

DYNAMATIC TECHNOLOGIES LIMITED

# ANNUAL REPORT

2015-2016



**BORN TO FLY**



**“Take up one idea. Make that one idea your life - think of it, dream of it, live on that idea. Let the brain, muscles, nerves, every part of your body, be full of that idea, and just leave every other idea alone. This is the way to success.”**

- Swami Vivekananda

**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 2015-16.

During the year under review, your Company recorded Consolidated Net Revenue of ₹14,938 million with Consolidated EBIDTA of ₹1,411 million & Net Profit Before Tax of ₹209 million.

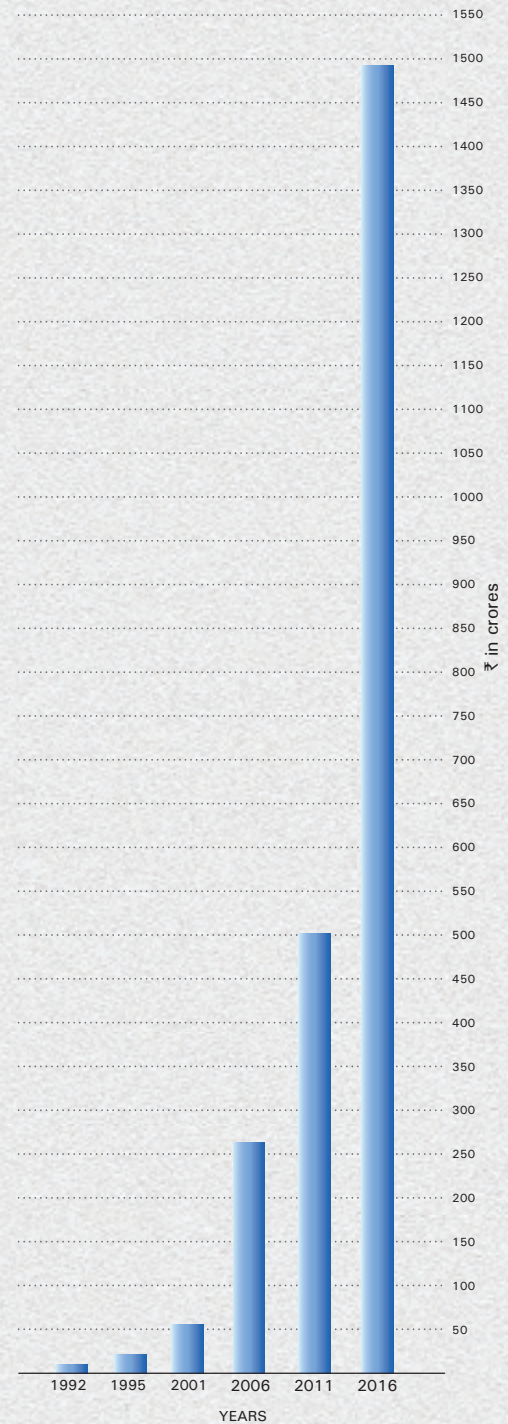
The graph on the right shows your Company’s growth over the past 24 years, reflecting the expansion and evolution of its design and precision engineering capabilities into distinct business segments of Hydraulics, Automotive & Metallurgy and Aerospace & Defence.

During the past year, the management has concentrated on execution of new aerospace orders, and the benefits of this are expected to accrue in the coming years.

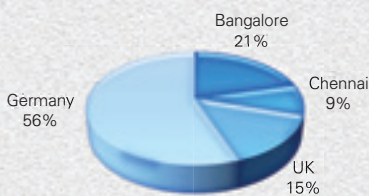
The management continues to concentrate on margin improvement through optimisation of your Company’s assets and capabilities.

**“Be patient. Everything comes to you in the right moment.”**

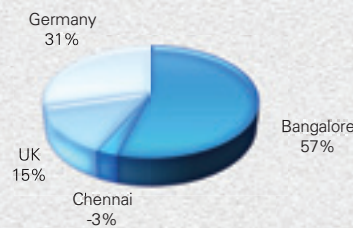
- The Buddha



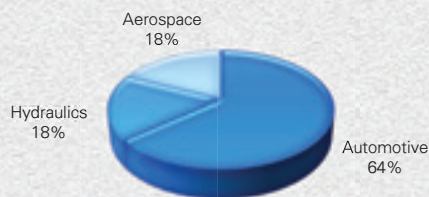
**NET REVENUE**



**EBIDTA**



**SEGMENT WISE REVENUE**



*The aggregated sales for 2015-16 excludes the turnover recorded by your Company’s wholly owned subsidiaries as well as Inter-Division/Company Sales of ₹143 crores from Dynameta®, Dynamatic Hydraulics™, Dynamatic Wind Farm, JKM Ferrotech Limited, India and Dynamatic Limited, UK.*

\*₹10 million = ₹1 crore



Your Company has continually focussed on building high quality global delivery systems for world-class customers including Airbus, Boeing, Bell Helicopter, Daimler, BMW, Audi, VW, Hyundai, John-Deere, CNH, JCB, Cummins, BorgWarner and Honeywell.

Towards this objective, your Company has had to support customers in terms of quality, cost, delivery and their geographical goals. Customer objectives, in turn, have been aligned with shareholder expectations, and the aspirations of Company employees in a manner that is both value-creating as well as sustainable.



Ms. Shelley Lavender, President, Boeing Military Aircraft at Dynamatic Park, Bangalore

Your Company owns and operates state-of-the-art design and manufacturing facilities in India, Germany and United Kingdom. These facilities have complimentary competencies, cost structures and customer relationships. We design our business models in order to maximise value for all stakeholders\*.

Germany and the United Kingdom are mature advanced economies, while India is the world's fastest growing emerging economy. The Government of India's strategic MAKE IN INDIA mission, provides your Company with a unique opportunity to both expand its global business footprint as well as to build a new 'Make for India' Aerospace & Defence business.

**"Change is the law of life and those who look only to the past or present are certain to miss the future."**

- John F. Kennedy



"MAKE IN INDIA is already happening, here and now..." - Pierre de Bausset, President, Airbus Group India Private Limited, during his tour of Dynamatic Park.

\*Case Study overleaf



**"Our duty is to encourage everyone in his struggle to live up to his own highest idea, and strive at the same time to make the ideal as near as possible to the Truth."**

- Swami Vivekananda

At a time when advanced economies are experiencing a decline in their working-age populations, India has a large pool of young people who are coming to the job market. The challenge before us is to impart them with necessary skills to produce world-class products.



Apprentices being trained to produce high quality artisanal aeronautic parts at the Dynamatic Training Center, Bangalore

Your Company has a long history of skill development, and has taken this on as an important mission: aligning our corporate needs with national policy. In addition to its own training facilities in India, Germany and the United Kingdom, Dynamatic Technologies has partnered with the Ministry of Skill Development and Entrepreneurship, Government of India and with the Department of Employment & Training, Government of Karnataka, for Skill Upgradation at the Industrial Training Institute (ITI), Devanahalli, and to participate in the management of the ITI on a Public Private Partnership basis, just 8 kms from New Bangalore International Airport.



Mr. G Parasurami Reddy, Chairman, Dynamatic Skill Development Initiative, accepting Chairmanship of the Industrial Training Institute, Devanahalli.



Shri Manohar Parrikar, Hon'ble Raksha Mantri, Government of India, launching the newly formed National Strategic Manufacturing Sector Skill Council on 22 February 2016, along with Udayant Malhoutra, Chairman of the Sector Skill Council.

Imparting and nurturing talent, expanding employment opportunities, creating the skills valued by our customers, growing our business for shareholders, and expanding economic activity wherever we are present; this is a long and difficult process, but one that leads to creation of stakeholder wealth on a sustainable basis.

Throughout the history of Dynamatic Technologies Limited, it has faced challenging times head on, seeking to benefit from the opportunities that accompany environmental risk. It has done so by being open to change, evolving into something bigger and better each time. The leadership team at Dynamatic is committed to securing the Company's market leadership, technological competence and brand equity.

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

**Udayant Malhoutra**

Chief Executive Officer & Managing Director



Dynamatic evaluates its employees purely on the basis of merit, free from bias.

A skill matrix provides each employee with transparent information on their evaluations.

## CASE STUDY

### Global Sole Supplier of Flap-Track-Beam Assemblies to Airbus



Map not to scale. For illustrative purposes only.

A Global Delivery System established by Dynamatic Technologies, has enabled us to leapfrog into the global ranks of elite Tier-1 suppliers to Airbus.

### Complementary 'Best-Value' Advantages

#### United Kingdom

Advanced Robotic 5-Axis machining  
Qualified raw material suppliers  
Low cost of Capital

#### India

Advanced 3D Engineering skills  
Artisanal craftsmanship  
Low cost of manpower

Dynamatic Technologies is the single source manufacturer of Flap-Track-Beam assemblies for Airbus single aisle aircraft (A318, A319, A320 & A321). We are just about to start commercial production of Flap-Track-Beam assemblies for Airbus wide bodied aircraft (A330) on a single source basis.

Dynamatic manufactures complex parts at its factories in Bristol & Swindon, UK, in stage I machining, and completes stage II manufacturing with artisanal craftsmanship and final assembly at its facilities in Bangalore, India, providing Airbus with global best-value Aerostructures. It has developed a unique value proposition based on a combination of advantages that the India & UK collectively enjoy.



Complex 5 Axis Machining at Dynamatic-Oldland, Bristol, UK

**Win-Win Globalisation: Airworthy containers filled with Complex Machined parts travel eastwards, and return filled with artisanally assembled Flap-Track-Beams.**



Assembly of Flap-Track-Beams for Airbus A320 Single Aisle Aircraft at Dynamatic-Oldland, Bangalore, India

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

## BOARD OF DIRECTORS

**Nalini Ranjan Mohanty**  
Director, DTL  
Chairman of Technology Development Committee  
Member of Corporate Social Responsibility Committee  
Director, JKM Ferrotech Limited  
Director, JKM Erla Automotive Limited

**Govind Mirchandani**  
Director, DTL  
Chairman of Corporate Social Responsibility Committee  
Chairman of Finance Committee  
Member of Audit & Risk Management Committee  
Member of Shareholders' Committee  
Member of Nomination & Remuneration Committee  
Member of Share Transfer Committee  
Director, JKM Ferrotech Limited  
Director, JKM Erla Automotive Limited

**Vijal Kapur**  
Chairman of the Board, DTL  
Chairman of Audit & Risk Management Committee  
Member of Nomination & Remuneration Committee

**Air Chief Marshal S Krishnaswamy (Retd.)**  
Director, DTL  
Chairman of Shareholders' Committee  
Chairman of Nomination & Remuneration Committee  
Member of Audit & Risk Management Committee  
Member of Technology Development Committee

**Malavika Jayaram**  
Director, DTL  
Member of Finance Committee  
Member of Technology Development Committee  
Member of Corporate Social Responsibility Committee

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

**Hanuman Kumar Sharma**  
Chief Financial Officer & Executive Director, DTL  
Member of Corporate Social Responsibility Committee  
Member of Shareholders' Committee  
Member of Finance Committee  
Geschäftsführer, Eisenwerk Erla GmbH, Germany  
Director, JKM Global Pte Limited, Singapore

**Dietmar Hahn**  
Director, DTL  
Member of Technology Development Committee  
Geschäftsführer Eisenwerk Erla GmbH

**Raymond K Lawton**  
Director, DTL  
Member of Corporate Social Responsibility Committee  
Member of Technology Development Committee  
Managing Director, Dynamatic Hydraulics™, Dynamatic Limited, UK  
Director, Yew Tree Investments Limited, UK

**P S Ramesh**  
Executive Director & Chief Operating Officer, Dynamatic-Oldland Aerospace™, India  
Member of Technology Development Committee  
Member of Finance Committee

**James Tucker**  
Director, DTL  
Member of Technology Development Committee  
Managing Director Aerospace Division Dynamatic Limited, UK

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

**Air Marshal S P Singh (Retd.)** PVSM, AVSM, VM  
Head Group HR, DTL  
Director, JKM Ferrotech Limited  
Director, JKM Erla Automotive Limited  
Director, JKM Research Farm Limited

**Junia Sebastian**  
Director  
JKM Ferrotech Limited

**Enrico Fischer**  
Chief Financial Officer  
Eisenwerk Erla GmbH

**Arvind Mishra**  
Deputy Chief Operating Officer, Dynamatic Hydraulics™  
Head, Dynamatic Homeland Security™

**Darren Fisher**  
General Manager, Hydraulics Division  
Dynamatic Limited, UK

**Jagpal Singh**  
Head of Engineering  
Dynamatic-Oldland Aerospace™, India

**Steve Hayes**  
Technical Director  
Aerospace Division  
Dynamatic Limited, UK

**G Parasurami Reddy**  
Chairman - Skills Development Initiative, DTL

**Rear Admiral Rajender Singh (Retd.)**  
Senior Advisor, DTL

**Naveen Chandra**  
Head Legal, Compliance & Company Secretary, DTL  
Member of Share Transfer Committee

**S Uppili**  
Chairman, Business & Product Development, Automotive

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

**P K Ray Chaudhuri**  
Head of Engineering  
DTL Research & Development

**Dave Goodfellow**  
Head of Finance  
Dynamatic Limited, UK

**Padmanabhan C**  
General Manager - Supplier Quality Management  
Dynamatic-Oldland Aerospace™, India

**Darren Bancroft**  
General Manager  
Aerospace Division  
Dynamatic Limited, UK

**S K Kapur**  
Vice President  
Corporate Affairs DTL

**Chalapathi P**  
GM, Corporate Controller, DTL  
CFO, JKM Erla Automotive Limited

**Suresh Kumar R**  
Vice President, Operations  
JKM Ferrotech Limited

**Lakshmi Kamath**  
CFO,  
JKM Ferrotech Limited

**G V Gururaj**  
Sr. General Manager Marketing  
Dynamatic Hydraulics™

**Trish Lawton**  
Head of Human Resources,  
Dynamatic Limited, UK

**Air Cmde. K Narendra Kumar (Retd.)**  
Sr. General Manager  
Dynamatic-Oldland Aerospace™, India

**Suresh J Naidu**  
Vice President, Corporate Affairs  
(Asset Management) DTL  
Director, JKM Ferrotech Limited

## SENIOR MANAGEMENT

### 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

#### 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 GLOBAL PTE LIMITED, SINGAPORE

Chairman  
Mr. Udayant Malhoutra  
Director  
Mrs. Pramilla Malhoutra

#### JKM RESEARCH FARM LIMITED

Director  
Mr. Hanuman Sharma  
Director  
Mr. Chai Chung Hoong  
Auditors  
KMPG LLP, Singapore

#### JKM ERLA HOLDINGS GmbH, GERMANY

Chairman  
Mr. Udayant Malhoutra  
Director  
Mr. Dietmar Hahn

Auditors  
KMPG AG, Germany  
Chartered Accountant & Statutory Auditors

**YEW 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. Nalini Ranjan Mohanty

Director  
Mr. Govind Mirchandani

Director  
Air Marshal S P Singh (Retd.)

Auditors  
B S R & Co., LLP  
Chartered Accountants  
Bangalore

#### JKM FERROTECH LIMITED

Director  
Mr. Nalini Ranjan Mohanty

Director  
Mr. Govind Mirchandani

Director  
Ms. Junia Sebastian

Director  
Air Marshal S P Singh (Retd.)

Director  
Mr. Suresh J Naidu

Auditors  
B S R & Co., LLP  
Chartered Accountants,  
Bangalore

#### 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

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.

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Mr. Vijai Kapur

Chairman of the Board & Independent Director

### Air Chief Marshal S Krishnaswamy (Retd.)

Independent Director

### Mr. Govind Manik Mirchandani

Independent Director

### Mr. Nalini Ranjan Mohanty

Independent Director

### Ms. Malavika Jayaram

Independent Director

### Mr. Raymond Keith Lawton

Non- Executive and Non-Independent Director

### Mr. Dietmar Hahn

Non- Executive and Non-Independent Director

### Mr. James Tucker

Non- Executive and Non-Independent Director

### Mr. P S Ramesh

Executive Director & Chief Operating Officer  
Dynamatic-Oldland Aerospace™, India

### Mr. Hanuman Kumar Sharma

CFO & Executive Director

### Mr. Udayant Malhoutra

CEO & Managing Director

## HEAD LEGAL, COMPLIANCE & COMPANY SECRETARY

Mr. Naveen Chandra P

## AUDITORS

M/s. B S R & Co., LLP

Chartered Accountants, Bangalore

## BANKERS

Bank of India

Commerzbank

DBS Bank Ltd

Deutsche Leasing

GE Capital

IL & FS Financial Services Limited

IndoStar Capital Finance Limited

Kotak Mahindra Bank Limited

Sachsen Bank

Siemens Financial Services Pvt Ltd

Societe Generale

The Royal Bank of Scotland

Tata Capital Limited

## REGISTERED & CORPORATE OFFICE

### Dynamatic Technologies Limited

Dynamatic Park, Peenya Industrial Area,  
Bangalore 560 058.

Tel : +91 80 2839 4933 / 34 / 35

Fax : +91 80 2839 5823

Email : investor.relations@dynamatics.net

CIN : L72200KA1973PLC002308

Website : www.dynamatics.com

## REGISTRAR & TRANSFER AGENTS

### Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32

Gachibowli Financial District

Nanakramguda, Hyderabad 500008

Tel : +91 40 6716 2222

Fax : +91 40 2342 0814

Email : support@karvy.com

Website : www.karvycomputershare.com

# ORGANISATION STRUCTURE

## DYNAMATIC TECHNOLOGIES LIMITED INDIA

**AUTOMOTIVE**  
(64% of FY2016 Revenues)

JKM Automotive™  
Chennai, India

JKM Ferrotech Limited  
Chennai, India

Eisenwerk Erla GmbH  
Schwarzenberg, Germany

**HYDRAULICS**  
(18% of FY2016 Revenues)

Dynamatic Hydraulics™  
Bangalore, India

Dynamatic Hydraulics™  
Swindon, UK

**AEROSPACE &  
DEFENCE**  
(18% of FY2016 Revenues)

Dynamatic-Oldland Aerospace™  
Bangalore, India

Dynamatic-Oldland Aerospace™  
Bristol, UK

Dynamatic-Oldland Aerospace™  
Swindon, UK





# DIRECTORS' PROFILE



## **Chairman**

### **Mr. Vijai Kapur**

*Chairman & Independent Director*

Mr. Kapur is a management consultant. During an illustrious career, he was heading GKW Limited as Deputy Managing Director, and was also past President – AIEI (now called CII).



### **Air Chief Marshal Krishnaswamy (Retd.)**

*Independent Director*

Mr. Krishnaswamy was a 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.



### **Mr. Govind Mirchandani**

*Independent Director*

Mr. Mirchandani is a management consultant with vast experience in developing and building leading brands in India. He has a distinguished career which includes leadership positions at various corporates including Reid and Taylor (Executive Director & CEO), Brandhouse Retails Ltd (Director), Arvind Mills Ltd. (CEO & Director and President, Denim Division) and Personality Ltd. (President & CEO).



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

*Independent Director*

Mr. Mohanty is an expert in the field of Aviation Engineering. With his deep understanding of technology, he has brought about significant improvements in the operations of HAL and the Indian Aerospace Industry. He was the past Chairman of HAL. During his tenure, HAL could establish itself as one of the internationally recognized leading aviation companies. He is a Fellow of the Institute of Engineers (India) and also Fellow of the Aeronautical Society of India. In 2004, he received the prestigious 'Padmashree Award' from the President of India.



### **Ms. Malavika Jayaram**

*Independent Director*

Ms. Jayaram is a practising lawyer for over 15 years, she worked on cutting edge issues in Europe and India, with global law firm Allen & Overy in the Communications, Media & Technology group, as Vice President and Technology Counsel at Citigroup, and as partner, Jayaram & Jayaram, Bangalore. She is a Berkman Fellow at Harvard University, and Adjunct Faculty at Northwestern University's Master of Science in Law program. She is one of the few Indian lawyers selected for The International Who's Who of Internet e-Commerce & Data Protection Lawyers directory.



**Mr. Raymond Keith Lawton**

*Non-Executive Director*

Mr. Lawton is formerly the Plant Manager and Board Chairman, Sauer Danfoss (Swindon Unit). He is credited with the transformation of the Swindon unit into a state-of-the-art facility with extensive investment in capital equipment through the late 1990's and 2000's. He is currently the Managing Director, Dynamatic Hydraulics™, Dynamatic Limited, UK.



**Mr. Dietmar Hahn**

*Non-Executive Director*

Mr. Hahn has over two decades of rich experience in operations, sales and development, having worked in leadership positions at Eisenwerk Erla GmbH. He is the Geschäftsführer (Managing Director), Eisenwerk Erla GmbH, Germany.



**Mr. James Tucker**

*Non-Executive Director*

Mr. Tucker 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 and Agusta Westland. He is currently the Managing Director, Dynamatic-Oldland Aerospace™, Dynamatic Limited, UK.



**Mr. P S Ramesh**

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

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. He has been working with Dynamatic Technologies for over 18 years and has progressively moved ranks to become the Chief Operating Officer of Dynamatic Hydraulics™, India. He is currently the Chief Operating Officer of Dynamatic-Oldland Aerospace™, India.



**Mr. Hanuman Kumar Sharma**

*Executive Director & Chief Financial Officer*

Mr. Sharma joined the organisation in 2012 as Chief Financial Officer. He has led the Company's initiatives to optimise the balance sheet, and prepare the future growth 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 also responsible for global accounts, corporate finance, risk management, investor relation and introduction of best accounting practices across the group.



**Mr. Udayant Malhoutra**

*Chief Executive Officer & Managing Director*

Mr. Malhoutra 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.

# COMPANY OVERVIEW

**Incorporated in 1973, Dynamatic Technologies Limited ('Dynamatic Technologies' or the 'Company') is a manufacturer of highly engineered products for the Aerospace, Automotive and Hydraulic industries. With futuristic design, engineering and manufacturing facilities in Europe and India, Dynamatic Technologies serves customers' across six continents.**

The Company is one of the world's largest manufacturers of hydraulic gear pumps and automotive turbochargers and has leadership in hydraulic gear pumps market for over 35 years. It has 60% share of the Indian organised tractor market, supplies to almost all original equipment manufacturers (OEMs) in India. Dynamatic Technologies is a pioneer and leader in the Indian private sector for the manufacture of high precision airframe structures and aerospace components. It is a tier I supplier to the global aerospace OEMs such as Airbus, Boeing, Bell Helicopters and HAL. The Company also manufactures high precision, complex metallurgical ferrous and aluminium castings for performance critical components such as turbochargers and exhaust manifolds and has capabilities to develop automotive components on single-source basis.

Our facilities which are located in India (Bangalore, Chennai, Coimbatore, Nasik), United Kingdom (Swindon, Bristol) and Germany (Schwarzenberg), are lean, green and clean, and designed to support neighbouring communities as well as the environment. With three design laboratories in India and Europe, Dynamatic Technologies is a leading private R&D organisation, with a number of inventions and patents to its credit. Dynamatic Technologies is vertically integrated, with its own alloy-making and casting capabilities as well as its own captive green energy sources.

## HYDRAULICS

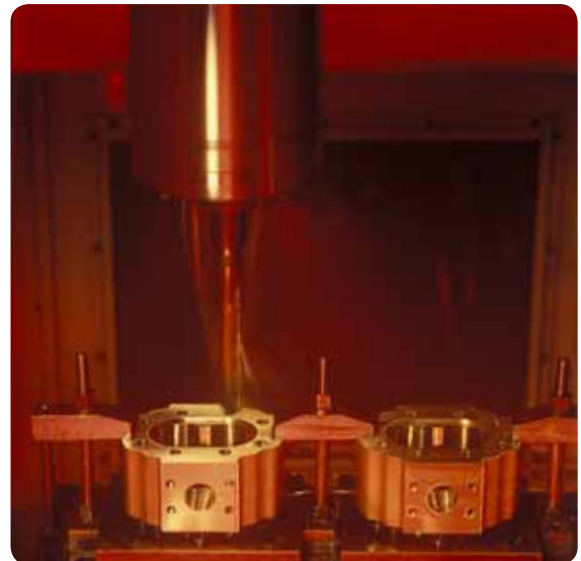
Dynamatic Hydraulics™ is one of the world's largest Hydraulic Gear Pumps manufacturers with two state-of-the-art manufacturing facilities located in Bangalore, India, and Swindon, U.K.

Dynamatic Hydraulics™ has technology leadership in the hydraulics space globally with among one of the finest in-house engineering laboratories.

## INDIA

The Dynamatic Hydraulics™ production facilities in Bangalore employ cutting-edge technologies and modern machinery to manufacture a wide range of sophisticated hydraulic valves and custom tailored hydraulic solutions extending from simple hydraulic pumping units to complex marine power packs and aircraft ground support systems to turnkey industrial installations. Dynamatic Hydraulics™ manufactures an extensive range of hydraulic gear pumps in cast iron and aluminium, that find application in agricultural equipment, construction equipment, material handling equipment, mining & drilling equipment and marine equipment.

Product portfolio include Aluminum Body Pumps for Agricultural Equipment & Industrial Applications, Cast Iron Gear Pumps for Construction Equipment & Earth Moving Equipment, Lube Oil Pump, Quadruple Pump, Hitch Control Valves, Rockshaft Assembly and Control Valves for Tractors.



## KEY CUSTOMERS

**AGCO**  
**CATERPILLAR**  
**CUMMINS**  
**EICHER**  
**ESCORTS**  
**JOHN DEERE**  
**MAHINDRA**  
**NEW HOLLAND**  
**SAME DEUTZ-FAHR**  
**TAFE**



*Dynamic Hydraulics™ Team, India*

## UK

Dynamic Hydraulics™ facility in Swindon, UK, has over six decades of experience in the design and manufacture of Gear Pumps and supplies products to agricultural, construction and on-highway vehicle manufacturers. The facility also possesses advanced design knowledge for Mobile Hydraulics Sector and comprehensive product testing and validation capabilities.

Product portfolio include Aluminum Body Hydraulic Gear Pumps and Integrated Gear/Piston Pump Packages, Cast Iron Gear Pumps, Fan Drive Motor, Integrated Control Valve and Tandem Gear Pump and High Value-add Products combining Multiple Pump & Valve Elements in a compact unit.



## KEY CUSTOMERS

ALEXANDER DENNIS

CNH

JOHN DEERE

MUNICE POWER PRODUCTS

TERMHOPE

WHITE HOUSE PRODUCTS

## AEROSPACE & DEFENCE

Dynamic Technologies is a pioneer and leader in the Indian private sector for the manufacture of high precision airframe structures and aerospace components. The Company has the largest infrastructure in the Indian private sector, possesses stringent regulatory approvals and quality certifications that present significant barriers to entry. It is also the only Indian company to be a Tier I supplier to Airbus, Boeing and Bell Helicopters.

Dynamic-Oldland Aerospace™ is a demonstrated leader for the development of exacting Airframe Structures and Precision Aerospace Components. The Company's modern and state of the art Aerospace manufacturing facilities in India and UK deliver high value to our customers, by combining the technical competence of our facilities in UK with the cost & manufacturing advantages offered by our Indian plants.

### INDIA

Dynamic-Oldland Aerospace™, India, is a partner of choice for agencies of national importance including the Ministry of Defence and Hindustan Aeronautics Limited (HAL), as well as the international aerospace OEM majors. Our products include the Wing and Rear Fuselage of the India's Pilotless Target Aircraft - LAKSHYA, the Ailerons & Wing Flaps for the Intermediate Jet Trainer HJT-36 and major Airframe Structures for the Sukhoi 30 MKI Fighter Bomber.

Dynamic-Oldland Aerospace™ is the single source manufacturer of Flap-Track-Beam assemblies for Airbus single aisle aircraft (A318, A319, A320 & A321). We are just about to start commercial production of Flap-Track-Beam assemblies for Airbus wide bodied aircraft (A330) on a single source basis.

Dynamic manufactures complex parts at its factories in Bristol & Swindon, UK, in stage I machining, and completes stage II manufacturing with artisanal craftsmanship and final assembly at its facilities in Bangalore, India, providing Airbus with global best-value Aerostructures.

It has developed a unique value proposition based on a combination of advantages that India & the UK collectively enjoy.

Dynamic partners Boeing for the manufacture of cabinets to house Critical Power and Mission Equipment for Boeing's P8 Maritime Reconnaissance Aircraft.

Dynamic has been contracted to manufacture the Aft Pylon Assembly and Cargo Ramp Assembly for the Boeing Chinook CH-47F Helicopter, which is Boeing Defense Systems' largest export programme out of India.



**"There is a little bit of India  
in every Airbus Aircraft"**

**- Thomas Enders, CEO Airbus**



*Dynamic-Oldland Aerospace™ Team, India*

Dynamic has been contracted as a single-source supplier of Major Airframe Assemblies for the Bell 407 Helicopter, one of the world's largest selling helicopters.

The industrialisation program at Dynamic has involved digitisation of over 2000 detail parts for Bell 407, followed by development of tooling, processes and part manufacturing. We have now taken up the 5 major fuselage assemblies and are ramping up to full rate production.

#### **UK**

In 2008 Dynamic acquired Oldland CNC, a high end precision engineering Company in Bristol UK, which is a unique state-of-the-art Aeronautical manufacturing facility possessing complex 5 axis machining capabilities for the manufacture of Aerospace components and tooling. Dynamic Technologies became the first Indian company to establish a global manufacturing supply chain for leading international aerospace companies.



#### **KEY CUSTOMERS**

- AIRBUS**
- AGUSTA WESTLAND**
- BELL HELICOPTER**
- BOEING**
- GE AVIATION SYSTEMS**
- GKN AEROSPACE**
- HAL**
- LOCKHEED MARTIN**
- MAGELLAN AEROSPACE**
- SPIRIT AEROSYSTEMS**

Dynamatic Homeland Security™ offers 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 India's National Defence Forces, Homeland Security Forces, Police and Civilian Agencies, solutions that will enhance their abilities to prepare and plan for emergencies as well as their response and recovery skills.

Dynamatic designs and builds unmanned & manned, aerial, ground and water ISR (Intelligence Surveillance & Reconnaissance) platforms for military and para-military. Dynamatic Homeland Security™, is also developing the internet of things (IoT) on border linking the data from aerial and ground sensors into one common command and control platform. Dynamatic has DSIR approved R&D capabilities critical to developing cutting edge security solutions.

### **PATANG™ QUADCOPTOR**

Dynamatic Patang™ is a light-weight, easily deployable vertical take off and landing Unmanned Aerial Vehicle, capable of being launched from an area of 25m<sup>2</sup> or less, with no need of preparation of surfaces.

Rapid deployment and quick turnaround, ruggedness and reliability, long endurance and mission time, negligible audio signature, no need of launching aids and complete autonomy makes Patang™ an ideal platform for the para military for ISR activities.



*PATANG™ - Long Endurance Unmanned Aerial Vehicle*

### **MICRO TACTICAL GROUND ROBOT**

Micro Tactical Ground Robot platform is a unique and robust light weight, tactical vehicle with high manoeuvrability in all terrains both indoors & outdoors, designed to aid para military units in various tactical and ISR missions.



### **UNMANNED AERIAL VEHICLES**

Dynamatic has partnered AeroVironment Inc, USA, for production of mini UAVs in India. AeroVironment is the world's largest manufacturer of small unmanned aerial vehicles having produced over 29,000 UAVs operational in over 35 countries.



*Raven UAV - AeroVironment has delivered 85% of the US Department of Defence's Inventory of UAVs*



## AUTOMOTIVE & METALLURGY

Dynatomic Technologies produces high quality ferrous and non-ferrous automotive components for highway, off-highway and technology oriented applications for leading global automotive OEMs. The Company possesses modern ferrous and non-ferrous foundries as well as modern state-of-the-art automotive component manufacturing facilities in India and Germany, and is able to vertically integrate the competence and locational advantages of its facilities to deliver greater value to our customers.

JKM Automotive™ produces high quality ferrous and non-ferrous critical engine and transmission components on a single-source basis for leading global automotive OEMs. JKM Automotive's manufacturing facilities incorporate modern technologies and highly efficient production processes, and are certified to the highest quality and safety standards specified by the automotive industry. It caters to the needs of the Indian passenger car market and is currently working towards enhancing the global footprint through collaborations with international automotive OEMs.



Product portfolio include components for engine, transmission, turbocharger and chassis such as exhaust manifold, flywheel, brake caliper, lanchester housing, bracket, brake mounting plate, end yoke, compressor housing, compressor mounting bracket and fork shift.



*JKM Automotive™ Team, India*

### KEY CUSTOMERS

- BMW
- DAIMLER
- FORD
- HYUNDAI
- MAN
- MANDO
- RENAULT NISSAN
- TATA MOTORS
- VOLKSWAGEN

The JKM Ferrotech™ facility in Chennai has expertise in producing High Si-Mo automotive components and is certified to the best in class industry quality standards. Our expertise in producing intricately shaped castings as well as our skills in handling ferrous alloys, particularly High Si-Mo and Ni-Resis, makes us a strong development partner for prototypes in ferrous alloy castings.

Eisenwerk Erla GmbH is a preferred supplier of precision, complex metallurgical products for automotive engines and turbochargers to leading global automotive OEMs. With a history of over 630 years, Eisenwerk Erla possesses one of the finest ferrous foundries in Europe, capable of manufacturing extremely intricate ferrous castings from difficult-to-cast materials. It also has strong R&D capabilities with patented technologies specific to the automotive industry such as SiMo, Ni-Resist, Heat Resistant Steel and Core Making Technology for Turbocharger castings. Eisenwerk Erla has close to 2% share of the global petrol turbocharger market.

Product portfolio include channel plate, exhaust pipe, exhaust gas line, U-bend, support straps, crankshaft bearing caps, turbine housing and other components for turbo charged engines. <consider including product picture instead of names>

Dynametal® incorporates the use of the latest metallurgical processes to produce high quality non-ferrous alloy and castings for industrial, automotive and aerospace applications. The Foundry differs radically from other conventional foundries as its heat treatment processes are designed to ensure castings are made with no inclusions, minimal melting loss and with the effective removal of gas from the metal. Dynametal® is capable of executing aluminum gravity die cast parts with intricate contours, pressure die castings and has competence in alloying metals and complex castings.



## KEY CUSTOMERS

AUDI  
BORG WARNER  
BOSCH MAHLE TURBOSYSTEMS  
BMW  
DAIMLER  
IHI CHARGING SYSTEMS  
MAN  
VOGELE  
VOITH  
VOLKSWAGEN

## ENGINEERING & DESIGN

Dynamic Technologies is a knowledge based organization and research & development continues to be at the heart of the Company's growth strategy. Dynamic Technologies works closely with its OEM customers and anticipating their future product needs, the Company's R&D personnel conceive, design, develop and manufacture new proprietary automotive components and systems. R&D personnel also work to improve current products and production processes to align them with the rapidly changing industry environment. The Company believes its commitment to R&D will allow it to continue to be a leading technology provider and preferred partner to the global OEMs.

The Company employs 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 JKM Science Center in Bangalore, India, houses the Dynamic Technologies Research & Development Center as well as a sophisticated Material Sciences Laboratory, which are engaged in:

- Design and Prototyping of new products
- Improvement of existing designs
- Continuous improvement of existing processes
- Ongoing testing of products and materials

The Dynamic Technologies Research & Development Center is completely electronic, utilising state-of-the-art parametric 3D design programs and knowledge based expert systems. The Center has been a 'Recognized In-House R&D Unit' certified by the Department of Scientific and Industrial Research (DSIR), the Government of India, since 2001.

