to time.

- Mr. Vijayakumar, Company Secretary in practice 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.

## A. BOARD COMPOSITION

### Size & Composition of the Board

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, 2015, the Board consisted of twelve (12) members of whom nine (9) are Non-Executive Directors comprising of one (1) Woman Director and three (3) Executive Directors out of which one (1) Executive Director is also a Promoter Director. There is no inter-se relationship between the Directors on the Board.

The Nomination & Remuneration Committee of the Board periodically reviews the Composition of the Board as to ensure that the Board is well balanced, i.e., there is adequate representation of experts from various realms on the Board at all times.

a) Composition of the Board and Directorships/Membership held as on 31 March, 2015

Name of the Director	Category	Indian Companies (Public Companies excluding this Company)	Committee Memberships (Excluding this Company) (Only Audit Committee and Stakeholders' Relationship Committee have been disclosed)*	
			As Chairman	As Member
Mr. Vijai Kapur	Independent and Non-Executive Director		-	-
Air Chief Marshal S. Krishnaswamy (Retd.)	Independent and Non-Executive Director	1. Mahindra Telephonics Integrated Systems Limited	-	-
Mr. Govind Mirchandani	Independent and Non-Executive Director	1. JKM Erla Automotive Limited 2. JKM Ferrotech Limited	-	<b>Audit Committee</b>
Ms. Malavika Jayaram	Woman Independent and Non-Executive Director		-	-
Mr. Nalini Ranjan Mohanty	Independent and Non-Executive Director	1. Indian Metals and Ferro Alloys Limited 2. JKM Erla Automotive Limited 3. JKM Ferrotech Limited	-	<b>Audit Committee</b>
Mr. Ramesh Venkataraman	Independent and Non-Executive Director	1. Mahindra Two Wheelers Limited		
Mr. Raymond Keith Lawton	Non-Executive and Non-Independent Director			
Ms. Claire Louise Tucker <i>(stepped down as Director of the Company with effect from August 14, 2014)</i>	Non-Executive and Non-Independent Director			
Mr. Dietmar Hahn	Non-Executive and Non-Independent Director			
Mr. James David Tucker <i>(appointed as Director of the Company with effect from August 14, 2014)</i>	Non-Executive and Non-Independent Director			
Mr. P. S. Ramesh <i>(appointed as Director and designated as Executive Director and Chief Operating Officer - Hydraulics, India of the Company with effect from November 14, 2014)</i>	Executive Director			
Mr. Hanuman Kumar Sharma <i>(appointed as Director and designated as Executive Director and Chief Financial Officer of the Company with effect from November 14, 2014)</i>	Executive Director			
Mr. Udayant Malhoutra <i>(CEO &amp; Managing Director)</i>	Executive Director	1. Centrust Financial Limited 2. Greenerth Biotechnologies Limited 3. JKM Research Farm Limited 4. JKM Erla Automotive Limited 5. SAN Engineering and Locomotive Company Limited		

**Notes:**

None of the Directors are relatives within the provisions of Section 2(77) of the Companies Act, 2013.

None of the Directors are nominees of any bank / financial institution during the year 2014-15.

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

## Responsibilities of the Chairman and Executive Directors

The Company presently has Mr. Vijai Kapur, Independent Director as the Chairman of the Board.

Mr. Hanuman Kumar Sharma, Mr. P. S. Ramesh and Mr. Udayant Malhoutra are the Executive Directors of the Company. Mr. Udayant Malhoutra, Executive Director is also a Promoter Director of the Company.

The Executive Directors of the subsidiary companies incorporated abroad are part of the Board as Non-Executive Directors of the Company. There is clear demarcation of responsibilities and authority among these officials.

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

## 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. All the Independent Directors possess the requisite qualifications and are experienced in diversified fields.

Separate meetings of Independent Directors are held periodically without intervention of management / key managerial personnels / non-independent directors.

## Board membership criteria

The criteria for membership of the Board is governed by the 'Policy for appointment, continuation, retirement and resignation of Directors' which is closely monitored by the Nomination & Remuneration Committee of the Board.

## Selection of New Directors

The Board is responsible for the selection, screening and selecting new Directors through its 'Nomination & Remuneration Committee'. This Committee makes recommendations to the Board for the induction of any new Director.

Training of the Board members, the Company is in the process of introduce an induction plan to the Independent Directors & Non-Executive Directors. The Company facilitates continual education program to all its Directors. All support are provided to the Directors, if they wish to attend any educational program of their choice.

## Term of Directors

Independents Directors term are governed by applicable provisions of the Companies Act, 2013, which in any case doesn't exceed 2 consecutive terms of 5 years each.

Executive Directors are normally appointed for a maximum term not exceeding 5 years, liable to retire by rotation, but are eligible for re-appointment.

Non-Executive Directors are liable to retire by rotation in accordance with applicable provisions of the Companies Act, 2013, but shall be eligible for re-appointment.

## Evaluation Mechanism

Formal evaluation of the Board is made based on the guidelines laid down by the Nomination & Remuneration Committee.

## Board Compensation policy / Remuneration policy

On recommendation of Nomination and Remuneration Committee, the Board at its meeting held on March 23, 2015 approved remuneration policy applicable to the Directors, senior management including Key Managerial Personnel and other employees of the Company. The same has been enclosed as **ANNEXURE-1** and also uploaded on the website of the Company. ([www.dynamics.com](http://www.dynamics.com))

The Nomination & Remuneration Committee determines and recommends to the Board the compensation payable to the Directors and senior managerial personnel of the Company. The Nomination & Remuneration Committee reviews the performance of Executive Directors annually and approves the compensation within the limits 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. However, w.e.f. February 14, 2015, Board has decided to pay sitting fees only to the Independent Directors, for every Board / Committee meeting attended by them as Director/ Member, whether in person or through audio-visual/video-conferencing within the limits specified by the Central Government from time to time.

**Compensation paid to the Directors for the year ended March 31, 2015:**

in ₹ (Rupees)

Name of the Director	Remuneration			Total
	Sitting fees*	Salary	Perquisites & allowance	
<b>Non- Executive &amp; Independent Directors</b>				
Mr. Vijai Kapur	4,40,000	--	--	4,40,000
Air Chief Marshal S. Krishnaswamy (Retd.)	8,35,000	--	--	8,35,000
Mr. Govind Mirchandani	11,15,000	--	--	11,15,000
Ms. Malavika Jayaram	4,30,000	--	--	4,30,000
Mr. Nalini Ranjan Mohanty	4,45,000	--	--	4,45,000
Mr. Ramesh Venkataraman	2,80,000	--	--	2,80,000
<b>Non- Executive &amp; Non-Independent Directors</b>				
Mr. Raymond Keith Lawton	1,95,000	--	--	1,95,000
Ms. Claire Louise Tucker <i>(stepped down as Director of the Company with effect from August 14, 2014)</i>	--	--	--	--
Mr. Dietmar Hahn	1,80,000	--	--	1,80,000
Mr. James David Tucker <i>(appointed as Director of the Company with effect from August 14, 2014)</i>	--	--	--	--
<b>Executive Director</b>				
Mr. P.S. Ramesh <i>(appointed as Director and designated as Executive Director and Chief Operating Officer – Hydraulics, India of the Company with effect from November 14, 2014)</i>	--	18,02,704	1,34,511	19,37,215
Mr. Hanuman Kumar Sharma <i>(appointed as Director and designated as Executive Director and Chief Financial Officer of the Company with effect from November 14, 2014)</i>	--	25,28,015	67,083	25,95,099
Mr. Udayant Malhoutra <i>(CEO &amp; Managing Director)</i>	--	43,18,404	3,24,104	46,42,508

## DIRECTORS' PROFILE

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

### 1. Mr. Vijai Kapur, Chairman

Mr. Vijai Kapur, aged 84, 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 & Risk Management Committee and also a member of Nomination & Remuneration Committee of the Board. He does not hold any shares in the Company. Presently, he is not a Director in any other company.

### 2. Air Chief Marshal S. Krishnaswamy (Retd.), Director

Air Chief Marshal S. Krishnaswamy (Retd.), aged 72, 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 December 31, 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 Nomination & Remuneration Committee and also the Shareholders' Committee of the Board. He is also a member of the Technology Development Committee and Audit & Risk Management Committee of the Board. He holds 69 equity shares in the Company. He is also a Director in Skan Consultancy Private Limited and Mahindra Telephonics Integrated Systems Limited.

### 3. Mr. Govind Mirchandani, Director

Mr. Govind Mirchandani, aged 64 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 specialisation are of Leadership, Building High Performance Organisations, 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 Audit & Risk Management Committee, Nomination & Remuneration Committee and Shareholders' Committee of the Board. Mr. Govind Mirchandani is the Chairman of Corporate Social Responsibility Committee and Finance Committee of the Board. He does not hold any shares in the Company and he is a Director of the Company on the Board of JKM Erla Automotive Limited and JKM Ferrotech Limited.

### 4. Ms. Malavika Jayaram, Director

Ms. Malavika Jayaram, aged 44, 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 specialised 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, 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, Corporate Social Responsibility Committee and Finance Committee of the Board. She does not hold any shares in the Company. As at March 31, 2015, she is also a Director in Cablex Systems India Private Limited.

#### **5. Mr. Nalini Ranjan Mohanty, Director**

Padmashree Nalini Ranjan Mohanty, aged 70 years is a topper in Mechanical Engineering from NIT, Rourkela. After serving in Ordnance Factories for about 6 years, he joined Hindustan Aeronautics Ltd in 1971. After working in various capacities, he steadily grew to become the Chairman of HAL in 2001. During his tenure, HAL could establish itself as one of the internationally recognised large Aviation industries.

Mr. Mohanty is a Fellow of Institute of Engineers (India) and also a Fellow of Aeronautical Society of India. He was the President of Aeronautical Society.

In recognition of his contribution in the field of Aviation, he was conferred with many national and international awards. In the year 2003, he was selected as the Best Chief Executive of PSUs and received Prime Minister's Trophy. In 2004, he received the prestigious "**Padmashree Award**" from the President of India.

After his retirement from HAL, he served Textron, a Fortune 500 company of USA for 6 years as its Chairman & Managing Director (India). He has also served as Independent Director in quite a few Public and Private Sector industries. He has been a Director of the Company since, September 2013. He is a member of Finance Committee and Corporate Social Responsibility Committee of the Board. Mr. Mohanty is the Chairman of Technology Development Committee of the Board. In addition to being a Director on the Board of the Company, he is also a Director in Indian Metals and Ferro Alloys Ltd (IMFA), JKM Ferrotech Limited and JKM Erla Automotive Limited. He does not hold any shares in the Company.

#### **6. Mr. Ramesh Venkataraman, Director**

Mr. Ramesh Venkataraman, aged 49 years, has a B.Tech in electronics and communications engineering from the Indian Institute of Technology - Kharagpur (National Talent Scholar), an M.Phil. in International Relations from Oxford University (Inlaks Scholar), and an M.P.A. with distinction in Economics and Public Policy from Princeton University's Woodrow Wilson School of Public and International Affairs (Woodrow Wilson Fellow).

In 2005, Ramesh was chosen for the prestigious Young Achiever award by the Indo-American society. Mr. Ramesh Venkataraman, is presently a Senior Partner & Executive Director of Samena Capital and Co-Head of

Special Situations and Direct Investments. Previously, he was co-founder and Managing Partner of Avest, an Asian direct investments platform. Prior to that, Ramesh was a Managing Director with Bridgepoint Capital, the leading European mid-market buyout firm, where he was responsible for leading technology and digital media investing and developing Bridgepoint Asia. Bridgepoint investments that he was involved in included the €728 million buy-out in 2007 of the Education division of Wolters Kluwer (renamed Infinitas Learning); the 2010 MBI of Lumison, an UK IT services provider; and two follow-on joint ventures in India for Bridgepoint portfolio companies in e-learning and healthcare services.

Prior to joining Bridgepoint, Ramesh was a partner with McKinsey & Company's New York and then Mumbai Offices and lead the firm's High Tech and Telecom practice for Asia.

Mr. Ramesh Venkataraman is a Director of the Company since, November 8, 2013. He is a member of Finance Committee and Audit & Risk Management Committee of the Board. He is a Director on the Board of Mahindra Two Wheelers Ltd, Samena Capital Investments Advisors Ltd., Avest Investment Management and R.A.K. Ceramics India Private Limited. Mr. Ramesh does not hold any shares in the Company.

#### **7. Mr. Raymond Keith Lawton, Director**

Mr. Raymond Keith Lawton, aged 62, 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 Managing Director of the Hydraulics division of the Dynamatic Limited, UK, 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 Corporate Social Responsibility Committee and Technology Development Committee of the Board. He does not hold any shares in the Company. Presently, he is the Managing Director of Hydraulics division of Dynamatic Limited, UK and Director of Yew Tree Investments Limited, UK

#### **8. Mr. Dietmar Hahn, Director**

Mr. Dietmar Hahn, aged 56 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 and Director of JKM Erla Holding GmbH, Germany. Mr. Dietmar Hahn is a member of the Technology Development Committee of the Board. He does not hold any shares in the Company.

#### **9. Mr. James David Tucker, Director**

Mr. James Tucker, aged 44 years, was formerly the General Manager of Oldland CNC, he has rich technical and operational experience in Aeronautical manufacturing as well as excellent customer liaison skills, having managed global aerospace majors like Boeing, Airbus, GKN Aerospace, Agusta Westland, etc.

Mr. James Tucker is a Director in Oldland Aerospace Limited, UK and also a member of the Technology Development Committee of the Board of Dynamatic Technologies Limited. He does not hold any shares in the Company.

#### **10. Mr. P. S. Ramesh, Executive Director and Chief Operating Officer – Hydraulics, India**

Mr. P.S. Ramesh, aged 57 years, a graduate in Mechanical Engineering from UVCE, Bangalore University and M. Tech. in Aircraft Production Engineering from IIT Madras, started his career in Hindustan Aeronautics Limited as a Management Trainee in 1982 and in 1994 moved on to SME Aerospace- a leading aerospace company in Kaulalampur, Malaysia. He was heading Quality Assurance & Planning group and was Instrumental in achieving Supplier Excellence Programme (SEP) from B.Ae. & achieving 'bronze status' for that company.

Mr. Ramesh joined the Company in the year 1999 as Head of Quality and spearheaded the campaign for documenting procedures/ control plans and implementing ISO 9001 certification. Mr. Ramesh has been serving the Company for the past 16 years and has progressively grown to be the Chief Operating Officer of Dynamatic Hydraulics, India.

He is on the Board of Company as Executive Director and Chief Operating Officer - Hydraulics, India with effect from November 14, 2014. Mr. Ramesh is a member of Finance Committee and Technology Development Committee of the Board. Mr. Ramesh is also on the Board of Harasfera Design Private Limited as a Director of the Company. He does not hold any shares in the Company.

#### **11. Mr. Hanuman Kumar Sharma, Executive Director and Chief Financial Officer**

Mr. Hanuman Kumar Sharma aged 42 years, is a member of "The Institute of Chartered Accountants of India", "The Institute of Company Secretaries of India" and "The Institute of Cost Accountants of India". He also holds an Executive Master of Business Administration Degree from the Symbiosis Institute of Business Management, Pune.

Mr. Hanuman Kumar Sharma joined the organisation in 2012 as Chief Financial Officer. He has 18 years of experience in the Automotive and Engineering Industries, having served as the CFO of Kamaz Vectra Motors and the CFO and Company Secretary of the German MNC, Hoerbiger India Pvt. Ltd. Hanuman Sharma's career also includes a four years stint with the Corporate Finance Division of Tata Motors Limited.

He is on the Board of Company as Executive Director and Chief Financial Officer with effect from November 14, 2014 and he is also on the Board of Eisenwerk Erla Holding GmbH, Germany and JKM Global Pte. Limited, Singapore. Mr. Hanuman Sharma is a member of Finance Committee, Corporate Social Responsible Committee and Shareholders Committee of the Board. He does not hold any shares in the Company.

#### **12. Mr. Udayant Malhoutra, CEO & Managing Director**

Mr. Udayant Malhoutra, aged 49, is an Industrialist and the Promoter of the Company. He joined the Company in 1986 and was inducted as an Executive Director into the Board of Directors in 1989. He is currently designated as the CEO & Managing Director of the Company.

Mr. Udayant Malhoutra was formerly a Member of the 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). He has also served as Chairman of the CII National Committee on Technology (2002-2003) as well as the President of the Fluid Power Society of India (2004-08).

Mr. Udayant Malhoutra has been a member of the Young Presidents' Organization & World Presidents' Organization (YPO-WPO) since 1995, having served as a member of the International Board of Directors from 2006-2009. At present, he is a Member of the CII National Council, and the Chairman of the CII National Committee on Design. He also serves as Chairman of the National Strategic Manufacturing Sector Skill Council.