JKM Science Center, a world-class Design Center capable of total product and system design, possesses advanced capabilities in structural, thermal and dynamic engineering for design validation, analysis, and optimization.

JKM Science Center aims at imparting competitive advantages to its clients through shorter development cycle time and time-to-market. The JKM Science Center

strategically blends mechanical engineering expertise with an in-depth software application knowledge to impart world-class engineering services to companies across the globe. JKM Science Center offers optimal, qualitative and cost-effective design solutions.

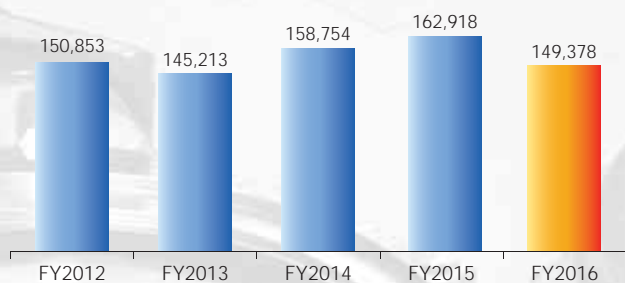
The Dynamic Technologies Engineering Laboratory, in Swindon, UK, possesses advanced design knowledge for the mobile hydraulics sector, and has comprehensive product testing and validation capabilities.



# CONSOLIDATED FINANCIAL HIGHLIGHTS

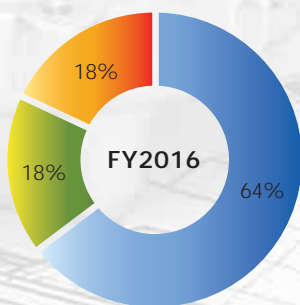
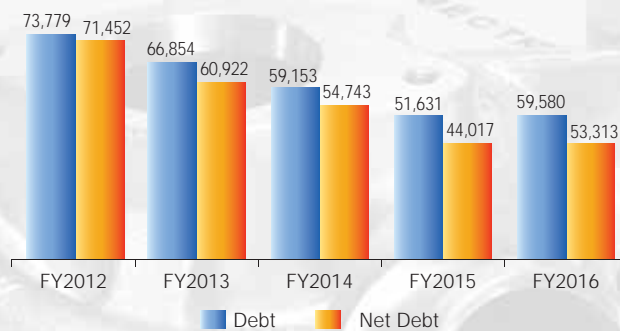
## REVENUE & BREAK UP

(` in Lacs)

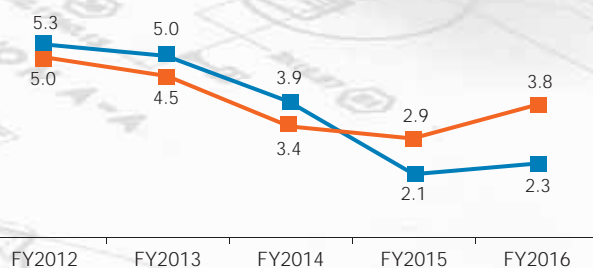


## DEBT & LEVERAGE RATIOS

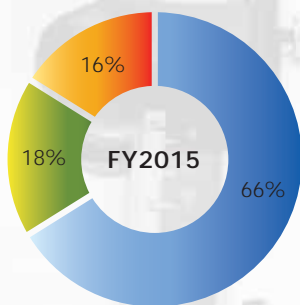
(` in Lacs)



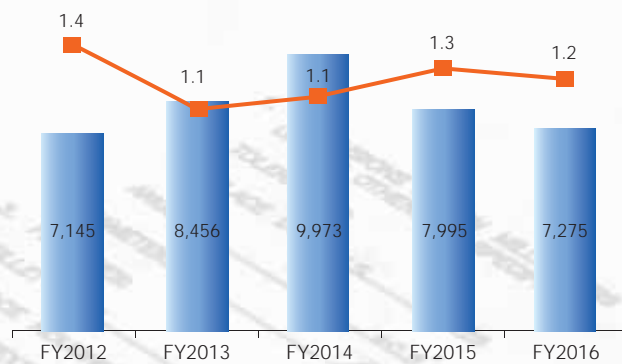
■ Automotive ■ Hydraulics ■ Aerospace & Defence



■ Debt/Equity ■ Net Debt/EBITDA



■ Automotive ■ Hydraulics ■ Aerospace & Defence



■ Interest ■ Interest Coverage

## DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors are pleased to present their 41<sup>st</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2016.

### 1. FINANCIAL RESULTS

The Financial Results of the Company for the year ended 31<sup>st</sup> March, 2016, were as follows:

(` in Lacs)

Particulars	Standalone		Consolidated	
	Year Ended 31 March 2016	Year Ended 31 March 2015	Year Ended 31 March 2016	Year Ended 31 March 2015
Gross Sales	45,883	48,762	1,52,809	1,66,860
Net Sales	43,137	45,688	1,49,378	1,62,918
Profit (Before Interest, Depreciation & Taxation) (EBITDA)	7,430	6,736	14,108	15,143
Other Income	401	746	499	1,026
Interest & Finance Charges	5,163	5,373	7,275	7,995
Depreciation	2,911	2,850	5,243	5,091
Net Profit Before Taxation and Exceptional Items	(243)	(741)	2,089	3,083
Exceptional Items	-	3,719	-	1,909
Net Profit Before Taxation and after Exceptional Items	(243)	2,978	2,089	4,992
Provision for Taxation:				
- Current Tax	(104)	1,451	1,212	2,781
- Deferred Tax Charge	(268)	(578)	(351)	(654)
Net Profit After Tax	129	2,105	1,228	2,865
Balance brought forward from previous year	5,840	3,735	8,554	5,689
Amount available for appropriation	5,969	5,840	9,782	8,554
<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	5,969	5,840	9,782	8,554

Note: Previous years' figures have been recast wherever necessary.

### COMPANY PERFORMANCE

Net sales on a consolidated basis decreased by 8.3% to `149,378 lacs as against `162,918 lacs in FY2015. This was a clear reflection of the prevailing difficult global macroeconomic scenario. Recovery of the global auto industry remained fragmented which had a bearing on our Automotive segment performance. Erratic monsoon over the past couple of years and drought like situation in many parts of the country continued to impact the Indian agriculture industry resulting in weak farmer sentiment for most of the year. Although there were early signs of recovery in the hydraulics industry environment during the last quarter of the fiscal year 2016 both in the UK and India. In the Aerospace segment, the Company has made investments over the last two years in building capacities for the execution of orders for Airbus, Boeing and Bell. During Q4 FY2016, commercial deliverables for the projects to Boeing Chinook CH-47F Helicopter started

resulting in improved performance of the Aerospace segment. Revenue growth during the year also included a negative impact of unfavorable foreign exchange fluctuation of `5,847 lacs, in particular EURO-INR.

EBITDA on a consolidated basis was `14,108 lacs as against `15,143 lacs in FY2015 representing a decline of (6.8)%. Of this decline, `263 lacs was due to unfavourable foreign exchange fluctuation, in particular EURO-INR. Despite a decline in the topline, EBITDA margins were sustained at 9.4%. Interest Expenses declined from `7,995 lacs in FY2015 to `7,275 lacs in FY2016. Net Profit Before Tax for the year on a consolidated basis was `2,089 lacs as against `4,992 lacs in FY2015. Profit during the year FY2015 also included an exceptional item of `1,909 lacs on account of gain on sale of non-core assets. Net Profit After Tax on a consolidated basis is `1,228 lacs as against `2,865 lacs in FY2015.

The Aerospace & Defence segment grew from ₹26,020 lacs in FY2015 to ₹26,981 lacs FY2016 on account of ramp up of the order book and commercial deliveries of project to Boeing Chinook CH-47. Profit (Before Interest & Tax) increased from ₹5,403 lacs to ₹6,555 lacs. This includes the turnover from the Aerospace division of Dynamatic Limited, UK, a subsidiary of your Company, to the extent of ₹12,233 lacs and Profit (Before Interest & Tax) of ₹1,297 lacs.

The Hydraulics and Precision Engineering segment declined to ₹26,132 lacs from ₹29,218 lacs in 2015 due to the poor agriculture industry environment. Profit (Before Interest & Tax) decreased from ₹2,806 lacs to ₹2,338 lacs. This includes the turnover from the Hydraulics division of Dynamatic Limited, UK, a subsidiary of your Company, to the extent of ₹9,591 lacs and Profit (Before Interest & Tax) of ₹102 lacs.

The Automotive and Metallurgy business declined from ₹1,07,498 lacs to ₹96,052 lacs while Profit (Before Interest & Tax) decreased to ₹900 lacs from ₹2,336 lacs. This includes the turnover from Eisenwerk Erla GmbH, a subsidiary of your Company to the extent of ₹83,146 lacs and Profit (Before Interest & Tax) of ₹3,627 lacs. Exports from India have gone down by 2% with sales of ₹15,310 lacs against the previous year's ₹15,655 lacs.

## SHARE CAPITAL

During the year under review, there was no change in the Company's issued, subscribed and paid-up equity share capital. On 31<sup>st</sup> March, 2016, it stood at ₹634.14 lacs divided into 63,41,443 equity shares of ₹10/- each.

## TRANSFER TO RESERVES

During the year under review, 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 ₹92 lacs (Consolidated) has been accounted under the Hedge Reserve Account.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has duly complied with the provision of Section 186 of the Companies Act, 2013 during the year under review. The details of loans, guarantees and investments covered under section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in the Annual Report.

## DIVIDEND

During the year under review, your Directors have decided to plough back profits into business to support new project plans. The Board do not propose to declare any dividends.

## CAPITAL EXPENDITURE

During the year under review, your Company incurred capital expenditure of ₹3,229 lacs for physical infrastructure and ₹33 lacs for the procurement of intangible assets. Significant investments have been made over the past two years in building infrastructure, state-of-the-art machinery, design software, data security, information systems, and design and development activities, for the future growth of your Company.

## DEPOSITS

The Company has not accepted any deposit during the year under review. There were no deposits remaining unpaid/unclaimed as at the end of the financial year 2016 as such, no amount of principal of interest was outstanding, as on the balance sheet closure date.

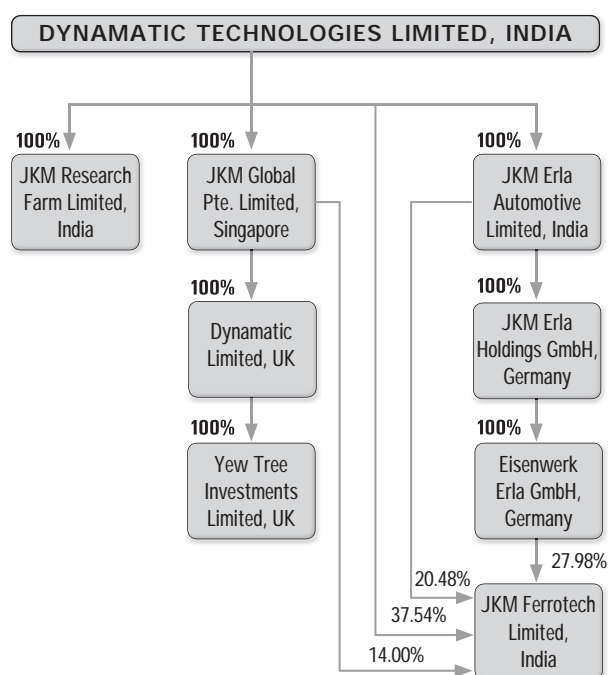
## SUBSIDIARIES

The Company has eight subsidiaries. Pursuant to section 129(3) of the Companies Act, 2013 and Accounting Standard-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the Financial Statements of its Subsidiaries.

Consolidated Financial Statements forms part of this Annual Report. Statement containing the salient feature of the financial statement of the Company's subsidiary, associate(s) and joint venture(s) is enclosed as **Annexure 1** in form AOC-1 to this Annual Report.

In terms of provisions of Section 136 of the Companies Act, 2013, the Company shall place separate audited accounts of the Subsidiary Companies on its website at [www.dynamatics.com](http://www.dynamatics.com)

The structure of Dynamatic Technologies Limited and its subsidiaries as on 31<sup>st</sup> March 2016 is appended hereunder:



## INDIAN SUBSIDIARIES

**JKM Research Farm Limited, India, (JRFL)** is a wholly owned subsidiary of the Company. It continues to be the Research & Development facilitator to the Company.

**JKM Erla Automotive Limited, India (JEAL)** continues to be a wholly owned subsidiary of the Company.

**JKM Ferrotech Limited, India (JFTL)** is a subsidiary of the Company. JFTL is into the manufacturing of ferrous alloy and castings, having its operations in Gummidipoondi, Tamil Nadu

## OVERSEAS SUBSIDIARIES

**JKM Global Pte. Limited, Singapore,** is a wholly owned subsidiary of the Company. It continues to be a holding company for the overseas businesses.

**Dynamic Limited, UK, (DLUK)** is a subsidiary of your Company having aerospace and hydraulics units at Bristol and Swindon respectively.

**Yew Tree Investments Limited, Bristol, UK** is a wholly owned subsidiary of Dynamic 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)** is a subsidiary of the Company. Eisenwerk has been in business for over 630 years and is a preferred supplier to leading global OEMs.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Inductions, Re-appointments, Retirements & Resignations

During the year under review, the Board of Directors at their meeting held on 28<sup>th</sup> May, 2015 appointed Mr. Rajendra Babu Subodh as Additional Director and designated as Executive Director of the Company. The said appointment of Mr. Rajendra Babu Subodh has also been considered and approved by the Shareholders by passing requisite resolutions in the Annual General Meeting (AGM) held on 14<sup>th</sup> August, 2015. Mr. Rajendra Babu Subodh stepped down as Executive Director of the Company from the closing hours of 15<sup>th</sup> March, 2016. Mr. Ramesh Venkataraman, an Independent Director, stepped down from the directorship effective 5<sup>th</sup> May, 2016.

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

None of the Directors of the Company are disqualified from being appointed as Directors as specified under Section 164 of the Companies Act, 2013. Details of all the Directors have been covered in Corporate Governance Report which forms part of the Annual Report.

### Declaration by Independent Directors

The Company has received declaration from all Independent Directors that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and

regulation 25 of the Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements), Regulations 2015 (hereinafter referred as the "Listing Regulations"). The Company keeps a policy of transparency and arm's length while dealing with its Independent Directors. There were no pecuniary transactions entered into with the Independent Directors apart from sitting fees.

### Key Managerial Personnel (KMP)

The Company has designated following personnel as KMPs as per the definition under Section 2(51) and Section 203 of the Companies Act 2013:

- Mr. Udayant Malhoutra, CEO & Managing Director
- Mr. Hanuman Kumar Sharma, CFO & Executive Director
- Mr. P S Ramesh, Executive Director & COO, Dynamic Oldland Aerospace™, India
- Mr. Rajendra Babu Subodh\*, Executive Director & COO, Dynamic Oldland Aerospace™, India
- Mr. Naveen Chandra, Head Legal, Compliance and Company Secretary

*\* Resigned from the closing hours of 15<sup>th</sup> March, 2016*

## BOARD MEETINGS

The Company prepares a Board and allied committee meeting calendar which is circulated to all the directors in advance for their concurrence. During FY2016, four meetings of the Board of Directors were held.

Details of the composition of the Board and its Committees and of the Meetings held, attendance of the Directors at such Meetings and other relevant details are provided in the Corporate Governance Report. These Board meetings were held during the FY2016 and not more than one hundred and twenty days has intervened between two consecutive meetings of the Board.

## COMMITTEES OF BOARD OF DIRECTORS

Details of all the Committees of Board of Directors has been disclosed in the Corporate Governance Report. The Board has accepted all the recommendations made by all the Committees of Board of Directors during the year under review.

## FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

The Company conducts induction programme for every new independent director to provide them an opportunity to familiarize with the Company, its management and its operations so as to gain a clear understanding of their roles and responsibilities and contribute significantly towards the growth of the Company. They have full opportunity to interact with Senior Management Personnel and are provided all the documents required and sought by them for enabling them

to have a good understanding of the Company, its various operations and the industry in which it operates. Dynamic Technologies firmly believes that a Board, which is well informed /familiarised with the Company, can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders' expectations.

In pursuit of this, the Directors are updated on a continuing basis on developments in the corporate and industry scenario including those pertaining to regulatory and economic environment, to enable them to take well informed and timely decisions. The details of the familiarisation programme may be accessed on the Company's website ([www.dynamics.com](http://www.dynamics.com)).

### **PARTICULARS OF REMUNERATION OF DIRECTORS, KMP AND EMPLOYEES**

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is attached as **Annexure 2** which forms part of this report. Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is also attached as **Annexure 2** which forms part of this report.

### **DIVERSITY OF THE BOARD**

The Company recognizes 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 a policy on appointment, continuation and cessation of Directors which sets out the approach to diversity in the composition of the Board. The Company has an optimum mix of executive and non-executive directors, independent directors and woman director.

### **PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

The Companies Act, 2013 states that a formal annual evaluation needs to be performed by the Board of its own performance and that of the individual directors. Schedule IV of the Companies Act, 2013, states that the performance evaluation of independent directors shall be done by the entire Board, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole was carried out based on the criteria and framework adopted by the Board as explained in the Corporate Governance Report. The Board of Directors expressed their satisfaction with the evaluation process.

### **REMUNERATION POLICY**

The philosophy for remuneration of directors, KMP and all other employees of the Company is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy. The Company 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. Pursuant to the applicable provisions of the Companies Act, 2013 and the Listing Regulations, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company and Individual Directors, including Independent Directors. The said policy has been enclosed as **Annexure 3**.

Members can download the complete remuneration policy on the Company's website ([www.dynamics.com](http://www.dynamics.com)).

### **CORPORATE SOCIAL RESPONSIBILITY**

At Dynamic Technologies, Corporate Social Responsibility is an intrinsic part of the overall corporate growth objectives. Growing responsibly is crucial for creating long-term sustainable stakeholder value. In pursuit of this objective, a Corporate Social Responsibility (CSR) Committee has been formed by the Company which oversees and facilitates deliberation on the social and environmental consequences of each of the decisions made by the Board. The Committee also takes into account the interests of all shareholders, customers, employees, suppliers, business partners, local communities and other organisations in the Board's decision making. The Company's CSR Policy has been approved by the Board and is available on the website of the Company ([www.dynamics.com](http://www.dynamics.com)).

Pursuant to the provisions of section 135, 198 & other applicable provisions of the Companies Act read with applicable rules, although CSR initiatives are not mandatory for the Company for the time being in force, it has voluntarily conducted skill development training for the Industrial Training Institute (ITI), Devanahalli, Bengaluru. The said training program was arranged for 10 days and included the topics from both non-core areas like building soft skills & work ethics and core areas like engineering drawing, hand tools/cutting tools, drilling, fastening, riveting, sealant/adhesive application and bonding.

The Company supports Shirish Saraf Scholarship for meritorious students between 13 to 16 years' age to study at the Charterhouse School, England.

In an initiative to fight the menace of 'Dengue', the Company has donated 'Fumigation Machine' to Government High School, Pottery Town, Bangalore.



## RISK MANAGEMENT POLICY

The Company believes that managing risks goes hand-in-hand with maximising returns. To this effect, there is a robust process in place to identify key risks across the Group and prioritise relevant action plans to mitigate these risks. The Audit & Risk Management Committee has been entrusted with the responsibility to assist the Board members about the risk assessment and its minimization procedures, which includes discussing the management submissions on risks, prioritising key risks and approving action plans to mitigate such risks.

The objective of this Policy is to have a well-defined approach to risk. The Policy suggests framing an appropriate response action for the key risks identified, so as to make sure that risks are adequately compensated or mitigated.

The main objectives of the said policy are:

- i. To ensure that all the current and future material risk exposures of Dynamatic Technologies are identified, assessed, quantified, appropriately mitigated and managed;
- ii. To establish a framework for Dynamatic Technologies' 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 Dynamatic Technologies;
- 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 ([www.dynamatics.com](http://www.dynamatics.com))

## WHISTLE BLOWER POLICY AND VIGIL MECHANISM

The Company has adopted a Whistle Blower Policy and Vigil Mechanism through which all stakeholders including Directors and employees may report unethical behavior, malpractices, wrongful conduct, fraud, violation of the Company's code of conduct without fear of reprisal. Details of complaints received and the action taken are reviewed by the Audit & Risk Management Committee. The said policy has been uploaded on the Company's website ([www.dynamatics.com](http://www.dynamatics.com))

## POLICY FOR SAFETY AND WELL BEING OF WOMEN

Dynamatic Technologies has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. There have been no complaints of sexual harassment received during the year.

## AUDITORS

### Statutory Auditors

M/s. B S R & Co. LLP, Chartered Accountants are the Statutory Auditors of the Company for a period of five years with effect from 14<sup>th</sup> August, 2014. M/s. B S R & Co., LLP have confirmed to the Company that they are not disqualified under section 141 of the Companies Act, 2013, 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 ratified, would be within the limits prescribed under the Companies Act, 2013.

The report of the Statutory Auditors alongwith notes to Schedules is enclosed to this report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments. The Auditor's Report does not contain any qualification, reservation or adverse remark.

### Cost Auditors

M/s Rao, Murthy & Associates were appointed as Cost Auditors of the Company for the Financial Year 2015-16.

### Internal Auditors

The Internal Audit function is responsible for assisting the Audit & Risk Management Committee on an independent basis with a full status of the risk assessments and management. M/s. Ernst & Young, LLP were appointed as Internal Auditors of the Company for the FY2016.

### Secretarial Auditor

The Company had appointed Mr. R Vijayakumar, Company Secretary in practice in Bangalore, to conduct its Secretarial Audit for the financial year ended 31<sup>st</sup> March, 2016. The Secretarial Auditors have submitted their report, confirming compliance by the Company of all the provisions of the applicable corporate laws. The Report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is annexed as **Annexure 4** to this report.

### Tax Auditors

M/s BVS & Associates, Chartered Accountants, are the Tax Auditors of the Company. The Tax Auditor's Report does not contain any qualification, reservation or adverse remark.

## INTERNAL CONTROLS SYSTEMS AND THEIR ADEQUACY

According to Section 134(5)(e) of the Companies Act, 2013, the term Internal Financial Control (IFC) means the policies and procedures adopted by a company for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The Company has a well-placed, proper and adequate internal financial control system which ensures that all assets are

safeguarded and protected and that the transactions are authorised, recorded and reported correctly. The Company's internal financial control system also comprises due compliances with Company's policies, standard operating procedures and audit and compliance by an in-house internal audit division, supplemented by internal audit checks from M/s. Ernst & Young, LLP, the Internal Auditors and various transaction auditors.

The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by direct reporting to the Audit & Risk Management Committee of the Board. A CEO and CFO Certificate, forming part of the Corporate Governance Report, further confirms the existence and effectiveness of internal controls and reiterates their responsibilities to report deficiencies to the Audit & Risk Management Committee and rectify the same. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

## **OTHER DISCLOSURES**

### **Events Subsequent to the Date of the Financial Statements**

There were no material changes / commitments affecting the financial position of the Company or that may require disclosure, between 31<sup>st</sup> March, 2016 and the date of Board's Report.

### **Change in the Nature of Business, if any**

The Company continues to focus on its key business segments and looks for selective growth / expansion opportunities. There was no change in the nature of business during the year under review. State of the affairs of the Company and future plan of action and outlook is discussed in this report.

### **Significant & Material Orders Passed by the Regulators**

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

### **Extract of the 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 5** to this Annual Report.

### **Listing with Stock Exchanges**

The Company confirms that it has paid the Annual Listing Fees for the year FY2017 to the NSE and the BSE where the Company's equity shares are listed.

## **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.

## **RELATED PARTY TRANSACTIONS**

With reference to Section 134(3)(h) of the Companies Act, 2013, all contracts and arrangements with related parties under Section 188(1) of the Act, entered into by the Company during the financial year, were in the ordinary course of business and on an arm's length basis.

As per the Listing Regulations, all related party transactions are placed before the Audit & Risk Management Committee for approval. Prior omnibus approval of the Audit & Risk Management Committee has been obtained for the transactions which are of foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval are presented to the Audit & Risk Management Committee by way of a statement giving details of all related party transactions. The Company has developed a Related Party Transactions Manual for the purpose of identification and monitoring of such transactions. Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) is disclosed in Form AOC- 2 as **Annexure 6**.

## **ENVIRONMENTAL PROTECTION MEASURES**

In view of the corporate responsibility on environmental protection, the Company has adopted a number of measures to improve in the field of environment, safety and health. Measures like standard operating procedures, training programmes for all levels of employees regarding resource conservation, housekeeping, Green Belt development and onsite emergency plan have been taken. Sustainable living is a part of long-term business strategy and your Company continuously strives to reduce our environmental footprint, while enhancing the livelihood of people across our product value chain.

## **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

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

### **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 the environment. The industrial complexes are highly energy efficient and completely non-polluting. This is being systematized and quantifiable by implementing ISO 14000.

### 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 such as 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 technology through the acquisition of Dynamatic Limited, UK, in 2007.

The Aerospace and Hydraulics units in India and the UK; Automotive units in India and Germany work together in resolving engineering challenges leading to better synergies across the group.

### Research & Development (R&D)

R&D and Innovation continues to be an integral part of the Company's growth strategy, business profitability, sustainability and as a part of its contribution towards the building of the Nation. Dynamatic Science Lab, created by consolidating various research and technology functions, helps to 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 R&D strategy and on key issues pertaining to R&D technology. The Committee regularly reviews and updates the skills and competencies required, the structure and the processes needed to ensure that the R&D initiatives of today result in products necessary for the sustained and long term growth of the Company.

### Expenditure on Research & Development

(` in lacs)

Particulars		31st March, 2016	31st March, 2015
A.	Capital	52	92
B.	Recurring	635	448
		687	540

### FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars of foreign exchange earnings and outgo are as follows:

(` in lacs)

	31st March, 2016	31st March, 2015
a. Total Foreign Exchange Earned	<b>16,608</b>	16,932
b. Total Foreign Exchange Used	<b>7,439</b>	3,759
• Import of Raw materials, components, stores and spares	<b>5,840</b>	3,048
• Foreign Travel	<b>85</b>	40
• Interest	<b>121</b>	30
• Capital Expenditure	<b>1,336</b>	611
• Others	<b>57</b>	30

### MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

Pursuant to regulation 34 of the Listing Regulations, Management's Discussion & Analysis Report for the year is presented in a separate section forming part of the Annual Report.

### CORPORATE GOVERNANCE

Corporate Governance is a set of principles, processes and systems which govern a company. The key principles on which a sound Corporate Governance system is based are independence, transparency, accountability, responsibility, compliance, ethics, values and trust. Corporate Governance enables an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders.

Dynamatic Technologies is committed to maintain the best standards of Corporate Governance and adopted many ethical and transparent governance practices even before they were mandated by law. The Company has always strived towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance.

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Practicing Company Secretary confirming compliance of the Corporate Governance norms as stipulated in the Listing Regulations is included in the Annual Report.

## PROMOTERS

The list of the promoters is disclosed for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Mr. Udayant Malhoutra is the promoter of the Company within the definition of 'Promoter' for the purpose of regulations 2(1)(s) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Details of the promoter group are appended as under:

No.	Name of the entity / person
1.	JKM Holding Private Limited
2.	Udayant Malhoutra and Company Private Limited
3.	JKM Offshore India Private Limited
4.	Wavell Investments Private Limited
5.	Mrs. Barota Malhoutra
6.	Vita Private Limited
7.	Christine Hoden (India) Private Limited
8.	Primella Sanitary Products Private Limited
9.	Greenearth Biotechnologies Limited

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the section 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of knowledge and belief and according to the information and explanations obtained by them, hereby confirm that:

- in the preparation of accounts for the financial year ended 31<sup>st</sup> March, 2016, the applicable Accounting Standards have been followed with proper explanation relating to material departures if any.
- the Directors 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.
- the Directors 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.
- the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2016, on a 'going concern' basis.
- the Directors have laid down internal financial controls to be followed by the company and that the internal financial controls are adequate and are operating effectively.

- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and the systems are adequate and operating effectively.
- 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.

## ACKNOWLEDGMENTS

Your Directors would like to wish their sincere appreciation to the Investors, Financial Institutions and Banks for their continued support during the year. Your Directors would like to thank the Regulatory Authorities and Government authorities and agencies for their continued guidance and support. Your Directors also wish to place on record their deep sense of appreciation to employees and executives at all levels for their efforts and dedication. Their hard work and commitment has enabled the Company to be on the forefront of the industry. We also take this opportunity to thank all our customers without whom our success story would not have been possible.

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



**Udayant Malhoutra**  
CEO & Managing Director  
DIN : 00053714



**Hanuman Kumar Sharma**  
CFO & Executive Director  
DIN: 07012725

**Place : Bangalore**  
**Date : 27<sup>th</sup> May, 2016**

ANNEXURE - 1

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures"

(` in lacs)

Sl. No.	Name of the Subsidiary	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities (excluding (2) & (3))	Investments		% of Holding	Turnover	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Dividend
						Long-term	Current						
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>Foreign Subsidiaries (Reporting currency reference mentioned against each Subsidiary)</b>													
1	Dynamatic Limited UK (a)	6,228	5,744	18,932	6,960	-	-	100%	22,377	1,349	251	1,097	-
2	Yew Tree Investments Ltd,UK (a)	-	948	630	-318	-	-	100%	100	78	20	58	-
3	JKM Eria Holdings GmbH, Germany (c)	19	17,638	26,790	9,134	23,363	-	100%	-	-464	-	-464	-
4	Eisenwerk Eria GmbH (c)	1,202	13,650	34,929	20,077	4,525	-	100%	83,146	3,588	981	2,607	-
5	JKM Global Pte Limited, Singapore (b)	7,156	321	11,563	4,086	11,303	-	100%	-	-319	-	-319	-
<b>Indian Subsidiaries</b>													
6	JKM Eria Automotive Limited	4,800	-1,751	9,326	6,278	9,199	-	99.99%	-	-783	-	-783	-
7	JKM Ferrotech Limited	14,651	-12,329	12,791	10,468	9	-	99.99%	12,897	-1,099	-	-1,099	-
8	JKM Research Farm Limited	500	96	604	9	-	-	99.99%	48	2	-	2	-

Details of reporting currency and the rate used for converting.

Reporting Currency Reference	For Conversion		
	Currency	Average Rate (in `)	Closing Rate (in `)
a	GBP	98.76	95.09
b	SGD	47.32	49.11
c	EURO	72.31	75.10



**Udayant Malhoutra**  
CEO & Managing Director  
DIN : 00053714



**Hanuman Kumar Sharma**  
CFO & Executive Director  
DIN : 07012725

Names of subsidiaries which are yet to commence operations: JKM Eria Automotive Limited

Names of Subsidiaries which have been liquidated or sold during the year: NIL

Place : Bangalore  
Date : 27<sup>th</sup> May, 2016

## ANNEXURE - 2

### DETAILS OF REMUNERATION (CTC) OF KEY MANAGERIAL PERSONNEL AND OTHER DIRECTORS:

- 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 2015-16 and the percentage increase in remuneration of Directors and Company Secretary (%) during the financial year 2015-16:

Name & Designation	2014-15 (in `)	2015-16 (in `)	Ratio	% Increase
Mr. Udayant Malhoutra, CEO & Managing Director	46,42,508	81,00,000	1:24	74.47%
Mr. Hanuman Kumar Sharma, CFO & Executive Director	70,02,960	70,02,960	1:21	0
Mr. P S Ramesh, Executive Director & COO, Dynamatic-Oldland Aerospace™, India	54,64,704	54,64,704	1:16	0
Mr. Rajendra Babu Subodh, Executive Director & COO, Dynamatic-Oldland Aerospace™, India (Resigned from the closing hours of 15 <sup>th</sup> March, 2016)	40,25,825	51,48,711	1:15	27.89%
Mr. Naveen Chandra, Head Legal, Compliance and Company Secretary	22,59,996	22,59,996	1:07	0

- The percentage increase in the median remuneration of employees in this financial year is -9.06%
- 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 03.53% compared to -5.6% loss in revenues from operation.

A moderate average increase of 3.53% has been effected as annual increment.

- Comparison of Remuneration (CTC) of Key Managerial Personnel against the performance of the company:

Name & Designation of the Key Managerial Personnel	Remuneration	% of remuneration to	
	(` In Lacs)	Revenue	PAT
Mr. Udayant Malhoutra, CEO & Managing Director	81.00	0.19%	62.65%
Mr. Hanuman Kumar Sharma, CFO & Executive Director	70.03	0.16%	54.17%
Mr. P S Ramesh, Executive Director & COO, Dynamatic-Oldland Aerospace™, India*	54.65	0.13%	42.27%
Mr. Rajendra Babu Subodh, Executive Director & COO, Dynamatic-Oldland Aerospace™, India*	51.49	0.12%	39.83%
Mr. Naveen Chandra P, Head Legal, Compliance and Company Secretary	22.60	0.05%	17.48%

\* Mr. Rajendra Babu Subodh stepped down as Director from the closing hours of 15<sup>th</sup> March, 2016 and Mr. P S Ramesh was designated as Chief Operating Officer (COO), Dynamatic-Oldland Aerospace™, India.

During the year the average increase in the remuneration of Key Managerial Personnel was at 19.58% as against -5.6% loss in the total revenues from operation to achieve somewhat parity and equalisation with similar companies.

- The number of permanent employees on the rolls of company: 1,086
- The market capitalization decreased from ` 2,33,704 lacs to ` 110,186 lacs resulting in 52.9% decline. Price Earnings Ratio stands at 852.30 as on 31<sup>st</sup> March, 2016 against 111.02 as on 31<sup>st</sup> March, 2015. The closing price of equity shares as on 31<sup>st</sup> March, 2016 was ` 1,737.55 on the National Stock Exchange of India Limited and ` 1732.25 on the BSE Limited, representing an increase of over 8,561% the last public offer price of ` 20 per share made by the Company during 1994.
- 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 is 02.76%

Average percentage increase in the managerial remuneration is 21.67%

8. The key parameters for any variable component of remuneration availed by the Directors: NIL
9. 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 2015-16**

Name	Mr. Udayant Malhoutra	Mr. Hanuman Kumar Sharma
Designation	CEO & Managing Director	CFO & Executive Director
Remuneration (CTC) received during 2015-16	` 81,00,000	` 70,02,960
Nature of Employment Contractual / otherwise	Regular	Regular
Nature of Duties	Business Planning & Control	Financial Planning & Control
Qualification	Graduate	CA, CS, CWA, MBA & B.Com.
Experience	30 years	19 years
Age	51 years	43 years
Last Employment	N.A.	CFO - Kamaz Vectra Motors
Date of commencement of Employment	24-10-1986	17-09-2012
No. of Share	7,72,679	Nil
% of Paid up Capital	12.18 %	Nil
Relationship with other Directors	Nil	Nil

**Remuneration to Key Managerial Personnel during FY 2014-15 & 2015-16**

KEY MANAGERIAL PERSONNEL CTC DETAILS (in `)				
Name	FY 2014-15	FY 2015-16	Increase / Decrease	% Increase / Decrease
Mr. Udayant Malhoutra, CEO & Managing Director	46,42,508	81,00,000	34,57,492	74.47%
Mr. Hanuman Kumar Sharma, CFO & Executive Director	70,02,960	70,02,960	0	0
Mr. P S Ramesh, Executive Director & COO, Dynamatic-Oldland Aerospace™, India	54,64,704	54,64,704	0	0
Mr. Rajendra Babu Subodh, Executive Director & COO, Dynamatic-Oldland Aerospace™, India (Resigned from the closing hours of 15 <sup>th</sup> March, 2016)	40,25,825	51,48,711	11,22,886	27.89%
Mr. Naveen Chandra, Head Legal, Compliance and Company Secretary	22,59,996	22,59,996	0	0
<b>TOTAL</b>	<b>2,33,95,993</b>	<b>2,79,76,371</b>	<b>45,80,378</b>	<b>19.58%</b>



**Udayant Malhoutra**  
CEO & Managing Director  
DIN : 00053714



**Hanuman Kumar Sharma**  
CFO & Executive Director  
DIN: 07012725

Place : Bangalore  
Date : 27<sup>th</sup> May, 2016

## ANNEXURE - 3

### 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, positives 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>

Place : Bangalore  
Date : 27<sup>th</sup> May, 2016



**Udayant Malhoutra**  
CEO & Managing Director  
DIN : 00053714



**Hanuman Kumar Sharma**  
CFO & Executive Director  
DIN: 07012725

## ANNEXURE - 4

Form No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2016

[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

#### **Dynamic Technologies Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Dynamic 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 authorized 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 31st March, 2016 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, 2016 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) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) SEBI (Prohibition of Insider Trading) Regulations, 1992 [Upto 14 May 2015] and SEBI (Prohibition of Insider Trading) Regulations, 2015 [Effective 15 May 2015];
  - c) SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - d) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not Applicable;
  - e) SEBI (Share Based Employee Benefits) Regulations, 2014 - Not applicable;
  - f) SEBI (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable;
  - g) SEBI (Delisting of Equity Shares) Regulations, 2009 - Not applicable; and
  - h) SEBI (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 Standard on Meetings of the Board of Directors (SS-1) issued by the Institute of Company Secretaries of India;
- (ii) Secretarial Standard-2 (SS-2) on "General Meetings" issued by the Institute of Company Secretaries of India and

(iii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited [Upto 30 Nov 2015] and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; [Effective 01 Dec 2015]

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

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 has not carried out any specific event / actions having a major bearing on the Company's affairs in pursuance of the above referred laws.



**R. Vijayakumar**

Company Secretary in Practice  
FCS – 6418; COP – 8667

Place : Bangalore

Date : May 27, 2016

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To

The Members of

**Dynamic 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. Vijayakumar**

Company Secretary in Practice  
FCS – 6418; COP – 8667

Place : Bangalore

Date : May 27, 2016

**ANNEXURE - 5**

**FORM NO. MGT 9 (Extract of Annual Return as on financial year ended on 31<sup>st</sup> March, 2016)  
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 560 058 Tel: +91 80 2839 4933 / 34
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 Tel: +91 40 6716 2222

**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	16,668	39%
2	Aerospace Products	3030	14,748	34%
3	Automotive Products	2930	10,287	24%
4	Others		1,434	3%
	<b>Total Revenue</b>		<b>43,137</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	26,132	17%
2	Aerospace Products	3030	26,981	18%
3	Automotive Products	2930	92,994	62%
4	Iron Castings	2431	3,056	2%
5	Others	-	215	0%
	<b>Total Revenue</b>		<b>1,49,378</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% through its subsidiaries
5.	Yew Tree Investments Limited, UK	N.A	Subsidiary	100% through its subsidiaries
6.	JKM Erla Holdings GmbH, Germany	N.A	Subsidiary	100% through its subsidiaries
7.	Eisenwerk Erla, GmbH, Germany	N.A	Subsidiary	100% through its subsidiaries
8.	JKM Ferrotech Limited, India	U27310TN2007PLC063323	Subsidiary	100% (Direct Holding – 37.54%, holding through subsidiaries- 62.46%)
9	Harasfera Design Private Limited	U74900KA2011PTC061366	Associate	50% (till 8th March 2016) NIL (as on 31st March, 2016)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) as at 31<sup>st</sup> March, 2016**

**A) Category-wise Share Holding**

CATEGORY CODE	CATEGORY OF SHAREHOLDER	No. of Shares held at the beginning of the year [As on 1 <sup>st</sup> April 2015]				No. of Shares held at the end of the year [As on 31 <sup>st</sup> March 2016]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
(1)	<b>INDIAN</b>									
(a)	Individual /HUF	7,77,617	0	7,77,617	12.26	7,77,617	0	7,77,617	12.26	0
(b)	Central Government/State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	24,64,628	0	24,64,628	38.87	24,64,628	0	24,64,628	38.87	0
(d)	Financial Institutions / Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total A(1) :</b>	<b>32,42,245</b>	<b>0</b>	<b>32,42,245</b>	<b>51.13</b>	<b>32,42,245</b>	<b>0</b>	<b>32,42,245</b>	<b>51.13</b>	<b>0</b>
(2)	<b>FOREIGN</b>									
(a)	Individuals (NRIs/Foreign Individuals)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total A(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total A=A(1)+A(2)</b>	<b>32,42,245</b>	<b>0</b>	<b>32,42,245</b>	<b>51.13</b>	<b>32,42,245</b>	<b>0</b>	<b>32,42,245</b>	<b>51.13</b>	<b>0</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
(1)	<b>INSTITUTIONS</b>									
(a)	Mutual Funds	4,19,732	10,503	4,30,235	6.78	6,96,896	10,503	7,07,399	11.16	+4.38
(b)	Banks /Financial Institutions	1,333	0	1,333	0.02	5,338	0	5,338	0.08	+0.06
(c)	Central Government / State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f)	Foreign Institutional Investors (FII)	9,61,605	0	9,61,605	15.16	9,20,371	0	9,20,371	14.51	-0.65
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total B(1) :</b>	<b>13,82,670</b>	<b>10,503</b>	<b>13,93,173</b>	<b>21.96</b>	<b>16,22,605</b>	<b>10,503</b>	<b>16,33,108</b>	<b>25.75</b>	<b>+3.78</b>
(2)	<b>NON-INSTITUTIONS</b>									
(a)	Bodies Corporate									
	i) Indian	3,70,173	2,486	3,72,659	5.88	2,28,939	2,486	2,31,425	3.65	-2.23
	ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ` 1 lakh	6,66,850	1,42,832	8,09,682	12.77	7,75,401	1,34,767	9,10,168	14.35	+1.58
	(ii) Individuals holding nominal share capital in excess of ` 1 lakh	5,04,713	0	5,04,713	7.96	2,91,872	0	2,91,872	4.60	-3.36
	NBFCs Registered with RBI	Nil	Nil	Nil	Nil	100	0	100	0.00	0.00
(c)	Others (specify)									
	Non Resident Indians	7,942	66	8,008	0.13	25,192	66	25,258	0.40	+0.27
	Overseas Corporate Bodies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Foreign Nationals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Clearing Members	7,167	0	7,167	0.11	3,566	0	3,566	0.06	-0.05
	Trusts	0	3,796	3,796	0.06	3,801	0	3,801	0.06	0
	Foreign Bodies - D R	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Sub-total (B)(2):-</b>	<b>15,56,845</b>	<b>1,49,180</b>	<b>17,06,025</b>	<b>26.90</b>	<b>13,28,771</b>	<b>1,37,319</b>	<b>14,66,090</b>	<b>23.12</b>	<b>-3.79</b>
	<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>29,39,515</b>	<b>1,59,683</b>	<b>30,99,198</b>	<b>48.87</b>	<b>29,51,376</b>	<b>1,47,822</b>	<b>30,99,198</b>	<b>48.87</b>	<b>0</b>
(C)	<b>Shares held by custodians, against which Depository Receipts have been issued</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>GRAND TOTAL (A+B+C) :</b>	<b>61,81,760</b>	<b>1,59,683</b>	<b>63,41,443</b>	<b>100</b>	<b>61,93,521</b>	<b>1,47,822</b>	<b>63,41,443</b>	<b>100</b>	<b>0</b>

**B) SHAREHOLDING OF PROMOTER AND PROMOTERS' GROUP - AS AT 31<sup>ST</sup> MARCH, 2016**

SN	SHAREHOLDER'S NAME	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	MR. UDAYANT MALHOUTRA	7,72,679	12.18	5.99	7,72,679	12.18	6.84	Nil
2	M/S. JKM HOLDINGS PRIVATE LIMITED	9,12,538	14.39	0	9,12,538	14.39	5.52	Nil
3	M/S. UDAYANT MALHOUTRA AND COMPANY PRIVATE LIMITED	6,42,011	10.12	0.04	6,42,011	10.12	10.12	Nil
4	M/S. WAVELL INVESTMENTS PRIVATE LIMITED	4,44,781	7.01	2.37	4,44,781	7.01	2.46	Nil
5	M/S. JKM OFFSHORE INDIA PRIVATE LIMITED	4,42,071	6.97	0	4,42,071	6.97	0	Nil
6	M/S. GREENEARTH BIOTECHNOLOGIES LIMITED	22,927	0.36	0	22,927	0.36	0	Nil
7	MRS. BAROTA MALHOUTRA	4,938	0.08	0	4,938	0.08	0	Nil
8	M/S. VITA PRIVATE LIMITED	100	0.00	0	100	0.00	0	Nil
9	M/S. CHRISTINE HODEN (INDIA) PRIVATE LIMITED	100	0.00	0	100	0.00	0	Nil
10	M/S. PRIMELLA SANITARY PRODUCTS PRIVATE LIMITED	100	0.00	0	100	0.00	0	Nil

**C) CHANGE IN PROMOTER AND PROMOTERS' GROUP SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)**

SN	PARTICULARS	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	32,42,245	51.13	32,42,245	51.13
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	No change in Promoter and Promoter' Group shareholding during the year			
3	At the end of the year	32,42,245	51.13	32,42,245	51.13

D) SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS)

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of shares	% of total shares of the company				No of Shares	% of total shares of the company
<b>1</b>	<b>SAMENA SPECIAL SITUATIONS MAURITIUS</b>							
	At the beginning of the year	4,67,455	7.37	04/01/2015	-	-	4,67,455	7.37
	At the end of the year	4,67,455	7.37	31/03/2016	-	-	4,67,455	7.37
<b>2</b>	<b>HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND</b>							
	At the beginning of the year	1,67,745	2.65	04/01/2015			1,67,745	2.65
				22/05/2015	17,300	Purchase	1,85,045	2.92
				17/07/2015	9,600	Purchase	1,94,645	3.07
				31/07/2015	10,000	Purchase	2,04,645	3.23
				01/01/2016	23,000	Purchase	2,27,645	3.59
				11/03/2016	30,000	Purchase	2,57,645	4.06
	At the end of the year			31/03/2016			2,57,645	4.06
<b>3</b>	<b>GOLDMAN SACHS INDIA FUND LIMITED</b>							
	At the beginning of the year	1,57,179	2.48	04/01/2015			1,57,179	2.48
				24/04/2015	10,142	Purchase	1,67,321	2.64
				05/06/2015	7,400	Purchase	1,74,721	2.76
				26/06/2015	4,290	Purchase	1,79,011	2.82
	At the end of the year			31/03/2016			1,79,011	2.82
<b>4</b>	<b>ALCHEMY INDIA LONG TERM FUND LIMITED</b>							
	At the beginning of the year	1,25,001	1.97	04/01/2015			1,25,001	1.97
	At the end of the year			31/03/2016			1,25,001	1.97
<b>5</b>	<b>HDFC TRUSTEE COMPANY LIMITED - HDFC INFRASTRUCTURE</b>							
	At the beginning of the year	1,20,000	1.89	04/01/2015			1,20,000	1.89
	At the end of the year			31/03/2016			1,20,000	1.89
<b>6</b>	<b>ASHISH KACHOLIA</b>							
	At the beginning of the year	1,04,681	1.65	04/01/2015			1,04,681	1.65
				15/05/2015	-8,982	Sale	95,699	1.51
				22/05/2015	-20,699	Sale	75,000	1.18
				05/06/2015	-25,000	Sale	50,000	0.79
				02/10/2015	-50,000	Sale	0	0.00
	At the end of the year			31/03/2016			0	0.00

7	<b>PARAM CAPITAL RESEARCH PRIVATE LIMITED</b>									
	At the beginning of the year	1,01,079	1.59	04/01/2015				1,01,079		1.59
				17/07/2015	-10,000	Sale		91,079		1.44
				28/08/2015	-91,079	Sale		0		0.00
	At the end of the year			31/03/2016				0		0.00
8	<b>MUKUL MAHAVIR PRASAD AGRAWAL</b>									
	At the beginning of the year	1,00,000	1.58	04/01/2015				1,00,000		1.58
	At the end of the year			31/03/2016				1,00,000		1.58
9	<b>SBI MAGNUM TAXGAIN SCHEME</b>									
	At the beginning of the year	0	0.00	04/01/2015				0		0.00
				09/10/2015	21,000	Purchase		21,000		0.33
				16/10/2015	19,000	Purchase		40,000		0.63
				23/10/2015	6,500	Purchase		46,500		0.73
				20/11/2015	8,978	Purchase		55,478		0.87
				25/12/2015	24,000	Purchase		79,478		1.25
	At the end of the year			22/01/2016	3,500	Purchase		82,978		1.31
	At the end of the year			31/03/2016				82,978		1.31
10	<b>NEHA SANGHVI</b>									
	At the beginning of the year	82,000	1.29	04/01/2015				82,000		1.29
	At the end of the year			31/03/2016				82,000		1.29
11	<b>LASHIT SANGHVI</b>									
	At the beginning of the year	82,000	1.29	04/01/2015				82,000		1.29
	At the end of the year			31/03/2016				82,000		1.29
12	<b>SBI MAGNUM MULTIPLIER FUND</b>									
	At the beginning of the year	40,000	0.63	04/01/2015				40,000		0.63
				08/05/2015	1,651	Purchase		41,651		0.66
				15/05/2015	3,740	Purchase		45,391		0.72
				22/05/2015	300	Purchase		45,691		0.72
				29/05/2015	2,537	Purchase		48,228		0.76
				28/08/2015	1,218	Purchase		49,446		0.78
				25/09/2015	357	Purchase		49,803		0.79
				02/10/2015	160	Purchase		49,963		0.79
				09/10/2015	14,037	Purchase		64,000		1.01
				16/10/2015	16,000	Purchase		80,000		1.26
				11/03/2016	215	Purchase		80,215		1.26
	At the end of the year			31/03/2016				80,215		1.26



**E) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Udayant Malhoutra				
	At the beginning of the year	7,72,679	12.18%	7,72,679	12.18%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	7,72,679	12.18%	7,72,679	12.18%
2	Air Chief Marshal S. Krishnaswamy (Retd.)				
	At the beginning of the year	69	0.0007%	69	0.0007%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	69	0.0007%	69	0.0007%

**V. 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>				
1) Principal Amount	29,793	1,367	-	31,160
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not paid	189	-	-	189
<b>Total(1 + 2 + 3)</b>	<b>29,982</b>	<b>1,367</b>	<b>-</b>	<b>31,349</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	22,379	-	-	22,379
Reduction	17,454	1,348	-	18,802
Net Change	4,925	-1,348	-	3,577
<b>Indebtedness at the end of the financial year</b>				
1) Principal Amount	34,718	19	-	34,737
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not paid	19	-	-	19
<b>Total(1 + 2 + 3)</b>	<b>34,737</b>	<b>19</b>	<b>-</b>	<b>34,756</b>

## VI. REMUNERATION OF DIRECTORS & KEY MANAGERIAL PERSONNEL

Compensation paid to the Directors for the financial year ended 31<sup>st</sup> March, 2016:

### A. Remuneration to Managing Director, Whole-time Directors and/or Key Managerial Personnel:

(in `)

Sl. No.	Particulars of Remuneration	Name of Managing Director / Whole Time Director / Key Managerial Personnel					Total Amount
		Mr. Udayant Malhoutra (MD & CEO)	Mr. P S Ramesh (WTD)	Mr. Hanuman Kumar Sharma (WTD & CFO)	Mr. Rajendra Babu Subodh* (WTD)	Mr. Naveen Chandra P (Company Secretary)	
1	<b>Gross salary</b>						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	71,13,867	47,30,184	61,15,860	51,40,450	18,35,376	2,49,35,737
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,71,667	5,73,526	5,07,500	4,55,424	15,000	18,23,117
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-
	<b>Total (A)</b>	<b>73,85,534</b>	<b>53,03,710</b>	<b>66,23,360</b>	<b>55,95,874</b>	<b>18,50,376</b>	<b>2,67,58,854</b>
	<b>Ceiling as per the Act</b>	<b>1,20,00,000</b>	<b>1,20,00,000</b>	<b>1,20,00,000</b>	<b>1,20,00,000</b>	<b>N.A.</b>	<b>-</b>

\* Stepped down as Director from the closing hours of 15th March, 2016

### B. Remuneration to other Directors

in ` (Rupees)

Name of Directors	Sitting Fee for attending Board / Committee Meeting (Gross)	Commission	Others	Total	Total Managerial Remuneration	Overall ceiling as per Act
<b>Non- Executive &amp; Independent Directors</b>						
Mr. Vijai Kapur	5,50,000	-	-	5,50,000	5,50,000	11,00,000
Air Chief Marshal S. Krishnaswamy (Retd.)	8,00,000	-	-	8,00,000	8,00,000	16,00,000
Mr. Govind Mirchandani	10,00,000	-	-	10,00,000	10,00,000	20,00,000
Ms. Malavika Jayaram	3,50,000	-	-	3,50,000	3,50,000	7,00,000
Mr. Nalini Ranjan Mohanty	6,00,000	-	-	6,00,000	6,00,000	12,00,000
Mr. Ramesh Venkataraman*	5,00,000	-	-	5,00,000	5,00,000	10,00,000
<b>Other Non- Executive &amp; Non-Independent Directors</b>						
Mr. Raymond Keith Lawton	-	-	-	-	-	-
Mr. Dietmar Hahn	-	-	-	-	-	-
Mr. James David Tucker	-	-	-	-	-	-

\* Stepped down as Director with effect from 5<sup>th</sup> May, 2016

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Place : Bangalore  
Date : 27<sup>th</sup> May, 2016

  
Udayant Malhoutra  
CEO & Managing Director  
DIN : 00053714

  
Hanuman Kumar Sharma  
CFO & Executive Director  
DIN: 07012725

ANNEXURE – 6

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 2016	Date of approval by the Board	Amount Paid as a advance
Dynamatic Limited, UK	Step Subsidiary	Sale of manufactured goods	129	As per Listing Regulations, appropriate omnibus approval have been obtained at the Audit and Risk Management Committee Meetings held on 27 <sup>th</sup> May, 2015, 13 <sup>th</sup> August, 2015, 14 <sup>th</sup> November, 2015 and 12 <sup>th</sup> February 2016	Nil
		Purchase of raw materials	653		Nil
		Management fees	499		Nil
JKM Global Pte Limited, Singapore	Subsidiary	Interest income	82		Nil
		Loans and advances given including reinstatement gain	1,553		Nil
JKM Research Farm Limited	Subsidiary	Expenses- rent	48		Nil
JKM Erla Automotive Limited	Subsidiary	Loans and advances given	1,077		Nil
		Loans and advances repaid	(4,745)		Nil
		Other income-interest income	64		Nil
Eisenwerk Erla GmbH, Germany	Step Subsidiary	Management fees income	717		Nil
JKM Ferrotech Limited	Step Subsidiary	Sales of raw materials	441		Nil
		Purchase of raw materials and components	(2,323)		Nil
		Other income-interest income	93		Nil
		Loans and advances given	1,406		Nil
		Loans and advances repaid	(2,676)		Nil
Harasfera Design Private Limited	Associate	Legal and Professional fees paid	21	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	Nil	
Wavell Investments Private Limited		Long term borrowings taken	-	Nil	
		Long term borrowings repaid	(1,075)	Nil	
		Interest expenses	54	Nil	
Conbar India Pvt Ltd		Short term borrowings taken	600	Nil	
		Short term borrowings repaid	(600)	Nil	
	Interest expenses	25	Nil		
Mr. Udayant Malhoutra	Chief Executive Officer and Managing Director	Managerial remuneration	78	Nil	
Mr. Hanuman Kumar Sharma	Chief Financial Officer and Executive Director	Managerial remuneration	72	Nil	
Mr. P. S. Ramesh	Executive Director and Chief Operating Officer – Dynamatic-Oldland Aerospace™, India	Managerial remuneration	57	Nil	
Mr. Rajendra Babu Subodh	Executive Director and Chief Operating Officer – Dynamatic-Oldland Aerospace™, India (from 28 May 2015 to the closing hours of 15 <sup>th</sup> March 2016)	Managerial remuneration	55	Nil	
Mr. Naveen Chandra	Head Legal, Compliance and Company Secretary	Remuneration	23	Nil	
Mrs. Udita Malhoutra	Relative of Key Managerial Person	Rent paid	4	Nil	



**Udayant Malhoutra**  
CEO & Managing Director  
DIN : 00053714



**Hanuman Kumar Sharma**  
CFO & Executive Director  
DIN: 07012725

Place : Bangalore  
Date : 27<sup>th</sup> May, 2016

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

We, Udayant Malhoutra, Chief Executive Officer and Managing Director, and Hanuman Kumar Sharma, Chief Financial Officer and Executive Director of Dynamatic Technologies Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement of the Company and all the schedules and notes on accounts and the Board's report;
2. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
3. The financial statements, and other financial information included in this report, present in all material respects a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as at, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations.
4. 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.
5. 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.
6. We have disclosed, all relevant information wherever applicable, to the Company's Auditors and the Audit & Risk Management Committee of the Company's Board :
  - A. 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.
  - B. Any significant changes in internal controls over financial reporting during the year;
  - C. All significant changes in accounting policies during the year, if any, and the same have been disclosed in the notes to the financial statements; and
  - D. Any instances of significant fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal control system.
7. 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 SEBI (LODR) Regulations, 2015;
8. 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 31st March, 2016.



**Udayant Malhoutra**  
CEO & Managing Director  
DIN : 00053714



**Hanuman Kumar Sharma**  
CFO & Executive Director  
DIN : 07012725

Place : Bangalore  
Date : 27th May 2016

## BUSINESS OVERVIEW

Incorporated in 1973, Dynamatic Technologies Limited ('Dynamatic Technologies' or the 'Company') is a manufacturer of highly engineered products for the Aerospace, Automotive and Hydraulic industries. With futuristic design, engineering and manufacturing facilities in Europe and India, Dynamatic Technologies serves customers across six continents.

The Company is one of the world's largest manufacturers of hydraulic gear pumps and automotive turbochargers and has leadership in hydraulic gear pumps market for over 35 years. It has 60% share of the Indian organized tractor market, supplies to almost all OEMs in India. Dynamatic Technologies is a pioneer and leader in the Indian private sector for the manufacture of high precision airframe structures and aerospace components. It is a tier I supplier to the global aerospace OEMs such as Airbus, Boeing, Bell Helicopter and HAL. The Company also manufactures high precision, complex metallurgical ferrous and aluminium castings for performance critical components such as turbochargers and exhaust manifolds and has capabilities to develop automotive components on single-source basis.

Our facilities which are located in India (Bangalore, Chennai, Coimbatore, Nasik), United Kingdom (Swindon, Bristol) and Germany (Schwarzenberg), are lean, green and clean, and designed to support neighbouring communities as well as the environment.

Dynamatic Technologies is vertically integrated, with its own alloy-making and casting capabilities as well as its own captive green energy sources. The Company operates in three business 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 Company possesses modern ferrous and non-ferrous foundries as well as modern state-of-the-art automotive component manufacturing facilities in India and Germany, and is able to vertically integrate the competence and locational advantages of its facilities to deliver greater value to our customers.

**The Dynamatic Hydraulics™** is one of the world's largest Hydraulic Gear Pumps manufacturers with two state-of-the-art manufacturing facilities located in India and the U.K. This division 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 Aerospace & Defence** is a pioneer and leader in the Indian private sector for the manufacture of high precision airframe structures and aerospace components. Its products

include wing and rear fuselages, ailerons and wing flaps, flap track beams and key airframe structures. The division also provides solutions for unmanned aerial systems & vehicles and monitoring & surveillance systems.

## RESEARCH & DEVELOPMENT

With three design laboratories in India and Europe, Dynamatic Technologies is a leading private R&D organisation, with a number of 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 and its group owns 20 patents to its credit in various countries including India, USA, UK, Germany and other European countries. There are 4 patent applications which are pending for registration.

Besides the patents mentioned above, the Company has registered eight trademarks and applied for multiple others in various countries including India, USA and UK. The Company employs over 50 Scientists and 500 engineers and technicians with expertise in Mechanical Engineering, Advanced Computer Aided Engineering, Computer Aided Manufacture, Materials & Metallurgical Engineering, Fluid Dynamics, Defence & Aerospace Research. The state-of-the-art JKM Science Center brings together Design Engineering, Development, Prototyping, Metallurgical and Manufacturing Infrastructure enabling your Company to comprehensively address the needs of its global customers.

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

This facility operates a comprehensive product testing and validation laboratory. This facility has completed testing and validation of new products for various customers like Cummins - Daventry, John Deere - USA, CNH, JCB, Terex, Mahindra & Mahindra and recently for Macdon and Manitou Gehl in the U.S. The Company has already successfully launched these new products in India and globally.

At Dynamatic-Oldland Aerospace™, Bristol, England, we have created a knowledge base we have personnel with specialized skill sets. These personnel 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.

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.

## GLOBAL MACROECONOMIC SCENARIO

Global economy is exposed to a number of risks including slowing growth in China, a strong US dollar and declining commodity prices. The emerging market economies look the most vulnerable while advanced economies are still struggling to escape the low economic growth environment almost a decade since the global financial crises.

The world economy stumbled in calendar year (CY) 2015 and the global recovery has weakened further amid weak aggregate demand, falling commodity prices (in particular crude oil) and increasing financial market volatility in major economies. Growth in emerging market and developing economies still accounted for over 70% of the global growth and it declined for the fifth consecutive year.

Global growth disappointed again in CY2015, slowing to 3.1%, and is expected to recover at a slower pace than previously anticipated. Global output is projected to reach 3.2% in CY2016 and further improve by 3.5% in CY2017. The global economic recovery is expected to pick up pace from CY2017 onwards driven by emerging markets and developing economies.

Growth in the United States fell to 2.4% in CY2015. GDP growth slowed in the second half of 2015 as various headwinds intensified, including the drag on exports from the stronger dollar and energy sector investment from low oil prices. Growth in the US is expected to continue at a moderate pace driven by an improving housing market and strengthening of corporate earnings. As a result, growth is projected to level off at 2.4% in CY2016, with a modest uptick in 2017.

The Euro Area (consisting of Germany, France, Italy and Spain) registered a 1.6% growth during CY2015. With the weakening of external demand, offset to a certain extent by the favorable effects of lower energy prices, a modest fiscal expansion, and supportive financial conditions, Euro Area is expected to grow at a modest 1.5% in CY2016.

In CY2015, the Chinese economy recorded a growth of 6.9% compared to 7.3% in the preceding year. Growth in China is expected to further decline to 6.3% in CY2016 and 6.0% in CY2017. Growth has slowed as the economy rebalances from manufacturing to services and as excess capacity continues to unwind.

Growth in key emerging economies continues to be slow, following the trend of recent years. In some countries, weak commodity prices have led to a sharp correction in demand. A tightening of financial conditions and capital outflows, accompanied in some cases by more restrictive monetary and fiscal policy, is depressing demand. The recession in Brazil will likely be deeper than previously anticipated with ongoing political uncertainty and rising inflation. The contraction in Russia appeared to bottom out until the most recent fall in oil prices. India has only been the exception with growth projected to remain robust, although inadequate monsoon has had a negative impact in the short term and further progress is needed in implementing structural reforms to ensure that positive developments are sustained. Overall, monetary policy

stimulus and lower commodity prices are expected to support recovery in advanced economies, while emerging economies experience mixed fortunes.

## INDIAN ECONOMY

The Indian economy has shown resilience in the face of global downturns, and has stood up as one of the fastest growing economies in the world to register a strong growth of 7.6% in FY2016 up from 7.2% in FY2015. The Indian economy has continued to consolidate the gains achieved in restoring macroeconomic stability. The external position appears to be robust as the current account deficit has declined and is at comfortable levels and foreign exchange reserves have risen by US\$ 13.9 billion over March 2015 to US\$355.6 billion as of the end of March 2016, and are well above standard norms for reserve adequacy.

In India, lower commodity prices, a range of supply-side measures and a relatively tight monetary stance have resulted in a faster-than-expected fall in inflation, making room for interest rate cuts. Headline inflation based on consumer price index (CPI) declined to 4.9% during FY2016 as compared with 5.9% during FY2015. Wholesale price index (WPI) remained in the negative territory since November 2014 and was (2.5)% during FY2016 as compared to 2.0% in FY2015. With the easing of inflation and moderation in inflationary expectations, the RBI reduced the repo rate by 25 bps in June 2015 to 7.25%, by 50 bps in September 2015 and then by another 25 bps in April 2016 taking the repo rate down to 6.5%.

Economic growth in India is continued to be driven by a pick-up in domestic demand and private consumption (assuming a normal monsoon), prevalence of low inflationary environment and lower interest rates. According to the Economic Survey 2015-16, the Indian economy stands out as a haven of macroeconomic stability, resilience and optimism, and can be expected to register GDP growth in the range of 7% to 7.75% in the coming year.

## INDUSTRY OVERVIEW AND SEGMENT DISCUSSION

### HYDRAULICS

#### Industry Overview and Outlook

During FY2016, the domestic agriculture industry experienced the worst monsoon with a deficiency of 14% from the long period average (LPA) following a below average monsoon performance (deviation of 12% from LPA) in the previous year FY2015 further weakening farm sentiments. Expectation of a normal monsoon has helped improve market sentiments in the recent months. A normal monsoon rainfall may transpire and assist a recovery in the agricultural sector this year. Furthermore, the government's thrust on rural development, especially on irrigation programs and farmer welfare in the budget will also improve farmer sentiments. Increased focus on creating rural infrastructure through higher budget allocation to irrigation, roads and other infrastructure, crop insurance and fertiliser subsidy are also the key drivers. The

domestic tractor market is expected to grow at 10% year-on-year (y-o-y) in FY2017 on a lower base and driven by better farm sentiment. India is the largest tractor market globally (by volumes) but it has one of the lowest penetration of tractors in terms of land holding. It represents significant market opportunities for the tractor OEMs.

After four years of decline, the Indian construction equipment industry is experiencing some signs of growth. As per the Indian Construction Equipment Manufacturers' Association, its current size is US\$ 2.8 billion is expected to grow to US\$ 5 billion by 2019-20. The after sales spares market is about US\$ 800 million and is a major source of income and employment opportunity for small scale industry manufacturers and service providers. The recent progress in highway road building activity and coal mining auction augurs well for the future. Indian government has embarked on a new path and has set out some incremental initiatives that have seen about 89 projects worth ₹1,90,000 crore being cleared. The increase impetus to develop infrastructure has also attracted global OEMs. Dynamatic Technologies will continue its focus on new product developments this year to cater to the construction equipment sector. This sector is expected to grow at a CAGR of 13% over the next 5 years.

### Segment Overview

Dynamatic Hydraulics™ manufactures high precision hydraulic aggregates for tractors, construction equipment, material handling and machine tool industries. Your company has three state-of-the-art manufacturing excellence centers at Bangalore for aluminum pumps, cast iron pumps and agriculture sector valves backed by DSIR approved design and R&D center and a rapid prototyping laboratory.

The Company has approximately 60% market share in the domestic tractor industry and is a partner of choice for almost all tractor OEMs the world over. Your company also designs and builds hydraulic hitch control valve with draft control and complete rockshaft assembly for the agricultural tractors.

The higher HP sector (i.e. over 50 HP) is expected to continue to grow faster than the industry and so will be the exports. Dynamatic Technologies is strategically positioned to cater to this market sector with highest installed capacity in India to produce tandem pumps.

To de-risk the dependence on the agriculture sector and given the growth potential in the construction equipment sector, Dynamatic Technologies is investing in the development of high pressure, heavy-duty cast iron pumps to cater to the construction equipment sector. These products are in various stages of development and testing and will be launched in a phased manner over next 12- 18 months to cater to the global OEMs. Your company has already developed hydro motors for this sector, which are currently undergoing trials with various global OEMs.

### Operational and Financial Performance

(` in lacs)

Particulars	FY2016	FY2015	Change (%)
<b>Revenue</b>	<b>26,132</b>	<b>29,218</b>	<b>(10.6)%</b>
India	16,541	17,849	(7.3)%
UK	9,591	11,369	(15.6)%
<b>EBITDA</b>	<b>3,257</b>	<b>3,503</b>	<b>(7)%</b>
<i>Margin (%)</i>	<i>12.5%</i>	<i>12.0%</i>	
India	2,826	2,920	(3.2)%
<i>Margin (%)</i>	<i>17.1%</i>	<i>16.4%</i>	
UK	431	583	(26.0)%
<i>Margin (%)</i>	<i>4.5%</i>	<i>5.1%</i>	

Performance of the India business was impacted by continued poor agriculture industry environment resulting in subdued tractor demand. UK revenues were impacted by the muted demand in Europe for agricultural machinery. Despite decline in volumes, margins were sustained due to declining raw material prices. However, during the Q4 FY2016, Hydraulics segment experienced early signs of recovery in the industry environment both in the UK and India. UK business was also benefited by new order wins.

### AUTOMOTIVE & METALLURGY

#### Industry Overview and Outlook

Performance of the global auto industry in CY2015 was fragmented. Improved consumer confidence has led to a rebound in automotive sales in some of the developed nations in the Europe and North America. Robust car volumes growth in the US and Western Europe of 5.7% and 9.0%, respectively in CY2015 gave the much needed boost to the sector. However, growing economic uncertainty in the rest of the world, particularly in the emerging markets, led to a flat year overall, dampening prospects for global automakers and suppliers.

The biggest downward macroeconomic force in the auto industry today is the underperformance of emerging markets, which not too long ago represented a significant opportunity to the global auto sector. While India's sales increased 3.5% in CY2015, China's year-over-year growth slowed to 7.3% from a 10% growth in CY2014 and 16% gain in CY2013. New vehicle ownership restrictions in China's largest cities will further curtail sales in the coming years. Russia had its second straight year of precipitous decline in CY2015; sales were almost 50% below the CY2012 peak. Brazil's sales fell by nearly 1.3 million units, or 27.2%, compared to CY2014, a drop that was about the size of the entire Mexican car market. Automakers who have made significant investments in emerging market countries are very cautious in their approach to successfully navigate the next few years.

The Indian auto industry is one of the largest in the world. The industry accounts for 7.1% of the country's Gross Domestic Product (GDP). The auto industry produced a total of 23.95 million vehicles in FY2016, including passenger vehicles, commercial vehicles, three wheelers and two wheelers, as against 23.36 million in FY2015. Passenger Vehicles production grew by 5.5% in FY2016. Commercial Vehicles production increased by 12.6% driven by Medium & Commercial Vehicles which increased by 27.8% y-o-y.

While there is an opportunity for strong growth, India continues to face challenges due to high investment on production facilities, limited availability of power and skilled manpower. 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 infrastructural improvements and raw material availability are also the 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. Lowering of excise duty on small passenger car segment and expected implementation of GST will have a positive impact on the Indian automotive industry.

The Company is focusing on multiple areas to drive higher growth and profitability in the Automotive business. Over the years, the Company has 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. Dynamic Technologies 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 another key growth avenue for the Company. Dynamic Technologies has started exporting performance critical castings to major global OEMs from its foundries in India and Germany. The Company is striving to increase sales of performance critical castings through this channel to drive higher profitability.