Mr. Udayant Malhoutra, as CEO & Managing Director, is responsible for the 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 Organisation.

Mr. Udayant Malhoutra is a member of Technical Development Committee, Shareholders Committee and Finance Committee of the Board. He holds 7,72,679 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
19. Eisenwerk Erla, GmbH
20. San Engineering and Locomotive Company Limited

## **B. BOARD MEETINGS AND ATTENDANCE AT 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 7 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. Audio-visual/ video-conferencing also used to enable outstation Directors to participate effectively in the meetings.

During the year 2014-15, 7 (seven) Board meetings were held. The dates on which the Board Meetings were held are as follows:

- May 28, 2014
- July 31, 2014
- August 14, 2014
- September 8, 2014
- November 14, 2014
- February 14, 2015
- March 23, 2015

The aforesaid Board meetings were held during the year 2014-15 and not more than one hundred and twenty days has intervened between two consecutive meetings of the Board.

**Board meetings and the attendance of Directors during the year 2014-15**

Name of the Director	Attended	Participation Via Video-Conference
Mr. Vijai Kapur	5	--
Air Chief Marshal S. Krishnaswamy (Retd.)	6	--
Mr. Govind Mirchandani	6	--
Ms. Malavika Jayaram	2	2
Mr. Nalini Ranjan Mohanty	6	--
Mr. Ramesh Venkataraman	1	5
Ms. Claire Louise Tucker <i>(stepped down as Director with effect from August 14, 2014)</i>	0	--
Mr. Raymond Keith Lawton	3	1
Mr. Dietmar Hahn	3	2
Mr. James David Tucker <i>(Appointed as Additional Director with effect from February 23, 2015)</i>	1	1
Mr. P.S. Ramesh <i>(Appointed and designated as Executive Director and Chief Operating Officer-Hydraulics, India with effect from November 14, 2014)</i>	3	-
Mr. Hanuman Kumar Sharma <i>(Appointed and designated as Executive Director and Chief Financial Officer with effect from November 14, 2014)</i>	3	-
Mr. Udayant Malhoutra	7	--

**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. The Company also places before the Board all those details as required under Annexure X to the Listing Agreement.

The information regularly supplied to the Board includes annual operation plans and budgets, capital budgets and updates, quarterly results of the operating divisions or business segments, minutes of the meetings of the Board and Committees, general notice of interest, recommending dividend keeping in view the Company's profitability and the requirement of funds for the future growth of the Company, determining Directors who need to retire by rotation and recommending fresh appointments of Directors / Auditors, authentication of annual accounts and approving Directors' Report, materially important litigations, show cause, demand, prosecution and penalty

notices, fatal or serious accidents, material effluent or pollution problems, issues involving public or product liability claims, details of joint ventures, acquisition of companies or collaborations agreements, intellectual property related matters, human resource development, investments, subsidiaries, foreign exchange exposure, company's risk management policies, non-compliance of regulatory, statutory or listing requirements, Shareholder services and long term strategic plans of the Company and principal issues that the Company expects to face in the future. The Board also notes and reviews the functioning of its Committees regularly.

The Company Secretary, in consultation with the CEO & Managing Director finalises the agenda papers for the Board / Committee meetings.

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

**Recording Minutes of the Proceedings of Board / Committee meetings**

The Company Secretary records the minutes of the proceedings of Board and Committee meetings. Minutes are finalised 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 (thirty) days of the conclusion of the meeting.

**Post Meeting follow-up mechanism**

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

**Compliance with Laws**

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

## C. BOARD COMMITTEES

Currently, the Board has seven (7) Committees:

1. Audit and Risk Management Committee
2. Nomination and Remuneration Committee
3. Shareholders Committee
4. Technology Development Committee
5. Finance Committee
6. Corporate Social Responsibility Committee
7. Independent Directors' 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 AND RISK MANAGEMENT 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. The Board at its meeting held on August 14, 2014 decided to rename Audit Committee as Audit and Risk Management Committee. The powers of the said committee have been elaborated to include evaluation of adequacy of Risk Management System.

The Audit and Risk Management Committee has met four times in the FY 2014-15 and not more than four months had elapsed between two meetings.

### Objective

The Audit and Risk Management 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 and Risk Management Committee of the Board comprises the following 4 (four) Non-Executive Directors

and Independent Directors as on March 31, 2015:

- **Mr. Vijai Kapur, Chairman**
- Air Chief Marshal S. Krishnaswamy (Retd.)
- Mr. Govind Mirchandani
- Mr. Ramesh Venkataraman\* (*w.e.f. February 14, 2015*)

Air Chief Marshal S. Krishnaswamy (Retd.), an Independent Director, is the Alternate Chairman of the Audit and Risk Management Committee to Mr. Vijai Kapur. The Committee was reconstituted by addition of Mr. Ramesh Venkataraman, Independent Director at the Board Meeting held on February 14, 2015.

All the members of the Committee are Independent and financially literate. The members of the Committee have adequate expertise in finance, accounting and financial management. The composition of the Audit and Risk Management Committee meets the requirements of Section 177 of the Companies Act, 2013 and Clause 49 (III) of the Listing agreement.

### Terms of reference (Duties, Responsibilities and Powers)

The terms of reference of the Audit and Risk Management Committee covers all matters specified in Clause 49 of the Listing Agreement and also those specified in section 177 of the Companies Act, 2013. The terms of reference of the Audit and Risk Management Committee include the following:

- To review and recommend appointment / re-appointment, remuneration and terms of appointment of auditors of the company and, if required, the replacement or removal of the auditors including chief internal auditor; (auditors includes statutory auditors, cost auditors, tax auditors and internal auditors).
- To review and monitor the auditor's independence and performance, effectiveness of audit process (audit includes statutory audit, cost audit, tax audit and internal audit).
- To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To evaluate internal financial controls and risk management systems and review 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 and call for any comments of the auditors about internal control systems.

- To review the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the Company.
- Significant adjustments made in the financial statements arising out of audit findings
- Compliance with listing and other legal requirements relating to financial statements
- To review with the management, the quarterly financial statements before submission to the Board for approval.
- To approve related party transaction and / or any subsequent modification of related party transactions. The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.
- To scrutinise inter-corporate loans and investments;
- To conduct valuation of undertakings or assets of the company, wherever it is necessary;
- To monitor and review the vigil mechanism established by the Company and ensure that the said mechanism safeguards victimisation of persons.
- To oversee of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism.
- To approve appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- To discuss with the management and analyze financial condition and results of operations;
- To review management letters, letters of internal control weaknesses issued by the statutory auditors and also the review the internal audit reports relating to internal control weaknesses;
- To carry out any other function as is mentioned under Section 177 of the Companies Act, 2013 and the Listing Agreement entered with stock exchanges.

## Attendance at Audit and Risk Management

### Committee Meetings held during the year 2014-15

Audit Committee meetings were held on:

- May 27, 2014
- August 13, 2014
- November 14, 2014
- February 13, 2015

Name of the Member	No. of meetings attended
Mr. Vijai Kapur, Chairman of the Audit and Risk Management Committee	3
Air Chief Marshal S. Krishnaswamy (Retd.)	4
Mr. Govind Mirchandani	4

\* Mr. Ramesh Venkataraman was appointed as member of Audit Committee with effect from February 14, 2015.

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

Mr. Vijai Kapur, Chairman of the Audit committee was present at the Annual General Meeting held on August 14, 2014.

## 2. NOMINATION 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. The powers to recommend the appointment of Directors were earlier vested with the Nomination Committee of the Board and the powers to decide on the appointment of senior management, remuneration aspects of the Directors / senior management and macro

HRD matters of the Company was vested with the Leadership HRD & Remuneration Committee.

With a view to meet the requirements of section 178 of the Companies Act, 2013, which requires appointment of all Directors (Independent, Executive and Non-Executive), appointment of senior management and remuneration to Directors / senior management be decided by one single committee known as the '**Nomination and Remuneration Committee**', it was decided to merge the Nomination Committee and Leadership, HRD & Remuneration Committee into a single Committee called as '**Nomination and Remuneration Committee**'. The combined unified Nomination and Remuneration Committee takes care of the functions of both Nomination Committee and Leadership, HRD & Remuneration Committee.

#### Terms of reference / Objectives

The objectives of the said Committee are:

- Identifying persons and recommending their appointment / removal to / from the Board;
- Carrying out evaluation of Directors' performance;
- Formulating a criteria for determining qualifications, positive attributes and independence of a Director;
- Recommending to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- Identifying persons who may be appointed in Senior Management [unless, otherwise specified in the Companies Act, 2013 or any Rules thereunder, 'Senior Management' means employees of the Company in 2 (two) tiers below the Board];
- Laying down criteria for appointment of Directors, Senior Management and Key Managerial Personnel.

#### Composition

The Committee comprises 3 (three) Independent Directors:

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

Mr. Vijai Kapur, 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 Section 178 of the Companies Act, 2013, all the members of the Nomination and Remuneration Committee are Independent Directors.

#### Attendance at the Nomination and Remuneration Committee Meetings held during the year 2014-15

The Nomination and Remuneration Committee was constituted by the Board on November 8, 2013. During the year under review, the Committee had 5 (five) meetings during the FY 2014-15.

Nomination and Remuneration Committee meetings were held on:

- May 27, 2014
- August 13, 2014
- November 13, 2014
- February 13, 2015
- March 23, 2015

Name of the Member	No. of meetings attended
Air Chief Marshal S. Krishnaswamy (Retd.), Chairman of the Nomination and Remuneration Committee	5
Mr. Vijai Kapur	4
Mr. Govind Mirchandani	5

### 3. SHAREHOLDERS COMMITTEE / STAKEHOLDERS RELATIONSHIP COMMITTEE

#### Objective

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

#### Composition

The Board level Shareholders Committee comprises 4 (four) Directors as on March 31, 2015:

- **Air Chief Marshal S. Krishnaswamy (Retd.), Chairman**
- Mr. Udayant Malhoutra
- Mr. Govind Mirchandani
- Mr. Hanuman Kumar Sharma\* (*w.e.f. February 14, 2015*)

#### Attendance at the Committee Meetings held during the year 2014-15

The Committee Meetings were held on:

- May 27, 2014
- August 13, 2014

- November 13, 2014
- February 13, 2015

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

\* Mr. Hanuman Sharma was appointed as member of Shareholders' Committee with effect from February 14, 2015.

#### Compliance officer

Mr. Naveen Chandra, Company Secretary is the Compliance Officer responsible for complying with the requirements of SEBI Regulations and the Listing Agreement executed with the Stock Exchanges in India.

#### Investor grievance report for the year 2014-15

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	44	44
Non-receipt of Duplicate Shares	1	1
Non-receipt of Share Certificates after transfer	8	8
Non-receipt of annual reports	3	3
<b>Total</b>	<b>56</b>	<b>56</b>

There were no outstanding complaints as on March 31, 2015. 25 requests (1465 Equity shares) for transfers and 5 requests (903 Equity shares) for transmissions, transposition and deletion of name and 58 requests (7714 Equity shares) for dematerialisation 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 (RTA / Karvy) on behalf of the Company 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 investors. 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 dematerialisation and would be transferred to demat suspense account shortly.

#### Details of suspense account

As required under clause 5A (g) of the Listing Agreement, the details of shares in the suspense account is appended here below:

- Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the year; 123 Shareholders and 5392 shares.
- Number of Shareholders who approached issuer for transfer of shares from suspense account during the year: Nil.
- Number of Shareholders to whom shares were transferred from suspense account during the year: Nil.
- Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year; 134 Shareholders and number of shares were 6158

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

#### 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 as on March 31, 2015:

- **Mr. Udayant Malhoutra, Chairman**
- Mr. Govind Mirchandani
- Mr. Naveen Chandra

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 depository participant with a request to debit or credit the account for the transaction. Shareholders are periodically requested to utilise the demat facility.

The Company has also entered into a corporate arrangement with Geojit BNP Paribas, who are experts in offering services for dematerialisation of shares. As per the arrangement, the Shareholders can open demat and trading accounts with Geojit BNP Paribas absolutely free of cost. The Annual Maintenance Charges have been waived off exclusively for the Shareholders of the Company for the first year. The transaction cost and brokerage are also very nominal.

#### 4. TECHNOLOGY DEVELOPMENT COMMITTEE (A VOLUNTARY INITIATIVE BY THE COMPANY)

The Technology Development Committee, which was constituted by the Board in 2003, provides direction on the Company's Research and Development strategy and on key issues pertaining to R&D technology. The Committee also reviews and updates the skills and competence required, the structure and the process needed to ensure that the R&D initiatives of today result in products necessary for the sustained and long term growth of the Company. The Committee is instrumental in augmenting the Intellectual properties of the Company. Resultant is the host of patents and 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, maximisation to serve the new market conditions and safety and reliability of assets, across the Company as a part of its DNA.

## Composition

The Board level Technology Development Committee comprises 8 (Eight) Directors as on March 31, 2015:

The Committee comprises the following members:

- **Mr. N R Mohanty, Chairman**
- Air Chief Marshal S. Krishnaswamy (Retd.)
- Mr. Raymond Keith Lawton
- Ms. Malavika Jayaram
- Mr. Dietmar Hahn
- Mr. James Tucker
- Mr. P. S. Ramesh
- 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.

#### 5. 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 authorise 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**

The Board level Technology Development Committee comprises 7 (Seven) Directors as on March 31, 2015:

- **Mr. Govind Mirchandani, Chairman**
- Mr. N. R. Mohanty
- Mr. Ramesh Venkataraman
- Ms. Malavika Jayaram
- Mr. Hanuman Sharma\* *(w.e.f. February 14, 2015)*
- Mr. P. S. Ramesh\* *(w.e.f. February 14, 2015)*
- Mr. Udayant Malhoutra

\* *Mr. Hanuman Sharma & Mr. P. S. Ramesh were appointed as member of Finance Committee with effect from February 14, 2015.*

### **6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

#### **Composition**

The Board level Corporate Social Responsibility Committee comprises 6 (Six) Directors as on March 31, 2015:

- **Mr. Govind Mirchandani -Chairman**
- Mr. N R Mohanty
- Ms. Malavika Jayaram
- Mr. Raymond Lawton
- Mr. Hanuman Sharma\* *(w.e.f. February 14, 2015)*

### **7. INDEPENDENT DIRECTORS COMMITTEE**

The Independent Directors meet at least once in a year without the presence of key managerial personnels / senior management / Non-independent Directors to inter alia discuss on matters which interest them.

Mr. Vijai Kapur, Chairman of the Board who is also an Independent Director, Chairs the Committee meetings.

#### **Composition**

- **Mr. Vijai Kapur**
- Air Chief Marshal S. Krishnaswamy (Retd.)
- Mr. Govind Mirchandani
- Mr. N R Mohanty
- Ms. Malavika Jayaram
- Mr. Ramesh Venkataraman

### **D. 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.

## E. DISCLOSURES TO SHAREHOLDERS

### General Body Meetings

#### ANNUAL GENERAL MEETINGS ('AGM') / EXTRAORDINARY GENERAL MEETING ('EGM') / POSTAL BALLOT APPROVALS:

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
2011-12 AGM	Registered Office, Bangalore	September 28, 2012 at 10.00 am	<ul style="list-style-type: none"> <li>Re-appointment of Mr. N. Rajagopal as Executive Director &amp; 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.</li> <li>Re-appointment of Mr. V. Sunder as President &amp; 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.</li> </ul>
2012-13 EGM	Registered Office, Bangalore	March 25, 2013 at 10.30 am	<ul style="list-style-type: none"> <li>Increase in the shareholding of Foreign Institutional Investors ('FII') up to 26%.</li> <li>Preferential issue of Convertible Warrants.</li> </ul>
2012-13 AGM	Registered Office, Bangalore	September 27, 2013 at 10.00 am	<ul style="list-style-type: none"> <li>There were no special resolutions passed in the meeting</li> </ul>
2013-14 AGM	Registered Office, Bangalore	August 14, 2014 at 10.00 am	<ul style="list-style-type: none"> <li>Appointment of Mr. Vijai Kapur as an Independent Director of the Company</li> <li>Appointment of Air Chief Marshal S Krishnaswamy as an Independent Director of the Company</li> <li>Appointment of Mr. Govind Mirchandani as an Independent Director of the Company</li> <li>Appointment of Ms. Malavika Jayaram as an Independent Director of the Company</li> <li>Re-appointment of Mr. Udayant Malhoutra as the CEO and Managing Director of the Company</li> <li>Special resolution under section 180 (1)(a) of the Companies Act</li> <li>Special resolution under section 180 (1)(c) of the Companies Act</li> </ul>
2014-15 EGM	Registered Office, Bangalore	October 11, 2014 at 10.00 am	<ul style="list-style-type: none"> <li>Issue of further securities through Qualified Institutions Placement</li> </ul>

## 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.dynamics.com](http://www.dynamics.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.