## Segment Overview

**JKM Automotive™, India**, the automotive division of the Company located in Chennai, possesses state-of-the-art manufacturing platform for the 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. It produces high quality ferrous and non-ferrous critical engine and transmission components on a single source basis for the global automotive OEMs such as Hyundai, Fiat India, Tata Motors, Ford, John Deere, Cummins, Nissan and Honeywell. It caters to the needs of Indian passenger car market and is currently working towards enhancing the global footprint through collaborations with international automotive OEMs.

The unique locational advantage offered by the Chennai plant has enabled JKM Automotive™ to forge strong partnerships with all its customers. With the advantage of backward integration from ferrous foundry, the automotive unit is able to undertake effective supply chain management.

To further strengthen the business development function, a new strategic business development team has been formed. New RFQ's are being received from major global OEMs for new products such as turbo charger and fork shift assembly.

**The JKM Ferrotech Limited, India**, facility in Chennai has expertise in producing High Si-Mo automotive components and is certified to the best-in-class industry quality standards. Our expertise in producing intricately shaped castings as well as our skills in handling ferrous alloys, particularly High Si-Mo and Ni-Resis, makes us a strong development partner for prototypes in ferrous alloy castings. This business added a few new customers during the year including Haldex India and Turbo Energy. Haldex is a market leader in brake systems for commercial vehicles. TEL has a JV with BorgWarner in India and this is our first foray into the turbocharger business. It also secured orders from Foundation Brake Systems for Maruti Suzuki's high volume platforms and Jaguar Land Rover project.

**Dynametal®, India**, incorporates the use of the latest metallurgical processes to produce high quality non-ferrous alloy and castings for industrial, automotive and aerospace applications. The Foundry differs radically from other conventional foundries as its heat treatment processes are designed to ensure castings are made with no inclusions, minimal melting loss and with the effective removal of gas from the metal. Dynametal® is capable of executing aluminum gravity die cast parts with intricate contours, pressure die castings and has competence in alloying metals and complex castings. The facility is equipped with electric furnaces, which makes it highly eco-friendly with the infrastructure created and controlled in-house.

**Eisenwerk Erla GmbH, Germany**, is a preferred supplier of precision, complex metallurgical products for automotive engines and turbochargers to leading global automotive OEMs including Audi, BMW, Borg Warner Turbo Emission Systems, Daimler and Volkswagen. With an history of over 630 years, Eisenwerk Erla possesses one of the finest ferrous foundries in Europe, capable of manufacturing extremely intricate ferrous castings from difficult-to-cast materials. It also has strong R&D capabilities with patented technologies specific to the automotive industry such as SiMo, Ni-Resist, Heat Resistant Steel and Core Making Technology for Turbocharger castings.



## Operational and Financial Performance

(` in lacs)

Particulars	FY2016	FY2015	Change (%)
<b>Revenue</b>	<b>96,052</b>	107,498	(10.6)%
India	<b>12,906</b>	15,813	(18.4)%
Germany	<b>83,146</b>	91,685	(9.3)%
<b>EBITDA</b>	<b>3,929</b>	5,310	(26.0)%
<i>Margin %</i>	<i>4.1%</i>	<i>4.9%</i>	
India	<b>(401)</b>	(673)	nm
<i>Margin (%)</i>	<i>(3.1)%</i>	<i>(4.2)%</i>	
Germany	<b>4,330</b>	5,983	(27.6)%
<i>Margin (%)</i>	<i>5.2%</i>	<i>6.5%</i>	

Recovery in the global auto sector remains fragmented. This had an adverse impact on the Company's performance during FY2016.

## AEROSPACE & DEFENCE

### Industry Overview and Outlook

Growth in the global defence industry in 2016 is expected to be fueled by increases in the US defence budget, a resurgence of global security threats, and growth in defence budgets of key nations around the world. In addition, relatively stable growth in global gross domestic product (GDP), lower crude oil and other commodity prices, and continued increases in passenger travel demand are contributing to expected growth in production rates for next-generation commercial aircraft. India has the third largest armed forces in the world. India is also one of the largest importers of conventional defence equipment and spends about 31.5% of its total defence budget on capital acquisitions. About 60% of its defence requirements are met through imports. The allocation for Defence in the Budget 2015-16 was over `2,467 billion.

The commercial aerospace subsector is expected to continue its decade-long trend of above-average growth rates, driven by growth in passenger travel demand and an accelerated equipment replacement cycle. Strong increases year over year of global revenue passenger kilometers are leading to an unprecedented level of aircraft production rates, which in 2015 were about twice the levels experienced 10 years ago. 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. Recent decline in oil prices and subsequent increase in airline profitability has also led to increase in aircraft orders.

## Defence Procurement

India's current requirements on defence are catered largely by imports. The opening of the strategic defence sector for private sector participation will help foreign original equipment manufacturers to enter into strategic partnerships with Indian companies and leverage the domestic markets and also aim at global business. Besides helping build domestic capabilities, this will bolster exports in the long term. Opportunities to avail defence offset obligations to the tune of approximately `250 billion during the next 7-8 years. The offset policy (which stipulates the mandatory offset requirement of a minimum 30% for procurement of defence equipment in excess of `3 billion) introduced in the capital purchase agreements with foreign defence players would ensure that an ecosystem of suppliers is built domestically. The government policy of promoting self-reliance, indigenisation, technology upgradation and achieving economies of scale and developing capabilities for exports in the defence sector.

### Segment Overview

**Dynamatic-Oldland Aerospace™, India**, is a pioneer and a recognized leader in the Indian private sector for the development of complex aero-structures and manufacture of aircraft parts 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 & Defense 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 for the LAKSHYA, India's first pilotless target aircraft and ailerons and flaps for the HJT-36 Intermediate Jet Trainer (IJT). Dynamatic Technologies also manufactures and assembles major airframe structures for the Sukhoi 30MKI fighter bomber, which is a part of the largest defence program in India. Six different control surfaces – vertical fins, ventral fins, horizontal stabilizers, 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.

The Company has partnered with Boeing for the manufacture of cabinets used to keep critical power and mission equipment for the P-8 program, a multi-mission maritime patrol aircraft customized for the Indian Navy. The success of this program has enabled Boeing to place orders for 11 more sets for limited rate production and 33 additional orders for full rate production requirements for the US Navy. Boeing further enhanced the

relationship with Dynamic-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.

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. Dynamic Technologies is working closely with Spirit Aerosystems, the world's largest aero-structure manufacturer. Dynamic Technologies has secured a contract to supply flap track beams for long-range aircraft variants in the Airbus A330 family. This contract makes Dynamic Technologies the first company in the Indian private sector to become a global Tier I supplier to Airbus.

The Company also signed a MoU with Bell Helicopters for the Bell 407 air frame cabin sub-assemblies, air frame components and details. Dynamic 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. The first articles of aft fuselage and turnover bulkhead assembly were delivered in March 2016 and a ramp up is in progress.

**Dynamic-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. Dynamic Technologies specializes 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 Augusta Westland. It is compliant with BSI ISO 9001:2000 and AS 9100 standards. Dynamic Technologies has also been accredited with Environmental Management System (EMS) certification under ISO: 14001.

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. Dynamic Technologies offers its customers a comprehensive solution of high capex, highly skilled multi-axis 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.

**Dynamic 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. The Company has industrial defence production licenses from the Ministry of Commerce & Industry, Government of India for the manufacture of drones (unmanned aerial systems).

## Operational and Financial Performance

(` in lacs)

Particulars	FY2016	FY2015	Change (%)
<b>Revenue</b>	<b>26,981</b>	<b>26,020</b>	<b>3.7%</b>
India	14,748	11,580	27.4%
UK	12,233	14,440	(15.3)%
<b>EBITDA</b>	<b>7,636</b>	<b>6,442</b>	<b>18.5%</b>
<i>Margin %</i>	28.3%	24.8%	
India	5,979	4,496	33.0%
<i>Margin (%)</i>	40.5%	38.8%	
UK	1,657	1,946	(14.8)%
<i>Margin (%)</i>	13.5%	13.5%	

Revenue growth in India was driven by strong order book execution and deliveries to Boeing Chinook. EBITDA margin improved due to higher capacity utilization and improved performance in India

### JKM Wind Farm

Strategically located near Coimbatore, JKM Wind Farm, is currently generating 12MW of power (14 million units) annually, for captive consumption at JKM Automotive and Dynametal®. It consists of 48 windmills on 440 acres of freehold land. It represents a significant step towards achievement of zero carbon footprint by facilities in Tamil Nadu. The wind farm provides cost competitiveness by reduction in monthly energy costs. It is scalable through addition of further windmills.

## FINANCIAL CONDITION

### Share Capital

(` in lacs)

Year Ended 31-March	FY2016	FY2015	Change (%)
Share Capital	634	634	0.0%
Reserve & Surplus	25,126	24,531	2.4%
Non-Controlling Interest (Preference Capital)	0	36	nm

The Company had an Authorised Share Capital of ₹ 2,000 lacs, as on March 31, 2016, divided into 2,00,00,000 shares with face value of ₹ 10 each. The issued, subscribed and paid-up share capital was ₹ 634 lacs, as on March 31, 2016 unchanged from March 31, 2015.

The Reserves and Surplus were ₹ 25,126 lacs, as on March 31, 2016, an increase of ₹ 595 lacs compared to March 31, 2015. The increase is attributable to:

(₹ in lacs)

Profit generated during the year	<b>1,228</b>
Foreign currency translation reserve	<b>367</b>
Foreign currency monetary item translation difference account	<b>85</b>
Hedge Reserve	<b>539</b>
<b>Total</b>	<b>2,219</b>

Offset by:

(₹ in lacs)

Securities premium account	<b>433</b>
Revaluation reserve	<b>3</b>
Debit balance arising on consolidation	<b>793</b>
Other reserves (Redemption premium accrual)	<b>395</b>
<b>Total</b>	<b>1,624</b>
<b>Net Change</b>	<b>595</b>

## Borrowings

(₹ in lacs)

Year Ended 31-March	FY2016	FY2015	Change (%)
Long term borrowings	<b>50,379</b>	37,656	33.8%
Short term borrowings	<b>9,201</b>	13,974	(34.2)%
<b>Total</b>	<b>59,580</b>	<b>51,630</b>	<b>15.4%</b>

As part of the strategic initiatives taken by the Company to improve its financial strength, the Company concluded a 10 year long term financing agreement with ICICI Bank, Axis Bank and IndusInd Bank at competitive interest rates which will result in reduced interest cost, favorable repayment terms and availability of internal accruals for growth capital.

## Fixed Assets

(₹ in lacs)

Year Ended 31-March	FY2016	FY2015	Change (%)
Tangible fixed assets	<b>51,657</b>	53,546	(3.5)%
Intangible fixed assets	<b>1,649</b>	2,019	(18.3)%
Capital work in progress	<b>2,861</b>	435	nm
<b>Total</b>	<b>56,167</b>	<b>56,000</b>	<b>0.3%</b>

The decline in tangible and intangible fixed assets can be primarily attributed to depreciation during the year. Capital work in progress increased due to investments in facilities for new projects under development primarily in the Aerospace segment.

## Capital Expenditure

During the year under review, your Company incurred capital expenditure of ₹ 3,229 lacs for physical infrastructure and ₹ 33 lacs for the procurement of intangible assets. Significant investments have been made over the past two years in building infrastructure, state-of-the-art machinery, design software, data security, information systems, and design and development activities, for the future growth of your Company.

## Inventories

The inventories of the Company mainly comprise of raw material of ₹ 7,864 lacs, work in progress of ₹ 12,066 lacs, finished goods of ₹ 4,737 lacs and stores and spares of ₹ 945 lacs. The account showed increase of ₹ 2,897 lacs during the year, primarily due to the new projects in the aerospace division.

## OPPORTUNITIES & THREATS

**'Make in India' Initiative:** The launch of the 'Make in India' campaign by the government of India opens up doors for a number of opportunities. This initiative is expected to make it easier to do business in India. With easier regulations and less complex paperwork, the costs are expected to come down making India all the more attractive auto manufacturing hub.

**Favourable Industry Dynamics:** The global auto industry has been under a lot pressure over the last few years, including Indian auto industry. But the long term dynamics of the India auto industry still remain intact. Rising disposable

incomes, rapid urbanisation, lower finance costs, agricultural automation and industrial growth all support further penetration of automotive vehicles across India.

**Strong Technology and Manufacturing Platform:**

Dynamatic Technologies has made significant investments in increasing its capacities and capabilities, in particular the Aerospace segment. Ramp up of order book in the Aerospace segment will boost the performance in the coming years. Further, an upturn in the industry demand in the Auto and Hydraulics segments will result in significant improvement in the overall performance of the Company.

**Diverse Product Portfolio and End Market Segments:**

Dynamatic Technologies operates in three business segments, i.e. Automotive, Hydraulics and Aerospace. The Company has an optimum mix of high growth and stable end markets. This de-risks the Company's exposure to any particular industry segments.

**RISKS & CONCERNS**

**Competition:** The Company operates in a highly competitive environment and some customers have started adopting de-risking strategies to maintain more than one source for a product. Even as Dynamatic Technologies has leading market position in most of its product segments and enjoys long standing relationship with many global OEMs, it continues to invest in newer products and better quality control.

**Technological Changes:** The automotive industry is evolving at a rapid pace. To adapt to the changing customer preferences, regulatory norms, cost or supply constraints, etc. OEMs are focusing on newer technologies leading to shorter life cycles for new vehicles. Dynamatic Technologies continues to work closely with its customers to better understand their needs and develop products to suit their requirements. Dynamatic Technologies R&D Center is engaged in design and prototyping of new products, improvement of existing designs and continuous improvement of existing processes.

**Foreign Currency Fluctuations:** Given the nature and the scale of the business, the Company's operations are exposed to various foreign currencies. This leads to the financial performance susceptible to unfavourable foreign currency movements. However, the Company is closely monitoring these risks and adopting appropriate hedges / forward contract to mitigate such risks.

**Global Macroeconomic Uncertainty:** Given the global nature of the Company's business, its operations are directly dependent on the general economic conditions. Over the last few years, global economic growth has remained volatile and several key markets have faced economic challenges.

The Company closely monitors the factors impacting the macroeconomic performance in its key markets and to counter these risks continues to broaden its product segments, increase customer base and enhance geographic reach.

**Indian Monsoon:** The unseasonal or inadequate monsoon can result in negative impact on market sentiments, vehicle sales and usage, especially the tractor segment. The Company is regularly scanning market reports and taking appropriate action to combat lower demand. To de-risk the exposure to the tractor segment, the Company is also focusing on the construction equipment and other end markets.

**RISK MANAGEMENT**

The Company believes that managing risks goes hand-in-hand with maximising returns. To this effect, there is a robust process in place to identify key risks across the Group and prioritise relevant action plans to mitigate these risks. A Risk Management Report is enclosed to this report.

**ENVIRONMENT SAFETY AND HEALTH**

Dynamatic Technologies is committed to adopt the best environmental technologies to create and ensure healthy workplace to meet zero incidents and free from occupational hazards. Sustainable progress has been made in the area of process safety and implementation of employee health and safety management system at work place resulting into elimination of workplace hazards to the minimum level. The Company 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 Technologies 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 and wastage. The Company's facilities are non-polluting and are ISO:14000 certified. This enables adoption of systematic and quantifiable approaches and techniques to minimize impact on environment.

## Health and Safety of Employees

In consonance with the motto "People First Production Always", the HR Department is constantly striving to provide a safe working environment and sustainable health benefits to the 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.

The Company provides various health benefits such as regular health checkups and health-related awareness programmes for the employees. These initiatives are conducted at all Company facilities and are in line with the Company's objective of maintaining a healthy and motivated workforce.

The 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. At the same time, the Company has been successful in merging the EMS & OHSAS requirements into a common management system called IMS. This has avoided unnecessary duplication of work in monitoring and maintenance of records.

## QUALITY MANAGEMENT SYSTEM (QMS)

Dynamatic Technologies is always focused on achieving international quality standards for its products and services. In pursuit of this goal, the Company has established a comprehensive Quality Management System which encompasses all aspects of the business with focus on establishing a quality control ecosystem that is designed to consistently deliver quality products and superior service.

During FY2016 your Company has successfully completed the surveillance audits to ISO:9001 specifications for Quality Management System and also to ISO:14001 specifications for its Environmental Management System. Your Company's QMS which is compliant to ISO standards since 1999, has evolved and matured and is highly system driven. These two management systems which are merged and called as Integrated Management System (IMS) and was audited by UL DQS India. The Surveillance audit which was for 6 man days was successfully completed and your company has been awarded a certification by UL DQS India for the next year surveillance audit year 2016-17.

The Dynamatic Quality Management System (DQMS) addresses the quality requirements and management

expectations set out by the global OEM majors 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 and Employee Participation Program (EPP).

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 EPP 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 was paid towards risk assessment and mitigation activities. Disaster recovery plan was revisited and meticulously followed.

## SUPPLY CHAIN MANAGEMENT AND PRODUCTIVITY

Dynamatic Technologies' supply chain is modeled around the delivery of enhanced customer and economic value through synchronised management of the flow of physical goods, services and associated information from sourcing to consumption. Your company's robust supply chain management gives it a powerful source of competitive advantage.

At Dynamatic Technologies there is a continuous effort to adopt the best practices and tools to achieve excellence in supply chain characterized by a sharp focus on revenue growth, better asset utilization, inventory turns, cost reduction and accelerating cash to cash cycles. Flexibility, reliability and cost efficiency are the key drivers for our SCM practices. During this year, focus was laid on seamlessly integrating our strategic corporate objectives, engineering and IT systems and methods towards an optimum supply chain and productivity model.

- Speed to market management tools like Just in Time (JIT) manufacturing and distribution, vendor managed inventory (VMI) of child parts and efficient customer response
- Improving quality and productivity within operational areas such as warehousing, logistics, inventory management and packaging
- Value Addition and Value Engineering (VAVE) involvement with vendors to drive the cost down
- Vendor rating linked scheduling
- Supplier audits and onsite training

- Global tax minimization including transfer pricing & customs duties
- Integrated customer services cell to handle customer complaints and warranty claims.

Significant productivity increases can come from effectively managing relationships; information and material flow across enterprise borders. The Company's initiatives to leverage information technology in supply chain activities have resulted in improved efficiency through real-time information exchanges and processing. Dynamic Technologies has a three-tier approach – strategic, tactical and operational to ensure that the SCM is operating efficiently and generating highest level of customer satisfaction at optimum cost.

These measures have helped your Company improve cost and efficiency in a year, which was otherwise faced with global macroeconomic challenges.

## **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

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 Dynamic'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 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 Nomination & 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 willingly contribute their talents for a better tomorrow.

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 initiative undertaken by the Company.

Dynamic's strength lies in its extremely competent and committed workforce, many amongst whom have worked in the Company for over two decades. 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 3078 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.

### **Work Culture**

The Company constantly endeavors to inculcate sound 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. Continuous and constant thrust is maintained towards acquisition, development, retention and management of best talent with a focus on engagement, training for empowerment thereby, 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 d corps to promote inclusiveness and sense of belonging.

### **Highlights for the Year**

- The integrated performance management system comprising quarterly and annual work appraisals has been initiated and working effectively to monitor the sustained and continuous performance and behavioral traits and feedback for development of the employees.
- 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 has been rejuvenated. Induction kit covering glimpses of Company's profile, ethos and joining formalities is handed over to all new joiners.
- 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.
- Renewal of ISO 14001:2004 for Environment Management System (EMS) for Aerospace Division for the period 2016 -17 has been successfully completed. Similarly, renewal of certification for Hydraulics Division for Integrated Management Systems comprising Quality as well as Environmental Management System has been completed.
- Policies such as Employee Separation and Salary Advance to Employees have been formulated.
- A Training Center has been inaugurated to impart "hands-on" shop skills training for young inductees. They undergo two months theoretical and practical training for various skills required for the artisanal work in manufacturing. Topics like Safety, 5S, Quality, and technical requirements for drilling, riveting, counter sinking and sealant application are covered extensively.
- Taking a step forward to streamline Learning & Development, a Web based portal, "**Competency Assessment and Training Identification (CATI)**", has been launched to capture competencies and identify role specific development measures. This system will help meet specific requirements of our organization, creating a better informed and trained workforce. This will also help us in scheduling the training effectively and on time.
- The Green Initiatives of paper recycling and leaf composting as tried out in Hydraulics Division are being implemented in Aerospace division.
- Employee Participation Program (Suggestion Scheme) is in vogue and several EPP initiatives are commended in the past year. The participating employees are also rewarded with suitable gifts.

## 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 Technologies' 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 Technologies undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

## 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.

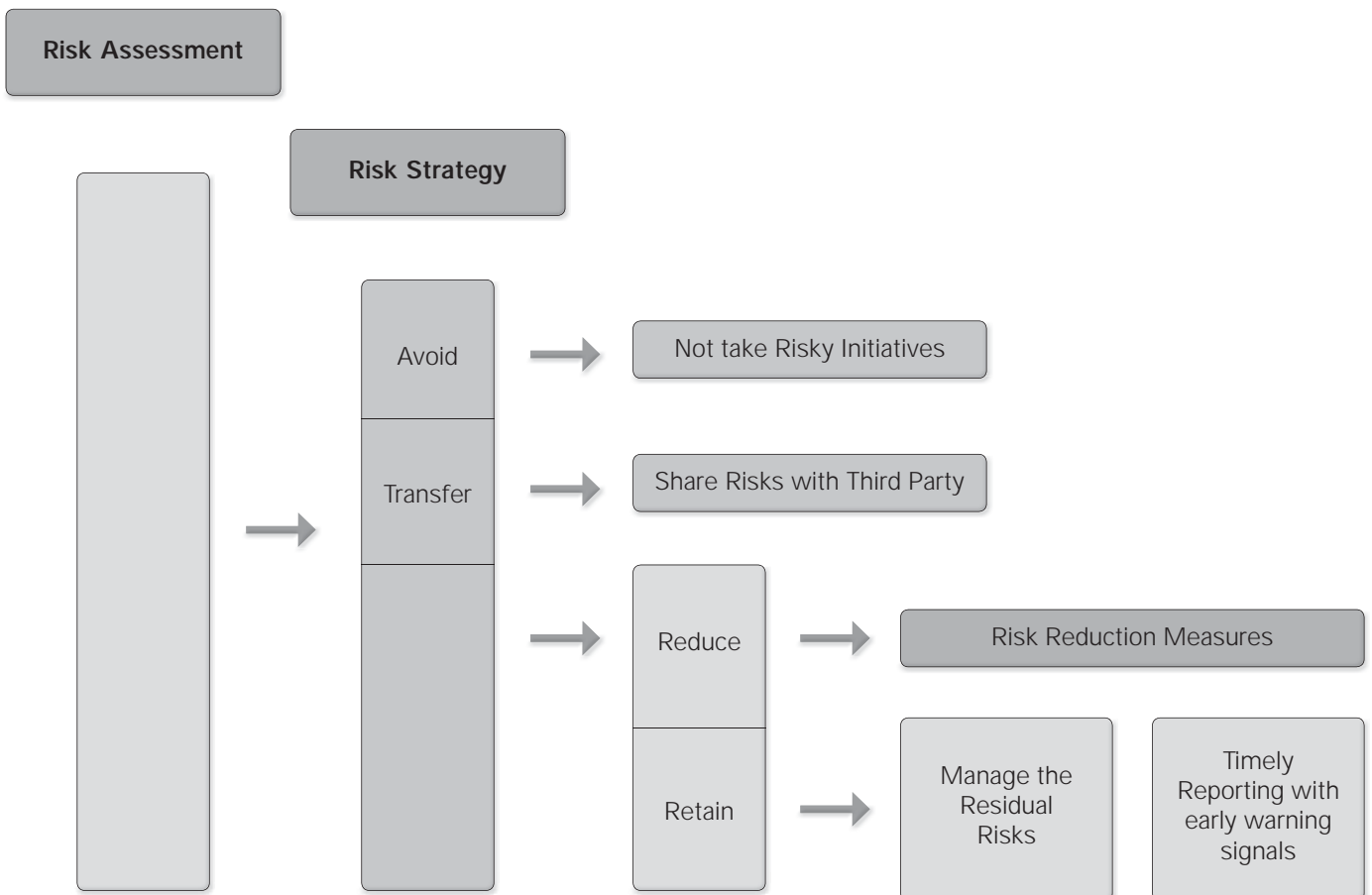
### Overview:

Risk Management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within Dynamic Technologies' environment. Our Enterprise Risk Management (ERM) framework encompasses practices relating to the identification, assessment, monitoring and mitigation of strategic, operational, financial and external environment risks to achieving our key business objectives. ERM at Dynamic Technologies 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 articulate 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.

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### Dynamic Technologies Limited Risk Management Framework

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





## 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
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>

## 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.

## 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.

## 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.

## 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 had carried out risk management activities to identify, monitor and mitigate impact of risks. An annual risk survey was conducted across functions to get inputs on key risks to the achievement of business objectives, their prioritisation and mitigation actions to minimize impact.

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

In accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI (LODR) Regulations, 2015" or "Listing Regulations"), the report containing the details of governance systems and process at Dynamatic Technologies Limited is appended hereunder:

SEBI with an objective to improve the standards of Corporate Governance in India, in line with the needs of dynamic market mandates listed entities 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 and commitment to discharge its responsibilities and duties.
- Ensuring timely disclosures, transparent accounting policies, and a strong, independent Board to help preserve Shareholders' trust while maximizing long-term Shareholders' value and respecting minority rights.
- Best practices identified based on benchmarking certain global governance standards with core values of transparency, professionalism, empowerment, equity and accountability.
- Fulfilling obligations to other stakeholders such as customers, suppliers, financiers, employees, Government and to society at large.
- Upholding, sustaining and nurturing core values in all facets of its operations through growth and innovation.
- Maximizing national wealth and adhering to transparent actions in business.

This philosophy has helped the Company to transform itself into a higher plane of leadership, better transparency and accountability.

The Company's commitments towards Corporate Governance started well before the law mandated such practice. 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 Corporate Governance Initiatives:**

- **Comprehensive Digital Compliance Management System:**

The Company has implemented Comprehensive Digital Compliance Management System across all units which helps it to identify, assess and develop risk mitigation strategies. The responsibility mapping is well accepted and Comprehensive Compliance Risk Report is presented to the Board on a quarterly basis.

- **Board e-Portal:**

To ensure utmost confidentiality of the document/proceedings, the Company has introduced Board e-Portal wherein all Board agendas and allied documents/correspondences with Directors are uploaded. Each Director is given a user name and password to access the documents.

- **Paperless Board/Committee Meetings:**

As a green initiative and maintaining confidentiality of the Board correspondences, every Director and Company Secretary have been provided with iPads to access agendas and related meeting documents.

- **Induction kit to Directors:**

The Company has rolled out an induction document to help newly appointed Directors to understand the business, get familiarized 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.

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

The Company 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)).

- **Corporate Social Responsibility:**

Though not mandatory the Company has constituted Corporate Social Responsibility Committee ('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 organizations 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 hosted on the website of the Company ([www.dynamics.com](http://www.dynamics.com)).

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

As per the provisions of the Listing Regulations, the Company has formulated the Policy on determining material subsidiaries of the Company, which has been hosted on the website of the Company ([www.dynamics.com](http://www.dynamics.com)).

- **Policy on determination of Materiality of Events or Information**

As per the provisions of the Listing Regulations, the Company has formulated the Policy on determining materiality of events or information of the Company, which has been hosted on the website of the Company ([www.dynamics.com](http://www.dynamics.com)).

- **Policy on Archival of documents**

As per the provisions of the Listing Regulations, the Company has formulated the Policy on archiving documents of the Company, which has been hosted on the website of the Company ([www.dynamics.com](http://www.dynamics.com)).

- **Policy on preservation of documents**

As per the provisions of the Listing Regulations, the Company has formulated the Policy on preservation of documents of the Company.

- **Code of conduct for prevention of Insider Trading:**

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated Code of conduct for prevention of insider trading.

- **Familiarisation programmes imparted to Independent Directors:**

In accordance with SEBI (LODR) Regulations, 2015, the Company had imparted familiarisation programmes to Independent Directors details of which has been hosted on the website of the Company ([www.dynamics.com](http://www.dynamics.com)).

- **Whistle Blower Policy and Vigil Mechanism:**

The Company is having an effective whistle blower policy enabling the stakeholders including Directors and employees to freely communicate their concerns about illegal or unethical practices. The said policy has been hosted 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, Board Members & senior management personnel, Key Accounting Policies etc.
- 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 made part of this Annual Report.

## 1. BOARD OF DIRECTORS

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, 2016, the Board consisted of twelve (12) members of whom nine (9) are Non-Executive Directors comprising of six (6) independent Directors which includes an Woman Director and three (3) Executive Directors out of which one (1) Executive Director is also a Promoter Director. The Board periodically reviews changes in composition or its size. Chairman of the Board is a Non-Executive Independent Director. There is no inter-se relationship between the Directors on the Board.

**COMPOSITION OF THE BOARD AND DIRECTORSHIPS/SHAREHOLDINGS IN THE COMPANY/MEMBERSHIP HELD BY DIRECTORS DURING THE YEAR 2015-16**

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)*		Shareholding in the Company
			As Chairman	As Member	
Mr. Vijai Kapur	Independent and Non-Executive Director	-	-	-	NIL
Air Chief Marshal S. Krishnaswamy (Retd.)	Independent and Non-Executive Director	Mahindra Telephonics Integrated Systems Limited	-	-	69
Mr. Govind Mirchandani	Independent and Non-Executive Director	1. JKM Erla Automotive Limited	-	Audit Committee	NIL
		2. JKM Ferrotech Limited	-	Audit Committee	NIL
Ms. Malavika Jayaram	Woman Independent and Non-Executive Director	-	-	-	NIL
Mr. Nalini Ranjan Mohanty	Independent and Non-Executive Director	1. Indian Metals and Ferro Alloys Limited	-	Audit Committee	NIL
		2. JKM Erla Automotive Limited	Chairman	Audit Committee	NIL
		3. JKM Ferrotech Limited	Chairman	Audit Committee	NIL
Mr. Ramesh Venkataraman <i>(stepped down as Director of the Company with effect from 5th May, 2016)</i>	Independent and Non-Executive Director	Mahindra Two Wheelers Limited	-	-	NIL
Mr. Raymond Keith Lawton	Non-Executive and Non-Independent Director	-	-	-	NIL
Mr. Dietmar Hahn	Non-Executive and Non-Independent Director	-	-	-	NIL
Mr. James David Tucker	Non-Executive and Non-Independent Director	-	-	-	NIL
Mr. P.S. Ramesh	Executive Director	-	-	-	NIL
Mr. Hanuman Kumar Sharma	Executive Director	-	-	-	NIL
Mr. Rajendra Babu Subodh <i>(stepped down as Director of the Company from the closing hours of 15th March, 2016)</i>	Executive Director	-	-	-	NIL
Mr. Udayant Malhoutra	Promoter and Executive Director	1. Centrust Financial Limited	-	-	7,72,679
		2. Greearth Biotechnologies Limited	-	-	
		3. JKM Research Farm Limited	-	Audit Committee	
		4. JKM Erla Automotive Limited	-	Audit Committee	
		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 2015-16.

There are no instrument lying for conversion and hence none of the Non-Executive Directors hold any such convertible securities.

## 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 and Mr. P. S. Ramesh are the Executive Directors of the Company along with Mr. Udayant Malhoutra who is also a Promoter Director during the year under review.

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. 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 personnel / 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.

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

Independent 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 uploaded on the website of the Company. ([www.dynamatics.com](http://www.dynamatics.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 the Independent Directors for attending the Board / Committee Meetings in person/video conferencing and the said amount paid is within the limits specified by the Central Government from time to time.

Compensation to Directors (CTC) for the year ended March 31, 2016 is as follows:

in ` (Rupees)

Name of the Director	Remuneration			Total
	Sitting fees*	Salary	Perquisites & allowance	
Mr. Vijai Kapur	5,50,000	-	-	5,50,000
Air Chief Marshal S. Krishnaswamy (Retd.)	8,00,000	-	-	8,00,000
Mr. Govind Mirchandani	10,00,000	-	-	10,00,000
Ms. Malavika Jayaram	3,50,000	-	-	3,50,000
Mr. Nalini Ranjan Mohanty	6,00,000	-	-	6,00,000
Mr. Ramesh Venkataraman <i>(stepped down as Director of the Company w.e.f. 5th May, 2016)</i>	5,00,000	-	-	5,00,000
Mr. Raymond Keith Lawton	-	-	-	-
Mr. Dietmar Hahn	-	-	-	-
Mr. James David Tucker	-	-	-	-
Mr. P. S. Ramesh <i>Executive Director &amp; COO, Dynamatic-Oldland Aerospace™, India Tenure: 14th November, 2014 to 13th November, 2017</i>	-	21,60,000	33,04,704	54,64,704
Mr. Hanuman Kumar Sharma <i>CFO &amp; Executive Director Tenure: 14th November, 2014 to 13th November, 2017</i>	-	21,60,000	48,42,960	70,02,960
Mr. Rajendra Babu Subodh <i>Executive Director &amp; COO, Dynamatic-Oldland Aerospace™, India (stepped down as Director of the Company from the closing hours of 15th March, 2016)</i>	-	19,88,065	31,60,646	51,48,711
Mr. Udayant Malhoutra <i>(CEO &amp; Managing Director) Tenure: 1st October, 2014 to 30th September, 2017</i>	-	36,60,000	46,60,000	81,00,000

The terms of appointment of the Executive Directors are governed by the provisions of the law and such appointment is subject to termination by either party by giving one months' notice unless termination at a shorter notice is mutually agreed by the concerned Executive Director and the Board of Directors of the Company. As per terms of appointment, none of the Executive Directors are entitled to receive any severance fees.

Service Contracts are governed as per the terms set out in the resolution by the Shareholders at the General Meeting while appointing the Director(s).

The Company does not have any scheme for grant of stock options either to Directors or to employees.

## 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. Video / tele-conference are also used to enable Directors who are traveling to participate in the meetings.

During the year 2015-16, 4 (four) Board meetings were held. The dates on which the Board Meetings were held are as follows:

- May 28, 2015
- August 14, 2015
- November 14, 2015
- February 13, 2016

The aforesaid Board meetings were held during the year 2015-16 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 2015-16

Name of the Director	Attended	Participation Via Video-Conference	Attended last AGM held on 14th August 2015
Mr. Vijai Kapur	4	-	Yes
Air Chief Marshal S. Krishnaswamy (Retd.)	3	-	Yes
Mr. Govind Mirchandani	4	-	Yes
Ms. Malavika Jayaram	3	-	Yes
Mr. Nalini Ranjan Mohanty	4	-	Yes
Mr. Ramesh Venkataraman <i>(stepped down as Director of the Company w.e.f. 5th May, 2016)</i>	1	2	Yes
Mr. Raymond Keith Lawton	2	-	Yes
Mr. Dietmar Hahn	1	2	Yes
Mr. James David Tucker	-	1	No
Mr. P. S. Ramesh	4	-	Yes
Mr. Hanuman Kumar Sharma	4	-	Yes
Mr. Rajendra Babu Subodh <i>(stepped down as Director of the Company from the closing hours of 15th March, 2016)</i>	3	-	No
Mr. Udayant Malhoutra	3	-	Yes



### **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 Listing Regulations.

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 along with the minutes of the meeting of the Board of its material subsidiaries Companies.

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

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

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

The Company Secretary records the minutes of the proceedings of Board and Committee meetings. Minutes are finalized after the draft is circulated to the Chairman and other members of the Board / Committee for their comments. The minutes of the proceedings of the meetings

are entered in the minutes book within 30 (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.

### **BOARD COMMITTEES**

Currently, the Board has seven (7) Committees:

1. Audit & Risk Management Committee
2. Nomination and Remuneration Committee
3. Shareholders Committee
4. Technology Development Committee
5. Corporate Social Responsibility Committee
6. Finance 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.

### **AUDIT & RISK MANAGEMENT COMMITTEE**

The Board, at its Meeting held on 21<sup>st</sup> July, 2001, constituted the Audit Committee which was renamed as Audit & Risk Management Committee on 14th August, 2014. The powers and scope of the said committee are as mentioned in part C of schedule II of the Listing Regulations. The Board reviews the scope of the Committee and its terms of reference from time to time.

The Audit Committee has met four times in the FY 2015-16 and not more than four months had elapsed between two meetings.

### **Objective**

The Audit & 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 & Risk Management Committee of the Board comprises the following 4 (four) Non-Executive Directors and Independent Directors as on March 31, 2016:

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

Air Chief Marshal S. Krishnaswamy (Retd.), an Independent Director, is an Alternate Chairman of the Audit & Risk Management Committee to Mr. Vijai Kapur.

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 Committee meets the requirements of Section 177 of the Companies Act, 2013 and part C of schedule II of the Listing Regulations.

*\*(Stepped down as Director of the Company with effect from 5th May, 2016)*

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

The terms of reference of the Audit & Risk Management Committee covers all matters specified in part C of schedule II of the Listing Regulations and also those specified in section 177 of the Companies Act, 2013. The terms of reference of the Audit 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 with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
- To discuss with the internal auditors any significant findings and follow up there on.
- To discuss the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- 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.
- To examine the auditors' report.
- To review with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report.
- 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 scrutinize inter-corporate loans and investments;
- To conduct valuation of undertakings or assets of the company, wherever it is necessary;

- To review with the management, the statement of uses, application of funds / end use of the funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- To investigate into any matter in relation to the items specified in section 177(4) of the Act or any other matter referred to it by the Board and for this purpose to obtain any professional advice from any external sources or experts and for this purpose the Committee shall have full access to information contained in the records of the Company.
- To hear the auditors and Key Managerial Personnel of the Company in the meetings of the Committee when it considers the auditor's report and to seek information from any employee of DTL.
- 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 analyse 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 & Risk Management Committee Meetings held during the year 2015-16

Audit & Risk Management Committee meetings were held on:

- May 27, 2015
- August 13, 2015
- November 14, 2015
- February 12, 2016

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

\*(Stepped down as Director of the Company with effect from 5th May, 2016)

The Internal Auditors, representatives of the Statutory Auditors, Chief Financial Officer and CEO & Managing Director of the Company attends 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 Regulations. 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 & Risk Management committee was present at the Annual General Meeting held on August 14, 2015.

#### 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 as on March 31, 2016:

- **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 Regulation 19 of the Listing Regulations read with the 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 2015-16

The Nomination and Remuneration Committee was constituted by the Board on November 8, 2013. During the FY 2015-16, the Committee had 2(two) meetings.

Nomination and Remuneration Committee meetings were held on:

- May 27, 2015
- February 12, 2016

Name of the Member	No. of meetings attended
Air Chief Marshal S. Krishnaswamy (Retd.), Chairman of the Nomination and Remuneration Committee	2
Mr. Vijai Kapur	2
Mr. Govind Mirchandani	2

#### Performance evaluation criteria for Directors

The Company has in place performance evaluation mechanism for all Directors which consists of several attributes and once in every year the performance of independent directors are being evaluated based on these attributes. The evaluation for the year 2015-16 was carried out during the month of February 2016.

#### SHAREHOLDERS 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, 2016. They are:

- **Air Chief Marshal S. Krishnaswamy (Retd.), Chairman**
- Mr. Udayant Malhoutra
- Mr. Govind Mirchandani
- Mr. Hanuman Kumar Sharma

## Attendance at the Committee Meetings held during the year 2015-16

The Committee Meetings were held on:

- May 27, 2015
- August 13, 2015
- November 14, 2015
- February 12, 2016

Name of the Member	No. of meetings attended
Air Chief Marshal S. Krishnaswamy (Retd.)	4
Mr. Udayant Malhoutra	3
Mr. Govind Mirchandani	4
Mr. Hanuman Kumar Sharma	4

### Compliance officer

Mr. Naveen Chandra P, Head Legal, Compliance & Company Secretary is the Compliance Officer responsible for complying with the requirements of SEBI Regulations.

### Investor Grievance report for the year 2015-16

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	Pending during the year
Non-receipt of Dividend Warrants	1	0	1*
Non-receipt of Duplicate Shares	0	0	0
Non-receipt of Share Certificates after transfer	0	0	0
Non-receipt of annual reports	0	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>1</b>

\* The complaint was for non-receipt of dividends for an amount of INR 82 which was lodged with SCORES (SEBI complaints Redress System) on 21<sup>st</sup> March, 2016, the Company has received the complaint only on 5<sup>th</sup> April, 2016 and as on 25<sup>th</sup> April, 2016 the Company has paid the said unpaid dividend of INR 82 which was pertaining to final dividend 2011-12 thereby resolved the grievance of the investor.

28 requests (2,582 Equity shares) for transfers and 6 requests (677 Equity shares) for transmissions, transposition and deletion of name and 69 requests (12,326 Equity

shares) for dematerialization were received and approved by the Company. The Company has approved all requests which had fulfilled the legal requirements. In case of those requests where additional information/clarifications were required, the Shareholders have been intimated about the requirements.

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

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

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

### Suspense Account for the unclaimed shares

Pursuant to Regulation 39(4) read with schedule VI of the Listing Regulations, the Company has sent three 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 Stock Broking Limited for crediting unclaimed shares and any corporate benefits in terms of securities accruing on such shares, like, bonus shares, split etc. and thereafter shall be transferred by the listed entity in accordance with provisions of Section 205A, 205B & 205C of the Companies Act, 1956 and rules made thereunder. With respect to shares held in physical form, the same is in the process of dematerialization and would be transferred to demat suspense account shortly.

### Details of suspense account

As required under clause F of schedule V of the Listing Regulations, the Disclosures with respect to demat suspense account/ unclaimed suspense Account are appended here below:

- Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the year; 132 Shareholders and 6,158 shares.
- 13 Number of Shareholders who approached the Company for transfer of 1,081 shares from suspense account during the year.

- iii. 13 Number of Shareholders to whom 1081 shares were transferred from suspense account during the year.
- iv. Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year; 119 Shareholders and number of shares were 5077

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, 2016:

- **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 utilize the demat facility.

The Company has also entered into a corporate arrangement with Geojit BNP Paribas, who are experts in offering services for dematerialization 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.

#### **Technology Development Committee**

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, maximization 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, 2016.

The Committee comprises the following members:

- **Mr. N R Mohanty, Chairman**
- Air Chief Marshal S. Krishnaswamy (Retd.)
- Ms. Malavika Jayaram
- Mr. Raymond Keith Lawton
- Mr. Dietmar Hahn
- Mr. P S Ramesh
- Mr James Tucker
- 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.

## Finance Committee

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

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

### Composition

The Board level Finance Committee comprises 7 (Seven) Directors as on March 31, 2016.

The Committee comprises the following members:

- **Mr. Govind Mirchandani -Chairman**
- Mr. N R Mohanty
- Mr. Ramesh Venkataraman\*
- Ms. Malavika Jayaram
- Mr. Hanuman Kumar Sharma
- Mr. P S Ramesh
- Mr. Udayant Malhoutra

*\*(Stepped down as Director of the Company with effect from 5th May, 2016)*

## Corporate Social Responsibility Committee

To promote sustainability and being committed to societal activities, the Company has constituted a Board level committee with the name and style "Corporate Social Responsibility Committee".

### Composition

- **Mr. Govind Mirchandani-Chairman**
- Ms. Malavika Jayaram
- Mr. Raymond Keith Lawton
- Mr. Hanuman Kumar Sharma

## Independent Directors Committee

In order to facilitate independent meetings of the Independent Directors without the intervention of the management, an Independent Directors' Committee has been constituted in accordance with the requirements of Companies Act, 2013.

### Composition

- **Mr. Vijai Kapur – Lead Independent Director**
- Air Chief Marshal S. Krishnaswamy (Retd.)
- Mr. Govind Mirchandani
- Mr. N R Mohanty
- Ms. Malavika Jayaram
- Mr. Ramesh Venkataraman\*

*\*(Stepped down as Director of the Company with effect from 5th May, 2016)*

## CEO and CFO Certification

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the CEO and CFO certification is provided in this Annual Report.

## Code of conduct

In compliance with Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics ('the Code'), all the members of the Board and senior management personnel affirmed compliance to the said Code as on March 31, 2016.

## 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
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	There were no special resolutions passed in the meeting
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>
2014-15 AGM	Taj Vivanta, Yeshwantpur, Bangalore	August 14, 2015 at 10.00 am	<ul style="list-style-type: none"> <li>• Appointment of Mr. Rajendra Babu Subodh as Executive Director of the Company.</li> </ul>
2015-16 Postal Ballot*	Postal Ballot	May 25, 2015	<ul style="list-style-type: none"> <li>• Approval for allocating the ceiling of 26% of the paid up equity share capital of the Company</li> <li>• Appointment of Mr. P. S. Ramesh as Executive Director and Chief Operating Officer – Hydraulics, India and payment of remuneration thereon.</li> <li>• Appointment of Mr. Hanuman Kumar Sharma as Executive Director and Chief Financial Officer and payment of remuneration thereon</li> <li>• Alteration of Memorandum of Association of the Company</li> <li>• Alteration of Articles of Association of the Company</li> </ul>

\* The Postal Ballot exercise was carried out by Mr. R. Vijayakumar, Company Secretary in practice.

The Company has proposed to pass certain special resolutions through postal ballot under various sections including sections 180(1)(a), 180(1)(c) and 186 of the Companies Act, 2013.



## PROCEDURE FOR POSTAL BALLOT

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the applicable Rules, the Company provides electronic voting (e-voting) facility to all its members. The Company engages the services of Karvy Computershare Private Limited for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or through e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members / list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) / the Company's registrar and share transfer agents (in case of physical shareholding).

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms, duly completed and signed, to the scrutiniser on or before the close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting. The scrutiniser submits his report, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the authorized officer. The results are also displayed on the Company website, [www.dynamics.com](http://www.dynamics.com), besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The last date for the receipt of duly completed Postal Ballot Forms or e-voting shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.

## REMOTE E-VOTING AND BALLOT VOTING AT THE AGM

To allow the shareholders to vote on the resolutions proposed at the AGM, the Company has arranged for a remote e-voting facility. The Company has engaged Karvy Computershare Private Limited to provide e-voting facility to all the members. Members whose names appear on the register of members as on 4th August, 2016 shall be eligible to participate in the e-voting. The facility for voting through ballot will also be made available at the AGM, and the members who have not already cast their vote by remote e-voting can exercise their vote at the AGM

## 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 and Risk Management Committee of the Board. All minutes of the meetings of the Board of Indian 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.

## DISCLOSURES TO SHAREHOLDERS

### Communication to the Shareholders

The quarterly results of the Company are published in all India editions of the 'Business Standard' / 'Financial Express' and in the Bangalore edition of 'Sanjevani'. 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. Presentations made to the institutional investors are hosted on the Company's website [www.dynamics.com](http://www.dynamics.com)

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

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

### Management Discussion and Analysis Report

This forms part of the Directors' Report.

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

During the year under review, there were no public issue, rights issue and preferential issue of shares of the Company.

### Remuneration of Directors

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

### Non Compliances

There are no instances of non-compliance by the Company or penalties and strictures imposed on the Company by

Stock Exchanges or Securities and 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 & Risk Management Committee in a summarized form.

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

#### **Whistle Blower Policy and Vigil Mechanism**

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

The Company affirms that no stakeholder has been denied access to the Chairman of Audit & Risk Management Committee of the Board of the Company in case of reporting any genuine concerns.

#### **General Shareholder Information**

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

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

The equity shares of the Company are listed on both National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

The Company has paid the listing fee for the year 2016-17 to the Stock Exchanges, where the shares of the Company are listed in India.

#### **Unclaimed Dividend**

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

<b>Dividend for the year</b>	<b>Date of declaration</b>	<b>Last date for claiming unclaimed dividend</b>	<b>Due date for transfer to IEPF</b>
<b>2008-09</b>			
Interim Dividend	02.05.2009	01.05.2016	31.05.2016
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.

## ANNUAL GENERAL MEETING FOR THE YEAR 2015-16

<b>Date and time:</b>	<b>11th August, 2016 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 2016-17 is given below:	
	<b>Calendar for Reporting:</b>	
	<b>Quarter ended</b>	<b>Release of results</b>
	June 30, 2016	On or before August 14, 2016
	September 30, 2016	On or before November 14, 2016
	December 31, 2016	On or before February 14, 2017
	March 31, 2017	By end of May 2017
<b>Date of book closure</b>	Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of the Listing Regulations, the Register of Members and Share Transfer Books of the Company will be closed from <b>Friday, 5th August, 2016 to Thursday, 11th August, 2016 (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 2015-16.	

### 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 41st 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 dematerialized shares of the Company. The ISIN for Company's equity shares is INE221B01012.

### Corporate Identity Number (CIN)

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

### Share Transfer System

All share transfers in respect of physical shares are handled by M/s. Karvy Computershare Private Limited. The turnaround time for completion of transfer of shares is generally less than 15 days from the date of receipt, if the documents are in order.

### Distribution of Shareholding as on March 31, 2016

Sl. No.	Category (Amount)	No. of Holders	% To Holders	Amount (₹)	% To Equity
1	1 - 5,000	9,778	95.95	50,18,880.00	7.91
2	5,001 - 10,000	193	1.89	13,92,380.00	2.20
3	10,001 - 20,000	106	1.04	15,31,420.00	2.41
4	20,001 - 30,000	31	0.30	7,69,390.00	1.21
5	30,001 - 40,000	16	0.16	5,83,030.00	0.92
6	40,001 - 50,000	12	0.12	5,81,030.00	0.92
7	50,001 - 1,00,000	24	0.24	16,82,310.00	2.65
8	1,00,001 & Above	31	0.30	5,18,55,990.00	81.77
	<b>TOTAL:</b>		<b>100.00</b>	<b>6,34,14,430.00</b>	<b>100.00</b>

**SHAREHOLDING PATTERN AS ON MARCH 31, 2016**

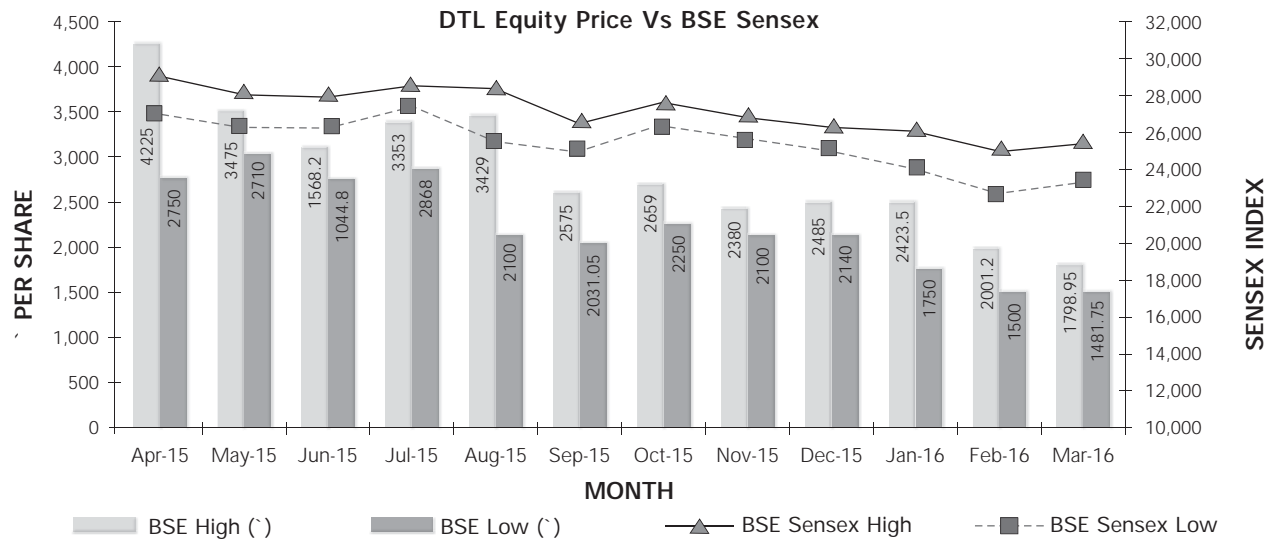
Category	No. of Shares	% of shareholding
<b>PROMOTERS HOLDING</b>		
<b>Indian Promoters</b>		
JKM Holdings Private Limited	9,12,538	14.39
Udayant Malhoutra	7,72,679	12.18
Udayant Malhoutra and Company Private Limited	6,42,011	10.12
Wavell Investments Private Limited	4,44,781	7.01
JKM Offshore India Private 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	7,07,399	11.16
Financial Institutions / Banks	5,338	0.09
Central Government / State Government (S)	0	0.00
Venture Capital Funds	0	0.00
Insurance Companies	0	0.00
Foreign Institutional Investors	9,20,371	14.51
<b>SUB TOTAL</b>	<b>16,33,108</b>	<b>25.75</b>
<b>OTHERS</b>		
Private Corporate Bodies	2,31,425	3.65
Indian Public	12,02,040	18.95
Clearing Agents	3,566	0.06
NRIs/OCBs	25,258	0.40
Trust	3,801	0.06
<b>SUB TOTAL</b>	<b>14,66,090</b>	<b>23.12</b>
<b>GRAND TOTAL</b>	<b>63,41,443</b>	<b>100.00</b>

**Share market price data**

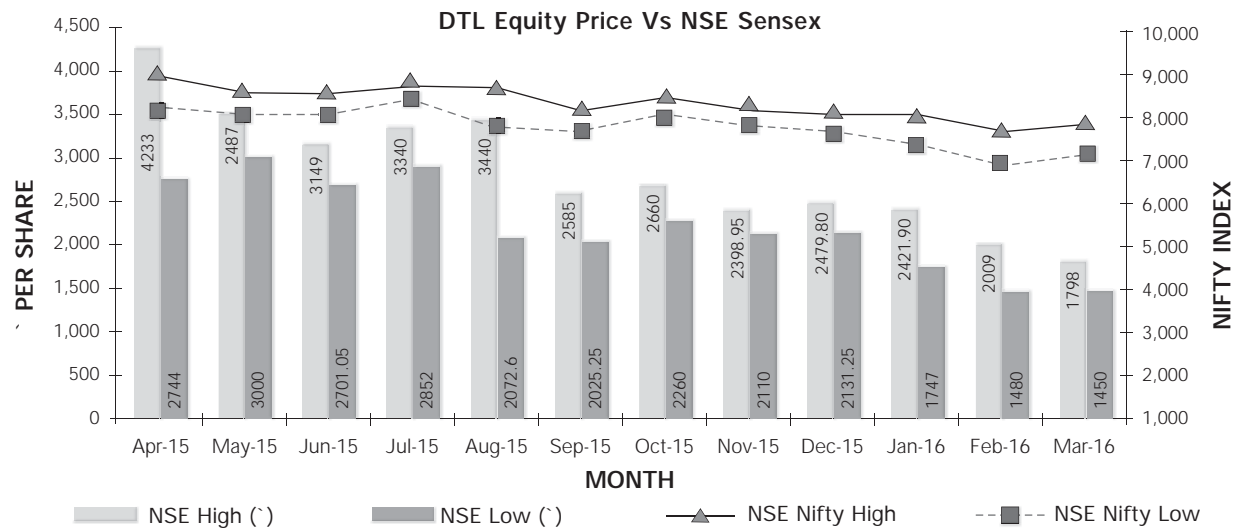
The monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Limited and National Stock Exchange of India Limited for the year 2015-2016:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume of shares traded	High (₹)	Low (₹)	Volume of shares traded
Apr-15	4,225	2,750	75,154	4,233	2,744	3,11,099
May-15	3,475	3,007	33,481	3,487	3,000	1,66,782
Jun-15	3,064	2,710	30,194	3,149	2,701.15	1,15,558
Jul-15	3,353	2,868	33,165	3,340	2,852	1,40,065
Aug-15	3,429	2,100	53,853	3,440	2,072.6	1,90,142
Sep-15	2,575	2,031.05	36,931	2,585	2,025.25	98,540
Oct-15	2,659	2,250	17,343	2,660	2,260	76,176
Nov-15	2,380	2,100	11,240	2,398.95	2,110	42,153
Dec-15	2,485	2,140	41,893	2,479.8	2,131.25	1,78,364
Jan-16	2,423.5	1,750	10,744	2,421.9	1,747	65,803
Feb-16	2,001.2	1,500	7,035	2,009	1,480	46,687
Mar-16	1,798.95	1,481.75	15,793	1,798	1,450	86,235

## 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, 2016		March 31, 2015	
	No. of shares	% of total shares	No. of shares	% of total shares
National Securities Depository Limited	59,34,134	93.58	59,21,195	93.37
Central Depository Services (I) Limited	2,59,487	4.09	2,60,565	4.11
<b>Total Dematerialized</b>	<b>61,93,621</b>	<b>97.67</b>	<b>61,81,760</b>	<b>97.48</b>
Physical	1,47,822	2.33	1,59,683	2.52
<b>Grand Total</b>	<b>63,41,443</b>	<b>100</b>	<b>63,41,443</b>	<b>100.00</b>

- There are no outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity.
- Commodity price risk or foreign exchange risk and hedging activities: The Company undertakes forex & hedging activities considering various factors which mitigates risks. (You shall provide
- The corporate governance requirement pursuant to regulation 17 to 27 and clause (b) to (i) of Regulation 46 (2) of the Listing Regulations has been duly complied.

**Status on the compliance with non-mandatory requirements are as follows:**

- A. Chairman of the Board - The Chairman of the Board of Directors is a non - Executive independent Director.
- B. Shareholders' Rights - Half-yearly declaration of financial performance are not currently sent to each of the household of Shareholders but are published in terms of Regulation 47(3) of Listing Regulations in certain newspapers and also sent to the Stock Exchanges. Besides, all the Quarterly / Half-yearly / annual financial results are published on the Company's website.
- C. Audit Qualification – The Auditors' Report on the Company's financial statements does not contain any qualification.
- D. Separate posts of Chairperson and Chief Executive Officer - The posts of Chairman is held by Mr. Vijai Kapur who is an independent non-executive Director and the post of Chief Executive Officer is held by Mr. Udayant Malhoutra who is also the Managing Director of the Company.
- E. Reporting of internal Auditor - Ernst & Young are the Internal Auditors of the Company and they report directly to the Audit and Risk Management Committee of the Board.

The Company complied with all the requirements of Corporate Governance Report said out in Schedule V to SEBI (LODR) Regulations, 2015. The discretionary requirements as specifies in Part E of Schedule II have been adopted and disclosed under heading the above heading.

The disclosures of compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46.

**PLANT LOCATIONS:**

1. Dynamatic Park, Peenya, Bangalore 560 058, Karnataka, India
2. No. 1A/1, 1st Main Road, 1st Stage, 2nd Phase, Peenya Industrial Area, Bangalore 560 058, Karnataka, India
3. No. 28/A, 3rd Main, 1st Stage, 1st Phase, Peenya Industrial Area, Bangalore 560 058, Karnataka, India
4. No. K-12, 5th Cross, 1st Stage, Peenya Industrial Area, Bangalore 560 058, Karnataka, India
5. No. K-11, Between 5th & 6th Cross, 1st Stage, Peenya Industrial Area, Bangalore 560 058, Karnataka, India
6. JKM Park, SIPCOT, Irrungattukottai, Kanchipuram District 602 105, Tamil Nadu, India
7. K-4, SIPCOT Phase II, Gummidipoondi, Thiruvallore District 601 201, Tamil Nadu, India
8. Airforce Toad, HAL Ancillary Unit – III, Ojhar, Niphad, Nasik 422 207, Maharashtra, India
9. Cheney Manor, Swindon, Wiltshire, SN2 2PZ, United Kingdom
10. Jarvis Street, Barton Hill, Bristol, BS5 9TR, United Kingdom
11. Gießereistraße 1, 08340 Schwarzenberg/Erzgeb, Germany

## 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, Senapathi Bapat 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

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.

#### **NOTE:**

*As usual, the Company will be providing transport facility between at 8.30 am and 9.00 am from Corporation Circle near Unity Building to the venue. After the meeting, Shareholders will be dropped back at their pick up point. Those who wish to avail this facility are requested to confirm the same at the following numbers:*

Tel: +91-80-28394933 / 34 / 35 (Extension: 254) (Contact: Mr. J. Devaraj, AGM - Secretarial)  
Email: [investor.relations@dynamics.net](mailto:investor.relations@dynamics.net)

## DECLARATION

I, Udayant Malhoutra, CEO & Managing Director of the Company hereby declare that all the members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2016.

Place : Bangalore  
Date : May 27, 2016



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

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To  
The Members of  
**Dynamatic Technologies Limited**

I 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 (i) Clause 49 of the Listing Agreement with the Stock Exchanges [upto 30 Nov 2015] and (ii) Chapter IV SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 [effective 01 Dec 2015] for the financial year ended 31 March 2016. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. My 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 my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid Listing Agreement and Regulation.

Place : Bangalore  
Date : May 27, 2016



**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

DIN : 00053714

## 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 of 12 MW capacity generated by JKM Wind Farm at Coimbatore - a step towards achievement of zero carbon footprint.*

- 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

## 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.

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 Dynamic 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 Dynamic 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.

#### 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.



## 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.

- Undertake disaster relief programs in times of need (earthquake, floods, Tsunami, etc.).
- Interactive sessions with local community.
- Increase employment of Women.
- Increase employment of individuals coming from disadvantaged communities.

**ETHICS**

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

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

**CORPORATE GOVERNANCE**

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

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

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

**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.

**SOCIAL** Responsibility



The Company has voluntarily conducted skill development training for the Industrial Training Institute (ITI), Devanahalli, Bengaluru. The said training program was arranged for 10 days and included the topics from both non-core areas like building soft skills & work ethics and core areas like engineering drawing, hand tools/cutting tools, drilling, fastening, riveting, sealant/ adhesive application and bonding.

The Company also supports 'Shirish Saraf' Scholarship for meritorious students between 13 to 16 years' age to study at the Charterhouse School, England.

In an initiative to fight the menace of 'Dengue', the Company has donated 'Fumigation Machine' to Government High School, Pottery Town, Bangalore.

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 AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS 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 its associate (collectively referred to as "the Group"), which comprises the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit and loss; the consolidated cash flow statement for the year then ended; and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the 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 in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 these consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a), (b) and (c) of the Other matters paragraph below, 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 aforesaid consolidated 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:

- (i) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2016;
- (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 and an associate which have been incorporated in the consolidated financial statements. These subsidiaries and associate reflect total

assets of ₹50,377 lacs as at 31 March 2016 and total income from operations (net) and other income of ₹105,276 lacs for the year ended 31 March 2016 and ₹1,170 lacs net decrease in cash and cash equivalents for the year ended 31 March 2016, 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 reflect total assets of ₹49,683 lacs as at 31 March 2016, total income from operations (net) and other income of ₹105,243 lacs for the year ended 31 March 2016 and ₹1,201 lacs net decrease in cash and cash equivalents for the year ended 31 March 2016, as shown in these consolidated financial statements. For the 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 and has been reviewed by us. This subsidiary reflect total assets of ₹121 lacs as at 31 March 2016, total income from operations (net) and other income of ₹33 lacs for the year ended 31 March 2016 and ₹25 lacs net increase in cash and cash equivalents for the year ended 31 March 2016, as shown in these consolidated financial statements.
- c. The financial statement 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 consolidated financial statements is

based on the aforesaid audit report of the other auditor. This subsidiary reflect total assets of ₹573 lacs as at 31 March 2016 and ₹6 lacs net increase in cash and cash equivalents for the year ended 31 March 2016.

We also did not audit the financial statements of an associate, whose financial statements reflect share of profit of the Company aggregating ₹2 lacs for the year ended 31 March 2016.

Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of the other auditors and consolidation packages prepared and furnished to us by the Management of the Company.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by sub-section 3 of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements of subsidiaries as noted in the 'Other matters' paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of other auditors.
  - (c) The consolidated balance sheet, the consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated 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 of the Company as on 31 March 2016, taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Company and subsidiary companies incorporated in India is disqualified as on 31 March 2016 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and subsidiaries, incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) 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 and based on the consideration of the report of the other auditors on separate financial statements and other financial information of subsidiaries, as noted in the 'Other matters' Paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 31 to the consolidated financial statements;
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 38 to the consolidated 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 and subsidiary companies incorporated in India, wherever applicable.

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

*Chartered Accountants*

Firm registration number: 101248W/W-100022



**Supreet Sachdev**

*Partner*

Membership number: 205385

Place : Bangalore

Date : 27 May 2016

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## ANNEXURE - A

### TO THE INDEPENDENT AUDITOR'S REPORT

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#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Dynamatic Technologies Limited ('the Company') as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of the Company and its subsidiary companies which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing



the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of Management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting

criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

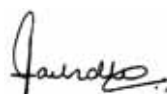
### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company which is company, incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

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

*Chartered Accountants*

Firm registration number: 101248W/W-100022



**Supreet Sachdev**

*Partner*

Membership number: 205385

Place : Bangalore

Date : 27 May 2016

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

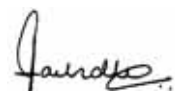
(₹ in lacs)

	Note	31 March 2016	31 March 2015
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	634	634
Reserves and surplus	4	<u>25,126</u>	<u>24,531</u>
		<b>25,760</b>	<b>25,165</b>
Minority Interest	4(a)	-	36
<b>Non-current liabilities</b>			
Long-term borrowings	5	39,993	26,584
Deferred tax liabilities (net)	6	2,530	2,757
Other long-term liabilities	7	148	295
Long-term provisions	8	<u>778</u>	<u>679</u>
		<b>43,449</b>	<b>30,315</b>
<b>Current liabilities</b>			
Short-term borrowings	9	9,201	13,974
Trade payables	10	23,960	27,434
Other current liabilities	11	14,523	15,801
Short-term provisions	12	<u>1,247</u>	<u>2,255</u>
		<b>48,931</b>	<b>59,464</b>
		<u><b>118,140</b></u>	<u><b>114,980</b></u>
<b>Assets</b>			
<b>Non current assets</b>			
Goodwill (refer note 47)		<u>9,356</u>	<u>8,789</u>
		<b>9,356</b>	<b>8,789</b>
Fixed assets			
- Tangible fixed assets	13	51,657	53,546
- Intangible fixed assets	13	1,649	2,019
- Capital work in progress		<u>2,861</u>	<u>435</u>
		<b>56,167</b>	<b>56,000</b>
Non-current investments	14	9	1
Long-term loans and advances	15	2,600	2,419
Other non-current assets	16	<u>1,283</u>	<u>1,611</u>
		<b>3,892</b>	<b>4,031</b>
<b>Current assets</b>			
Inventories	17	25,612	22,715
Trade receivables	18	12,281	11,308
Cash and bank balances	19	6,267	7,613
Short-term loan and advances	20	3,452	3,140
Other current assets	21	<u>1,113</u>	<u>1,384</u>
		<b>48,725</b>	<b>46,160</b>
		<u><b>118,140</b></u>	<u><b>114,980</b></u>
<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



**Supreet Sachdev**  
Partner  
Membership number: 205385

Place : Bangalore  
Date : 27 May 2016

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



**UDAYANT MALHOUTRA**  
CEO & Managing Director  
DIN : 00053714



**HANUMAN KUMAR SHARMA**  
CFO & Executive Director  
DIN : 07012725



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

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(` in lacs)

	Note	31 March 2016	31 March 2015
<b>Revenue from operations</b>			
Sale of products (gross)		151,493	163,865
Less: excise duty		(3,431)	(3,942)
Sale of products (net)		148,062	159,923
Contract revenue	40	-	1,224
Other operating revenues	22	1,316	1,771
		149,378	162,918
Other income	23	499	1,026
<b>Total revenue</b>		149,877	163,944
<b>Expenses</b>			
Cost of materials and components consumed	24	85,018	95,515
Change in inventories of finished goods and work-in-progress	25	(1,111)	(961)
Employee benefits expenses	26	21,924	23,598
Finance costs	27	7,275	7,995
Depreciation and amortisation	13	5,243	5,091
Other expenses	28	29,439	29,623
<b>Total expenses</b>		147,788	160,861
<b>Profit before exceptional items and tax</b>		2,089	3,083
Exceptional items	29	-	1,909
<b>Profit before tax</b>		2,089	4,992
<b>Tax expense</b>			
Income tax		1,212	2,781
Deferred tax (credit)		(351)	(654)
<b>Profit after tax</b>		1,228	2,865
<b>Earning per equity share [nominal value of share ` 10 each (previous year ` 10 each)]</b>			
Basic and diluted		19.36	47.28
<b>Number of shares used in computing earnings per share</b>			
Basic and diluted	42	6,341,443	6,058,828
Significant accounting policies	2		

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

As per our report of even date attached

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



**Supreet Sachdev**  
Partner  
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DIN : 07012725



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

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(` in lacs)

	31 March 2016	31 March 2015
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>2,089</b>	4,992
Adjustments:		
Depreciation and amortisation	5,243	5,091
Finance costs	7,275	7,995
Interest income	(114)	(104)
Debts / advances written off	4	48
Provision for bad and doubtful debts	45	2
Unrealised foreign exchange differences, net	268	(252)
Profit on sale of fixed asset, net	9	(4,159)
Amortisation of foreign currency monetary item translation difference account	387	170
<b>Operating cash flow before working capital changes</b>	<b>15,206</b>	13,783
(Increase) in trade receivables	(977)	(1,158)
(Increase)/ decrease in loans and advances and other assets	(648)	974
(Increase)/ decrease in inventories	(2,897)	84
(Decrease) in trade payables and other current liabilities	(3,477)	(925)
(Decrease)/ Increase in short term and long term provisions	(105)	275
Adjustment for foreign exchange in operating activities	(1,206)	1
<b>Cash generated from operations</b>	<b>5,896</b>	13,034
Income taxes paid	(1,653)	(1,430)
<b>Net cash generated from operating activities (A)</b>	<b>4,243</b>	11,604
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(5,537)	(2,466)
Proceeds from sale of fixed assets	275	7,378
Movements in deposits with banks	356	(185)
Interest received	114	104
<b>Net cash used in investing activities (B)</b>	<b>(4,792)</b>	4,831

(` in lacs)

	31 March 2016	31 March 2015
<b>Cash flows from financing activities</b>		
Proceeds from issue of share warrants	-	3,000
Proceeds from issue of equity share by way of Qualified Institutional Placement	-	5,191
Payment on account of redemption of preference shares	(864)	(5,000)
Proceeds from borrowings from other than shareholders	29,786	4,181
Repayment of borrowings to other than shareholders	(17,795)	(17,243)
Loans taken from shareholders	600	3,160
Repayment of loans to shareholders	(1,675)	(2,085)
Intercompany deposits taken	1,270	-
Deferral sales tax payment	(45)	(117)
(Repayments)/ proceeds of cash credits/ working capital loans (net)	(4,497)	3,872
Proceeds/ (repayments) of buyer's credit (net)	(273)	24
Repayments of public deposits (net)	-	(250)
Interest paid	(7,495)	(8,457)
Dividend paid out of unclaimed dividend	(4)	(3)
<b>Net cash generated from financing activities (C)</b>	<b>(992)</b>	<b>(13,727)</b>
<b>Net (decrease)/ increase in cash and cash equivalents (A + B + C)</b>	<b>(1,541)</b>	<b>2,708</b>
Cash and cash equivalents at the beginning of the year	7,328	3,763
Effect of exchange rate changes on cash and cash equivalent	201	857
Cash and cash equivalents at the end of the year (refer note 19)	<b>5,988</b>	<b>7,328</b>

As per our report of even date attached

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



**Supreet Sachdev**  
Partner  
Membership number: 205385

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



**UDAYANT MALHOUTRA**  
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DIN : 00053714



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CFO & Executive Director  
DIN : 07012725



**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 under the historical cost convention on the accrual basis of accounting and comply with the accounting principles generally accepted in India ('GAAP'). 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 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 shareholding%
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 till 8 March 2016 (HDPL)	Associate	India	50

Consolidated financial statements have been prepared on the following basis:

The financial statements have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits in full.