## Management Discussion and Analysis Report

This forms part of the Directors' Report.

## Risk Management Policy

Your Company has effectively developed and implemented Risk Management Policy.

The main objective of the policy is:

- i. To ensure that all the current and future material risk exposures of DTL are identified, assessed, quantified, appropriately mitigated and managed;
- ii. To establish a framework for DTL's risk management process and to ensure Company-wide implementation;
- iii. To ensure systematic and uniform assessment of risks related with each of the units of DTL;
- iv. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices; and
- v. To assure business growth with financial stability.

The said policy has been uploaded on Company's website at [www.dynamics.com](http://www.dynamics.com)

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

During the year under review, an amount of ₹54,00,00,000 was raised by allotment of 30,00,000 equity shares at ₹10 per share issued at a premium of ₹1790 per share, by way of Qualified Institutions Placement to Qualified Institutions Buyer.

## 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. However, effective from February 14, 2015, the Board has approved payment of sitting fees only to Independent Directors.

## Non Compliances

There are no instances of non-compliance by the Company or penalties and strictures imposed on the Company by Stock Exchanges or Stock Exchange Board of India 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 summarised 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.

## General Shareholder Information

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

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

## UNCLAIMED DIVIDEND

Section 124 of the Companies Act, 2013 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 dividend	Due date for transfer to IEPF
<b>2007-08</b>			
Final Dividend	27.09.2008	26.09.2015	26.10.2015
<b>2008-09</b>			
Interim Dividend	30.06.2009	29.06.2016	29.07.2016
Final Dividend	25.08.2009	24.08.2016	23.09.2016
<b>2009-10</b>			
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
<b>2010-11</b>			
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	12.09.2018
<b>2011-12</b>			
Interim Dividend I	14.11.2011	13.11.2018	13.12.2018
Interim Dividend II	13.02.2012	12.02.2019	12.03.2019
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 2014-15 to the Stock Exchanges, where the shares of the Company are listed in India.

## ANNUAL GENERAL MEETING FOR THE YEAR 2014-15

<b>Date and time:</b>	<b>Friday, August 14, 2015 at 10:00 am</b>	
<b>Venue:</b>	<b>Vivanta by Taj, #2275 Tumkur Road, Yeshwantpur, Bangalore 560 022, Karnataka, India</b>	
<b>Financial calendar:</b>	Our tentative calendar for declaration of results for the financial year 2015-16 is given below:	
	<b>Calendar for Reporting:</b>	
	<b>Quarter ended</b>	<b>Release of results</b>
	June 30, 2015	On or before August 14, 2015
	September 30, 2015	On or before November 14, 2015
	December 31, 2015	On or before February 14, 2016
	March 31, 2016	By end of April/May 2016
<b>Date of book closure</b>	Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Clause 16 of the Listing Agreements with Stock Exchanges, the Register of Members and Share Transfer Books of the Company will be closed from <b>Saturday, August 8, 2015 to Friday, August 14, 2015 (both days inclusive)</b> .	
<b>Dividend payment date</b>	The Board of Directors of the Company have not recommended any dividend for the financial year 2014-15.	

### E-voting

Pursuant to provisions of section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the Members to cast their votes electronically on all resolutions set forth in the Notice convening the 40th Annual General Meeting of the Company. Any Shareholder having any grievance on the e-voting can contact at the coordinates mentioned in the 'Investor Guide', towards the end of this report.

### International Securities Identification Number (ISIN)

ISIN is the identification number for traded shares, which needs to be quoted in every transaction relating to the dematerialised 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.

### Listing of shares

The equity shares of the Company are listed on both National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

### Distribution of Shareholding as on March 31, 2015

Sl. No.	Category (Amount)	No. of Holders	% To Holders	Amount (₹)	% To Equity
1	1 - 5000	6845	94.45	39,77,630.00	6.27
2	5001 - 10000	183	2.52	13,04,190.00	2.05
3	10001 - 20000	94	1.30	13,55,280.00	2.14
4	20001 - 30000	28	0.39	6,91,360.00	1.09
5	30001 - 40000	14	0.19	5,10,690.00	0.81
6	40001 - 50000	20	0.28	9,60,070.00	1.51
7	50001 - 100000	23	0.32	16,41,250.00	2.59
8	100001 & Above	40	0.55	5,29,73,960.00	83.54
	<b>TOTAL:</b>	<b>7,247</b>	<b>100.00</b>	<b>6,34,14,430.00</b>	<b>100.00</b>

**SHAREHOLDING PATTERN AS ON MARCH 31, 2015**

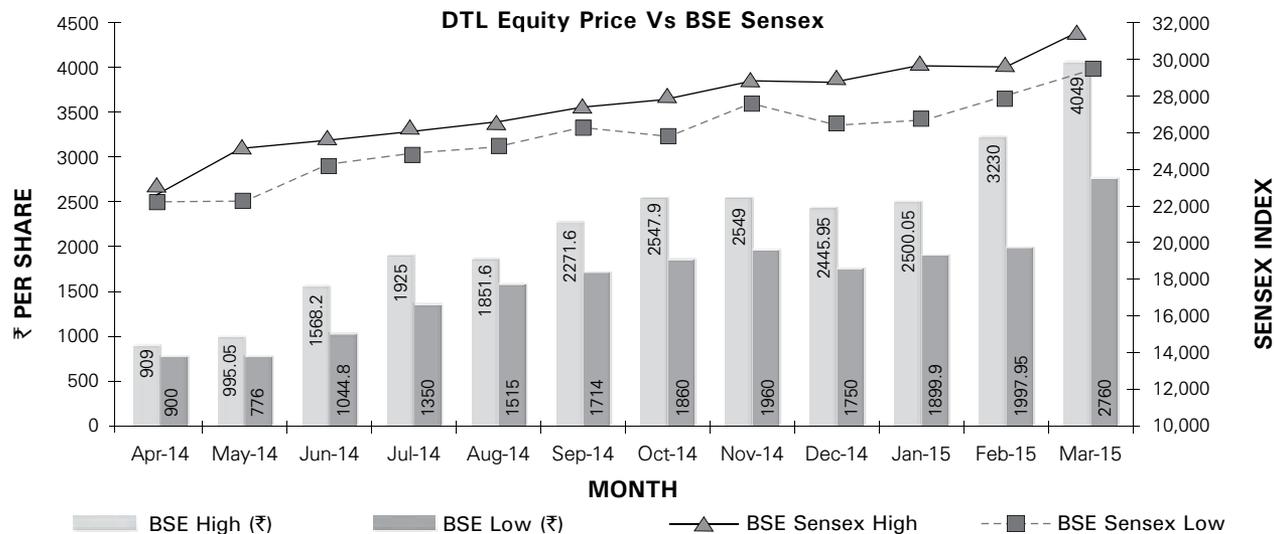
Category	No. of Shares	% of shareholding
<b>PROMOTERS HOLDING</b>		
<b>Indian Promoters</b>		
JKM Holdings Private Limited	9,12,538	14.39
Udayant Malhoutra	7,72,679	12.18
Udayant Malhoutra and Company Private Limited	6,42,011	10.12
Wavell Investments Private Limited	4,44,781	7.01
JKM Offshore India Private Limited	4,42,071	6.97
Greenearth Biotechnologies Limited	22,927	0.36
Barota Malhoutra	4,938	0.08
Vita Private Limited	100	0.00
Christine Hoden (India) Private Limited	100	0.00
Primella Sanitary Products Private Limited	100	0.00
<b>TOTAL</b>	<b>32,42,245</b>	<b>51.13</b>
<b>NON-PROMOTERS HOLDING</b>		
Mutual Funds / UTI	4,30,235	6.78
Financial Institutions / Banks	1,333	0.02
Central Government / State Government (S)	0	0.00
Venture Capital Funds	0	0.00
Insurance Companies	0	0.00
Foreign Institutional Investors	9,61,605	15.16
<b>SUB TOTAL</b>	<b>13,93,173</b>	<b>21.96</b>
<b>OTHERS</b>		
Private Corporate Bodies	3,72,659	5.88
Indian Public	13,14,395	20.73
Clearing Agents	7,167	0.11
NRIs/OCBs	8,008	0.13
Trust	3,796	0.06
<b>SUB TOTAL</b>	<b>17,06,025</b>	<b>26.91</b>
<b>GRAND TOTAL</b>	<b>63,41,443</b>	<b>100.00</b>

**Share market price data**

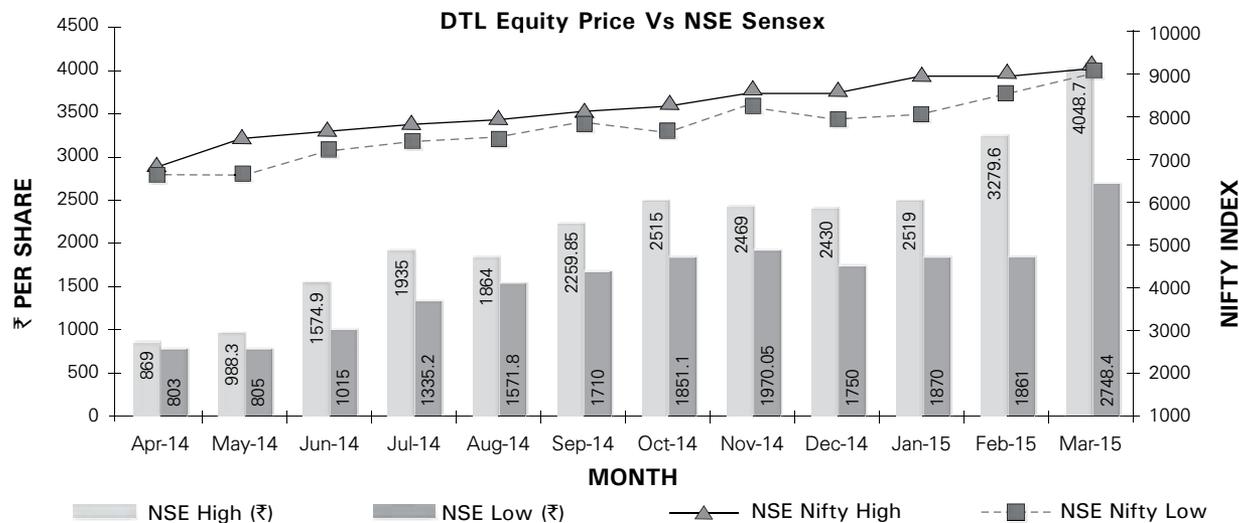
The monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Limited and National Stock Exchange of India Limited for the year 2014-2015:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume of shares traded	High (₹)	Low (₹)	Volume of shares traded
Apr-14	909.00	800.00	9,440	869.00	803.00	20,742
May-14	995.05	776.00	56,290	988.30	805.00	1,81,266
Jun-14	1,566.20	1,044.80	1,26,181	1,574.90	1,015.00	1,13,892
Jul-14	1,925.00	1,350.00	1,01,513	1,935.00	1,335.20	1,78,531
Aug-14	1,851.60	1,575.00	53,152	1,864.00	1,571.80	63,162
Sep-14	2,271.60	1,714.00	75,171	2,259.85	1,710.00	97,475
Oct-14	2,547.90	1,860.00	48,263	2,515.00	1,851.10	93,948
Nov-14	2,549.00	1,960.00	43,030	2,469.00	1,970.05	75,088
Dec-14	2,445.95	1,750.00	83,800	2,430.00	1,750.00	88,760
Jan-15	2,500.05	1,899.90	50,758	2,519.00	1,870.00	87,296
Feb-15	3,230.00	1,987.95	1,31,528	3,279.60	1,861.00	3,37,388
Mar-15	4,049.00	2,760.00	1,21,832	4,048.70	2,748.40	6,76,917

## COMPARISON OF COMPANY'S SHARE PRICE MOVEMENT WITH BSE SENSEX



## COMPARISON OF COMPANY'S SHARE PRICE MOVEMENT WITH NSE SENSEX



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

### Status of dematerialisation of shares

Particulars	March 31, 2014		March 31, 2013	
	No. of shares	% of total shares	No. of shares	% of total shares
National Securities Depository Limited	59,21,195	93.37	50,68,616	91.49
Central Depository Services (I) Limited	2,60,565	4.11	1,77,147	3.20
<b>Total Dematerialised</b>	<b>61,81,760</b>	<b>97.48</b>	<b>52,45,763</b>	<b>96.68</b>
Physical	1,59,683	2.52	2,94,287	5.31
<b>Grand Total</b>	<b>63,41,443</b>	<b>100.00</b>	<b>55,40,050</b>	<b>100</b>

**PLANT LOCATION:** Forms part of Annual Report.

## INVESTOR GUIDE

### Investor Contacts

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

Mr. Naveen Chandra P  
Head Legal, Compliance & Company Secretary  
Tel: +91-80-28394933 / 34 / 35 Extension: 248  
Fax: +91-80-28395328  
Email id: investor.relations@dynamics.net

### Registrar and Share Transfer Agents

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32  
Gachibowli Financial District,  
Nanakramguda, Hyderabad – 500 008  
Tel: +91-40- 6716 1500  
Email: shobha.anand@karvy.com

### Depository for Equity shares

#### **National Securities Depository Limited**

Trade World, A Wing, 4th Floor  
Kamala Mills Compound  
SenapathiBapat Marg, Lower Parel  
Mumbai 400 051  
Tel: +91-22-24994200

#### **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
- Members who desire to change their postal address, convert their shareholding to de-materialised form, may also contact the person mentioned in the 'Investor Contacts' above.

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 Annual General Meeting 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, AGM - Secretarial)  
Email: [investor.relations@dynamics.net](mailto:investor.relations@dynamics.net)

## **ANNEXURE - 1**

### **DYNAMATIC TECHNOLOGIES LIMITED REMUNERATION POLICY**

#### **Preamble**

- 1.1 The Remuneration Policy (hereinafter referred to as the 'Policy') of Dynamatic Technologies Limited and its Indian subsidiaries (hereinafter collectively referred to as "Dynamatic") is designed to attract, motivate, retain manpower, and improve productivity by creating a congenial work environment, encouraging initiative, personal growth and team work, besides offering appropriate remuneration package. The policy reflects DYNAMATIC's objectives for good corporate governance as well as sustained long term value creation for shareholders.
- 1.2 This Policy applies to Directors, senior management including its Key Managerial Personnel (KMP) and other employees of DYNAMATIC.

#### **Guiding Principle**

- 2.1 The guiding principle is that the remuneration and other terms of employment shall be competitive in order to ensure that DYNAMATIC can attract and retain competent executives.
- 2.2 The Remuneration Policy for executives reflects the overriding remuneration philosophy and principles of the DYNAMATIC. When determining the Remuneration Policy and arrangements for Executive Directors/ KMP's, the Nomination and Remuneration Committee ('NRC') considers pay and employment conditions with peers / elsewhere in the competitive market to ensure that pay structures are appropriately aligned and that levels of remuneration remain relevant in this context.
- 2.3 The NRC while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.
- 2.4 The NRC while considering a remuneration package ensures a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.
- 2.5 The NRC considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

#### **Reward Principles and Objectives**

- 3.1 This Policy is guided by a common reward framework and set of principles and objectives as envisaged under section 178 of the Companies Act 2013, inter-alia principles pertaining to determining qualifications, positive attributes, integrity and independence.

#### **Directors**

- 4.1 The Board have decided to pay the Independent directors remuneration in the form of sitting fees for attending Board and allied Committee meetings. The quantum of sitting fee is fixed by the Board of Directors from time to time subject to statutory provisions. Presently sitting fee is ₹50,000 for every meeting attended by the Independent Directors.
- 4.2 When considering the appointment and remuneration of Whole Time Directors, the NRC considers pay and employment conditions in the industry, merit and seniority of the person and the paying capacity of DYNAMATIC.
- 4.3 The term of office and remuneration of Whole Time Directors are subject to the approval of the Board of Directors, shareholders and the limits laid down under the Companies Act from time to time.
- 4.4 Minimum Remuneration: if, in any financial year, the company has no profits or its profits are inadequate, the company shall pay remuneration to whole-time Directors in accordance with the provisions of the Schedule V of the Company's Act 2013, and if it is not able to comply with such provisions, with the prior approval of the Central Government.

#### **Reward Policy**

- 5.1 Remuneration packages for Whole Time Directors are designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The Whole Time Directors' remuneration comprises salary, perquisites, performance based commission/ reward apart from retirement benefits like Provident Fund, Superannuation, Gratuity etc. as per rules of DYNAMATIC.

- 5.2 The Whole Time Directors are entitled to customary non-monetary benefits such as conveyance allowance, house rent allowance, leave travel allowance, communication facilities, etc. Their terms of appointment provide for severance payments as per the Companies Act.
- 5.3 Remuneration also aims to motivate personnel to deliver Company's key business strategies, create a strong performance oriented environment and reward achievement of meaningful targets over the short and long term.