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

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

#### c. Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities 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 capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense in 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.

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 shareholders' fund 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 capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the statement of profit and loss in the period in which they are incurred.

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)
Assets taken on lease and leasehold improvements	Period of lease or useful life of assets whichever is lower
Buildings	30 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

\*Based on technical evaluation the Management believes that the useful lives as given above best represent the period over which Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

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 amortization and any accumulated impairment loss.

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

## (ii) Internally generated intangible assets

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

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

Intangible assets are amortized 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 amortized on straight line basis. In accordance with the applicable Accounting Standard, the Group follows a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. However, if there is persuasive evidence that the useful life of an intangible asset is longer than ten years, it is amortized over the best estimate of its useful life. Such intangible assets that are not yet available for use are tested annually for impairment.

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

Application software	4 years
Prototype development	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
- (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

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

### (ii) Compensated absences

The eligible employees of the Group are entitled to compensated absence. The aforesaid employees can carry-forward a portion of the unutilized accumulating compensated absence and utilize 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 recognizes accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Group recognizes actuarial gains & losses immediately in the statement of profit & 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 recognizes 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 recognized when the risks and rewards of ownership are transferred to customers. The amount recognized as sales is exclusive of excise duty, sales tax, trade and quantity discounts. Revenue from sale of products has been presented both gross and net of excise duty.

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

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

Unbilled revenues included in other current assets represent cost and earnings in excess of billings as at the balance sheet date. Unearned revenues included in current liabilities represent billings in excess of earnings as at the balance sheet date. Lease/sub-lease rental income is recognized when

billable in accordance with the terms of the contract with the clients.

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

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

### h. Foreign currency transactions and balances

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

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

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

### Integral and non-integral operations

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

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

#### **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 recognized directly in shareholders' funds under "hedge reserve" to the extent considered effective. Gain or loss upon fair value on derivative instruments that either do not qualify for hedge accounting or are not designated as cash flow hedges or designated as cash flow hedges to the extent considered ineffective, are recognized in the statement of profit and loss.

It is the policy of the Group to enter into derivative contracts to hedge 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 recognized in shareholder's funds under "hedge reserve" is retained until the forecasted transaction occurs subsequent to which the same is adjusted against the related transaction in statement of profit

and loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholder's fund is transferred to statement of profit and loss in the same period.

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

#### **j. Warranties**

Warranty costs are estimated by the Management on the basis of technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the period of sale of goods.

#### **k. Investment**

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

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

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

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

#### **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 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 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 year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax asset / liability as at the balance sheet date resulting from timing differences between book profit and tax profit are not considered to the extent that such asset / liability is expected to get reversed in the future years within the tax holiday

period. Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

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

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

**r. Government grants and subsidies**

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

**t. Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement comprise cash and balances with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of 3 months or less and that is readily convertible to known amounts of cash or cash equivalents.

(` in lacs)

**As at**  
**31 March 2016**                      **As at**  
**31 March 2015**

**3. Share capital**

**Authorised**

**Equity shares**

2,00,00,000 (previous year 2,00,00,000) equity shares of par value of ` 10 each 2,000                      2,000

**Preference shares**

5,00,000 (previous year 5,00,000) redeemable cumulative preference shares of par value of ` 100 each 500                      500

2,500                      2,500

**Issued, subscribed and fully paid up**

**Equity shares**

63,41,443 (previous year 63,41,443) equity shares of par value of ` 10 each 634                      634

634                      634

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

Particulars	31 March 2016		31 March 2015	
	Number of shares	Amount (` in lacs)	Number of shares	Amount (` in lacs)
Shares outstanding at the beginning of the year	63,41,443	634	55,40,050	554
Share issued during the year against share warrants*	-	-	5,01,393	50
Share issued during the year by way of Qualified Institutional Placements**	-	-	3,00,000	30
Shares outstanding at the end of the year	63,41,443	634	63,41,443	634

\*refer note 44

\*\*refer note 49

**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 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.

There are no equity shares which are allotted as fully paid-up without payment being received in cash during the period of five years immediately preceding the balance sheet date.

There are no equity shares which are allotted as fully paid-up bonus shares during the period of five years immediately preceding the balance sheet date.

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 2016		31 March 2015	
	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	7,72,679	12.18%	7,72,679	12.18%
JKM Holdings Private Limited	9,12,538	14.39%	9,12,538	14.39%
Udayant Malhoutra and Company Private Limited	6,42,011	10.12%	6,42,011	10.12%
JKM Offshore India Private Limited	4,42,071	6.97%	4,42,071	6.97%
Samena Special Situations Mauritius	4,67,455	7.37%	4,67,455	7.37%
Wavell Investments Private Limited	4,44,781	7.01%	4,44,781	7.01%
HDFC Trustee Company Limited	4,75,436	7.50%	2,87,745	4.54%

(₹ in lacs)

	As at 31 March 2016	As at 31 March 2015
--	------------------------	------------------------

**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

15,074	9,175
--------	-------

Add: Premium on issue of share warrants (refer note 44)

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

Add: Premium on issue of Qualified Institutional Placements (refer note 49)

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

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

-	(130)
---	-------

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

(433)	(3,082)
-------	---------

At the end of the year

<u>14,641</u>	<u>15,074</u>
---------------	---------------

**Hedge reserve**

At the commencement of the year

(631)	(2,742)
-------	---------

(Addition) /deletion during the year

539	2,111
-----	-------

At the end of the year (refer note 38)

<u>(92)</u>	<u>(631)</u>
-------------	--------------

**Other reserves (Redemption premium accrual)**

At the commencement of the year

395	1,955
-----	-------

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

-	130
---	-----

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

(395)	(1,690)
-------	---------

At the end of the year

<u>-</u>	<u>395</u>
----------	------------

	As at 31 March 2016	As at 31 March 2015
<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	472	626
Less: Adjustment on account of sale of peenya property (refer note 46)	-	(154)
Less: Additional depreciation charged on revalued assets	(3)	-
At the end of the year	<u>469</u>	<u>472</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	(2,972)	(2,179)
Depreciation on fair valuation of fixed assets	(793)	(793)
At the end of the year	<u>(3,765)</u>	<u>(2,972)</u>
<b>Surplus in the statement of profit and loss</b>		
At the commencement of the year	8,554	5,689
Profit for the year	1,228	2,865
At the end of the year	<u>9,782</u>	<u>8,554</u>
<b>Foreign currency translation reserve</b>		
At the commencement of the year	511	(1,807)
Additions during the year (includes reinstatement of goodwill, refer note 47)	367	2,318
At the end of the year	<u>878</u>	<u>511</u>
<b>Foreign currency monetary item translation difference account</b>		
At the beginning of the year	(316)	(401)
Exchange loss arising on account of reinstatement of loan (refer note 48)	(302)	(85)
Amount amortised during the year to statement of profit and loss (refer note 48)	387	170
At the end of the year	<u>(231)</u>	<u>(316)</u>
	<u>25,126</u>	<u>24,531</u>

(` in lacs)

As at  
31 March 2016      As at  
31 March 2015

**4 (a) Minority Interest**

**Preference shares issued by JEAL**

Nil (previous year: 3,57,694) 0.01% redeemable non-cumulative preference shares of face value of ` 10 each.

	-	36
	-	36

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

Particulars	31 March 2016		31 March 2015	
	Number	Amount	Number	Amount
<b>0.01% Non-cumulative redeemable preference shares of ` 10 each</b>				
At the commencement of the year	3,57,694	36	26,36,000	264
Less: Redemption of shares during the year#	(3,57,694)	(36)	(22,78,306)	(228)
At the end of the year	-	-	3,57,694	36

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

Particulars	31 March 2016		31 March 2015	
	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	-	-	3,57,694	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 ended 31 March 2015, JEAL had made partial redemption of 22,78,306 NCRPS at a price of ` 219.46 aggregating to a redemption value of ` 50,00,00,000. Further, during the quarter ended 30 June 2015, JEAL has redeemed the remaining 357,694 NCRPS at a price of ` 241.44 aggregating to ` 8,63,61,639 as full and final settlement. The redemption premium is met out of JEAL's existing securities premium and premium arising out of the fresh issue of equity shares.

(` in lacs)

	As at 31 March 2016	As at 31 March 2015
<b>5. Long-term borrowings</b>		
<b>Secured</b>		
<b>Term loans</b>		
- From banks @	17,091	24,470
- Financial institutions @@	21,119	763
- from others *	513	276
<b>Intercorporate deposits ## (refer note 36)</b>	1,270	-
Borrowings from a shareholder ### (refer note 36)	-	1,075
	<b>39,993</b>	<b>26,584</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 to ` Nil lacs (previous year `2,545 lacs) repaid during this financial year.	
Term loan from bank aggregating ` Nil lacs (previous year `3,082 lacs) repaid during this financial year.	
Term loan from bank aggregating ` Nil lacs (previous year `789 lacs) repaid during this financial year.	
Term loan from bank aggregating ` Nil lacs (previous year `1,148 lacs) repaid during this financial 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 bank aggregating ` Nil lacs (previous year `2,500 lacs) repaid during this financial year.	
Term loan from bank aggregating ` Nil lacs (previous year `543 lacs) repaid during this financial year.	
Term loan from bank aggregating to `2,861 lacs (previous year `4,410 lacs), amount of `288 lacs repayable in the month of September 2016 with rate of interest 15% per annum and amount of `2,573 lacs repayable in 4 half yearly instalments with interest rate of LIBOR plus 4% per annum.	
Term loan from bank aggregating to `4,499 lacs (previous year ` Nil lacs) repayable in 17 quarterly instalments with the rate of interest @11.75% per annum.	
Term loan from bank aggregating `60 lacs (previous year `149 lacs) repayable in 8 monthly instalments. The rate of interest @ 11.75% per annum.	
Term loan from bank amounting to `1,690 lacs (previous year `2,383 lacs) repayable in 4 half yearly instalments. The rate of interest is LIBOR plus 4.50% per annum.	The Security provided consists of pledge of share of Dynamatic Limited, UK Corporate Guarantee given by the Company and JKM Erla Automotive Limited.
Term loan from bank aggregating `751 lacs (previous year ` Nil lacs) with repayable in 14 monthly instalments with rate of interest LIBOR plus 2.75% per annum.	Secured by way of charge over assets of Yew Tree Investments Limited and Dynamatic Limited UK and by way of corporate guarantees given by Yew Tree Investments Limited and Dynamatic Limited UK
Term loan from bank aggregating ` Nil (previous year `274 lacs) was fully repaid during the year.	
Term loan from banks aggregating `984 lacs (previous year `1,857 lacs) repayable in 2 half yearly instalments. The rate of interest is LIBOR plus 3 % per annum.	Secured by first pari passu charge on the fixed assets of JKM Erla Automotive Limited and Corporate Guarantee given by the Company
Term loan from banks aggregating `11,270 lacs (previous year `9,870 lacs) repayable in 12 quarterly instalment. The rate of interest is Euribor plus 2.50% per annum.	Secured by movable and immovable Fixed assets of Eisenwerk Erla Holding GmbH.



Term loan from banks aggregating `2,248 lacs (previous year `2,449 lacs) is repayable in 16 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 given by the Company, JKM Erla Automotive Limited and Personal guarantee given by Promoter.
Term loan from banks aggregating `616 lacs (previous year `696 lacs) is repayable in 16 quarterly instalments. The rate of interest ranges from 14.70% - 16.70% per annum.	
Term loan from banks aggregating `Nil lacs (previous year `1,300 lacs) was repaid fully during the year.	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 by the Company.
Term loan from banks aggregating `Nil lacs (previous year `750 lacs) was repaid fully during the year.	

@@

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

Details of repayment terms, interest and maturity	Nature of security
Term loan from financial institutions aggregating to `11,716 lacs (previous year: `Nil) repayable in 49 monthly instalments with rate of interest of SBI base rate plus 3.15% 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. Also secured by personal guarantee of promoter (to be released after perfection of security in the manner as may be required by lender).
Term loan from financial institutions aggregating to `4,877 lacs (previous year: `Nil lacs) repayable in 51 monthly instalments with rate of interest of SBI base rate plus 3.30% per annum	
Term loan from financial institutions aggregating to `1,296 lacs (previous year: `Nil lacs) repayable in 52 monthly instalments. The rate of interest @ 14% per annum .	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating to `102 lacs (previous year: `259 lacs ) repayable in 7 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 `Nil (previous year `512 lacs ) was fully repaid during the year.	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating to `160 lacs (previous year `187 lacs) repayable in 47 monthly instalments. The rate of interest ranges from 11% to 13% per annum.	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating to `176 lacs (previous year `Nil) repayable in 54 monthly instalments. The rate of interest ranges from 11% to 13% per annum.	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating to `Nil (previous year `267 lacs) was fully repaid during the year.	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 `66 lacs (previous year: `101 lacs) payable in 25 monthly instalments. The rate of interest @15% per annum.	Secured by way of exclusive charge on assets financed.
Term Loan from Financial institutions aggregating to `5,000 lacs (previous year: `Nil) payable in 3 annual instalments of 25% of the loan amount for the first two instalments and 50% of the loan amount for the last installment w.e.f. 3 December 2018. The rate of interest is IFIN benchmark rate minus 3%.	The term loan is secured by first pari passu charge on the fixed assets of JKM Erla Automotive Limited and corporate guarantee of Dynamatic Technologies Limited, holding company.

- \* Leasing Finance / HP from banks aggregating ` 737 lacs (previous year ` 465 lacs) repayable in maximum 78 monthly instalments. The Leasing facility is secured by way of exclusive charge on assets financed by them and partly by corporate guarantee.
- ## Intercorporate deposits ` 1,270 lacs is availed by JKM Ferrotech Limited from Wavell Investments Private Limited and Conbar India Private Limited repayable in equal 8 quarterly instalments with initial moratorium of 1 year. The deposit carries interest rate @ 18.00% p.a.
- ### Borrowings from Shareholders of ` 1,075 lacs by Dynamatic Technologies Limited was repaid fully in the current year and the carrying interest rate was @ 18.50% p.a.

(` in lacs)

**As at**  
**31 March 2016**                      **As at**  
**31 March 2015**

**6. Deferred tax liabilities (net)**

**Deferred tax liability**

Fixed assets	<b>3,409</b>	3,501
	<b>3,409</b>	3,501

**Deferred tax assets**

Provision for gratuity and compensated absences	<b>356</b>	341
Provision for doubtful debts	<b>216</b>	210
Provision for warranty	<b>29</b>	19
Unabsorbed depreciation and business loss	<b>64</b>	74
Others	<b>214</b>	100
	<b>879</b>	744

<b>Deferred tax liabilities (net)</b>	<b>2,530</b>	2,757
---------------------------------------	--------------	-------

**7. Other long term liabilities**

Derivative liability (refer note 38)	<b>32</b>	128
Rent equalisation reserve	-	115
Others	<b>116</b>	52
	<b>148</b>	295

**8. Long-term provisions**

**Provision for employee benefits**

Gratuity (refer note 34)	<b>582</b>	463
Compensated absences	<b>196</b>	216
	<b>778</b>	679

(` in lacs)

As at  
31 March 2016

As at  
31 March 2015

**9. Short term borrowings**

*Secured*

**Loans repayable on demand**

Cash credit and working capital demand loan\* **8,918** 13,328

*Unsecured*

**From banks**

- Foreign currency buyer's credit \*\* **19** 292

- Vendor bill discounting # **264** 354

**9,201** 13,974

\* Cash credit and working capital demand loans from banks carry interest ranging between 11.75% to 12.50% per annum, computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by first pari passu charge by way of hypothecation of stock and book debts of the Company and second pari passu charge on the movable (other than those exclusively charged) and immovable fixed assets of the Company.

\*\* The Group has availed letter of credit /buyer's credit in foreign currency, which carry interest ranging between LIBOR plus 1% to LIBOR plus 1.5% per annum for 180 days and are renewable at 6 monthly rest for a maximum of one year.

# The Group has taken vendor bill discounting facility from banks which carry interest between 14.70% to 16.70% 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 41) - -

Dues to creditors other than micro and small enterprises **22,417** 24,257

Acceptances **1,543** 3,177

**23,960** 27,434

**11. Other current liabilities**

Current maturities of long-term debt\* (refer note 5) **10,386** 11,073

Capital creditors **260** 331

Retention money **146** 186

Accrued expenses **1,092** 1,050

Book overdraft - 71

Interest accrued but not due on borrowings\*\* **44** 264

Employee related liabilities **1,945** 1,480

Derivative liability (refer note 38) **59** 456

Advance from customer **82** 97

continued..

(` in lacs)

	As at 31 March 2016	As at 31 March 2015
Dealer deposits	64	60
Unpaid dividend	18	22
Statutory liabilities	302	610
Others	125	101
	14,523	15,801

\* Includes current maturities of secured term loans from banks `7,888 lacs (previous year : `10,275 lacs), current maturities of secured term loans from financial institutions `2,274 lacs( previous year `563 lacs), current maturities of secured term loans from others (#) `224 lacs (previous year `190 lacs), current maturities of un-secured deffered payment liability (##) `Nil lacs (previous year `45 lacs).

# Secured by hypothecation of vehicle, carrying an interest rate of 9.75 to 11.50% p.a. the amount is all repaid in the current year (PY `0.49 lacs).

## 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 had 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 amount repayable in 2015-16 was `45 lac which was repaid in the current year.

\*\* includes due to related party (refer note 36) - 4

## 12. Short-term provisions

### Provision for employee benefits:

Gratuity (refer note 34)	228	229
Compensated absences	181	206
<b>Others</b>		
Provision for warranties (refer note 35)	250	336
Provision for income tax, net of advance tax	561	1,365
Provision for onerous contracts (refer note 35)	-	68
Others	27	51
	1,247	2,255

13. FIXED ASSETS

( in lacs)

Particulars	Gross Block					Accumulated Depreciation					Net block	
	As at 1 April 2015	Translation Adjustment	Additions	Disposals	As at 31 March 2016	As at 1 April 2015	Translation Adjustment	Dpreciation for the year	Disposals	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
<b>Tangible fixed assets (owned)</b>												
Land	2,760	37	-	-	2,797	-	-	-	-	-	2,797	2,760
Building	11,851	679	119	-	12,649	2,374	420	479	-	3,273	9,376	9,477
Leasehold improvements	436	2	174	(52)	560	52	-	88	(14)	126	434	384
Plant and machinery	53,108	2,281	1,919	(419)	56,889	26,963	1,955	4,131	(385)	32,664	24,225	26,145
Measuring instrument	594	-	279	-	873	151	-	43	-	194	679	443
Electrical installation	1,808	-	13	-	1,821	409	-	28	-	437	1,384	1,399
Data processing equipment	1,223	18	78	(135)	1,184	944	9	81	(39)	995	189	279
Office equipment	2,001	268	160	(155)	2,274	739	148	280	(142)	1,025	1,249	1,262
Furniture and fixtures	520	14	28	-	562	379	7	48	-	434	128	141
Tools, dies and moulds	4,110	49	240	(7)	4,392	2,119	15	354	(1)	2,487	1,905	1,991
Vehicles	536	7	29	(230)	342	261	4	36	(129)	172	170	275
Motor boat	402	-	-	-	402	81	-	20	-	101	301	321
<b>Tangible assets (Leased)</b>												
Land*	8,484	-	-	-	8,484	19	-	9	-	28	8,456	8,465
Plant and Machinery	125	-	189	-	314	1	-	20	-	21	293	124
Tools, dies and moulds	82	-	-	-	82	2	-	9	-	11	71	80
<b>Total tangible fixed assets (A)</b>	<b>88,040</b>	<b>3,355</b>	<b>3,228</b>	<b>(998)</b>	<b>93,625</b>	<b>34,494</b>	<b>2,558</b>	<b>5,626</b>	<b>(710)</b>	<b>41,968</b>	<b>51,657</b>	<b>53,546</b>
<b>Intangible fixed assets, owned</b>												
Application software	1,080	40	33	(8)	1,145	780	33	96	(8)	901	244	300
Prototype development	2,855	-	-	-	2,855	1,136	-	314	-	1,450	1,405	1,719
Non compete fee	938	27	-	-	965	938	27	-	-	965	-	-
<b>Total intangible fixed assets (B)</b>	<b>4,873</b>	<b>67</b>	<b>33</b>	<b>(8)</b>	<b>4,965</b>	<b>2,854</b>	<b>60</b>	<b>410</b>	<b>(8)</b>	<b>3,316</b>	<b>1,649</b>	<b>2,019</b>
<b>Grand Total (A)+(B)</b>	<b>92,913</b>	<b>3,422</b>	<b>3,261</b>	<b>(1,006)</b>	<b>98,590</b>	<b>37,348</b>	<b>2,618</b>	<b>6,036</b>	<b>(718)</b>	<b>45,284</b>	<b>53,306</b>	<b>55,565</b>
Previous year	1,00,178	(7,013)	4,500	(4,752)	92,913	38,271	(5,356)	5,884	(1,451)	37,348	55,565	

\* Aggregating to ` 7,523 lacs allotted by Karnataka Industrial Areas development Board (KIADB) and ` 961 allotted by State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT)

<b>Depreciation for the year is reflected as follows:</b>	<b>Year ended 2016</b>	<b>Year ended 2015</b>
Depreciation as per Profit and loss account	<b>5,243</b>	5,091
Fair value depreciation	<b>793</b>	793
	<b>6,036</b>	5,884

	As at 31 March 2016	( ` in lacs) As at 31 March 2015
<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) Nil (previous year - 5,000) equity shares of face value of ` 10 each of Harasfera Design Private Limited	-	1
2) 9,000 (previous year - Nil) equity shares of face value of ` 100 each of Rengaraj Ispat Industries Pvt Ltd	9	-
3) 9,21,530 (previous year 9,21,530) equity shares of face value of ` 10 each of Murablack (India) Limited	92	92
Provision for diminution in value	(92)	(92)
	<u>9</u>	<u>1</u>
	<u>9</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	101	139
Security deposits	1,347	1,194
Advances to supplier	874	949
Advance tax and tax deducted at source, net of provisions	278	137
	<u>2,600</u>	<u>2,419</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 (refer note 19)	598	951
Prepaid expenses	685	496
Others	-	164
	<u>1,283</u>	<u>1,611</u>
<b>17. Inventories</b>		
<i>(Valued at lower of cost and net realisable value)</i>		
Raw materials*	7,864	6,854
Work-in-progress	12,066	11,631
Finished goods**	4,737	3,340
Stores and spares	945	890
	<u>25,612</u>	<u>22,715</u>
* Includes raw material in transit current year: ` 106 lacs (previous year: ` 142 lacs)		
** Includes finished goods in transit current year: ` 93 lacs (previous year: ` Nil)		
<b>18. Trade receivables</b>		
<b>Unsecured</b>		
Outstanding for period exceeding six months		
- Considered good	1,366	1,181
- Considered doubtful	769	724
Other debts		
- Considered good	10,915	10,127
	<u>13,050</u>	<u>12,032</u>
Less: Provision for doubtful receivables	(769)	(724)
	<u>12,281</u>	<u>11,308</u>

	As at 31 March 2016	(₹ in lacs) As at 31 March 2015
<b>19. Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	182	45
Balance with banks		
-on margin money deposit accounts (Original maturity of less than 3 months)	327	65
-on current accounts	5,479	7,218
	<u>5,988</u>	<u>7,328</u>
<b>Other bank balances</b>		
on margin money deposit accounts (Original maturity more than 3 months but less than 12 months)	261	264
-unpaid dividend account	18	21
	<u>6,267</u>	<u>7,613</u>
<b>Details of Bank deposits:</b>		
i) Bank deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	327	65
ii) Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	261	264
iii) Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer note 16)	598	951
	<u>1,186</u>	<u>1,280</u>
<b>20. Short term loan and advances</b>		
<b>Others</b>		
<i>Unsecured, considered good</i>		
Advances to supplier	877	832
Cenvat receivable	1,847	1,098
Value added tax receivable	561	581
Loans to employees	30	40
Minimum alternate tax credit entitlement	18	522
Security deposit	73	-
Others	46	67
	<u>3,452</u>	<u>3,140</u>
<b>21. Other current assets</b>		
Prepaid expenses	927	836
Export incentive receivable	164	493
Others	22	55
	<u>1,113</u>	<u>1,384</u>
<b>22. Other operating revenues</b>		
Scrap sales	980	1,394
Export incentives	336	377
	<u>1,316</u>	<u>1,771</u>

	As at 31 March 2016	(₹ in lacs) As at 31 March 2015
<b>23. Other income</b>		
Interest income from bank deposits	114	104
Provision no longer required written back	70	32
Foreign exchange gain, net	196	771
Profit on sale of fixed assets (net)	7	16
Miscellaneous income	112	103
	<u>499</u>	<u>1,026</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	6,854	7,112
Add: purchases during the year	86,028	95,257
Less: closing stock	7,864	6,854
	<u>85,018</u>	<u>95,515</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	3,340	3,413
- Work-in-progress	11,631	12,449
	<u>14,971</u>	<u>15,862</u>
Closing stock		
- Finished goods	4,737	3,340
- Work-in-progress	12,066	11,631
	<u>16,803</u>	<u>14,971</u>
(Add) / Less: Impact of excise duty on change in stock of finished goods	(185)	126
(Less) / Add: Foreign currency translation adjustments	(906)	1,978
	<u>(1,111)</u>	<u>(961)</u>
<b>26. Employee benefits expense</b>		
Salaries, wages and bonus	18,619	19,715
Contribution to provident fund and other funds	1,218	1,722
Workmen and staff welfare expenses	2,087	2,161
	<u>21,924</u>	<u>23,598</u>
<b>27. Finance costs</b>		
Interest expense	6,817	7,835
Other borrowing costs	458	160
	<u>7,275</u>	<u>7,995</u>
<b>28. Other expense</b>		
Consumption of stores, loose tools and spare parts	3,057	2,912
Subcontractor charges	4,606	4,240
Power and fuel	7,526	7,651
Rent (refer note 33)	2,492	2,474



Repairs and maintenance:		
- buildings	600	370
- plant and machinery	1,985	1,793
- others	1,121	1,002
Rates and taxes	564	619
Legal and professional	1,533	1,370
Freight outward	1,272	1,144
Travelling and conveyance	889	971
Printing and stationery	141	153
Communication	162	174
Foreign exchange loss (net)	776	1,175
Provision for doubtful debts (net)	45	2
Debts/ advances written off	4	48
Insurance	580	653
Cash discount	384	352
Sales promotion and advertisement	48	78
Loss on sale of fixed assets (net)	16	22
Warranty and replacement expenses	(142)	44
Security charges	196	180
Packing expenses	330	332
Sales commission	209	-
Directors sitting fees	63	44
Membership and subscriptions	110	106
Bank charges	227	309
Miscellaneous	645	1,405
	<b>29,439</b>	<b>29,623</b>

## 29. Exceptional items

Loan prepayments and its related costs (refer note 46)	-	2,256
(Profit)/loss on sale of assets (refer note 46)	-	(4,165)
	-	(1,909)

## 30. Commitments

### 1. Capital commitments

(` in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	1,244	2,263

There are no other material commitments.

### 31. Contingent liabilities

The details of contingent liabilities are as under:

(` in lacs)

#### Claim against the company not acknowledged as debts in respect of

Particulars	As at 31 March 2016	As at 31 March 2015
Sales Tax	95	-
Excise duty	124	45
Income taxes	53	41
Employees' bonus*	75	-

\* The Payment of Bonus (Amendment) Act, 2015 (hereinafter referred to as the Amendment Act 2015) was enacted on December 31, 2015 according to which the eligibility criteria of salary or wages has been increased from `10,000 per month to `21,000 per month (section 2(13)) and the ceiling for computation of such salary or wages has been increased from `3,500 per month to `7,000 per month or the minimum wage for the scheduled employment, as fixed by the appropriate government, whichever is higher. The reference to scheduled employment has been linked to the provisions of the Minimum Wages Act, 1948. The Amendment Act 2015 is effective retrospectively from 1 April 2014. Accordingly, the Company has computed the bonus for the year ended 31 March 2015 and 31 March 2016 which aggregates to `75 lacs and `58 lacs respectively.

For the year ended 31 March 2016, the Company has accrued a provision for `58 lacs in the financial statement.

For the year ended 31 March 2015, the Company believes that no provision is currently required on the basis that the stay granted by the two High Courts of India on the retrospective application of the amendment.

### 32. Auditors' remuneration (included in legal and professional fees)\*

(` in lacs)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Statutory audit fees	52	52
Other services	64	52
Out-of-pocket expenses	6	4
<b>Total</b>	<b>122</b>	<b>108</b>

\*excludes service tax

### 33. Lease transactions

a) The Company is obligated under cancelable operating leases for office, residential facilities and vehicles. Lease rental expense under operating leases during the year was `386 lacs (previous year `377 lacs).

b) The Company is obligated under non-cancelable operating leases for land, building, plant and machinery, electrical installations. Lease rental expense under non-cancellable operating leases during the year was `2,106 lacs (previous year `2,097).

(` in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Payable within one year	2,659	2,141
Payable within one and five years	7,256	5,700
Payable after five years	2,657	2,553

- c) The Company has taken plant and machinery, measuring instrument and tools, dies and moulds under finance lease. Future minimum lease payments under finance lease obligations as at 31 March 2016 are :

Period	Minimum Lease	Future Interest	Present value of minimum lease
Payable within one year	204	40	164
Payable between one and five years	446	69	377

The Company has taken plant and machinery, measuring instrument 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. Employee Benefits

#### Defined contribution plan

The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to `342 lacs (previous year: `360 lacs).

#### 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 2016	As at 31 March 2015
Opening defined benefit obligation	1,340	881
Current service cost	95	76
Interest cost	106	81
Benefits settled	(154)	(105)
Actuarial (gain) / loss	(37)	407
<b>Closing defined benefit obligation</b>	<b>1,350</b>	<b>1,340</b>
<b>Change in plan assets</b>		
Plan assets at the beginning of the year, at fair value	648	673
Expected return on plan assets	51	54
Contributions	1	23
Benefits settled	(154)	(105)
Actuarial gain/ (losses)	(6)	3
<b>Plan assets at the end of the year, at fair value</b>	<b>540</b>	<b>648</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	540	648
Present value of the defined benefit obligations at the end of the year	1,350	(1,340)
<b>Liability recognized in the balance sheet</b>	<b>(810)</b>	<b>(692)</b>

# Disclosed `582 lacs (previous year: `463 lacs) as long term provisions and `228 lacs (previous year: `229 lacs) as short term provisions.

(` in lacs)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Gratuity cost for the year</b>		
Current service cost	95	76
Interest cost	106	81
Net actuarial (gain)/ losses	(31)	404
Return on plan assets	(51)	(54)
<b>Total, included in "Employee benefits"</b>	<b>119</b>	<b>507</b>

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Discount factor	7.99%	7.90%
Expected rate of return on plan assets	7.99%	7.90%
Expected rate of salary increase	6.00%	6.00%
Attrition rate	5.00%	5.00%
Retirement age	58	58

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

#### Five Year Information

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

(` in lacs)

	2016	2015	2014	2013	2012
Present value of DBO	1,350	1,340	881	757	755
Fair value of plan assets	540	648	673	730	707
Funded status [Surplus / (deficit)]	(810)	(692)	(208)	(27)	(48)
Experience loss / (gain) adjustments on plan liabilities	(37)	407	113	(1)	(10)
Experience loss / (gain) adjustments on plan assets	(6)	(3)	(2)	10	2

35. 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 2016	As at 31 March 2015
Opening balance	336	616
Provision created during the year	197	44
Utilized/ reversed during the year	(283)	(324)
<b>Closing balance</b>	<b>250</b>	<b>336</b>

Warranty provision is utilised to make good the amount spent on spares, labour, and all other related expenses in 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.

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

(` in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Opening balance	68	73
Provision created during the year	-	9
Utilized during the year	(68)	(14)
<b>Closing balance</b>	-	68

**36. Related party transactions:**

**(a) Names of related parties and relationship**

Sl. No.	Name of related parties	Relationship
(i)	Harasfera Design Private Limited	Associate up to 8 March 2016
(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)	Conbar India Private Limited	
(iv)	Udayant Malhoutra and Company Private Limited	
(v)	Wavell Investments Private Limited	
(vi)	Udayant Malhoutra	Chief Executive Officer and Managing Director
(vii)	Hanuman Kumar Sharma	Chief Financial Officer and Executive Director
(viii)	P S Ramesh	Executive Director and Chief Operating Officer - Dynamatic-Oldland Aerospace™, India
(ix)	Subodh R	Executive Director and Chief Operating Officer - Dynamatic-Oldland Aerospace™, India (Resigned from the closing hours of 15 March 2016)
(x)	Naveen Chandra P	Company Secretary
(xi)	Udita Malhoutra	Relative of Key Managerial Person

**(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 2016	31 March 2015	As at 31 March 2016	As at 31 March 2015
(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	-	-
		Short term borrowings taken	-	180	-	-
		Short term borrowings repaid	-	(180)	-	-
(iv)	Wavell Investments Private Limited	Long term borrowings taken	-	1,075	-	(1,075)?
		Long term borrowings repaid	(1,075)	-	-	-
		Short term borrowings taken	-	1,905	-	-
		Short term borrowings repaid	-	(1,905)	-	-
		Issue of share capital (including securities premium)	-	1,300	-	-
		Interest expenses	54	10	-	(4)&
(v)	Udayant Malhoutra	Issue of share capital (including securities premium)	-	2,700	-	-
		Managerial remuneration #	78	46	-	-
(vi)	Conbar India Private Limited	Short term borrowings taken	600	-	-	-
		Short term borrowings repaid	(600)	-	-	-
		Interest expenses	25	-	-	-
(vii)	Hanuman Kumar Sharma	Managerial remuneration #	72	26	-	-
(viii)	P S Ramesh	Managerial remuneration #	57	19	-	-
(ix)	Subodh R	Managerial remuneration #	55	-	-	-
(x)	Naveen Chandra P	Remuneration	23	23	-	-
(xi)	Udita Malhoutra	Expenses- rent	4	4	-	-

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

& aggregating Nil (previous year ` 4 lacs) 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.

### 37. Segment information:

#### Information about Primary Business Segments:

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

- Hydraulics ("HEC") – 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.
- Others – comprising wind farm which is into generation of power through wind energy, corporate division and Homeland division which offers cutting edge security products and technologies which will enhance potential customer capability in countering modern day security threats.

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

#### Information relating to business segments for the year ended 31 March 2016

(` in lacs)

Particulars	HEC	AUC	ASP	Others	Unallocated	Total
<b>(i) Revenue</b>						
Sales and services	27,766	97,845	26,985	213	-	1,52,809
Less: excise duty	(1,634)	(1,793)	(4)	-	-	(3,431)
<b>Total revenue</b>	<b>26,132</b>	<b>96,052</b>	<b>26,981</b>	<b>213</b>	<b>-</b>	<b>1,49,378</b>
<b>(ii) Results</b>						
Segment result	2,338	900	6,555	(928)	-	8,865
Add: Other income	-	-	-	-	499	499
(Less): interest expense	-	-	-	-	(7,275)	(7,275)
<b>Profit/(loss) before taxation</b>	<b>2,338</b>	<b>900</b>	<b>6,555</b>	<b>(928)</b>	<b>(6,776)</b>	<b>2,089</b>
(Less): provision for taxation					(861)	(861)
<b>Net profit after tax</b>	<b>2,338</b>	<b>900</b>	<b>6,555</b>	<b>(928)</b>	<b>(7,637)</b>	<b>1,228</b>
<b>(iii) Other information</b>						
Segment assets	14,818	47,004	34,735	5,587	15,996	118,140
Segment liabilities	6,924	26,053	5,038	547	13,825	52,387
Depreciation	950	3,066	1,087	-	140	5,243

Information relating to business segments for the year ended 31 March 2015

(` in lacs)

Particulars	HEC	AUC	ASP	Others	Unallocated	Total
<b>(i) Revenue</b>						
Sales and services	30,527	109,957	26,194	182	-	166,860
Less: excise duty	(1,309)	(2,459)	(174)	-	-	(3,942)
<b>Total revenue</b>	<b>29,218</b>	<b>107,498</b>	<b>26,020</b>	<b>182</b>	<b>-</b>	<b>162,918</b>
<b>(ii) Results</b>						
Segment result	2,806	2,336	5,403	(493)	-	10,052
Add: Other income	-	-	-	-	1,026	1,026
(Less): interest expense	-	-	-	-	(7,995)	(7,995)
Add: Exceptional items refer note 46)	-	-	-	-	1,909	1,909
<b>Profit/(loss) before taxation</b>	<b>2,806</b>	<b>2,336</b>	<b>5,403</b>	<b>(493)</b>	<b>(5,060)</b>	<b>4,992</b>
(Less): provision for taxation					(2,127)	(2,127)
<b>Net profit after tax</b>	<b>2,806</b>	<b>2,336</b>	<b>5,403</b>	<b>(493)</b>	<b>(7,187)</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

### 38. Hedged derivative instruments

As of 31 March 2016, the Company has recognized a cumulative loss of `92 lacs (previous year: `631 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 2016	As at 31 March 2015
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>	-	23
(to hedge borrowings)	<b>USD</b>	15	30
	<b>EUR</b>	23	34



### 39. 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 2016		As at 31 March 2015	
	Amount in original currency in lacs	Amount in ` lacs	Amount in original currency in lacs	Amount in ` lacs
<b>Trade receivables</b>				
USD	66	4,396	60	3,775
EURO	5	408	8	526
GBP	11	1,037	14	1,297
AUD	-	-	-	4
<b>Loans payable</b>				
GBP	17	1,633	8	753
SGD	-	-	11	522
USD	56	3,697	30	1,857
EURO	-	18	-	-
<b>Interest payable</b>				
USD	-	3	1	46
<b>Trade payables</b>				
USD	33	2,178	18	1,105
EURO	4	327	4	280
GBP	1	140	-	41
CAD	-	4	-	-

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

(` in lacs)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Contract revenue recognized as revenue for the year	-	1,224
Aggregate amount of contract cost incurred for contracts in progress at the reporting date	-	-
Recognized profits (less recognized losses) for contracts in progress at the reporting date	-	-
Unbilled revenues (contract revenue recognized in excess of billings) presented under other current assets	-	-
Advance received from customer	-	-

#### 41. Dues to Micro and Small Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Company does not have any amounts payable to such enterprises as at 31 March 2016 based on the information received and available with the Company. Also the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

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

(` in lacs)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Number of equity shares outstanding at the beginning of the year	63,41,443	55,40,050
Add: Weighted average number for equity shares issued during the year;	-	5,18,778
Weighted average number of equity shares outstanding during the year	63,41,443	60,58,828

The Company did not have any potentially dilutive equity shares.

#### 43. Additional information pursuant to para 2 of general instructions for the preparation of Consolidated Financial Statements.

(` in lacs)

SL No	Name of the Subsidiary	(a) Net assets as a % of consolidated net assets	(b) Amount of net assets	(c) Share in profit or loss as a % of consolidated profit or loss	(d) Amount of share in profit or loss
	Dynamatic Technologies Limited Standalone	108%	27,919	10%	129
	<b>Foreign Subsidiaries</b>				
1	Dynamatic Limited UK	54%	13,883	94%	1,155
2	Eisenwerk Erla GmbH	61%	15,753	175%	2,143
3	JKM Global Pte Limited, Singapore	15%	3,718	(26%)	(319)
	<b>Indian Subsidiaries</b>				
4	JKM Erla Automotive Limited	12%	3,049	(64%)	(783)
5	JKM Ferrotech Limited	9%	2,322	(89%)	(1,099)
6	JKM Research Farm Limited	2%	596	-	2
7	Consolidation Adjustments	(161%)	(41,480)		
	<b>Total</b>	<b>100%</b>	<b>25,760</b>	<b>100%</b>	<b>1,228</b>

44. 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) was 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 3,38,440 and 2,88,300 convertible warrants of ` 797.78 each respectively. These warrants gave 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 2,88,300 and 3,38,440 convertible warrants, the Company after receiving remaining 75% consideration had issued 1,25,347 equity shares to Wavell Investments Private Limited during the year ended 31 March 2014 and 3,38,440 equity shares and 162,953 equity shares to Mr Udayant Malhoutra and Wavell Investments Private Limited respectively during the year ended 31 March 2015.

- 45** 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.
- 46** Exceptional items for the year ended 31 March 2015 includes profit on sale of one of its assets (Land, Buildings and other structures at Dynamic Park, Peenya, hereinafter referred to as "Peenya Property"). During the year ended 31 March 2015, the Company had 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 ` 4,165 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 had carried out a deleverage exercise and had prepaid certain loans to the banks and other parties in the books of the Company and its 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, upfront fees etc. aggregating ` 2,256 lacs which is included in exceptional items.
- 47** In accordance with paragraph 27 of Accounting Standard II, "The Effects of Changes in Foreign Exchange Rates", the Company has reinstated the goodwill which arose on the acquisition of non-integral foreign operations at the closing rate. This has resulted into a reinstatement of ` 567 lacs (previous year ` 2,001 lacs) credited to foreign currency translation reserve lying in Reserves and Surplus.
- 48** Pursuant to the Companies (Accounting standards) Amendment Rules, 2011, vide GSR 914(E) dated 29 December 2011, the Company and 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 amortized over the balance period of such long term liability.
- 49** The Board of Directors of the Company vide its meeting dated 8 September 2014 had 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 had 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 had 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.

- 50 As per the requirement of Section 123 of the Companies Act 2013, the Company, based on the external technical evaluation, had 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.
- 51 Previous year figures have been regrouped / reclassified, where necessary, to conform with current year's classification, where applicable.

As per our report of even date attached

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



**Supreet Sachdev**  
Partner  
Membership No.: 205385

Place : Bangalore  
Date : 27 May 2016

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



**UDAYANT MALHOUTRA**  
CEO & Managing Director  
DIN : 00053714



**HANUMAN KUMAR SHARMA**  
CFO & Executive Director  
DIN : 07012725



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



# 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 2016, 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 and presentation 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 judgements 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. 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 2016, 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, 2016 ("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, 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 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016, from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; 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



**Supreet Sachdev**

*Partner*

Membership number: 205385

Place: Bangalore

Date : 27 May 2016

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

### ANNEXURE - A 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 Dynamic Technologies Limited ('the Company') on the standalone financial statements for the year ended 31 March 2016, 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 fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) According to the information and explanations given to us and on the basis of examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) 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. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt in the books.
- (iii) The Company has granted unsecured loans to three subsidiaries covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act").
- (a) In our opinion, terms and conditions on the basis of which these loans granted are not, prima facie, prejudicial to the interest of the Company.
  - (b) 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 on demand and interest is payable on demand. As per the information and explanation given to us, the borrowers have been regular in the repayment of the principal on demand and payment of interest on demand.

- (c) As per the information and explanation given to us, there are no overdue amounts in respect of the loan granted to 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, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made and security and guarantee given.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- (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 Provident Fund, Employees' State Insurance, Income-tax, sales-tax, Service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with appropriate authorities, though there has been slight delays in few cases.

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, Service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues



were in arrears as at 31 March 2016 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 Service tax, duty of customs, value added tax and Cess which have not been deposited on account of any dispute. The Company, however, disputes the following Sales-tax, 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	27	AY 2011-2012	Commissioner of Income tax appeals, Bangalore
Income Tax Act, 1961	Tax/ Interest/ Penalty	26	AY 2012-2013	Commissioner of Income tax appeals, Bangalore
Sales Tax	Tax/ Interest	95 (30)*	FY 2014-2015	Deputy Commissioner of Commercial Taxes, Bangalore
The Central Excise Act, 1944	Tax/ Interest/ penalty	13	FY 2005-2006	Customs Excise and Service Tax Appellate Tribunal, Chennai
The Central Excise Act, 1944	Tax/ Interest/ penalty	32	FY 2008-2009	Commissioner Appeals, Chennai
The Central Excise Act, 1944	Penalty	79	January' 2014 – December' 2014	Customs Excise and Service Tax Appellate Tribunal, Bangalore

\* amounts in parenthesis represents duty paid under protest

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions or banks. The Company did not have any outstanding dues to debentureholders, outstanding loans from government during the year.

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). 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.

- (x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.

- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for Managerial Remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

*Chartered Accountants*

Firm Registration Number: 101248W/W-100022



**Supreet Sachdev**

*Partner*

Membership number: 205385

Place: Bangalore

Date : 27 May 2016

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Dynamatic Technologies Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate

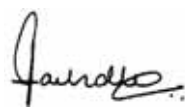
**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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

*Chartered Accountants*

Firm Registration Number: 101248W/W-100022



**Supreet Sachdev**

*Partner*

Membership number: 205385

Place : Bangalore

Date : 27 May 2016

## BALANCE SHEET AS AT MARCH 31, 2016

(₹ in lacs)

	Note	31 March 2016	31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	3	634	634
Reserves and surplus	4	27,285	26,852
		27,919	27,486
<b>Non-current liabilities</b>			
Long-term borrowings	5	21,158	11,540
Deferred tax liabilities (net)	6	1,955	2,223
Other long-term liabilities	7	68	115
Long-term provisions	8	778	679
		23,959	14,557
<b>Current liabilities</b>			
Short-term borrowings	9	8,924	13,547
Trade payables	10	8,880	10,098
Other current liabilities	11	6,659	8,349
Short-term provisions	12	341	1,311
		24,804	33,305
		76,682	75,348
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
- Tangible fixed assets	13	26,128	26,716
- Intangible fixed assets	13	1,568	1,920
- Capital work in progress		43	8
		27,739	28,644
Non-current investments	14	18,539	16,540
Long-term loans and advances	15	1,602	1,447
Other non-current assets	16	914	1,306
		21,055	19,293
<b>Current assets</b>			
Inventories	17	11,480	8,256
Trade receivables	18	9,850	9,012
Cash and bank balances	19	628	883
Short-term loan and advances	20	4,514	7,654
Other current assets	21	1,416	1,606
		27,888	27,411
		76,682	75,348
<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



**Supreet Sachdev**  
Partner  
Membership No.: 205385

Place : Bangalore  
Date : 27 May 2016

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



**UDAYANT MALHOUTRA**  
CEO & Managing Director  
DIN : 00053714



**HANUMAN KUMAR SHARMA**  
CFO & Executive Director  
DIN : 07012725



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

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

			(` in lacs)
	Note	31 March 2016	31 March 2015
<b>Revenue from operations</b>			
Sale of products (gross)*		43,962	45,297
Less: excise duty		<u>(2,746)</u>	<u>(3,074)</u>
Sale of products (net)		41,216	42,223
* includes sale of raw material aggregating ` 440 lacs (previous year ` 2,318 lacs)			
Contract revenue	43	-	1,224
Other operating revenues	22	1,921	2,241
		<u>43,137</u>	<u>45,688</u>
Other income	23	401	746
<b>Total revenue</b>		<u>43,538</u>	<u>46,434</u>
<b>Expenses</b>			
Cost of materials and components consumed	24	21,556	22,491
Change in inventory of finished goods and work-in-progress	25	(2,957)	(774)
Employee benefits expenses	26	6,020	6,515
Finance costs	27	5,163	5,373
Depreciation and amortisation	13	2,911	2,850
Other expenses	28	11,088	10,720
<b>Total expenses</b>		<u>43,781</u>	<u>47,175</u>
<b>(Loss) before exceptional items and tax</b>		(243)	(741)
Exceptional items	29	-	3,719
<b>(Loss)/ Profit before tax</b>		<u>(243)</u>	<u>2,978</u>
<b>Tax expenses</b>			
Income tax		(104)	1,451
Deferred tax (credit)		(268)	(578)
<b>Profit after tax</b>		<u>129</u>	<u>2,105</u>
<b>Earning per equity share [nominal value of share ` 10 each (previous year ` 10 each)]</b>			
Basic and diluted		2.04	34.74
<b>Number of shares used in computing earnings per share</b>			
Basic and diluted	45	63,41,443	60,58,828
<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



**Supreet Sachdev**  
Partner  
Membership No.: 205385

Place : Bangalore  
Date : 27 May 2016

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



**UDAYANT MALHOUTRA**  
CEO & Managing Director  
DIN : 00053714



**HANUMAN KUMAR SHARMA**  
CFO & Executive Director  
DIN : 07012725



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

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

	31 March 2016	31 March 2015
<b>Cash flow from operating activities</b>		
<b>(Loss)/Profit before tax</b>	<b>(243)</b>	2,978
Adjustments:		
Depreciation and amortisation	2,911	2,850
Finance costs	5,163	5,373
Interest income	(324)	(693)
Loss/(Profit) on sale of fixed assets, net	4	(4,164)
Bad debts written off	4	48
Provision for doubtful debts, net	30	15
Unrealised foreign exchange differences	(27)	31
<b>Operating cash flow before working capital changes</b>	<b>7,518</b>	6,438
(Increase) in trade receivables	(821)	(2,144)
(Increase) in inventories	(3,224)	(2,142)
(Increase)/Decrease in loans and advances and other assets	(565)	348
(Decrease)/Increase in trade and other payables	(997)	712
Increase in provisions	91	592
<b>Cash generated from operations</b>	<b>2,002</b>	3,804
Income taxes paid, net	(614)	(108)
<b>Net cash generated from operating activities (A)</b>	<b>1,388</b>	3,696
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(2,166)	(2,641)
Proceeds from sale of fixed assets	95	6,920
Investment in subsidiaries	(2,000)	(9,500)
Sale of investment of associate	1	-
Loans to subsidiaries	(4,036)	(1,462)
Repayment of loan by subsidiaries	7,421	-
Movement in deposits with the bank (net)	363	(505)
Interest received	444	141
<b>Net cash provided by/(used in) investing activities (B)</b>	<b>122</b>	(7,047)

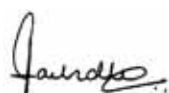
(₹ in lacs)

	31 March 2016	31 March 2015
<b>Cash flows from financing activities</b>		
Proceeds from issue of share warrants	-	3,000
Proceeds from issue of equity share by way of Qualified Institutional Placement	-	5,191
Proceeds from borrowings from other than shareholders	23,212	5,082
Repayment of borrowings to other than shareholders	(13,889)	(9,070)
Loans taken from shareholders	600	3,160
Repayment of loans to shareholders	(1,675)	(2,085)
(Repayments)/Proceeds from cash credits/ working capital loans (net)	(4,349)	3,866
(Repayments)/Proceeds from buyers credit(net)	(273)	24
Repayment of public deposits (net)	-	(250)
Interest paid	(5,333)	(5,658)
Sales tax deferral payment	(45)	(117)
Dividend paid out of unclaimed dividend	(4)	(3)
<b>Net cash (used in)/provided by financing activities (C)</b>	<b>(1,756)</b>	<b>3,140</b>
<b>Net decrease in cash and cash equivalents (A + B + C)</b>	<b>(246)</b>	<b>(211)</b>
Cash and cash equivalents at the beginning of the year	636	847
Cash and cash equivalents at the end of the year (refer note 19)	390	636

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**



**Supreet Sachdev**  
Partner  
Membership No.: 205385

Place : Bangalore  
Date : 27 May 2016



**UDAYANT MALHOUTRA**  
CEO & Managing Director  
DIN : 00053714



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



**HANUMAN KUMAR SHARMA**  
CFO & Executive Director  
DIN : 07012725

# NOTES TO THE STANDALONE 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 capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense in 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.

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 shareholders' fund 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 capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the statement of profit and loss in the period in which they are incurred.

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets. 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)
Assets taken on lease and leasehold improvements	Period of Lease or useful life of assets whichever is lower
Buildings	30 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

\*Based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

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 amortization and any accumulated impairment loss.

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

##### (ii) Internally generated intangible assets

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

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

Intangible assets are amortized 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 amortized on straight line basis. In accordance with the applicable Accounting Standard, the Company follows a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. However, if there is persuasive evidence that the useful life of an intangible asset is longer than ten years, it is amortized over the best estimate of its useful life. Such intangible assets that are not yet available for use are tested annually for impairment.

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

Application software	4 years
Prototype development	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
- (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**

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

##### **(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 utilize 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 used entitlement that has accumulated at the balance sheet date. The Company recognizes accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognized in the period in which the absences

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

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

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

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

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

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

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

#### **h) Foreign currency transactions and balances**

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

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

#### **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 counter party is a bank.

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

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

The derivatives that qualify for hedge accounting and

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

It is the policy of the Company to enter into derivative contracts to hedge interest rate risk related to loan liabilities. The derivative arrangements are coterminous with the loan agreement and it is the intention of the Company not to foreclose such arrangements during the tenure of the loan. Accordingly, the Company designates and applies cash flow hedge accounting on such types of arrangements.

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

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

#### **j) Warranties**

Warranty costs are estimated by the Management on the basis of technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the period of sale of goods.

#### **k) Investments**

Long-term investments are valued at cost less any other-than-temporary diminution in value, determined on the specific identification basis.

#### **l) Provisions and contingencies**

The Company recognizes a provision when there is a present obligation as a result of past (or obligating) event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require

an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

#### **m) Impairment of assets**

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

#### **n) Leases**

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 year). The deferred tax charge or credit and

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

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

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

#### **p) Earnings per share**

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

#### **q) Cash flow statement**

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

#### **r) Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement comprise cash and balances with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of 3 months or less and that is readily convertible to known amounts of cash or cash equivalents.

	As at 31 March 2016	( ` in lacs) As at 31 March 2015
<b>3. Share capital</b>		
<b>Authorised</b>		
<b>Equity shares</b>		
2,00,00,000 (previous year 2,00,00,000) equity shares of par value of ` 10 each	2,000	2,000
<b>Preference shares</b>		
5,00,000 (previous year 5,00,000) redeemable cumulative preference shares of par value of ` 100 each	500	500
	<b>2,500</b>	2,500
<b>Issued, subscribed and fully paid up</b>		
<b>Equity shares</b>		
63,41,443 (previous year 63,41,443) equity shares of par value of ` 10 each	634	634
	<b>634</b>	634

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

Particulars	31 March 2016		31 March 2015	
	Number of shares	Amount ( ` in lacs)	Number of shares	Amount ( ` in lacs)
Shares outstanding at the beginning of the year	63,41,443	634	55,40,050	554
Share issued during the year against share warrants*	-	-	5,01,393	50
Share issued during the year by way of Qualified Institutional Placements**	-	-	3,00,000	30
Shares outstanding at the end of the year	63,41,443	634	63,41,443	634

\* 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.

There are no equity shares which are allotted as fully paid-up without payment being received in cash during the period of five years immediately preceding the balance sheet date.

There are no equity shares which are allotted as fully paid-up bonus shares during the period of five years immediately preceding the balance sheet date.

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 2016		31 March 2015	
	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	<b>7,72,679</b>	<b>12.18%</b>	7,72,679	12.18%
- JKM Holdings Private Limited	<b>9,12,538</b>	<b>14.39%</b>	9,12,538	14.39%
- Udayant Malhoutra and Company Private Limited	<b>6,42,011</b>	<b>10.12%</b>	6,42,011	10.12%
- JKM Offshore India Private Limited	<b>4,42,071</b>	<b>6.97%</b>	4,42,071	6.97%
- Samena Special Situations Mauritius	<b>4,67,455</b>	<b>7.37%</b>	4,67,455	7.37%
- Wavell Investments Private Limited	<b>4,44,781</b>	<b>7.01%</b>	4,44,781	7.01%
- HDFC Trustee Company Limited	<b>4,75,436</b>	<b>7.50%</b>	2,87,745	4.54%

(₹ in lacs)

	As at 31 March 2016	As at 31 March 2015
<b>4. Reserves and surplus</b>		
<b>Capital reserves</b>		
At the commencement and at the end of the year	<u>15</u>	<u>15</u>
	<b>15</b>	<b>15</b>
<b>Capital redemption reserve</b>		
At the commencement and at the end of the year	<u>240</u>	<u>240</u>
	<b>240</b>	<b>240</b>
<b>Securities premium account</b>		
At the commencement of the year	<b>17,410</b>	8,299
Add: Premium on issue of share warrants (refer note 47)	-	3,950
Add: Premium on issue of qualified institutional placements (refer note 50)	-	5,161
At the end of the year	<u>17,410</u>	<u>17,410</u>
<b>Hedge reserve</b>		
At the commencement of the year	<b>(417)</b>	(1,836)
Addition during the year	<b>417</b>	1,419
At the end of the year (refer note 42)	<u>-</u>	<u>(417)</u>
<b>Reserve on amalgamation</b>		
At the commencement and at the end of the year	<u>154</u>	<u>154</u>
	<b>154</b>	<b>154</b>
<b>Revaluation reserve</b>		
At the commencement of the year	<b>472</b>	626
Less: Reversal of revaluation reserve on sale of peenya property (refer note 49)	-	(154)
Less: Additional depreciation charged on revalued assets	<b>(3)</b>	-
At the end of the year	<u>469</u>	<u>472</u>
<b>Foreign currency monetary item translation difference account</b>		
At the commencement of the year	-	-
Add: Exchange loss on account of reinstatement (refer note 52)	<b>(153)</b>	-
Less: Amortised during the year (refer note 52)	<b>43</b>	-
At the end of the year	<u>(110)</u>	<u>-</u>
<b>General reserve</b>		
At the commencement and at the end of the year	<u>3,138</u>	<u>3,138</u>
	<b>3,138</b>	<b>3,138</b>
<b>Surplus in the statement of profit and loss balance</b>		
At the commencement of the year	<b>5,840</b>	3,735
Profit for the year	<b>129</b>	2,105
At the end of the year	<u>5,969</u>	<u>5,840</u>
	<b>27,285</b>	<b>26,852</b>

	As at 31 March 2016	( ` in lacs) As at 31 March 2015
<b>5. Long-term borrowings</b>		
<i>Secured</i>		
<b>Term loans</b>		
- From banks @	5,039	9,702
- Financial institutions @@	16,119	763
<i>Unsecured</i>		
<b>Borrowings from shareholder ## (refer note 40)</b>	-	1,075
	<b>21,158</b>	<b>11,540</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 to ` Nil lacs (previous year ` 2,545 lacs) repaid during this financial 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 bank aggregating ` Nil lacs (previous year ` 3,082 lacs) repaid during this financial year.	
Term loan from bank aggregating ` Nil lacs (previous year ` 789 lacs) repaid during this financial year.	
Term loan from bank aggregating ` Nil lacs (previous year ` 1,148 lacs) repaid during this financial year.	
Term loan from bank aggregating ` Nil lacs (previous year ` 2,500 lacs) repaid during this financial year.	
Term loan from bank aggregating ` Nil lacs (previous year ` 543 lacs) repaid during this financial year.	
Term loan from bank aggregating to ` 2,861 lacs (previous year ` 4,410 lacs), amount of ` 288 lacs repayable in the month of September 2016 with rate of interest 15% per annum and amount of ` 2,573 lacs repayable in 4 half yearly instalments with interest rate of LIBOR plus 4% per annum.	
Term loan from bank aggregating to ` 4,499 lacs (previous year ` Nil lacs) repayable in 17 quarterly instalments with the rate of interest @11.75% per annum.	First pari passu charge on the entire movable and immovable fixed assets of the Company
Term loan from bank aggregating ` 60 lacs (previous year ` 149 lacs) repayable in 8 monthly instalments. The rate of interest @ 11.75% per annum.	First and exclusive hypothecation on the machinery procured out of term loan.

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

Details of repayment terms, interest and maturity	Nature of security
Term loan from financial institutions aggregating to `11,716 lacs (previous year: ` Nil) repayable in 49 monthly instalments with rate of interest of SBI base rate plus 3.15% per annum.	First pari passu charge on the movable fixed assets of the Company, present and future (other than those exclusively charged) and immovable properties of the Company. Second pari passu charge on the entire current assets of the Company, present and future. Also secured by personal guarantee of promoter.
Term loan from financial institutions aggregating to `4,877 lacs (previous year: ` Nil) repayable in 51 monthly instalments with rate of interest of SBI base rate plus 3.30% per annum.	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating to `1,296 lacs (previous year: ` Nil lacs) repayable in 52 monthly instalments. The rate of interest @ 14% per annum .	Secured by way of exclusive charge on assets financed and secured by way of personal gurantee given by promoter.
Term loan from financial institutions aggregating to `102 lacs (previous year: `259 lacs) repayable in 7 monthly instalments. The rate of interest @ 14% per annum.	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating to ` Nil lacs (previous year `512 lacs ) with rate of interest ranges from 12% to 13% per annum was repaid during the year.	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating to `160 lacs (previous year `187 lacs) repayable in 47 monthly instalments. The rate of interest ranges from 11% to 13% per annum.	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating to `176 lacs (previous year ` Nil) repayable in 54 monthly instalments. The rate of interest ranges from 11% to 13% per annum.	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating to ` Nil lacs (previous year `267 lacs) was repaid during the year.	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 `66 lacs (previous year: `101 lacs) payable in 25 monthly instalments. The rate of interest @15% per annum.	Secured by way of exclusive charge on assets financed.

## Borrowings from Shareholders aggregating to ` Nil lacs (previous year `1,075 lacs) with interest rate @ 18.50% per annum was repaid during the year.

	As at 31 March 2016	As at 31 March 2015
<b>6. Deferred tax liabilities (net)</b>		
<b>Deferred tax liability</b>		
Fixed assets	2,566	2,799
	<u>2,566</u>	<u>2,799</u>
<b>Deferred tax assets</b>		
Provision for gratuity and compensated absences	356	341
Provision for doubtful debts (net)	184	182
Others	71	53
	<u>611</u>	<u>576</u>
	<u>1,955</u>	<u>2,223</u>
<b>7. Other long term liabilities</b>		
Rent equalisation reserve	68	115
	<u>68</u>	<u>115</u>
<b>8. Long-term provision</b>		
<b>Provision for employee benefits</b>		
Gratuity (refer note 37)	582	463
Compensated absences	196	216
	<u>778</u>	<u>679</u>

	As at 31 March 2016	( ` in lacs) As at 31 March 2015
<b>9. Short term borrowings</b>		
<i>Secured</i>		
<b>Loans repayable on demand</b>		
Cash credit and working capital demand loans*	8,905	13,255
<i>Unsecured</i>		
<b>From banks</b>		
- Foreign currency buyer's credit **	19	292
	<u>8,924</u>	<u>13,547</u>
* Cash credit and working capital demand loans from banks carry interest ranging between 11.75% - 12.50% per annum., computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock and book debts of the Company and second pari passu charge on the movable (other than those exclusively charged) and immovable fixed assets of the Company.		
** The Company has taken foreign currency letter of credit /buyer's credit, which carry interest ranging between LIBOR+ 1% to LIBOR+1.5% per annum for 180 days and are renewable at 6 monthly rest for a maximum of one year.		
<b>10. Trade payables</b>		
Due to micro and small enterprises (refer note 44)	-	-
Dues to creditors other than micro and small enterprises *	7,466	7,053
Acceptances	1,414	3,045
	<u>8,880</u>	<u>10,098</u>
* includes amounts payable to related parties (refer note 40)	306	108
<b>11. Other current liabilities</b>		
Current maturities of long-term borrowings (refer note 5)*	4,655	6,073
Capital creditors	216	248
Accrued expenses**	768	688
Book overdraft	-	71
Interest accrued but not due on borrowings***	19	189
Employee related liabilities	758	435
Derivative liability (refer note 42)	-	370
Advance from customers	22	42
Dealer deposits	64	60
Unpaid dividend	18	22
Statutory liabilities	139	151
	<u>6,659</u>	<u>8,349</u>
* Includes current maturities of term loans from banks ` 2,381 lacs (previous year: ` 5,464 lacs), current maturities of term loans from financial institutions ` 2,274 lacs (previous year: ` 563 lacs), current maturities of term loans from others (#) ` Nil lacs (previous year: ` 0.49 lacs), and current maturities of sales tax deferral loan (##) ` Nil lacs (previous year: ` 45 lacs).		
# Current maturities of term loans from others was Secured by hypothecation of vehicle, carrying an interest rate of 9.75 to 11.50% p.a. the amount is all repaid in the current year.		
## 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 had 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 amount of ` 45 lac was repaid in the current year.		
** includes due to related party (refer note 40)	31	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)	215	221
Compensated absences	83	84
<b>Others</b>		
Provision for warranties (refer note 38)	43	44
Provision for income tax, net of advance tax	-	962
	<u>341</u>	<u>1,311</u>



### 13. FIXED ASSETS

(` in lacs)

Particulars	Gross Block			Accumulated depreciation			Net Block		
	As at 1 April 2015	Additions	Deletions / Adjustments	As at 31 March 2016	As at 1 April 2015	Depreciation for the year	Deletions / Adjustments	As at 31 March 2016	As at 31 March 2015
<b>Tangible assets (Owned)</b>									
Leasehold improvements	387	174	-	561	52	88	-	140	335
Land	1,715	-	-	1,715	-	-	-	1,715	1,715
Buildings	1,463	-	-	1,463	533	54	-	876	930
Plant and machinery	29,402	1,134	103	30,433	16,194	2,004	96	12,331	13,208
Measuring instrument	594	279	-	873	151	44	-	678	443
Electrical installation	526	13	-	539	245	28	-	266	281
Data processing equipment	764	64	18	810	667	34	16	125	97
Office equipment	330	17	1	346	271	20	1	56	59
Furniture and fixtures	330	8	-	338	242	21	-	75	88
Tools, dies and moulds	2,056	165	-	2,221	1,309	159	-	753	747
Vehicles	444	1	208	237	224	27	118	104	220
Motor boat	402	-	-	402	80	20	-	302	322
<b>Tangible assets (Leased)</b>									
Land*	8,066	-	-	8,066	-	5	-	8,061	8,066
Plant and machinery	126	189	-	315	1	20	-	294	125
Tools, dies and moulds	82	-	-	82	2	9	-	71	80
<b>Total tangible assets (A)</b>	<b>46,687</b>	<b>2,044</b>	<b>330</b>	<b>48,401</b>	<b>19,971</b>	<b>2,533</b>	<b>231</b>	<b>22,273</b>	<b>26,716</b>
<b>Intangible assets</b>									
Application software	784	26	-	810	583	63	-	164	201
Prototype development	2,859	-	-	2,859	1,140	315	-	1,404	1,719
<b>Total intangible assets (B)</b>	<b>3,643</b>	<b>26</b>	<b>-</b>	<b>3,669</b>	<b>1,723</b>	<b>378</b>	<b>-</b>	<b>1,568</b>	<b>1,920</b>
<b>Total (A) + (B)</b>	<b>50,330</b>	<b>2,070</b>	<b>330</b>	<b>52,070</b>	<b>21,694</b>	<b>2,911</b>	<b>231</b>	<b>24,374</b>	<b>28,636</b>
Previous year	51,455	2,679	3,804	50,330	19,809	2,850	965	21,694	28,636

\* Aggregating to ` 7,523 lacs allotted by Karnataka Industrial Areas development Board (KIADB) and ` 543 allotted by State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT).