#### **Key Managerial Personnel and Senior Management**

- 6.1 Appointment of KMP & senior management and cessation of their service are subject to the approval of the NRC and the Board of Directors. Remuneration of KMP and other senior management personnel is decided by the CEO & Managing Director on recommendation of the Whole Time Director concerned, where applicable, broadly based on the Remuneration Policy in respect of Whole Time Directors. Total remuneration comprises:
- (a) Fixed Base Salary: set at a level aimed at attracting and retaining executives with professional and personal competence, showing good performance towards achieving Company goals.
  - (b) Perquisites: in the form of house rent allowance, conveyance allowance, reimbursement of medical expenses, telephone, leave travel, etc.
  - (c) Retirement Benefits: contribution to PF, superannuation, gratuity, etc. as per Statute.
  - (d) Performance Linked Incentive: performance appraisal is carried out annually and promotions/ increments/ rewards are decided by CEO & MD based on the appraisal and recommendation of the concerned Whole Time Director, where applicable.
  - (e) Provident Fund: contribution made in accordance with applicable laws and employment agreements.
  - (f) Severance Payment: in accordance with terms of employment, and applicable statutory requirements, if any.

#### **Other Employees**

- 7.1 Remuneration of other employees is fixed from time to time as per the guiding principles outlined above and considering industry standards and cost of living. In addition to basic salary they are also provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable. Policy of motivation/ reward/ severance payments are applicable to this category of personnel as in the case of those in the management cadre.

#### **Disclosure of Information**

- 8.1 Information on the total remuneration of members of the Company's Board of Directors, Whole Time Directors and KMP/ senior management personnel may be disclosed in the Company's annual financial statements as per statutory requirements.

#### **Application of the Remuneration Policy**

- 9.1 This Policy shall continue to guide all future employment of Directors, Company's Senior Management including Key Managerial Personnel and other employees.

Any departure from the Policy can be undertaken only with the approval of the Board of Directors.

#### **Approval of the Remuneration Policy**

- 10.1 This Policy shall apply to all future employment agreements with members of Company's Senior Management including Key Managerial Person and Board of Directors.
- 10.2 This Policy is binding on the Board of Directors. Any departure from the Policy shall be recorded and reasoned in the Board meeting minutes.

#### **Dissemination**

- 11.1 This Policy shall be published on the website at <http://www.dynamics.com/investor.html>

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

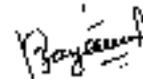
To  
The Members of  
**Dynamatic Technologies Limited**

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 2015. 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.

Place : Bangalore  
Date : May 28, 2015



**R. Vijayakumar**  
Company Secretary in Practice  
FCS – 6418; COP – 8667



**// 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.

- 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.



*Clean Energy generated by the JKM Wind Farm at Coimbatore*

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

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

### 1.1. CUSTOMER CENTRIC RESEARCH

Over the years, Dynamatic Technologies 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 Technologies 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

## EFFICIENT Management



In place of using five machines for body machining, the Slim CC Machine has been introduced which allows us to carry out several operations, improving efficiency and productivity.

Lift assembly line has been automated to improve quality predictability and power saving. The auto power save mode installed to ensure that when a machine is idle for more than five minutes, all the electric motors gets switched off automatically, thereby resulting in saving of power

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 Technologies globalises, 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 Technologies 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 Technologies, 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 civilisational 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 Technologies 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 Technologies, the path to sustainability has the following elements: Economic Growth, Environment-Friendliness and Social Equity.

#### 2.2.a. ECONOMIC GROWTH

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

#### 2.2 b. ENVIRONMENT- FRIENDLINESS

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

### ENERGY Conservation

Adherence to Zero Liquid Discharge principal ensures conservation and reuse of waste water and coolant. Captive use of energy generated of our wind farm ensures, use of clean energy and better efficiency.



#### 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



**GENDER** Sensitisation

Our work culture and ethos promote an equitable and fear free environment where all employees work in harmony without prejudice or gender bias. A Women Empowerment and Advisory Committee has been formed to engender greater confidence and belongingness amongst all Women employees.



**SOCIAL** Responsibility

To discharge our social responsibility, a new Corporate Social Responsibility (CSR) Policy has been formulated to define and identify future social projects. Under project STRIDES, the Company along with Government of Karnataka has adopted ITI Devanahalli, Bangalore, to provide quality education and training in aeronautical manufacturing to the students. Other programs under different project heads namely, THE CANVAS and THE HARAPPA, are underway.

long-term shareholder value and respect minority rights in all our business decisions.

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

**GREEN INITIATIVE IN CORPORATE GOVERNANCE**

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

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

Accordingly, the Company advised its shareholders to register their email IDs with the Company / Registrar & Share Transfer Agent to enable sending documents such as notices of general meeting (s), annual reports and other communications to the shareholders through e-mail. In a phased manner, sending hard copies of communications will be discontinued. All such documents shall be available on the Company's website [www.dynamatics.com](http://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 Standalone Financial Statements

We have audited the accompanying standalone financial statements of Dynamatic Technologies Limited ("the Company"), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 of the state of affairs of the Company as at 31 March 2015, and its profit and its 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, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on 31 March 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015, from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
  - i. the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer note 31A to the standalone financial statements
  - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer note 42A to the standalone financial statements; and
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **B S R & Co. LLP**

*Chartered Accountants*

Firm Registration Number: 101248W/W-100022



**Sunil Gaggar**

*Partner*

Membership number: 104315

Place : Bangalore

Date : 28 May 2015

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2015, 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 in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of fixed assets have been physically verified during the year and no material discrepancies were observed on such verification.
- (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 by the Management.
- (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) The Company has granted loans to two of its subsidiaries covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act").
  - (a) In the case of the loans granted to the subsidiaries listed in the register maintained under Section 189 of the Act, the loans are repayable by the borrowers on demand. No amounts were demanded by the Company during the year.
  - (b) There are no overdue amounts of more than rupees one lakh in respect of the loans granted to its subsidiaries listed in the register maintained under Section 189 of the Act.
- (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 services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 73 to 76 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.
- (vi) 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 148(1) 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.
- (vii) (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 wealth tax, duty of customs and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities except for provident fund, sales-tax, income-tax, duty of excise, value added tax, service tax and employees' state insurance which have been deposited during

the year by the Company with the appropriate authorities with delays.

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, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 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, duty of customs, cess and other material statutory dues which have not been deposited on account of any dispute. The Company, however, disputes the following income-tax and duty of excise dues:

Name of the Statute	Nature of the Dues	Amount (₹ lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax/ Interest/ penalty	14	AY 2005-2006	High Court of Karnataka
Income Tax Act, 1961	Tax/ Interest/ penalty	27	AY 2011-2012	Commissioner of Income tax appeals
The Central Excise Act, 1944	Tax/ Interest/ penalty	13	2005-2006	Customs Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Tax/ Interest/ penalty	32	2008-2009	Commissioner Appeals

- (c) According to the information and explanations given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules framed there under has been transferred to such fund within time.
- (viii) 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.

- (ix) 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.
- (x) 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.
- (xi) 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.
- (xii) 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 the audit.

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022



**Sunil Gaggar**

Partner

Membership number: 104315

Place : Bangalore

Date : 28 May 2015

## BALANCE SHEET AS AT MARCH 31, 2015

(₹ in lacs)

	Note	31 March 2015	31 March 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	3	634	554
Reserves and surplus	4	26,852	14,371
Money received against share warrants	47	-	1,000
		<b>27,486</b>	<b>15,925</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	11,540	14,919
Deferred tax liabilities (net)	6	2,223	2,801
Other long-term liabilities	7	115	651
Long-term provisions	8	679	253
		<b>14,557</b>	<b>18,624</b>
<b>Current liabilities</b>			
Short-term borrowings	9	13,547	9,656
Trade payables	10	10,098	9,192
Other current liabilities	11	8,349	9,538
Short-term provisions	12	1,311	183
		<b>33,305</b>	<b>28,569</b>
		<b>75,348</b>	<b>63,118</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
- Tangible fixed assets	13	26,716	29,467
- Intangible fixed assets	13	1,920	2,179
- Capital work in progress		8	56
		<b>28,644</b>	<b>31,702</b>
Non-current investments	14	16,540	7,040
Long-term loans and advances	15	1,447	1,294
Other non-current assets	16	1,306	565
		<b>19,293</b>	<b>8,899</b>
<b>Current assets</b>			
Inventories	17	8,256	6,114
Trade receivables	18	9,012	6,896
Cash and bank balances	19	883	1,288
Short-term loan and advances	20	7,654	6,133
Other current assets	21	1,606	2,086
		<b>27,411</b>	<b>22,517</b>
		<b>75,348</b>	<b>63,118</b>
<b>Significant accounting policies</b>	<b>2</b>		

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

As per our report of even date attached

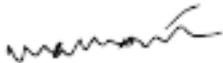
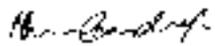
for **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration  
Number: 101248W/W-100022



**Sunil Gaggar**  
Partner  
Membership No.: 104315

Place : Bangalore  
Date : 28 May 2015

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

  
**UDAYANT MALHOUTRA**  
CEO and Managing Director  
DIN No.: 00053714
  
**HANUMAN SHARMA**  
Chief Financial Officer & Executive Director  
DIN No.: 07012725
  
**VIJAI KAPUR**  
Chairman  
DIN No.: 00056415
  
**NAVEEN CHANDRA P**  
Head Legal, Compliance  
& Company Secretary

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

	Note	31 March 2015	31 March 2014
			(₹ in lacs)
<b>Revenue from operations</b>			
Sale of products (gross)*		45,297	41,915
Less: excise duty		<u>(3,074)</u>	<u>(4,302)</u>
Sale of products (net)		42,223	37,613
* includes sale of raw material aggregating ₹2,318 lacs (previous year ₹1,815 lacs)			
Contract revenue	43	1,224	2,946
Other operating revenues	22	<u>2,206</u>	<u>2,333</u>
		45,653	42,892
Other income	23	781	290
<b>Total revenue</b>		<u>46,434</u>	<u>43,182</u>
<b>Expenses</b>			
Cost of materials and components consumed	24	22,491	20,861
Change in inventory of finished goods and work-in-progress	25	(774)	80
Employee benefits	26	6,515	4,838
Finance costs	27	5,373	5,957
Depreciation and amortisation		2,850	2,816
Other expenses	28	<u>10,720</u>	<u>9,632</u>
<b>Total expenses</b>		<u>47,175</u>	<u>44,184</u>
<b>(Loss) before exceptional items and tax</b>		(741)	(1,002)
Exceptional items	29	<u>3,719</u>	<u>1,033</u>
<b>Profit before tax</b>		<u>2,978</u>	<u>31</u>
<b>Tax expenses</b>			
Income tax		1,451	-
Minimum alternative tax charge		-	23
Minimum alternative tax credit entitlement		-	(23)
Deferred tax credit		<u>(578)</u>	<u>-</u>
<b>Profit after tax</b>		<u>2,105</u>	<u>31</u>
<b>Earning per equity share [nominal value of share ₹10 each (previous year ₹10 each)]</b>			
Basic and diluted		34.74	0.57
<b>Number of shares used in computing earnings per share</b>			
Basic and diluted	45	6,058,828	5,416,763
<b>Significant accounting policies</b>	2		

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

As per our report of even date attached

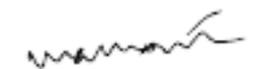
for **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration  
Number: 101248W/W-100022



**Sunil Gaggar**  
Partner  
Membership No.: 104315

Place : Bangalore  
Date : 28 May 2015

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



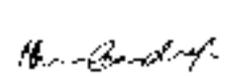
**UDAYANT MALHOUTRA**  
CEO and Managing Director  
DIN No.: 00053714



**VIJAI KAPUR**  
Chairman  
DIN No.: 00056415



**HANUMAN SHARMA**  
Chief Financial Officer & Executive Director  
DIN No.: 07012725



**NAVEEN CHANDRA P**  
Head Legal, Compliance  
& Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(₹ in lacs)

	31 March 2015	31 March 2014
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>2,978</b>	31
Adjustments:		
Depreciation and amortisation	2,850	2,816
Finance costs	5,373	5,957
Interest income	(693)	(166)
Profit on sale of fixed assets, net	(4,164)	(1,233)
Bad debts written off	48	238
Provision for doubtful debts, net	15	(95)
Unrealised foreign exchange differences	31	68
<b>Operating cash flow before working capital changes</b>	<b>6,438</b>	7,616
(Increase) in trade receivables	(2,144)	(18)
(Increase) in inventories	(2,142)	(51)
Decrease/(Increase) in loans and advances and other assets	348	(1,404)
Increase/ (Decrease) in trade and other payables	712	(206)
Increase in provisions	592	205
<b>Cash generated from operations</b>	<b>3,804</b>	6,142
Income taxes paid, net	(108)	(132)
<b>Net cash generated from operating activities (A)</b>	<b>3,696</b>	6,010
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(2,641)	(1,023)
Proceeds from sale of fixed assets	6,920	2,925
Investment in subsidiaries	(9,500)	-
Loans to subsidiaries	(1,462)	(3,161)
Repayment of loan by Subsidiaries	-	4,642
Movement in deposits with the bank	(505)	(337)
Interest received	141	375
<b>Net cash (used in)/provided by investing activities (B)</b>	<b>(7,047)</b>	3,421

**Cash flows from financing activities**

Proceeds from issue of share warrants	<b>3,000</b>	750
Proceeds from issue of equity shares by way of Qualified Institutional Placement	<b>5,191</b>	-
Proceeds from borrowings from other than shareholders	<b>5,082</b>	7,574
Repayment of borrowings to other than shareholders	<b>(9,070)</b>	(7,600)
Loans taken from shareholders	<b>3,160</b>	125
Repayment of loans to shareholders	<b>(2,085)</b>	(595)
Proceeds/(Repayments) from cash credits/ working capital loans (net)	<b>3,866</b>	(2,895)
Proceeds/(Repayment) from buyer's credit (net)	<b>24</b>	(56)
Repayment of public deposits (net)	<b>(250)</b>	(140)
Interest paid	<b>(5,658)</b>	(5,785)
Sales tax deferral payment	<b>(117)</b>	(107)
Dividend paid out of unclaimed dividend	<b>(3)</b>	(3)
<b>Net cash provided by/(used in) financing activities (C)</b>	<b>3,140</b>	(8,732)
<b>Net (decrease)/ increase in cash and cash equivalents (A + B + C)</b>	<b>(211)</b>	699
Cash and cash equivalents at the beginning of the year	<b>847</b>	148
Cash and cash equivalents at the end of the year (refer note 19)	<b>636</b>	847

As per our report of even date attached

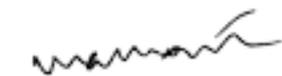
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**Sunil Gaggar**  
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Chairman  
DIN No.: 00056415



**NAVEEN CHANDRA P**  
Head Legal, Compliance  
& Company Secretary

## NOTES TO THE FINANCIAL STATEMENTS

### 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 components, 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 have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the accounting principles generally accepted in India. GAAP comprises mandatory accounting standards prescribed under Section 133 of the Companies Act, 2013 ("Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, the provision of the Act (to the extent notified and applicable), other pronouncements of the Institute of Chartered Accountants of India ('ICAI'), and the guidelines issued by the Securities and Exchange Board of India (SEBI). The financial statements are prepared in Rupees in lacs unless otherwise stated.

#### 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 as 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 (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.

Leases under which the Company 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. Lease payments under operating leases are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date are shown under capital advances. The cost of the fixed asset not ready for its intended use on such date, is disclosed under capital work-in progress.

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. An increase in net book value arising on revaluation of fixed assets is credited directly to owner's interests under the heading of revaluation reserves and is regarded as not available for distribution. On disposal of a previously revalued item of fixed asset, the difference between net disposal proceeds and the net book value is charged or credited to statement of profit and loss except that, to the extent such a loss is related to an increase which was previously recorded as a credit to revaluation reserve and which has not been subsequently reversed or utilised, it is charged directly to that account. The amount standing in revaluation reserve following the retirement or disposal of an asset which relates to that asset is transferred to statement of profit and loss.

Borrowing costs directly attributable to the acquisition/ construction of the qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the statement of profit and loss in the period in which they are incurred.

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Company supported. Depreciation for assets purchased/ sold during a period is proportionately charged. The Company estimates the useful life as determined as given below:

Class of assets	Estimated useful life (in years)
Leasehold Improvements	Period of Lease
Buildings	30 years to 60 years
Plant and Machinery/ Measuring instruments/ Electrical installations (Shift depreciation)	10 years, 13 years and 21 years for 3 shifts, 2 shifts and 1 shift respectively
Data processing equipment	4 years
Office equipment	5 years
Furniture and fixtures	10 years
Tools, dies and moulds	9 years
Vehicles	10 years
Motor boat	20 years

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

#### 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 amortisation and any accumulated impairment loss.

Subsequent expenditure is capitalised 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 recognised 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 capitalised 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 capitalised 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 recognised in the statement of profit and loss as incurred.

Intangible assets are amortised in the 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 amortised 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 amortised over the best estimate of its useful life. Such intangible assets that are not yet available for use are tested annually for impairment.

Amortisation 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	9 to 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 weighted average basis
- Stores and spares – on a weighted average basis
- Work-in-progress – includes costs of conversion
- Finished goods – includes costs of conversion
- Goods in transit – at purchase cost

The Company in the current year has revised its method of valuation of inventories to weighted average as compared to first in first out (FIFO) in the previous year. In the view of the Management,

the revised policy would result in a more appropriate presentation of its financial statements. Had the Company followed FIFO method for valuation of inventories, the value of inventories as at 31 March 2015 would have increased from ₹8,256 lacs to ₹8,315 lacs and resultant increase in profit before tax from ₹2,978 lacs to ₹3,037 lacs.

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

##### **(i) Provident fund**

Employees receive benefits from a provident fund. The employee and employer each make monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan.

##### **(ii) Compensated absences**

The employees of the Company are entitled to compensated absence. The employees can carry-forward a portion of the unutilised accumulating compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The Company recognises accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognised in the period in which the absences occur. The Company recognises actuarial gains and losses immediately in the statement of profit and loss.

##### **(iii) Gratuity**

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is managed by the Life Insurance Corporation of India (LIC). The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation carried out by an independent actuary using the projected unit credit method. The Company recognises actuarial gains and losses immediately in the statement of profit and loss.

#### **g) Revenue recognition**

Revenue from sale of products (including sale of scrap and raw material) is recognised when the risks and rewards of ownership are transferred to customers. The amount recognised 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 including management fees is recognised when an unconditional right to receive such income is established.

Revenue from long-term contracts (contract revenue) is recognised 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 recognised 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.

Lease/sub-lease rental income is recognised when billable in accordance with the terms of the contract with the clients.

Export benefits are recognised 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 recognised 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 recognised at the rate of exchange prevailing on the date of the transaction. Exchange difference arising on foreign exchange transactions settled during the year is recognised 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 recognised 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 recognised 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 recognised in the statement of profit and loss.

It is the policy of the Company to enter into derivative

contracts to hedge 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 recognised 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 recognised 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 realisable 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 realised 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 Schedule III to the Companies Act, 2013.

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 recognise a decline other than temporary in the value of the investments.

## **l) Provisions and contingencies**

The Company recognises 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 recognised 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**

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

#### **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 recognised 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 recognised only to the extent that there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is virtual certainty of realisation 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 realised. 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 recognised 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.

(₹ in lacs)

	As at 31 March 2015	As at 31 March 2014
<b>3. Share capital</b>		
<b>Authorised</b>		
<b>Equity shares</b>		
20,000,000 (previous year 20,000,000) equity shares of par value of ₹10 each	2,000	2,000
<b>Preference shares</b>		
500,000 (previous year 500,000) redeemable cumulative preference shares of par value of ₹100 each	500	500
	<b>2,500</b>	<b>2,500</b>
<b>Issued, subscribed and fully paid up</b>		
<b>Equity shares</b>		
6,341,443 (previous year 5,540,050) equity shares of par value of ₹10 each	634	554
	<b>634</b>	<b>554</b>

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

Particulars	31 March 2015		31 March 2014	
	Number of shares	Amount (₹ in lacs)	Number of shares	Amount (₹ in lacs)
Shares outstanding at the beginning of the year	5,540,050	554	5,414,703	541
Share issued during the year against share warrants*	501,393	50	125,347	13
Share issued during the year by way of Qualified Institutional Placement**	300,000	30	-	-
Shares outstanding at the end of the year	<b>6,341,443</b>	<b>634</b>	5,540,050	554

\* refer note 47

\*\* refer note 50

**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 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
No of shares issued	-	-	-	-	-

**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 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
No of shares issued	-	-	-	-	-

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% of equity shares**

Particulars	31 March 2015		31 March 2014	
	Number	% of total share in the class	Number	% of total share in the class
Equity shares of ₹10 each fully paid-up held by				
- Udayant Malhoutra	772,679	12.18%	795,248	14.35%
- JKM Holdings Private Limited	912,538	14.39%	912,538	16.47%
- Udayant Malhoutra and Company Private Limited	642,011	10.12%	642,011	11.59%
- JKM Offshore India Private Limited	442,071	6.97%	442,071	7.98%
- Samena Special Situations Mauritius	467,455	7.37%	467,455	8.44%
- Wavell Investments Private Limited	444,781	7.01%	281,828	5.09%
- Citigroup Global Markets Mauritius Private Limited	-	-	373,327	6.74%

(₹ in lacs)

4. Reserves and surplus	As at	As at
	31 March 2015	31 March 2014
<b>Capital reserves</b>		
At the commencement and at the end of the year	15	15
	<u>15</u>	<u>15</u>
<b>Capital redemption reserve</b>		
At the commencement and at the end of the year	240	240
	<u>240</u>	<u>240</u>
<b>Securities premium account</b>		
At the commencement of the year	8,299	7,311
Add: Premium on issue of share warrants (refer note 47)	3,950	988
Add: Premium on issue of Qualified Institutional Placement (refer note 50)	5,161	-
At the end of the year	<u>17,410</u>	<u>8,299</u>
<b>Hedge reserve</b>		
At the commencement of the year	(1,836)	(1,495)
Addition/ (Deletion) during the year	1,419	(341)
At the end of the year (refer note 42 A)	<u>(417)</u>	<u>(1,836)</u>
<b>Reserve on amalgamation</b>		
At the commencement and at the end of the year	154	154
	<u>154</u>	<u>154</u>
<b>Revaluation reserve</b>		
At the commencement of the year	626	2,013
Less: Adjustment on account of sale of peenya property (refer note 49)	(154)	-
Less: Adjustment on account of sale of JKM Auto Plant II (refer note 49)	-	(1,387)
At the end of the year	<u>472</u>	<u>626</u>
<b>General reserve</b>		
At the commencement and at the end of the year	3,138	3,138
	<u>3,138</u>	<u>3,138</u>
<b>Surplus in the statement of profit and loss balance</b>		
At the commencement of the year	3,735	3,704
Profit for the year	2,105	31
At the end of the year	<u>5,840</u>	<u>3,735</u>
	<u>26,852</u>	<u>14,371</u>

(₹ in lacs)

	As at 31 March 2015	As at 31 March 2014
<b>5. Long-term borrowings</b>		
<i>Secured</i>		
<b>Term loans</b>		
- From banks @	9,702	9,673
- Financial institutions @@	763	5,080
- From others *	-	1
<i>Unsecured</i>		
<b>Deferred payment liability</b>		
- Sales tax deferral loan **	-	46
<b>Deposits from others #</b>	-	119
<b>Borrowings from shareholder## (refer note 40)</b>	1,075	-
	<b>11,540</b>	<b>14,919</b>

@

(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 ₹2,545 lacs (previous year ₹3,985 lacs) repayable in 10 quarterly instalments. The rate of interest ranges from 18% - 19% 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 ₹3,082 lacs (previous year ₹4,193 lacs) repayable in 34 monthly instalments. The rate of interest @ 15.25% per annum.	
Term loan from bank aggregating ₹789 lacs (previous year ₹1,200 lacs) repayable in 11 quarterly instalments. The rate of interest ranges from 12%-13% per annum.	
Term loan from bank aggregating ₹1,148 lacs (previous year ₹1,848 lacs) repayable in 6 quarterly instalments. The rate of interest is 14% per annum.	
Term loan from bank aggregating ₹2,500 lacs (previous year ₹Nil lacs) repayable in 14 quarterly instalments. The rate of interest is 13.75% per annum.	
Term loan from bank aggregating ₹543 lacs (previous year ₹1,637 lacs) repayable in 2 quarterly instalments. The rate of interest is LIBOR plus 2 % per annum.	
Term loan from bank aggregating to ₹4,410 lacs (previous year ₹1,200 lacs) repayable in 6 half yearly instalments with the rate of interest of 15% per annum.	
Term loan from bank aggregating ₹149 lacs (previous year ₹237 lacs ) repayable in 20 monthly instalments. The rate of interest @ 11.75% per annum.	

@@

(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 ₹Nil lacs (previous year: ₹4,800 lacs ) with rate of interest is 17.50% 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 financial institutions aggregating to ₹259 lacs (previous year: ₹396 lacs ) repayable in 19 monthly instalments. The rate of interest @ 14% per annum	Secured by way of exclusive charge on assets financed and secured by way of personal guarantee given by promoter.
Term loan from financial institutions aggregating to ₹512 lacs (previous year ₹804 lacs ) repayable in 7 quarterly instalments. The rate of interest ranges from 12% to 13% per annum	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating to ₹187 lacs (previous year ₹Nil lacs ) repayable in 59 monthly instalments. The rate of interest ranges from 10% to 12% per annum	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating to ₹267 lacs (previous year ₹Nil lacs ) repayable in 49 monthly instalments. The rate of interest @ 13.84% per annum	Secured by way of exclusive charge on assets financed and secured by way of personal guarantee given by promoter.
Term loan from financial institutions aggregating to ₹101 lacs (previous year: ₹131 lacs ) payable in 38 monthly instalments. The rate of interest is 15% per annum	Secured by way of exclusive charge on assets financed.

\* Secured by hypothecation of vehicles. 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% per annum to 11.50% per annum. The amount repayable in 2015-16 is ₹1 lacs and accordingly disclosed in current maturities of long term debts in "Other current liabilities".

\*\* 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 fully repaid by 2015-16. The amount repayable in 2015-16 is ₹45 lacs and accordingly disclosed in current maturities of long term debts in "Other current liabilities".

# Deposits from others carried interest rate in the range 10-11 % per annum and were repaid during the current year.

## Borrowings from Shareholders aggregating to ₹1,075 lacs (previous year ₹Nil lacs) repayable in 8 quarterly instalments with a initial moratorium of 1 year 1 month from the date of draw down. The company can pre-pay without any pre-payment penalty during the tenure of the loan. The borrowing carries interest rate @ 18.50% per annum.

	As at 31 March 2015	As at 31 March 2014
<b>6. Deferred tax liabilities (net)</b>		
<b>Deferred tax liabilities</b>		
Fixed assets	2,799	3,544
	<u>2,799</u>	<u>3,544</u>
<b>Deferred tax assets</b>		
Provision for gratuity	237	65
Provision for compensated absences	104	68
Provision for doubtful debts (net)	182	173
Provision for warranty	15	15
Unabsorbed depreciation and business loss	-	422
Others	38	-
	<u>576</u>	<u>743</u>
	<u>2,223</u>	<u>2,801</u>
<b>7. Other long term liabilities</b>		
Derivative liability (refer note 42 A)	-	633
Rent equalisation reserve	115	-
Others	-	18
	<u>115</u>	<u>651</u>
<b>8. Long-term provision</b>		
<b>Provision for employee benefits</b>		
Gratuity (refer note 37)	463	80
Compensated absences	216	173
	<u>679</u>	<u>253</u>

	As at 31 March 2015	As at 31 March 2014
<b>9. Short term borrowings</b>		
<i>Secured</i>		
<b>Loans repayable on demand</b>		
Cash credit and working capital demand loans*	13,255	7,269
<i>Unsecured</i>		
<b>From banks</b>		
- Foreign currency buyer's credit **	292	268
- Vendor bill discounting #	-	2,119
	<u>13,547</u>	<u>9,656</u>
* Cash credit and working capital demand loans from banks carry interest ranging between 12.50% - 14.75% per annum., computed on a monthly basis on the actual amount utilised, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock and book debts of the Company and in addition to the aforesaid security ₹4,498 lacs of cash credit is also secured by personal guarantee given by promoter.		
** The Company has taken foreign currency buyer's credit, which carry interest ranging between LIBOR+ 1% to LIBOR+1.5% per annum repayable with a term ranging from six months to one year.		
# The Company had taken vendor bill discounting facility which carried interest between 13% - 13.50% per annum and was payable within 90 days from the date of bill discounted.		
<b>10. Trade payables</b>		
Due to micro and small enterprises (refer note 44)	-	-
Dues to creditors other than micro and small enterprises *	7,053	6,117
Acceptances	3,045	3,075
	<u>10,098</u>	<u>9,192</u>
* includes amounts payable to related parties (refer note 40)	108	-
<b>11. Other current liabilities</b>		
Current maturities of long-term borrowings (refer note 5)*	6,073	5,938
Capital creditors	248	237
Accrued expenses**	778	878
Book overdraft	71	131
Interest accrued but not due on borrowings***	189	474
Employee related liabilities	345	466
Derivative liability (refer note 42 A)	370	1,061
Advance from customers	42	157
Dealer deposits	60	56
Unpaid dividend	22	25
Statutory liabilities	151	115
	<u>8,349</u>	<u>9,538</u>
* Includes current maturities of term loans from banks ₹5,464 lacs (previous year: ₹4,627 lacs), current maturities of term loans from financial institutions ₹563 lacs (previous year: ₹1,051 lacs), current maturities of term loans from others ₹1 lacs (previous year: ₹13 lacs), current maturities of sales tax deferral loan ₹45 lacs (previous year: ₹116 lacs) and current maturities of deposits from related party (shareholder) and others category ₹Nil lacs (previous year: ₹131 lacs)		
** includes due to related party (refer note 40)	45	-
*** includes due to related party (refer note 40)	4	-
<b>12. Short-term provisions</b>		
<b>Provision for employee benefits:</b>		
Gratuity (refer note 37)	221	112
Compensated absences	84	27
<b>Others</b>		
Provision for warranties (refer note 38)	44	44
Provision for income tax, net of advance tax	962	-
	<u>1,311</u>	<u>183</u>

**13. FIXED ASSETS**

(₹ in lacs)

Particulars	Gross Block				Accumulated depreciation				Net Block	
	As at 1 April 2014	Additions	Deletions/ adjustments	As at 31 March 2015	As at 1 April 2014	Depreciation for the year	Deletions/ adjustments	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
<b>Tangible assets (Owned)</b>										
Leasehold improvements	113	274	-	387	6	46	-	52	335	107
Freehold land #	9,845	71	135	9,781	-	-	-	-	9,781	9,845
Buildings	4,543	50	3,130	1,463	1,135	94	696	533	930	3,408
Plant and machinery	28,204	1,278	80	29,402	14,541	1,704	51	16,194	13,208	13,663
Measuring instruments	355	239	-	594	117	34	-	151	443	238
Electrical installation	857	18	349	526	321	37	113	245	281	536
Data processing equipment	720	44	-	764	635	32	-	667	97	85
Office equipment	299	31	-	330	248	23	-	271	59	51
Furniture and fixtures	309	23	2	330	223	21	2	242	88	86
Tools, dies and moulds	1,675	381	-	2,056	903	406	-	1,309	747	772
Vehicles	609	14	179	444	275	52	103	224	220	334
Motor boat	402	-	-	402	60	20	-	80	322	342
<b>Assets taken on finance lease</b>										
Plant and machinery	-	126	-	126	-	1	-	1	125	-
Tools, dies and moulds	-	82	-	82	-	2	-	2	80	-
<b>Total tangible assets (A)</b>	<b>47,931</b>	<b>2,631</b>	<b>3,875</b>	<b>46,687</b>	<b>18,464</b>	<b>2,472</b>	<b>965</b>	<b>19,971</b>	<b>26,716</b>	<b>29,467</b>
<b>Intangible assets</b>										
Application software	665	119	-	784	520	63	-	583	201	145
Prototype development	2,859	-	-	2,859	825	315	-	1,140	1,719	2,034
<b>Total intangible assets (B)</b>	<b>3,524</b>	<b>119</b>	<b>-</b>	<b>3,643</b>	<b>1,345</b>	<b>378</b>	<b>-</b>	<b>1,723</b>	<b>1,920</b>	<b>2,179</b>
<b>Total (A) + (B)</b>	<b>51,455</b>	<b>2,750</b>	<b>3,875</b>	<b>50,330</b>	<b>19,809</b>	<b>2,850</b>	<b>965</b>	<b>21,694</b>	<b>28,636</b>	<b>31,646</b>
Previous year	46,666	8,385	3,596	51,455	17,510	2,816	517	19,809	31,646	

# refer note 49

(₹ in lacs)

	As at 31 March 2015	As at 31 March 2014
<b>14. Non-current investments</b>		
<i>(valued at cost unless stated otherwise)</i>		
<b>Trade investments (refer note 52)</b>		
Long term investment in equity instruments		
<b>a) Investment in subsidiaries - unquoted</b>		
1) 4,999,930 (previous year 4,999,930) equity shares of face value 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 face value of \$1 each of JKM Global Pte Limited, Singapore	4,739	4,739
3) 42,999,994 (previous year 17,999,994) equity shares of face value of ₹10 each of JKM Erla Automotive Limited.	6,800	1,800
4) 45,000,000 (previous year Nil) equity shares of face value of ₹10 each of JKM Ferrotech Limited	4,500	-
	<u>16,539</u>	<u>7,039</u>
<b>b) Investment in other entities - unquoted</b>		
1) 5,000 (previous year - 5,000) equity shares of face value of ₹10 each of Harasfera Design Private Limited	1	1
2) 921,530 (previous year 921,530) equity shares of face value of ₹10 each of Murablack (India) Limited	92	92
Provision for diminution in value	(92)	(92)
	<u>1</u>	<u>1</u>
	<u>16,540</u>	<u>7,040</u>
<b>15. Long term loans and advances</b>		
<i>Unsecured, considered good</i>		
Capital advances	121	171
Electricity deposits	201	226
Rental deposits	949	236
Other deposits	176	176
Advance income tax and tax deducted at source, net of provisions	-	485
	<u>1,447</u>	<u>1,294</u>
<b>16. Other non-current assets</b>		
Prepaid expenses	203	161
Other bank balances:		
Bank deposits due to mature after 12 months from the reporting date	939	404
Others	164	-
	<u>1,306</u>	<u>565</u>
<b>17. Inventories</b>		
<i>(Valued at lower of cost and net realisable value)</i>		
Raw materials*	4,046	2,856
Work-in-progress	1,716	1,122
Finished goods	1,793	1,487
Stores and spares	701	649
	<u>8,256</u>	<u>6,114</u>

\* includes raw materials in transit current year: ₹142 lacs (previous year: ₹89 lacs)

	As at 31 March 2015	(₹ in lacs) As at 31 March 2014
<b>18. Trade receivables</b>		
<b>Unsecured</b>		
Outstanding for period exceeding six months		
- Considered good*	1,149	1,499
- Considered doubtful	526	511
Other debts		
- Considered good*	7,863	5,397
	<b>9,538</b>	7,407
Less: Provision for doubtful receivables	(526)	(511)
	<b>9,012</b>	6,896
*Includes amounts receivable from related parties, refer note 40	<b>735</b>	626
<b>19. Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
- Cash on hand	17	13
- Balance with banks		
- on current accounts	554	834
- on margin money deposit accounts	65	-
	<b>636</b>	847
<b>Other bank balances</b>		
- on fixed deposit accounts (Original maturity more than 3 months but less than 12 months)	-	38
- on margin money deposit accounts (Original maturity more than 3 months but less than 12 months)	226	378
- unpaid dividend account	21	25
	<b>247</b>	441
	<b>883</b>	1,288
<b>Details of Bank deposits:</b>		
<b>Particulars</b>		
(i) Bank deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	65	-
(ii) Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	247	441
(iii) Bank deposits due to mature after 12 months of the reporting date included under 'Other non - current assets' (refer note 16)	939	404
	<b>1,251</b>	845
<b>20. Short term loan and advances</b>		
<b>Loans and advances</b>		
<i>Unsecured, considered good</i>		
Loans to subsidiaries (refer note 40 and 53)	5,058	3,596
Advances to supplier	757	1,234
Cenvat receivable	732	581
Value added tax receivable	487	238
Loans to employees	32	37
Minimum alternate tax credit entitlement	522	417
Others	66	30
	<b>7,654</b>	6,133

	As at 31 March 2015	(₹ in lacs) As at 31 March 2014
<b>21. Other current assets</b>		
Unbilled revenue (refer note 43)	-	1,346
Prepaid expenses	467	595
Interest accrued on loan to subsidiaries (refer note 40)	666	114
Others receivable from related party (refer note 40)	473	31
	<u>1,606</u>	<u>2,086</u>
<b>22. Other operating revenues</b>		
Management fees (refer note 46)	1,277	1,318
Scrap sales	929	1,015
	<u>2,206</u>	<u>2,333</u>
<b>23. Other income</b>		
Interest income	693	166
Profit on sale of fixed assets (net)	-	50
Miscellaneous income	88	74
	<u>781</u>	<u>290</u>
<b>24. Cost of materials and components consumed *</b>		
Inventory of materials at the beginning of the year	2,856	2,660
Add: purchases**	23,681	21,057
Less: closing stock	4,046	2,856
	<u>22,491</u>	<u>20,861</u>
* the consumption disclosed is based on the derived figures		
** includes purchase of raw materials of traded goods ₹2,318 lacs (previous year: ₹1,815 lacs)		
<b>Major raw material and components consumed</b>		
Aluminum extrusions	1,690	1,374
Castings	6,479	5,798
Steel	683	688
Components	8,095	6,539
Aluminum alloy	2,743	2,954
Others*	2,801	3,508
	<u>22,491</u>	<u>20,861</u>
* Individual values of these are less than 10% of total raw material and components consumed		
<b>25. Changes in inventory of finished goods and work-in-progress</b>		
Opening stock		
- Finished goods	1,487	1,293
- Work-in-progress	1,122	1,449
	<u>2,609</u>	<u>2,742</u>
Closing stock		
- Finished goods	1,793	1,487
- Work-in-progress	1,716	1,122
	<u>3,509</u>	<u>2,609</u>
Impact of excise duty on change in stock of finished goods	126	(53)
	<u>(774)</u>	<u>80</u>

(₹ in lacs)

Particulars	31 March 2015				31 March 2014			
	Opening inventory	Turnover (Gross)*	Closing inventory	(Increase)/decrease in inventory	Opening inventory	Turnover (Gross)*	Closing inventory	(Increase)/decrease in inventory
<b>Finished goods</b>								
Hydraulic gear pump	384	14,447	584	(200)	592	13,740	384	208
Exhaust-manifold	134	3,584	191	(57)	71	3,520	134	(63)
Compressor housing	53	4,567	101	(48)	36	4,534	53	(17)
Water pump	111	325	98	13	46	1,423	111	(65)
Case front	38	-	50	(12)	100	5	38	62
Special product	80	794	68	12	70	981	80	(10)
Intake manifold	30	973	82	(52)	82	1,485	30	52
Rocker arm. - A & B	84	835	91	(7)	15	1,552	84	(69)
Bell -407 assembly	-	832	-	-	-	291	-	-
Machine cabinets and power cabinet	-	2,847	-	-	-	1,964	-	-
Flap track beam	-	5,835	-	-	-	5,255	-	-
Pylon and ramp	-	1,555	-	-	-	461	-	-
Others #	573	9,927	528	45	281	9,650	573	(292)
	<b>1,487</b>	<b>46,521</b>	<b>1,793</b>	<b>(306)</b>	<b>1,293</b>	<b>44,861</b>	<b>1,487</b>	<b>(194)</b>
Less: excise duty on finished goods	(128)	-	(254)	126	(181)	-	(128)	(53)
	<b>1,359</b>	<b>-</b>	<b>1,539</b>	<b>(180)</b>	<b>1,112</b>	<b>-</b>	<b>1,359</b>	<b>(247)</b>
<b>Work-in-progress</b>								
Pumps	677	-	701	(24)	670	-	677	(7)
Valves	80	-	-	80	64	-	80	(16)
Intake manifold	-	-	-	-	183	-	-	183
Machine cabinets and power cabinet	-	-	206	(206)	-	-	-	-
SU 30 assembly	-	-	422	(422)	-	-	-	-
Others #	365	-	387	(22)	532	-	365	167
	<b>1,122</b>	<b>-</b>	<b>1,716</b>	<b>(594)</b>	<b>1,449</b>	<b>-</b>	<b>1,122</b>	<b>327</b>
	<b>2,481</b>	<b>46,521</b>	<b>3,255</b>	<b>(774)</b>	<b>2,561</b>	<b>44,861</b>	<b>2,481</b>	<b>80</b>

\* Represents sale of product (gross) and contract revenue

# Individual values of these are less than 10% of total inventory and turnover

(₹ in lacs)

	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>26. Employee benefits</b>		
Salaries, wages and bonus	5,187	3,929
Contribution to provident fund and other funds	855	467
Workmen and staff welfare expenses	473	442
	<b>6,515</b>	<b>4,838</b>
<b>27. Finance costs</b>		
Interest expense	5,237	5,526
Other borrowing costs	136	431
	<b>5,373</b>	<b>5,957</b>

For the year ended  
31 March 2015For the year ended  
31 March 2014**28. Other expense**

Consumption of stores, loose tools and spare parts	1,585	1,552
Subcontractor charges	1,086	1,498
Power and fuel	987	1,171
Rent (refer note 33)	1,473	730
Repairs and maintenance:		
- buildings	47	11
- plant and machinery	328	281
- others	623	492
Rates and taxes	296	172
Legal and professional fees	975	702
Travelling and conveyance expenses	545	520
Printing and stationery	69	62
Communication expenses	64	65
Foreign exchange loss (net)	1,009	925
Provision for doubtful debts (net)	15	(95)
Bad debts written off	48	238
Insurance	180	146
Cash discount	62	95
Freight outward	225	171
Sales promotion and advertisement	71	15
Selling expenses	332	305
Warranty and replacement expenses	-	14
Security charges	128	126
Directors sitting fees	41	9
Bank charges	202	206
Miscellaneous	329	221
	<b>10,720</b>	<b>9,632</b>

**29. Exceptional items**

Prepayment and its related costs (refer note 49)	445	150
Profit on sale of fixed assets (refer note 49)	(4,164)	(1,183)
	<b>(3,719)</b>	<b>(1,033)</b>

**30. Commitment****1. Capital Commitment**

Particulars	As at 31 March 2015	As at 31 March 2014
Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	810	835

**2. Other Commitment**

JKM Erla Automotive Limited (JEAL), a subsidiary of the Company, had issued 2,636,000 0.01% redeemable, non-cumulative redeemable preference shares [NCRPS] of ₹10 each, with SHL Trading Limited ("Subscriber") on 8 June 2011 at a premium of ₹ 115 per share aggregating ₹3,300 lacs. These shares were redeemable, in whole or in part after 18 months by subscriber, after giving a notice in writing to JEAL, at a price that ensures to the subscriber an internal rate of return of 18% per annum. Till 31 March 2015, the Company has redeemed 2,278,306 shares and balance 357,694 shares is redeemable as at 31 March 2015. The Company undertakes the liability in case JEAL is unable to redeem the NCRPS or does not pay the Redemption Value when due and payable. There are no other material commitments.

### 31. Contingent liabilities

The details of contingent liabilities are as under:

#### A) Claim against the company not acknowledged as debts in respect of:

(₹ in lacs)

Particulars	As at 31 March 2015	As at 31 March 2014
Excise duty related matters	45	45
Income taxes	41	41

#### B) Corporate guarantees:

Particulars	As at 31 March 2015	As at 31 March 2014
Corporate guarantee given as security for loans taken by Subsidiaries	9,948	23,986

#### Movement of Corporate guarantee given to subsidiaries during the year

(₹ in lacs)

Subsidiaries	As at 1 April 2014	Provided during the financial year	Settled/expired during the financial year	As at 31 March 2015
Dynamtic Limited, UK	235	-	198	37
Eisenwerk Erla GmbH, Germany	14,795	-	14,795	-
JKM Ferrotech Limited, India	6,282	-	611	5,671
JKM Erla Automotive Limited, India	2,674	-	817	1,857
JKM Global Pte Limited, Singapore	-	2,383	-	2,383
<b>Total</b>	<b>23,986</b>	<b>2,383</b>	<b>16,421</b>	<b>9,948</b>

#### Movement of Corporate guarantee given to subsidiaries during the previous year

(₹ in lacs)

Subsidiaries	As at 1 April 2013	Provided during the financial year	Settled/expired during the financial year	As at 31 March 2014
Dynamtic Limited, UK	5,607	-	5,372	235
Eisenwerk Erla GmbH, Germany	9,493	5,302	-	14,795
JKM Erla Automotive Limited, India	2,420	254	-	2,674
JKM Erla Holdings GmbH, Germany	1,620	-	1,620	-
JKM Ferrotech Limited India	2,935	3,347	-	6,282
<b>Total</b>	<b>22,075</b>	<b>8,903</b>	<b>6,992</b>	<b>23,986</b>

### 32. Auditors' remuneration (included in legal and professional fees)\*

(₹ in lacs)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Statutory audit fees	52	49
Other services	52	47
Out-of-pocket expenses	4	3
<b>Total</b>	<b>108</b>	<b>99</b>

\*excludes service tax

### 33. Lease transactions

- 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 ₹338 lacs (previous year ₹235 lacs).
- The Company is obligated under non-cancellable operating leases for land, building, plant and machinery, electrical installations aggregating to ₹1,135 lacs (previous year: ₹495 lacs).

(₹ in lacs)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Payable within one year	1,459	589
Payable between one and five years	4,769	1,596
Payable after 5 years	2,553	-

c) The Company has taken plant and machinery and tools, dies and moulds under finance lease. Future minimum lease payments under finance lease obligations as at 31 March 2015 are:

Period	Minimum Lease	Future Interest	Present value of minimum lease
Payable within one year	46	20	26
Payable between one and five years	203	43	161

#### 34. Details of imported and indigenous raw materials and components consumed#

(₹ in lacs)

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014	
	Value	%	Value	%
Imported	2,013	9%	2,042	10%
Indigenous	20,478	91%	18,819	90%
	22,491	100%	20,861	100%

# includes even incidental expenses

#### 35. Details of imported and indigenous stores and spares consumed

(₹ in lacs)

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014	
	Value	% of total consumption	Value	% of total consumption
Imported	235	15%	183	12%
Indigenous	1,350	85%	1,369	88%
	1,585	100%	1,552	100%

#### 36. Value of imports on C.I.F. basis

(₹ in lacs)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Raw materials and components	2,664	2,013
Stores and spares	384	199
Capital goods	611	30
	3,659	2,242

### 37. Gratuity plans

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 2015	As at 31 March 2014
<b>Change in defined benefit obligation</b>		
Opening defined benefit obligation	863	742
Current service cost	71	69
Interest cost	79	62
Benefits settled	(105)	(124)
Actuarial losses	402	114
<b>Closing defined benefit obligation</b>	<b>1,310</b>	<b>863</b>
<b>Change in plan assets</b>		
Plan assets at the beginning of the year, at fair value	671	730
Expected return on plan assets	53	54
Contributions	4	14
Benefits settled	(105)	(125)
Actuarial gain/(loss)	3	(2)
<b>Plan assets at the end of the year, at fair value</b>	<b>626</b>	<b>671</b>
<b>Reconciliation of present value of the obligation and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the year	626	671
Present value of the defined benefit obligations at the end of the year	(1,310)	(863)
<b>Liability recognised in the balance sheet #</b>	<b>(684)</b>	<b>(192)</b>

# Disclosed ₹463 lacs (previous year: ₹80 lacs) as long term provisions and ₹221 lacs (previous year: ₹112 lacs) as short term provisions

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Gratuity cost for the period</b>		
Current service cost	71	69
Interest on defined benefit obligation	79	62
Net actuarial losses/(gain)	399	116
Return on plan assets	(53)	(54)
<b>Total, included in "Employee benefit expense"</b>	<b>496</b>	<b>193</b>
<b>Assumptions at the valuation date</b>		
Discount factor	7.90%	9.17%
Expected rate of return on plan assets	7.90%	8.00%
Expected rate of salary increase	6.00%	6.00%
Attrition rate	5.00%	5.00%
Retirement age	58	58

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:

(₹ in lacs)

	2015	2014	2013	2012	2011
Present value of defined benefit obligation	1,310	863	742	739	661
Fair value of plan assets	626	671	730	691	592
Funded status [(deficit) / surplus ]	(684)	(192)	(12)	(48)	(69)
Experience loss / (gain) adjustments on plan liabilities	402	114	1	7	(6)
Experience (loss) / gain adjustments on plan assets	3	(2)	10	7	2

38. 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 2015	As at 31 March 2014
Opening balance	44	56
Provision created during the year	-	14
Utilised during the year	-	(26)
<b>Closing balance</b>	<b>44</b>	<b>44</b>

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.

39. Expenditure and earnings in foreign currency

(₹ in lacs)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>Expenditure in foreign currency</b>		
Travelling	40	8
Legal and professional fees	12	-
Interest	30	92
Others	18	3
	<b>100</b>	<b>103</b>
<b>Earnings in foreign currency</b>		
Exports of goods on F.O.B. basis	15,655	10,847
Interest	-	127
Management fees	1,277	1,318
	<b>16,932</b>	<b>12,292</b>

**40. Related party transactions:**

**(a) Names of related parties and relationship**

<b>Sl. No.</b>	<b>Name of related parties</b>	<b>Relationship</b>
(i)	JKM Global Pte Limited, Singapore	Subsidiary
(ii)	JKM Research Farm Limited, India	Subsidiary
(iii)	JKM Erla Automotive Limited, India	Subsidiary
(iv)	Dynamatic Limited, UK	Step 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 Offshore (India) Private Limited	
(xi)	Udayant Malhoutra and Company Private Limited	
(xii)	Wavell Investments Private Limited	
(xiii)	Udayant Malhoutra	Chief Executive Officer and Managing Director
(xiv)	Hanuman Kumar Sharma	Executive Director w.e.f 14 November 2014 and Chief Financial Officer
(xv)	P. S. Ramesh	Executive Director w.e.f 14 November 2014 and Chief Operating Officer – Hydraulics, India
(xvi)	N Rajagopal	Chief Operating Officer and Executive Director up to 22 August 2013
(xvii)	Pramilla Malhoutra	Relatives of Key Managerial Person
(xviii)	Udita 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 2015	31 March 2014	As at 31 March 2015	As at 31 March 2014
(i)	Dynamatic Limited, UK	Sale of manufactured goods	230	434	38 ~	92 ~
		Purchase of raw materials	151	-	(108)\$	-
		Management fees	473	502	473@	31
(ii)	JJKM Global Pte Limited, Singapore	Interest income	-	127	114^	114^
		Loans and advances repaid including foreign exchange reinstatement gain, net	-	(1,583)	-	-
(iii)	JKM Research Farm Limited	Expenses- rent	108	108	(45) +	-
		Loans and advances repaid	(3)	(66)	-	3!
(iv)	JKM Erla Automotive Limited	Loans and advances given	1,125	3,161	3,788!	3,593!
		Loans and advances repaid	(930)	-	-	-
		Other income-interest income	65	-	58^	-
(v)	Eisenwerk Erla GmbH, Germany	Management fees income	804	816	-	-
(vi)	JKM Ferrotech Limited	Sales of raw materials	2,318	1,815	697 ~	534 ~
		Sale of power and fuel	-	99	-	-
		Sale of fixed assets	-	272	-	-
		Labour charges	1	17	-	-
		Purchase of fixed assets	488	6	-	-
		Purchase of raw materials and components	3,234	2,796	-	-
		Other income- interest income	555	-	494^	-
		Loans and advances given	5,270	-	1,270!	-
		Loans and advances repaid	(4,000)	(2,993)	-	-
(vii)	Harasfera Design Private Limited	Legal and professional fees paid	21	21	-	-
(viii)	JKM Holdings Private Limited	Rent paid	4	4	-	-
(ix)	Udayant Malhoutra and Company Private Limited	Interest expenses	3	8	-	-
		Short-term borrowings	180	125	-	-
		Short-term borrowings repaid	(180)	(395)	-	-
(x)	Wavell Investments Private Limited	Long-term borrowings taken	1,075	-	(1,075)?	-
		Short-term borrowings taken	1,905	200	-	-
		Short-term borrowings repaid	(1,905)	-	-	-
		Issue of share capital (including securities premium)	1,300	1,001	-	325
		Interest expenses	10	9	(4)&	-
(xi)	Udayant Malhoutra	Issue of share capital (including securities premium)	2,700	-	-	675
		Managerial remuneration#	46	48	-	-
(xii)	Hanuman Kumar Sharma	Managerial remuneration#	26	-	-	-
(xiii)	P.S. Ramesh	Managerial remuneration#	19	-	-	-
(xiv)	N Rajagopal	Managerial remuneration#	-	21	-	-
(xv)	Pramilla Malhoutra	Rent paid	-	24	-	-
(xvi)	Udita Malhoutra	Rent paid	4	4	-	-

# 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.

~ aggregating ₹735 lacs (previous year ₹626 lacs) has been disclosed under note 18 in trade receivables.

\$ aggregating ₹108 lacs (previous year ₹Nil) has been disclosed under note 10 in trade payables.

@ aggregating ₹473 lacs (previous year ₹31) has been disclosed under note 21 as others in other current assets.

^ aggregating ₹666 lacs (previous year ₹114 lacs) has been disclosed under note 21 as interest accrued on loan to subsidiary in other current assets.

! aggregating ₹5,058 lacs (previous year ₹3,596 lacs) has been disclosed under note 20 as loan to subsidiaries under loans and advances.

? aggregating ₹1,075 lacs (previous year ₹Nil) has been disclosed under note 5 as borrowings from shareholders under long term borrowings.

& aggregating ₹4 lacs (previous year ₹Nil) has been disclosed under note 11 as interest accrued but not due on borrowings under other current liabilities.

+ aggregating ₹45 lacs (previous year ₹Nil) has been disclosed under note 11 as accrued expenses under other current liabilities.

#### 41. Segment information

##### Information about Primary Business Segments:

The business segment has been considered as the primary segment. The Company is organised into three main business segments, namely:-

- Hydraulics – comprising hydraulic pumps, hand pumps, lift assemblies, valves and power packs
- Automotive and aluminium castings (“AUC”) – comprising case front, water pumps, intake manifolds and exhaust manifold.
- Aerospace and defence (“ASP”) – comprising airframe structures, precision aerospace, components and Homeland division which offers cutting edge security products and technologies which will enhance potential customer capability in countering modern day security threats.
- Others – comprising Wind farm division which is into generation of power through wind energy and corporate.

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 2015

(₹ in lacs)

Particulars	Hydraulics	AUC	ASP	Others	Unallocated	Total
<b>(i) Revenue</b>						
Sales and services	19,375	16,321	11,754	1,277	-	48,727
Less: excise duty	(1,458)	(1,596)	(20)	-	-	(3,074)
<b>Total revenue</b>	<b>17,917</b>	<b>14,725</b>	<b>11,734</b>	<b>1,277</b>	<b>-</b>	<b>45,653</b>
<b>(ii) Results</b>						
Segment result	2,190	(1,919)	3,713	(133)	-	3,851
Add Other Income	-	-	-	-	781	781
(Less): interest expense	-	-	-	-	(5,373)	(5,373)
Add: exceptional item	-	-	-	-	3,719	3,719
<b>Profit/(loss) before taxation</b>	<b>2,190</b>	<b>(1,919)</b>	<b>3,713</b>	<b>(133)</b>	<b>(873)</b>	<b>2,978</b>
(Less): provision for taxation	-	-	-	-	(873)	(873)
<b>Net profit after tax</b>	<b>2,190</b>	<b>(1,919)</b>	<b>3,713</b>	<b>(133)</b>	<b>(1,746)</b>	<b>2,105</b>
<b>(iii) Other information</b>						
Segment assets	11,098	16,363	19,211	3,897	24,779	75,348
Segment liabilities	3,770	6,285	2,984	260	23,023	36,322
Capital expenditure	323	532	1,847	-	-	2,702
Depreciation	631	1,295	739	185	-	2,850
Other non-cash expenses	355	61	242	-	-	658

Information relating to business segments for the year ended 31 March 2014:

(₹ in lacs)

Particulars	Hydraulics	AUC	ASP	Others	Unallocated	Total
<b>(i) Revenue</b>						
External – sales and services	19,478	17,083	9,218	1,415	-	47,194
Less: excise duty	(2,332)	(1,939)	(31)	-	-	(4,302)
<b>Total revenue</b>	<b>17,146</b>	<b>15,144</b>	<b>9,187</b>	<b>1,415</b>	<b>-</b>	<b>42,892</b>
<b>(ii) Results</b>						
Segment result	2,368	(2,046)	3,743	600	-	4,665
Add: Other income	-	-	-	-	290	290
(Less): interest expense	-	-	-	-	(5,957)	(5,957)
(Less): Exceptional items	-	-	-	-	1,033	1,033
<b>Profit/(loss) before taxation</b>	<b>2,368</b>	<b>(2,046)</b>	<b>3,743</b>	<b>600</b>	<b>4,634</b>	<b>31</b>
(Less): provision for taxation	-	-	-	-	-	-
<b>Net profit after tax</b>	<b>2,368</b>	<b>(2,046)</b>	<b>3,743</b>	<b>600</b>	<b>(4,634)</b>	<b>31</b>
<b>(iii) Other information</b>						
Segment assets	10,800	17,117	17,897	3,907	13,397	63,118
Segment liabilities	4,161	6,106	2,992	125	18,890	32,274
Capital expenditure	259	289	476	1	-	1,025
Depreciation	660	1,499	628	29	-	2,816
Other non-cash expenses	69	77	65	-	-	211

Secondary segment reporting

Information relating to geographical segment

(₹ in lacs)

Particulars	31 March 2015			31 March 2014		
	In India	Outside India	Total	In India	Outside India	Total
Revenue (Including other income)	29,502	16,932	46,434	30,890	12,292	43,182
Carrying amount of segment assets	70,330	5,018	75,348	59,515	3,603	63,118
Capital expenditure	2,702	-	2,702	1,025	-	1,025

## 42. Derivative instruments

### A. Hedged derivative instruments:

As of 31 March 2015, the Company has recognised a cumulative loss of ₹417 lacs (2014: ₹1,836 lacs) relating to derivative instruments (comprising of foreign currency forward contracts) that are designated as effective cash flow hedges in the shareholders' fund.

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

Particulars		As at 31 March 2015	As at 31 March 2014
Category	Currency Hedged	Amount in original currency in lacs	Amount in original currency in lacs
<b>Forward Contracts</b>			
(to hedge Trade Receivables)	GBP	23	65

### B. Unhedged derivative instruments:

As of the balance sheet date, the unhedged foreign currency exposures are as detailed below:

Particulars	As at 31 March 2015		As at 31 March 2014	
	Amount in original currency in lacs	Amount in ₹ lacs	Amount in original currency in lacs	Amount in ₹ lacs
<b>Trade receivables</b>				
USD	52	3,247	28	1,669
EURO	6	406	7	604
GBP	14	1,297	3	336
<b>Short-term borrowings</b>				
GBP	8	753	-	-
<b>Long-term borrowings</b>				
SGD	11	522	-	-
USD	39	2420	-	-
<b>Interest receivable</b>				
SGD	2	110	2	114
<b>Management fees receivable</b>				
GBP	5	472	-	-
<b>Advance paid</b>				
CHF	-	-	-	1
GBP	-	18	-	-
JPY	-	5	-	-
<b>Trade payables</b>				
EURO	1	48	-	17
USD	17	1,073	5	318
GBP	-	41	-	20

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

(₹ in lacs)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Contract revenue recognised as revenue for the year	1,224	2,946
Aggregate amount of contract cost incurred for contracts in progress at the reporting date	-	915
Recognised profits (less recognised losses) for contracts in progress at the reporting date	-	431
Unbilled revenues (contract revenue recognised in excess of billings) presented under other current assets	-	1,346
Advance received from customer	-	144

**44. 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 micro and small scale industries (previous year: ₹Nil).

**45. Computation of weighted average number of shares**

(₹ in lacs)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Number of equity shares outstanding at the beginning of the year	5,540,050	5,414,703
Add: Weighted average number for equity shares issued during the year;		
- 125,347 number of shares issued on 26 March 2014 for 6 days	-	2,060
- 217,269 number of shares issued on 3 June 2014 for 302 days	179,768	-
- 200,557 number of shares issued on 13 July 2014 for 262 days	143,961	-
- 83,567 number of shares issued on 19 July 2014 for 256 days	58,611	-
- 300,000 number of shares issued on 17 October 2014 for 166 days	136,438	-
Weighted average number of equity shares outstanding during the year	6,058,828	5,416,763

46. Management fees represents the cost with an agreed markup for rendering executive management, finance accounting, human resources services, legal and other miscellaneous services to its overseas subsidiaries.

47. Pursuant to a resolution passed in the Extraordinary General Meeting of shareholders of the Company dated 25 March 2013, amounts aggregating ₹675 lacs and ₹575 lacs (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.

Out of these 288,300 and 338,440 convertible warrants, the Company after receiving balance 75% consideration issued 125,347 equity shares to Wavell Investments Private Limited during the year ended 31 March 2014 and 338,440 equity shares and 162,953 equity shares to Mr Udayant Malhoutra and Wavell Investments Private Limited respectively during the year ended 31 March 2015.

**48.** 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

**49.** Exceptional items for the year ended 31 March 2015 includes profit on sale of one of its assets (Land, Buildings and other structures at Dynamatic Park, Peenya, hereinafter referred to as "Peenya Property"). During the year ended 31 March 2015, the Company entered into a "Deed of Conveyance and Absolute Sale" ("Sale deed") dated 22 August 2014 with M/s Raised on Denim India and Karnataka Texspares and Steel Profiles Private Limited (collectively known as "Purchasers") towards the sale of Peenya Property at a gross consideration of ₹7,000 lacs. The related written down value of the aforesaid asset as at the date of sale was ₹2,830 lacs. Upon the execution of Sale deed and corresponding sale of the Peenya Property on 22 August 2014, the Company credited ₹4,164 lacs (after netting off selling expenses of ₹160 lacs and adjusting Revaluation Reserve of ₹154 lacs) to the statement of profit and loss. The aforesaid asset is leased back to the Company for a lock in period of eight years with an option to continue the same for a further period of two years. The Company does not have any obligation to buy back the Peenya Property at the end of the lease term.

Further, exceptional items for the year ended 31 March 2015 also includes expenses such as redemption premium charges, prepayment penalty, processing fees, negotiation fees and other ancillary charges incurred by the Company towards prepayment of loan funds to KKR India Financial Services Private Limited, a Non-Banking Financial Company aggregating to ₹445 lacs.

During the year ended 31 March 2014, the Company had transferred its right on leasehold land located at the SIPCOT area in Tamil Nadu along with the building and the superstructure constructed on it for aggregate consideration of ₹2,854 lacs. Accordingly, the Company had credited ₹1,183 lacs (after netting off selling expenses) to the statement of profit and loss after adjustment of revaluation reserve of ₹1,387 lacs which is included in exceptional items.

Further, exceptional items for the year ended 31 March 2014 includes various expenses such as professional fees and other incidental charges incurred by the Company towards loan funds raised from KKR India Financial Services Private Limited, a Non-Banking Financial Company.

**50.** The Board of Directors of the Company vide its meeting dated 8 September 2014 has delegated its power to the Finance Committee to act as deemed necessary in relation to the issue of equity shares by way of Qualified Institutional Placement (QIP) in accordance with Chapter VIII of Securities and Exchange Board of India ("Issue of Capital and Disclosure Requirements") Regulations, 2009, as amended and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and other relevant provisions in connection with this QIP. The Finance Committee in its meeting dated 13 September 2014 has accorded its approval to create, issue, offer and allot equity shares subject to Shareholders' approval. The Company had obtained the Shareholders' approval by way of special resolution passed in Extraordinary General Meeting dated 11 October 2014. The Finance Committee on 17 October 2014 has approved the allotment of 300,000 equity shares of face value of ₹10 each pursuant to the QIP on the receipt of funds aggregating ₹5,400 lacs. The said shares were allotted on 17 October 2014.

**51.** As per the requirement of Section 123 of the Companies Act 2013, the Company, based on the external technical evaluation, has reassessed the remaining useful lives of assets, primarily consisting of plant and machinery and buildings with effect from 1 April 2014. Based on the reassessment, the Management believes that there would not be any change in the useful lives of fixed assets from the previous estimates and accordingly no accounting adjustments is currently required.

52. Details of Non-current investments purchased and sold during the year:

Investments in equity instruments

(₹ in lacs)

(a) Subsidiaries	Face value per unit	As at 1 April 2014	Purchased during the year	Sold during the year	As at 31 March 2015
JKM Research Farm Limited	₹10	500 (4,999,930)*	-	-	500 (4,999,930)*
JKM Global Pte Limited, Singapore	USD 1	4,739 (14,571,451)*	-	-	4,739 (14,571,451)*
JKM Erla Automotive Limited	₹10	1,800 (17,999,994)*	5000 (25,000,000)*	-	6,800 (42,999,994)*
JKM Ferrotech Limited	₹10	-	4,500 (45,000,000)*	-	4,500 (45,000,000)*
<b>(b) Other entities</b>					
Harasfera Design Private Limited	₹10	1 (5,000)*	-	-	1 (5,000)*
Murablack (India) Limited	₹10	92 (921,530)*	-	-	92 (921,530)*

\* The amounts in parenthesis represents number of shares

Details of Non-current investments purchased and sold during the previous year:

Investments in equity instruments

(₹ in lacs)

(a) Subsidiaries	Face value per unit	As at 1 April 2013	Purchased during the year	Sold during the year	As at 31 March 2014
JKM Research Farm Limited	₹10	500 (4,999,930)*			500 (4,999,930)*
JKM Global Pte Limited, Singapore	USD 1	4,739 (14,571,451)*			4,739 (14,571,451)*
JKM Erla Automotive Limited	₹10	1,800 (17,999,994)*			1,800 (17,999,994)*
<b>(b) Other entities</b>					
Harasfera Design Private Limited	₹10	1 (5,000)*	-	-	1 (5,000)*
Murablack (India) Limited	₹10	92 (921,530)*	-	-	92 (921,530)*

\* The amounts in parenthesis represents number of shares

53. Details of loans given during the year:

(₹ in lacs)

Name of borrower	Rate of Interest	Term	As at 1 April 2014	Given during the year	Repayment during the year	As at 31 March 2015
JKM Research Farm Limited	15% per annum	On demand	3	-	(3)	-
JKM Erla Automotive Limited	15% per annum	On demand	3,593	1,125	(930)	3,788
JKM Ferrotech Limited	15% per annum	On demand	-	5,270	(4,000)	1,270

**Details of loans given during the previous year:**

(₹ in lacs)

Name of borrower	Rate of Interest#	Term	As at 1 April 2013	Given during the year	Repayment during the year	As at 31 March 2014
JKM Research Farm Limited	-	On demand	69	-	(66)	3
JKM Erla Automotive Limited	-	On demand	432	3,161	-	3,593
JKM Ferrotech Limited	-	On demand	2,993	-	(2,993)	-
JKM Global Pte Limited, Singapore	-	On demand	1,583	269	(1,852)	-

# With respect to loans given to wholly owned subsidiaries the Company has not charged interest on loans given prior to 1st April 2014. The Management based on legal opinion believes that as the Section 186 is effective 1st April 2014, no interest should be charged on the existing loans.

All the loan given are unsecured to its wholly owned subsidiaries. The loans have been given to these subsidiaries in the normal course of business for their operations

**54. Disclosure as per clause 32 of the Listing Agreement in respect of loans and advances, the amount in the nature of loans outstanding at year end:**

(₹ in lacs)

Subsidiaries	Outstanding as at		Maximum outstanding during the year ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
JKM Research Farm Limited	-	3	3	69
JKM Erla Automotive Limited	3,788	3,593	4,718	3,743
JKM Ferrotech Limited	1,270	-	5,201	2,993
JKM Global Pte Limited, Singapore	-	-	-	1,852

As per our report of even date attached

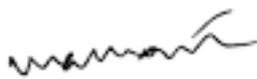
for **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration  
Number: 101248W/W-100022

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



**Sunil Gaggar**  
Partner  
Membership No.: 104315

Place : Bangalore  
Date : 28 May 2015



**UDAYANT MALHOUTRA**  
CEO and Managing Director  
DIN No.: 00053714



**HANUMAN SHARMA**  
Chief Financial Officer & Executive Director  
DIN No.: 07012725



**VIJAI KAPUR**  
Chairman  
DIN No.: 00056415



**NAVEEN CHANDRA P**  
Head Legal, Compliance  
& Company Secretary

DYNAMATIC LIMITED, UK

# BUSINESS REPORT

*2014-2015*



# 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
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

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 31.03.2015 ₹ in Lacs*	Year ended 31.03.2014 ₹ in Lacs*
Sales	25,577	26,972
EBITDA	2,528	3,375
Interest	214	229
Depreciation	687	706
PBT	1,795	2,440
Tax Charge / (credit)	274	335
Profit After Tax	1,522	2,105

\* Numbers restated as Indian GAAP

## DYNAMATIC HYDRAULICS™, DYNAMATIC LIMITED, UK

### Review of Business 2014-2015



Dynamatic Hydraulics™, Swindon saw a significant reduction in sales from £14,648K in 2013/14 to £11,489K in 2014/15. The trend of sales remained stable through the first two quarters of this last financial year with sales remaining at almost the same level as the previous year. However from the beginning of the third quarter and for the remainder of the year the sales fell away quite dramatically mainly due to a significant downturn in the Agricultural market OEM's and this trend has continued. This significant reduction in sales, which equates to a 22% reduction over the previous year's sales, has necessitated the plant to continue to run at reduced levels, particularly through November and December when the plant ran on a reduced hour 4 day week. As we have moved towards

the end of this financial year it looks more likely that the trend of reduced sales will continue through and into the next financial year.

The Swindon plant has continued to focus on all of its lean initiatives which have been the basis of all of the continuous improvement projects undertaken within this last year. In line with the forecast and budgeted significant reduction in sales the workforce now stands at 121, including 1 apprentice, which is at our lowest ever level. There has also been a continuation of the employee engagement program which is aimed at empowering all employees to get involved in all aspects of the business the main drivers being aimed at improving efficiency and reducing costs.

## Future Outlook

Looking forward to 2015/16 it will be a very challenging year for the business as we expect to see a continuation of reduced sales in line with what we have experienced during the last two quarters of 2014/15. In particular we continue to explore new opportunities within the John Deere group of companies and on that subject we have just secured some new business within John Deere where we will supply a new triple pump into the John Deere plant in Mexico. We anticipate that this will launch into production during the fourth quarter of next year once we have completed all of the prototype and field test requirements.

There is now greatly increased activity in growing the Aerospace footprint within the Swindon Hydraulics facility particularly in line with encompassing the manufacture of the recently won Long Range Flap Track Beam business with Airbus. We are also in parallel working closely with the Landlord of the building Swindon Borough Council in carrying out a facility refurbishment and terms to re-life the building and sign a new 10 year lease.



In summary we see the year ahead as a very challenging one for the Swindon Hydraulics business as we face the continuation of reduced sales certainly through the first half of next year.

A handwritten signature in black ink, which appears to read "Raymond Keith Lawton".

**Raymond Keith Lawton**

Managing Director

Dynamatic Hydraulics™, Dynamatic Limited, UK





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

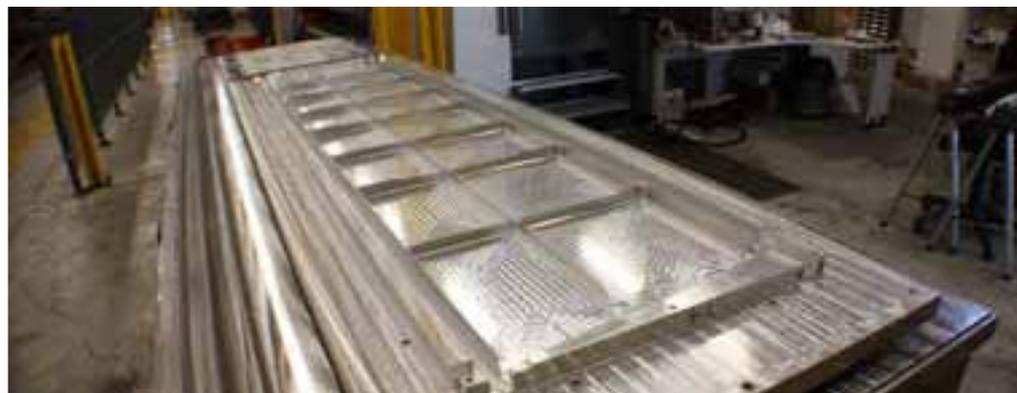
We achieved sales of £14.45mil against a forecast of £13.91mil; this was an overall increase in sale in the annual period to March 2014 £13.37m of 8.1%. There was a reduction of 34.5% in PBT on last year's results due to Sales mix versus cost of sales, machine tool breakdowns, Capex Depreciation and intercompany management fee. 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. Overall we produced 74,988 parts in the year with an internal RFT (right first time) of 98.2%, 111 concessions were submitted, the majority being Dassault project and a total of 405 first off articles

also the majority being Dassault & Chinook projects from 2014/2015 production.



**James Tucker**  
Managing Director  
Aerospace Division,  
Dynamatic Limited, UK



EISENWERK ERLA GmbH, GERMANY

# BUSINESS REPORT

*2014-2015*





**DIRECTORS**

Mr. Udayant Malhoutra - Chairman  
 Mr. Dietmar Hahn - Managing Director  
 Mr. Hanuman Sharma - Director  
 Mr. Enrico Fischer - Chief Financial Officer

**FINANCE HEAD AND COMPANY SECRETARY**

Mr. Hendrik Kindel

**LAWYER**

Dr. Hans-Hein Thomas

**AUDITORS**

KMPG AG, Germany  
 Chartered Accountant & Statutory Auditors

**BANKERS**

Commerzbank, Germany  
 Sachsen Bank, Germany

**REGISTERED OFFICE**

Gießereistraße 1, 08340 Schwarzenberg / Erzgebirge,  
 Germany

**OPERATING PLANTS**

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

**FINANCIAL RESULTS**

Particulars	Year ended 31.03.2015 ₹ in Lacs*	Year ended 31.03.2014 ₹ in Lacs*
Sales	91,574	88,163
EBITDA	5,983	5,612
Interest	967	2,529
Depreciation	635	669
Profit before tax and exceptional item	4,470	2,638
Exceptional item	1,268	-
Tax charge / (credit)	945	827
Profit After Tax	2,257	1,811

\* Numbers restated as Indian GAAP

Our Turnover at 118,206 TEUR for the period April' 2014 to March'2015 was substantially higher by 9,551 TEUR/ 8.6% than the previous financial year despite slight reduction in the production attributable to higher prices of Nickle. In the strategic market for high temperature resistant materials for the turbocharger industry, as also in the automotive industry in general, the share of turnover was further increased by 91%. However, while there was an increase in mechanical engineering products there was some decline in turnover of other products.

The order book for FY-2014 to 2015 amounting to a sum of 126,877 TEUR is higher by 16,213 TEUR compared to the previous year, and the order backlog, as on 31st March' 2015, at 79,998 TEUR is higher by 8,902 TEUR from the previous year. The order book and turnover achieved almost equals full capacity utilisation.

The overall performance comprising sales, change in inventory and other miscellaneous operational proceeding was at 118,417 TEUROS compared to 108,321 TEUROS in the previous year.

As on 31st March' 2015 there were 302 employees. Of these 21 Apprentices and additional 80 temporary workers.

Prediction of the economic outlook indicates a growth of 1.1% to 2.1% in FY 2015 - 2016. Though the raw material and energy market may remain volatile there could be slight increase in production and turnover levels in German Foundry Industry. Thus, we expect a higher order flow from our niche market, the turbo charger industry, for 2015-2016. Thereby the financial and yield conditions are likely to remain stable for Eisenwerk Erla GmbH. We have received contract for series delivery of Turbo Charges and negotiations are on for additional contracts. However, we could face certain investment challenges to improve the production and process stability of Turbo charges in cast steel.



## Outlook for the year 2015-16

- Stabilise turnover to 115 million Euros
- Expand trading activities with the Indian subsidiary JKM Ferrotech Limited.
- Explore the feasibility of investing 5 Million Euros through sub-tranches of syndicated financing to stabilise the production of cast steel and adjustment of Foundry peripherals
- Increment in personnel wages

Notwithstanding the above, should the economic environment improve for the automotive sector, turnover and growth in margins would be higher. This would have a positive impact on the results due higher variable interests. To improve its market share the company is also focusing on development of high end Turbo charges to meet the stricter environmental controls and better fuel consumption requirements.

**Dietmar Hahn**

Managing Director

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JKM FERROTECH LIMITED, INDIA

# BUSINESS REPORT

*2014-2015*



**DIRECTORS**

Mr. Nalini Ranjan Mohanty - Independent Director  
 Mr. Govind Mirchandani - Independent Director  
 Mr. S. Uppili - Director  
 Air Marshal S P Singh (Retd.) - Director  
 Mr. Suresh Naidu - Director

**AUDITORS**

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

**BANKERS**

Bank of India, Chennai  
 Axis Bank Limited, Chennai

**REGISTERED OFFICE**

K-4, Phase II, SIPCOT Industrial Complex, Gummidipoondi,  
 Thiruvallur District, Tamil Nadu 601 201, India

**OPERATING PLANTS**

K-4, Phase II, SIPCOT Industrial Complex, Gummidipoondi,  
 Thiruvallur District, Tamil Nadu 601 201, India

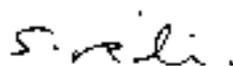
**FINANCIAL RESULTS**

Particulars	Year ended 31.03.2015 ₹ in Lacs	Year ended 31.03.2014 ₹ in Lacs
Sales	12,123	10,791
EBITDA	28	(182)
Other Income	191	41
Interest	1,533	1,012
Depreciation	911	927
Profit before tax in exceptional item	(2,225)	(2,080)
Exceptional item	543	-
Tax Charge	-	-
Profit (Loss) After Tax	(2,768)	(2,080)

JKM Ferrotech Limited ('JFTL') was vibrant with multiple activities last year as the entire focus was on profitability and turning the Company around. JFTL has adopted a different method of monitoring the foundry financial and profitability. Since conventional raw material ratio does not provide adequate feedback on the health of the Ferrous Foundry, contribution per ton of Liquid metal is now being considered.

**Future Outlook**

- Focus on Turbo charger castings to BorgWarner USA & Europe, and Honeywell India.
- Use safety critical Slack adjuster castings for Commercial vehicles to Haldex India and worldwide .
- Increase export of components to companies like BMW Munich for additional business (Differential case).
- Engage Foundation Brake Systems for better product mix to Maruti Suzuki for more business.
- Reduce energy consumption to optimise manufacturing cost and explore feasibility of using renewable energy like solar power.
- Automate post production process to improve productivity and quality.
- Work on value addition like Machining and Assembly.
- Obtain Integrated Management System certification [ISO 9001, ISO 14001 & OHSAS 18001]



**S. Uppili**

Director



JKM RESEARCH FARM LIMITED, INDIA

# BUSINESS REPORT

*2014-2015*

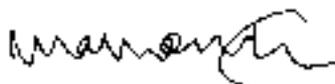




JKM Research Farm Limited (JRFL), a farm Equipment performance and optimization Company located near Bangalore on a 65 acre farm land, supports the Hydraulic Division of Dynamatic Technologies Limited (DTL) in the areas of design concept, functional prototype testing, and technical information. JRFL is continuously engaged in finding innovative solutions to upgrade the products of DTL 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 ₹82 lacs as against previous year profit of ₹39 lacs.



**Udayant Malhoutra**  
Chairman

**DIRECTORS**

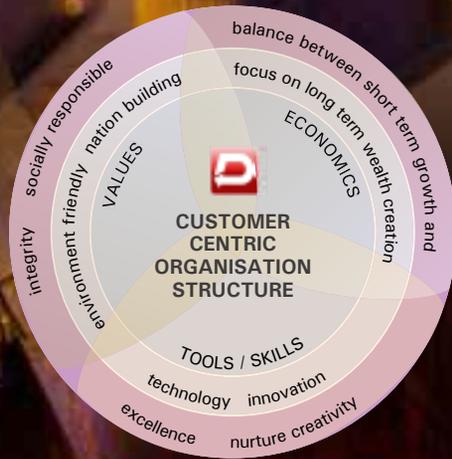
Mr. Udayant Malhoutra	- Chairman
Mrs. Pramilla Malhoutra	- Director
Air Marshal S P Singh (Retd.)	- Director

**AUDITORS**

M/s. Prasad and Kumar  
Chartered Accountants, Bangalore

**REGISTERED OFFICE**

A1-3, Cornwell Road, Bangalore 560 027, India





**Dynamatic Technologies Limited**



[www.dynamics.com](http://www.dynamics.com)

**Dynamatic Limited, UK**



[www.dynamics.com](http://www.dynamics.com)

**Eisenwerk Erla GmbH, Germany**



**JKM Ferrotech Limited**



[www.jkm-erla.com](http://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

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**DYNAMATIC TECHNOLOGIES LIMITED**

Registered Office: Dynamatic Park, Peenya, Bangalore - 560 058  
Corporate Identity Number: L72200KA1973PLC002308  
Phone Number: +91 80 2839 4933/34/35 Fax: +91 80 2839 5823  
Email ID: investor.relations@dynamatics.net website: www.dynamatics.com

**ERRATA AND ADDITIONAL INFORMATION**

The contents herein forms part of the Annual Report 2014-15 of Dynamatic Technologies Limited and may please be read as part of the said Annual Report 2014-15.

**ERRATA:**

In Page D-40 in para 4 from top, last line reads “*work force of over 2500 personnel*”. The same may please be read as “*work force of 3262 personnel*”. Inconvenience regretted.

**ADDITIONAL INFORMATION:**

*Disclosure under section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH Act')*

There were two Complaints filed under the POSH Act by an Aggrieved Woman. Both the Complaints have been disposed off by the Internal Complaints Committee within the timelines and the manner prescribed under the provisions under the POSH Act and the rules made thereunder. This disclosure may please be read as part of the Annual Report 2014-15.

**For and on behalf of the Board of Directors****Vijai Kapur**

Chairman

DIN No.: 00056415

**Place : Bangalore****Date : May 28, 2015**