	As at 31 March 2016	( ` in lacs) As at 31 March 2015
<b>14. Non-current investments</b>		
<i>(valued at cost unless stated otherwise)</i>		
<b>Trade investments (refer note 53)</b>		
Investment in equity instruments		
<b>a) Investment in subsidiaries - unquoted</b>		
1) 49,99,930 (previous year 49,99,930) equity shares of face value of ` 10 each fully paid up of JKM Research Farm Limited	500	500
2) 1,45,71,451 (previous year 1,45,71,451) equity shares of face value of \$1 each of JKM Global Pte Limited, Singapore	4,739	4,739
3) 4,79,99,994 (previous year 4,29,99,994) equity shares of face value of ` 10 each of JKM Erla Automotive Limited.	7,800	6,800
4) 5,50,00,000 (previous year 4,50,00,000) equity shares of face value of ` 10 each of JKM Ferrotech Limited	5,500	4,500
	<u>18,539</u>	<u>16,539</u>
<b>b) Investment in other entities - unquoted</b>		
1) Nil (previous year - 5,000) equity shares of face value of ` 10 each of Harasfera Design Private Limited	-	1
2) 9,21,530 (previous year 9,21,530) equity shares of face value of ` 10 each of Murablack (India) Limited	92	92
Provision for diminution in value	(92)	(92)
	<u>-</u>	<u>1</u>
	<u>18,539</u>	<u>16,540</u>
<b>15. Long term loans and advances</b>		
<i>Unsecured, considered good</i>		
Capital advances	92	121
Electricity deposits	189	201
Rental deposits	874	949
Other deposits	187	176
Advance income tax and tax deducted at source, net of provision	260	-
	<u>1,602</u>	<u>1,447</u>
<b>16. Other non-current assets</b>		
Prepaid expenses	329	203
Others	-	164
<b>Other bank balances:</b>		
Bank deposits due to mature after 12 months from the reporting date (refer note 19)	585	939
	<u>914</u>	<u>1,306</u>
<b>17. Inventories</b>		
<i>(Valued at lower of cost and net realisable value)</i>		
Raw materials*	4,462	4,046
Work-in-progress	3,120	1,716
Finished goods**	3,161	1,793
Stores and spares	737	701
	<u>11,480</u>	<u>8,256</u>

\* includes raw materials in transit current year: ` 106 lacs (previous year: ` 142 lacs)

\*\*includes finished goods in transit current year: ` 93 lacs (previous year: ` Nil)

	As at 31 March 2016	( ` in lacs) As at 31 March 2015
<b>18. Trade receivables</b>		
<b>Unsecured</b>		
Outstanding for period exceeding six months		
- Considered good*	1,359	1,149
- Considered doubtful	556	526
Other debts		
- Considered good*	8,491	7,863
	<u>10,406</u>	<u>9,538</u>
Less: Provision for doubtful receivables	(556)	(526)
	<u>9,850</u>	<u>9,012</u>
*Includes amounts receivable from related parties, (refer note 40)	543	708
<b>19. Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
- Cash on hand	39	17
- Balance with banks		
- on margin money deposit accounts (with original maturity of less than 3 months)	327	65
- on current accounts	24	554
	<u>390</u>	<u>636</u>
<b>Other bank balances</b>		
- on fixed deposit accounts (Original maturity more than 3 months but less than 12 months)	-	-
- on margin money deposit accounts (Original maturity more than 3 months but less than 12 months)	220	226
-unpaid dividend account	18	21
	<u>628</u>	<u>883</u>
<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'	327	65
ii) Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	220	247
iii) Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer note 16)	585	939
	<u>1,132</u>	<u>1,251</u>
<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 54)	1,673	5,058
Security deposits	73	-
Advances to supplier	798	757
Cenvat receivable	1,658	732
Value added tax receivable	222	487
Loans to employees	26	32
Minimum alternate tax credit entitlement	18	522
Others	46	66
	<u>4,514</u>	<u>7,654</u>

(` in lacs)

	As at 31 March 2016	As at 31 March 2015
<b>21. Other current assets</b>		
Prepaid expenses	371	467
Interest accrued on loan to a subsidiary (refer note 40)	546	666
Due from subsidiary (refer note 40)	499	473
	<u>1,416</u>	<u>1,606</u>
<b>22. Other operating revenues</b>		
Management fees (refer note 46)	1,216	1,277
Export Incentive	69	35
Scrap sales	636	929
	<u>1,921</u>	<u>2,241</u>
<b>23. Other income</b>		
Interest income	324	693
Miscellaneous income	77	53
	<u>401</u>	<u>746</u>
<b>24. Cost of materials and components consumed *</b>		
Inventory of materials at the beginning of the year	4,046	2,856
Add: purchases**	21,972	23,681
Less: closing stock	4,462	4,046
	<u>21,556</u>	<u>22,491</u>
* the consumption disclosed is based on the derived figures		
** includes purchases of raw material of traded goods ` 440 lacs (previous year: ` 2,318 lacs)		
<b>Major raw material and components consumed</b>		
Aluminum extrusions	1,541	1,690
Castings	5,396	6,479
Steel	600	683
Components	9,590	8,095
Aluminum alloy	3,319	2,743
Others*	1,110	2,801
	<u>21,556</u>	<u>22,491</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	1,793	1,487
- Work-in-progress	1,716	1,122
	<u>3,509</u>	<u>2,609</u>
Closing stock		
- Finished goods	3,161	1,793
- Work-in-progress	3,120	1,716
	<u>6,281</u>	<u>3,509</u>
Impact of excise duty on change in stock of finished goods	(185)	126
	<u>(2,957)</u>	<u>(774)</u>

(` in lacs)

Particulars	31 March 2016				31 March 2015			
	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	584	13,167	598	(14)	384	14,447	584	(200)
Exhaust-manifold	191	3,106	223	(32)	134	3,584	191	(57)
Compressor housing	101	3,081	53	48	53	4,567	101	(48)
Water pump	98	1,404	103	(5)	111	325	98	13
Case front	50	-	44	6	38	-	50	(12)
Special product	68	666	43	25	80	794	68	12
Intake manifold	82	956	46	36	30	973	82	(52)
Rocker arm. - A & B	91	1,068	95	(4)	84	835	91	(7)
Bell -407 assembly	-	907	269	(269)	-	832	-	-
Mission cabinets and power cabinet	-	5,157	-	-	-	2,847	-	-
Flap track beam	-	5,735	-	-	-	5,835	-	-
Pylon and ramp	-	1,013	984	(984)	-	1,555	-	-
Others#	528	7,702	703	(175)	573	9,927	528	45
	<b>1,793</b>	<b>43,962</b>	<b>3,161</b>	<b>(1,368)</b>	<b>1,487</b>	<b>46,521</b>	<b>1,793</b>	<b>(306)</b>
Less: excise duty on finished goods	(254)	-	(69)	(185)	(128)	-	(254)	126
	<b>1,539</b>	<b>-</b>	<b>3,092</b>	<b>(1,553)</b>	<b>1,359</b>	<b>-</b>	<b>1,539</b>	<b>(180)</b>
<b>Work-in-progress</b>								
Pumps	701	-	472	229	677	-	701	(24)
Valves	-	-	107	(107)	80	-	-	80
Intake manifold	-	-	6	(6)	-	-	-	-
Bell -407 assembly	-	-	775	(775)	-	-	-	-
Mission cabinets and power cabinet	206	-	294	(88)	-	-	206	(206)
SU 30 assembly	422	-	392	30	-	-	422	(422)
Pylon and ramp	-	-	771	(771)	-	-	-	-
Others#	387	-	303	84	365	-	387	(22)
	<b>1,716</b>	<b>-</b>	<b>3,120</b>	<b>(1,404)</b>	<b>1,122</b>	<b>-</b>	<b>1,716</b>	<b>(594)</b>
	<b>3,255</b>	<b>43,962</b>	<b>6,212</b>	<b>(2,957)</b>	<b>2,481</b>	<b>46,521</b>	<b>3,255</b>	<b>(774)</b>

\* Represents sale of product and contract revenue

# Individual values of these are less than 10% of total inventory and turnover.

(` in lacs)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>26. Employee benefits</b>		
Salaries, wages and bonus	5,139	5,187
Contribution to provident fund and other funds	438	855
Workmen and staff welfare expenses	443	473
	<b>6,020</b>	<b>6,515</b>
<b>27. Finance costs</b>		
Interest expense	4,733	5,237
Other borrowing costs	430	136
	<b>5,163</b>	<b>5,373</b>

(` in lacs)

For the year ended  
31 March 2016

For the year ended  
31 March 2015

## 28. Other expense

Consumption of stores, loose tools and spare parts	1,760	1,585
Subcontractor charges	1,495	1,086
Power and fuel	1,092	987
Rent (refer note 33)	1,591	1,473
Repairs and maintenance:		
- buildings	63	47
- plant and machinery	414	328
- others	609	623
Rates and taxes	250	296
Legal and professional fees	1,157	975
Travelling and conveyance expenses	504	545
Printing and stationery	73	69
Communication expenses	66	64
Foreign exchange loss (net)	381	1,009
Provision for doubtful debts (net)	30	15
Bad debts written off	4	48
Insurance	178	180
Cash discount	96	62
Freight outward	313	225
Sales promotion and advertisement	45	71
Selling expenses	330	332
Loss on sale of fixed assets (net)	4	-
Security charges	146	128
Directors sitting fees	38	41
Bank charges	161	202
Miscellaneous	288	329
	<u>11,088</u>	<u>10,720</u>

## 29. Exceptional items

Loan prepayment and its related costs (refer note 49)	-	445
(Profit)/loss on sale of assets (refer note 49)	-	(4,164)
	<u>-</u>	<u>(3,719)</u>

## 30. Commitment

### 1. Capital Commitment

Particulars	As at 31 March 2016	As at 31 March 2015
Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	151	723

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 2016	As at 31 March 2015
Sales tax	95	-
Excise duty related matters	124	45
Income taxes	53	41
Employees' bonus*	75	-

\* The Payment of Bonus (Amendment) Act, 2015 (hereinafter referred to as the Amendment Act 2015) was enacted on December 31, 2015 according to which the eligibility criteria of salary or wages has been increased from ` 10,000 per month to ` 21,000 per month (section 2(13)) and the ceiling for computation of such salary or wages has been increased from ` 3,500 per month to ` 7,000 per month or the minimum wage for the scheduled employment, as fixed by the appropriate government, whichever is higher. The reference to scheduled employment has been linked to the provisions of the Minimum Wages Act, 1948. The Amendment Act 2015 is effective retrospectively from 1 April 2014. Accordingly, the Company has computed the bonus for the year ended 31 March 2015 and 31 March 2016 which aggregates to ` 75 lacs and ` 58 lacs respectively.

For the year ended 31 March 2016, the Company has accrued a provision for ` 58 lacs in the financial statement.

For the year ended 31 March 2015, the Company believes that no provision is currently required on the basis that the stay granted by the two High Courts of India on the retrospective application of the amendment.

#### B) Corporate guarantees:

Particulars	As at 31 March 2016	As at 31 March 2015
Corporate guarantee given as security for loans taken by Subsidiaries	12,871	9,948

#### Movement of Corporate guarantee given on behalf of subsidiaries during the year ( ` in lacs)

Subsidiaries	As at 1 April 2015	Provided during the financial year	Settled/expired during the financial year	As at 31 March 2016
Dynamatic Limited, UK	37	1,941	37	1,941
JKM Ferrotech Limited, India	5,671	-	2,415	3,256
JKM Erla Automotive Limited, India	1,857	5,000	873	5,984
JKM Global Pte Limited, Singapore	2,383	-	693	1,690
<b>Total</b>	<b>9,948</b>	<b>6,941</b>	<b>4,018</b>	<b>12,871</b>

#### Movement of Corporate guarantee given on behalf of subsidiaries during the previous 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
Dynamatic 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>

### 32. Auditors' remuneration (included in legal and professional fees)\*

(` in lacs)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Statutory audit fees	52	52
Other services	64	52
Out-of-pocket expenses	6	4
<b>Total</b>	<b>122</b>	<b>108</b>

\*excludes service tax

### 33. Lease transactions

- a) The Company is obligated under cancellable operating leases for office, residential facilities and vehicles. Lease rental expense under cancellable operating leases during the year was ₹ 176 lacs (previous year ₹ 338 lacs).
- b) The Company is obligated under non-cancellable operating leases for land, building, plant and machinery, electrical installations aggregating to ₹ 1,415 lacs (previous year: ₹ 1,135 lacs).

(₹ in lacs)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Payable within one year	1,467	1,459
Payable between one and five years	4,338	4,769
Payable after 5 years	1,518	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 2016 are:

Period	Minimum Lease	Future Interest	Present value of minimum lease
Payable within one year	92	35	57
Payable between one and five years	342	63	279

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 2016		For the year ended 31 March 2015	
	Value	%	Value	%
Imported	4,736	22%	2,013	9%
Indigenous	16,820	78%	20,478	91%
	21,556	100%	22,491	100%

### 35. Details of imported and indigenous stores and spares consumed

(₹ in lacs)

Particulars	For the year ended 31 March 2016		For the year ended 31 March 2015	
	Value	% of total consumption	Value	% of total consumption
Imported	489	28%	235	15%
Indigenous	1,271	72%	1,350	85%
	1,760	100%	1,585	100%

### 36. Value of imports on C.I.F. basis

(₹ in lacs)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Raw materials and components	5,268	2,664
Stores and spares	572	384
Capital goods	1,336	611
	7,176	3,659



### 37. Employee Benefits

#### Defined contribution plan

The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to ₹316 lacs (previous year: ₹336 lacs).

#### Defined benefit plan

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

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
<b>Change in defined benefit obligation</b>		
Opening defined benefit obligation	1,310	863
Current service cost	89	71
Interest cost	103	79
Benefits settled	(154)	(105)
Actuarial (gain) / loss	(34)	402
<b>Closing defined benefit obligation</b>	<b>1,314</b>	<b>1,310</b>
<b>Change in plan assets</b>		
Plan assets at the beginning of the year, at fair value	626	671
Expected return on plan assets	50	53
Contributions	-	4
Benefits settled	(154)	(105)
Actuarial gain/(loss)	(5)	3
<b>Plan assets at the end of the year, at fair value</b>	<b>517</b>	<b>626</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	517	626
Present value of the defined benefit obligations at the end of the year	(1,314)	(1,310)
<b>Liability recognised in the balance sheet #</b>	<b>(797)</b>	<b>(684)</b>

# Disclosed ₹582 lacs (previous year: ₹463 lacs) as long term provisions and ₹215 lacs (previous year: ₹221 lacs) as short term provisions

(₹ in lacs)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Gratuity cost for the period</b>		
Current service cost	89	71
Interest on defined benefit obligation	103	79
Net actuarial losses/(gain)	(29)	399
Return on plan assets	(50)	(53)
<b>Total, included in "Employee benefit expense"</b>	<b>113</b>	<b>496</b>
<b>Assumptions at the valuation date</b>		
Discount factor	7.99%	7.90%
Expected rate of return on plan assets	7.99%	7.90%
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)

	2016	2015	2014	2013	2012
Present value of defined benefit obligation	1,314	1,310	863	742	739
Fair value of plan assets	517	626	671	730	691
Funded status [ (deficit) / surplus ]	(797)	(684)	(192)	(12)	(48)
Experience loss / (gain) adjustments on plan liabilities	(34)	402	114	1	7
Experience (loss) / gain adjustments on plan assets	(5)	3	(2)	10	7

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 2016	As at 31 March 2015
Opening balance	44	44
Provision created during the year	-	-
Utilised during the year	1	-
<b>Closing balance</b>	<b>43</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 2016	For the year ended 31 March 2015
<b>Expenditure in foreign currency</b>		
Travelling	85	40
Legal and professional fees	14	12
Interest	121	30
Others	43	18
	<b>263</b>	<b>100</b>
<b>Earnings in foreign currency</b>		
Exports of goods on F.O.B. basis	15,310	15,655
Interest	82	-
Management fees	1,216	1,277
	<b>16,608</b>	<b>16,932</b>

40. Related party transactions:

(a) Names of related parties and relationship

Sl. No.	Name of related parties	Relationship
(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 up to 8 March 2016
(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)	Udayant Malhoutra and Company Private Limited	
(xi)	Wavell Investments Private Limited	
(xii)	Conbar India Pvt Ltd	
(xiii)	Udayant Malhoutra	
(xiv)	Hanuman Kumar Sharma	Chief Financial Officer and Executive Director
(xv)	P S Ramesh	Executive Director and Chief Operating Officer – Dynamatic-Oldland Aerospace™, India
(xvi)	Subodh R	Executive Director and Chief Operating Officer – Dynamatic-Oldland Aerospace™, India (Resigned from the closing hours of 15 March 2016)
(xvii)	Naveen Chandra P	Company Secretary
(xviii)	Udita Malhoutra	Relative of Key Managerial Person

**(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 2016	31 March 2015	As at 31 March 2016	As at 31 March 2015
1	Dynamatic Limited, UK	Sale of manufactured goods	129	230	19~	11~
		Purchase of raw materials	653	151	(306)\$	(108)\$
		Management fees	499	473	499@	473@
2	JKM Global Pte Limited, Singapore	Interest income	82	-	196^	114^
		Loans and advances given (including reinstatement)	1,553	-	1,553!	-
3	JKM Research Farm Limited	Expenses- rent	48	108	(31)+	(45)+
		Loans and advances repaid	-	(3)	-	-
4	JKM Erla Automotive Limited	Loans and advances given	1,077	1,125	120!	3,788!
		Loans and advances repaid	(4,745)	(930)	-	-
		Other income-interest income	64	65	115^	58^
5	Eisenwerk Erla GmbH, Germany	Management fees income	717	804	-	-
6	JKM Ferrotech Limited	Sales of raw materials	441	2,318	524~	697~
		Labour charges	-	1	-	-
		Purchase of fixed assets	-	488	-	-
		Purchase of raw materials and components	2,323	3,234	-	-
		Other income-interest income	93	555	235^	494^
		Loans and advances given	1,406	5,270	-	1,270!
		Loans and advances repaid	(2,676)	(4,000)	-	-
7	Harasfera Design Private Limited	Legal and Professional fees paid	21	21	-	-
8	JKM Holdings Private Limited	Rent paid	4	4	-	-
9	Udayant Malhoutra and Company Private Limited	Interest expenses	-	3	-	-
		Short term borrowings	-	180	-	-
		Short term borrowings repaid	-	(180)	-	-
10	Wavell Investments Private Limited	Long term borrowings taken	-	1,075	-	(1,075)?
		Long term borrowings repaid	(1,075)	-	-	-
		Short term borrowings taken	-	1,905	-	-
		Short term borrowings repaid	-	(1,905)	-	-
		Issue of share capital (including securities premium)	-	1,300	-	-
		Interest expenses	54	10	-	(4)&
11	Udayant Malhoutra	Issue of share capital (including securities premium)	-	2,700	-	-
		Managerial remuneration	78	46	-	-
12	Conbar India Pvt Ltd	Short term borrowings taken	600	-	-	-
		Short term borrowings repaid	(600)	-	-	-
		Interest expenses	25	-	-	-
13	Hanuman Kumar Sharma	Managerial remuneration	72	26	-	-
14	P S Ramesh	Managerial remuneration	57	19	-	-
15	Subhod R	Managerial remuneration	55	-	-	-
16	Naveen Chandra P	Remuneration	23	23	-	-
17	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 ₹ 543 lacs (previous year ₹ 708 lacs) has been disclosed under note 18 in trade receivables.

\$ aggregating ₹ 306 lacs (previous year ₹ 108) has been disclosed under note 10 in trade payable.

@ aggregating ₹ 499 lacs (previous year ₹ 473) has been disclosed under note 21 as due from subsidiaries in other current assets.

^ aggregating ₹ 546 lacs (previous year ₹ 666 lacs) has been disclosed under note 21 as interest accrued on loan to subsidiary in other current assets.

! aggregating ₹ 1,673 lacs (previous year ₹ 5,058 lacs) has been disclosed under note 20 as loan to subsidiaries under short term loans and advances.

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

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

+ aggregating ₹ 31 lacs (previous year ₹ 45 lacs) 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 organized 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.
- Others – comprising Wind farm division which is into generation of power through wind energy, Corporate division and Homeland division which offers cutting edge security products and technologies which will enhance potential customer capability in countering modern day security threats.

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

##### Information relating to business segments for the year ended 31 March 2016

(₹ in lacs)

Particulars	Hydraulics	AUC	ASP	Others	Unallocated	Total
<b>(i) Revenue</b>						
Sales and services	18,286	11,395	14,752	1,450	-	45,883
Less: excise duty	(1,618)	(1,108)	(4)	(16)	-	(2,746)
<b>Total revenue</b>	<b>16,668</b>	<b>10,287</b>	<b>14,748</b>	<b>1,434</b>	<b>-</b>	<b>43,137</b>
<b>(ii) Results</b>						
Segment result	2,238	(2,471)	5,252	(499)	-	4,519
Add Other Income	-	-	-	-	401	401
(Less): interest expense	-	-	-	-	(5,163)	(5,163)
Add: exceptional item	-	-	-	-	-	-
<b>Profit/(loss) before taxation</b>	<b>2,238</b>	<b>(2,471)</b>	<b>5,252</b>	<b>(499)</b>	<b>(4,762)</b>	<b>(243)</b>
(Less): provision for taxation (credit)/ loss	-	-	-	-	(372)	(372)
<b>Net profit after tax</b>	<b>2,238</b>	<b>(2,471)</b>	<b>5,252</b>	<b>(499)</b>	<b>(4,390)</b>	<b>129</b>
<b>(iii) Other information</b>						
Segment assets	10,140	14,192	25,175	4,777	22,398	76,682
Segment liabilities	3,532	4,271	3,663	423	15,716	27,605
Capital expenditure	470	85	1,524	-	26	2,105
Depreciation	621	1,305	727	258	-	2,911
Other non-cash expenses	151	(18)	(3)	-	-	130

**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	19,379	16,324	11,600	1,459	-	48,762
Less: excise duty	(1,458)	(1,596)	(20)	-	-	(3,074)
<b>Total revenue</b>	<b>17,921</b>	<b>14,728</b>	<b>11,580</b>	<b>1,459</b>	<b>-</b>	<b>45,688</b>
<b>(ii) Results</b>						
Segment result	2,385	(1,970)	3,823	(353)	-	3,886
Add: Other income	-	-	-	-	746	746
(Less): interest expense	-	-	-	-	(5,373)	(5,373)
Add: Exceptional items (refer note 50)	-	-	-	-	3,719	3,719
<b>Profit/(loss) before taxation</b>	<b>2,385</b>	<b>(1,970)</b>	<b>3,823</b>	<b>(353)</b>	<b>(908)</b>	<b>2,978</b>
(Less): provision for taxation (credit)/loss	-	-	-	-	(873)	(873)
<b>Net profit after tax</b>	<b>2,385</b>	<b>(1,970)</b>	<b>3,823</b>	<b>(353)</b>	<b>(1,781)</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	2,985	260	23,022	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

**Secondary segment reporting**
**Information relating to geographical segment for the year ended**

(₹ in lacs)

Particulars	31 March 2016			31 March 2015		
	In India	Outside India	Total	In India	Outside India	Total
Revenue (Including other income)	<b>26,941</b>	<b>16,608</b>	<b>43,549</b>	29,502	16,932	46,434
Carrying amount of segment assets	<b>69,322</b>	<b>7,360</b>	<b>76,682</b>	69,186	5,532	75,348
Capital expenditure	<b>1,366</b>	<b>1,336</b>	<b>2,702</b>	2,091	611	2,702

## 42. Derivative instruments

### A. Hedged derivative instruments:

As of 31 March 2016, the Company has recognized a cumulative loss of `Nil (2015: `417 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 2016	As at 31 March 2015
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>	-	23

### B. Unhedged 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 2016		As at 31 March 2015	
	Amount in original currency in lacs	Amount in ` lacs	Amount in original currency in lacs	Amount in ` lacs
<b>Trade receivables</b>				
USD	56	3,744	52	3,247
EURO	4	331	6	406
GBP	11	1,037	14	1,297
<b>Loans and advances receivable</b>				
GBP	5	475	-	-
EURO	14	1,078	-	-
<b>Short-term borrowings</b>				
GBP	17	1,633	8	753
USD	14	933	-	-
<b>Long-term borrowings</b>				
SGD	-	-	11	522
USD	39	2,573	-	-
<b>Interest Payable</b>				
USD	-	3	-	-
<b>Interest receivable</b>				
SGD	4	196	2	110
<b>Management fees receivable</b>				
GBP	5	499	5	472
<b>Trade payables</b>				
EURO	1	53	1	48
USD	32	2,144	17	1073
GBP	1	140	-	41
CAD	-	4	-	-

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

(₹ in lacs)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Contract revenue recognised as revenue for the year	-	1,224
Aggregate amount of contract cost incurred for contracts in progress at the reporting date	-	-
Recognised profits (less recognised losses) for contracts in progress at the reporting date	-	-
Unbilled revenues (contract revenue recognised in excess of billings) presented under other current assets	-	-
Advance received from customer	-	-

**44. Dues to Micro and Small Enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Company does not have any amounts payable to such enterprises as at 31 March 2016 based on the information received and available with the Company. Also the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

**45. Computation of weighted average number of shares**

(₹ in lacs)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Number of equity shares outstanding at the beginning of the year	<b>63,41,443</b>	55,40,050
Add: Weighted average number for equity shares issued during the year;	-	5,18,778
Weighted average number of equity shares outstanding during the year	<b>63,41,443</b>	60,58,828

The Company did not have any potentially dilutive equity shares.

**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 certain 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) was 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 3,38,440 and 2,88,300 convertible warrants of ₹ 797.78 each respectively. These warrants gave 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 2,88,300 and 3,38,440 convertible warrants, the Company after receiving remaining 75% consideration had issued 1,25,347 equity shares to Wavell Investments Private Limited during the year ended 31 March 2014 and 3,38,440 equity shares and 1,62,953 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 had 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 ₹445 lacs.

50. The Board of Directors of the Company vide its meeting dated 8 September 2014 had 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 had 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 had 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, had 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. Pursuant to the Companies (Accounting standards) Amendment Rules, 2011, vide GSR 914(E) dated 29 December 2011, the Company has exercised the option of accumulating the exchange differences, in respect of accounting periods commencing from 1 April, 2011, on long term foreign currency monetary items. As a result, such exchange differences so far as they relate to the acquisition of non-depreciable capital assets have been accumulated in "Foreign currency monetary item translation difference account", to be amortized over the balance period of such long term liability.

53. 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 2015	Purchased during the year	Sold during the year	As at 31 March 2016
JKM Research Farm Limited	` 10	500 (49,99,930)*	-	-	500 (49,99,930)*
JKM Global Pte Limited, Singapore	USD 1	4,739 (1,45,71,451)*	-	-	4,739 (1,45,71,451)*
JKM Erla Automotive Limited	` 10	6,800 (4,29,99,994)*	1,000 (5,000,000)*	-	7,800 (4,79,99,994)*
JKM Ferrotech Limited	` 10	4,500 (4,50,00,000)*	1,000 (10,000,000)*	-	5,500 (5,50,00,000)*
<b>(b) Other entities</b>					
Harasfera Design Private Limited	` 10	1 (5,000)*	-	1 (5,000)*	-
Murablack (India) Limited	` 10	92 (9,21,530)*	-	-	92 (9,21,530)*

\* 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 2014	Purchased during the year	Sold during the year	As at 31 March 2015
JKM Research Farm Limited	` 10	500 (49,99,930)*	-	-	500 (49,99,930)*
JKM Global Pte Limited, Singapore	USD 1	4,739 (1,45,71,451)*	-	-	4,739 (1,45,71,451)*
JKM Erla Automotive Limited	` 10	1,800 (1,79,99,994)*	5,000 (2,50,00,000)*	-	6,800 (4,29,99,994)*
JKM Ferrotech Limited	` 10	-	4,500 (4,50,00,000)*	-	4,500 (4,50,00,000)*
<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

54. Details of loans given during the year under Section 186(4) of the Act:

(` in lacs)

Name of borrower	Rate of Interest	Term	Nature of relationship	Secured / Unsecured	As at 1st April 2015	Given during the year	Repayment during the year	As at 31 March 2016
JKM Global Pte Ltd	13% per annum	On demand	Subsidiary	Unsecured	-	1,553*	-	1,553*
JKM Erla Automotive Limited	13% per annum	On demand	Subsidiary	Unsecured	3,788	1,077	(4,745)	120
JKM Ferrotech Limited	13% per annum	On demand	Step subsidiary	Unsecured	1,270	1,406	(2,676)	-

\*Includes reinstatement loss of loan aggregating to ` 16 lacs.

Details of loans given during the year ended 31 March 2015 under Section 186(4) of the Act: (₹ in lacs)

Name of borrower	Rate of Interest	Term	Nature of relationship	Secured / Unsecured	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	Subsidiary	Unsecured	3	-	(3)	-
JKM Erla Automotive Limited	15% per annum	On demand	Subsidiary	Unsecured	3,593	1,125	(930)	3,788
JKM Ferrotech Limited	15% per annum	On demand	Step subsidiary	Unsecured	-	5,270	(4,000)	1,270

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.

55. Disclosure as per Regulation 34 (3) and 53 (f) read with Part A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 2016	31 March 2015	31 March 2016	31 March 2015
JKM Research Farm Limited	-	-	-	3
JKM Erla Automotive Limited	120	3,788	4,745	4,718
JKM Ferrotech Limited	-	1,270	2,676	5,201
JKM Global Pte Limited, Singapore	1,553	-	1,553	-

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**



**Supreet Sachdev**  
Partner  
Membership No.: 205385



**UDAYANT MALHOUTRA**  
CEO & Managing Director  
DIN : 00053714



**HANUMAN KUMAR SHARMA**  
CFO & Executive Director  
DIN : 07012725



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

Place : Bangalore  
Date : 27 May 2016

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DYNAMATIC LIMITED, UK

# BUSINESS REPORT

*2015-2016*



# 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

Mr. Dave Goodfellow, ACMA CGMA

## 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 31.03.2016 in Lacs*	Year ended 31.03.2015 in Lacs*
Sales	22,215	25,577
EBITDA	2,088	2,528
Interest	142	214
Depreciation	689	687
PBT	1,421	1,795
Tax Charge / (credit)	271	274
Profit After Tax	1,149	1,522

\* Numbers restated as per Indian GAAP

## DYNAMATIC HYDRAULICS™, DYNAMATIC LIMITED, UK

### Review of Business 2015-2016



Dynamatic Hydraulics™, Swindon saw a further but planned reduction in sales from £11,489K in 2014/15 to £9,681K in 2015/16. This reduction in sales has been in line with the budgeted sales for the 2015/16 financial year and included the planned exit from certain customers where both the commercial terms and hence margins were not at an acceptable level. We have also however experienced very difficult market conditions in the agricultural sector, particularly in May and June when the plant reverted to running on a reduced 4 day working week which affected all employees in the Hydraulics division. The situation since then improved somewhat although overall the order intake remained fragile until the fourth quarter when we saw a more sustained improvement and hence increase in sales making it the best quarter of this last financial year.

In line with the challenging trading conditions the Swindon plant has continued to focus on its cost reduction and continuous improvement projects and this has also helped in generating savings for J-D in their JDCROP program which enabled us to achieve Partner status this last year. We have also looked to balance the workforce headcount levels in line with the reduced sales levels. At the end of the financial year the workforce now stands at 103 which is a reduction of 15% over the previous year and at is at our lowest ever level. In terms of some of the business KPI's such as Productivity, Efficiency and OEE these have all continued to improve which has really helped the business performance through this difficult trading year.



SWINDON

## Future Outlook

Looking forward to 2016/17 and the projected sales it will again be a very challenging year for the business as we continue to see the Agricultural markets remain flat across the entire customer base including both OEM and Aftermarket. The new John Deere IJD pump project has been delayed due to a very late design change as required by J-D which has in turn delayed the field testing they have to carry out prior to production release. We are now anticipating the production launch of this new triple pump during the second quarter of this financial year. As mentioned last year we are now seeing ever increasing activity with the Aerospace division within the Swindon facility and they currently occupy close on 20%

of the floor space with plans to increase this over the next 2-3 years. We are also continuing in our discussions with the Landlord of the building Swindon Borough Council and are now looking at a complete factory renovation program including replacing the entire roof and signing a 20 year lease agreement. We look forward to concluding some of these key issues and projects and progressing the Hydraulics division in terms of its financial results in 2016/17.

**Raymond Keith Lawton**

Managing Director

Dynamatic Hydraulics™, Dynamatic Limited, UK

HYDRAULICS





## Review of Business 2015-2016



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, which now includes the Boeing Chinook pylon and ramp monolithic details.

We achieved sales of £12.8 million against a forecast of £12.40 Million, this was an overall decrease from the previous financial year, but however performance is above the budgeted target by 3.2%.

During this financial year the Aerospace business has been faced with many challenges and changes over the last 12 months with regards to customer order books, especially the deferral of the Dassault and the reduction of all A330 programme deliverables. The A330 reduction has caused many problems both within the Bristol and Swindon manufacturing facilities, however the business re-grouped and used this time well to manufacture all the tooling required to support the new A330 long-range project.

The business still struggles with sales mix versus cost of sales, machine tool breakdowns and all the associated costs, however we are managing these issues weekly, monthly to build a better working environment for the continued success. The strategy is to grow the business by means of increased production and with the use of greater technologies

to aid an expansion plan. The outlook for the aviation market looks like it's starting to settle down once again with reported increases to the A330 platform and further increases planned for single aisle aircraft.

Technology is the main focus for the business, with the introduction of the FMS at the Swindon facility where we have seen a huge impact to our capability and as such we are now looking at a third shift working pattern, therefore the need for greater throughput from the QA department is now greater than ever. Also, as part of the ongoing strategy and development between Dynamatic-Oldland Aerospace™ and Dynamatic Technologies greater emphasis needs to be focus on how both business work together in terms of work package transfers. Dynamatic Technologies needs to use Dynamatic-Oldland Aerospace™ rather than use its own internal supply chain, thereby keeping Aerospace work contained within the group.

**James Tucker**  
Managing Director  
Aerospace Division,  
Dynamatic Limited, UK



EISENWERK ERLA GmbH, GERMANY

# BUSINESS REPORT

*2015-2016*





**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 31.03.2016 in Lacs*	Year ended 31.03.2015 in Lacs*
Sales	83,034	91,574
EBITDA	4,330	5,983
Interest	674	967
Depreciation	703	635
Profit before tax and exceptional item	3,105	4,470
Exceptional item	-	1,268
Tax charge / (credit)	962	945
Profit After Tax	2,143	2,257

\* Numbers restated as per Indian GAAP

Our Turnover at 114,904 TEUR for the period April' 2015 to March'2016 was slightly lower by 3,303 TEUR 2.8% than the previous financial year despite lower pricing in raw materials mainly driven Nickel. 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 stabilized by 91%.

The order book for FY-2015 to 2016 amounting to a sum of 109,016 TEUR is lower by 17,861 TEUR compared to the previous year, and the order backlog, as on 31st March' 2016, at 73,997 TEUR is lower by 6,001 TEUR from the previous year. The order book and turnover achieved almost equals full capacity utilization.

The overall performance comprising sales, change in inventory and other miscellaneous operational proceeding was at 112,712 TEUROS compared to 118,417 TEUROS in the previous year.

As on 31st March' 2016 there were 293 employees. Of these 13 Apprentices and additional 95 temporary workers.

Prediction of the economic outlook indicates a growth of 1.3% to 1.9% in FY 2016 - 2017. Though the raw material and energy market may remain volatile there could be stable in production and turnover levels in German Foundry Industry. Thus, we expect a stable order flow from our niche market, the turbo charger industry, for 2016-2017. Thereby the financial and yield conditions are likely to remain solid for Eisenwerk Erla GmbH. We have received contract for series delivery of Turbo Chargers Housings and negotiations are on for additional contracts. However, we could face certain investment challenges to improve the production and process stability of Turbo charger Housings in cast steel.



## Future Outlook

- 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 stabilize the production of cast steel and adjustment of Foundry peripherals
- For implementing machining process additional investments amounting 6 Million Euros, partly financed through operating lease.
- 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

*2015-2016*





**DIRECTORS**

Mr. Nalini Ranjan Mohanty - Independent Director  
 Mr. Govind Mirchandani - Independent Director  
 Ms. Junia Sebastian - Independent Director  
 Air Marshal S P Singh (Retd.) - Director  
 Mr. Suresh Jayapal Naidu - Director

**AUDITORS**

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

**BANKERS**

Bank of India, Chennai

**REGISTERED OFFICE**

K-4, Phase II, SIPCOT Industrial Complex, Gummidipoondi,  
 Thiruvallur District, Tamil Nadu 601201, India

**OPERATING PLANTS**

K-4, Phase II, SIPCOT Industrial Complex, Gummidipoondi,  
 Thiruvallur District, Tamil Nadu 601201, India

**FINANCIAL RESULTS**

Particulars	Year ended 31.03.2016 in Lacs	Year ended 31.03.2015 in Lacs
Sales	12,608	12,123
EBITDA	652	28
Interest	880	1,533
Depreciation	909	911
PBT	(1,097)	(2,225)
Exceptional item	-	543
Tax Charge / (credit)	-	-
Profit (Loss) After Tax	(1,097)	(2,768)

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**

- Maximize capacity utilization with the right product mix.
- Consolidate our position as Safety Critical Brake part manufacturer and grow sales with Foundation Brake Systems, Haldex India and Mando India.
- Develop expertise in Turbocharger castings through Turbo Energy Limited and explore direct opportunities to BorgWarner USA and Europe.
- Restart engagement with PHI and other Korean tier I suppliers of HMI.
- Reduce energy consumption to optimize manufacturing cost and explore feasibility of using renewable energy like solar power.
- Automate post production process to improve productivity and quality.

**Air Marshal S P Singh (Retd.)**

Director

DIN : 07046472



JKM RESEARCH FARM LIMITED, INDIA

# **BUSINESS REPORT**

*2015-2016*





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 ₹ 48 lacs. The profit before tax for the year amounted to ₹ 2 lacs.

**Udayant Malhoutra**

Chairman

DIN : 00053714

**DIRECTORS**

Mr. Udayant Malhoutra	- Chairman
Mrs. Pramilla Malhoutra	- Director
Air Marshal S P Singh (Retd.)	- Director

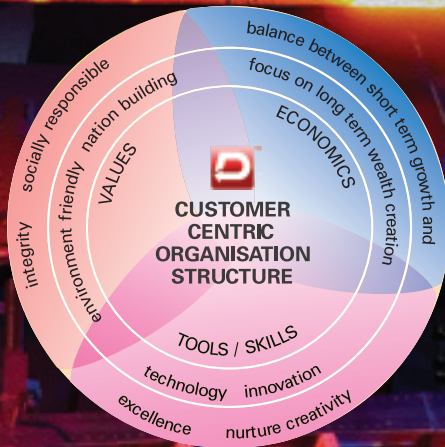
**AUDITORS**

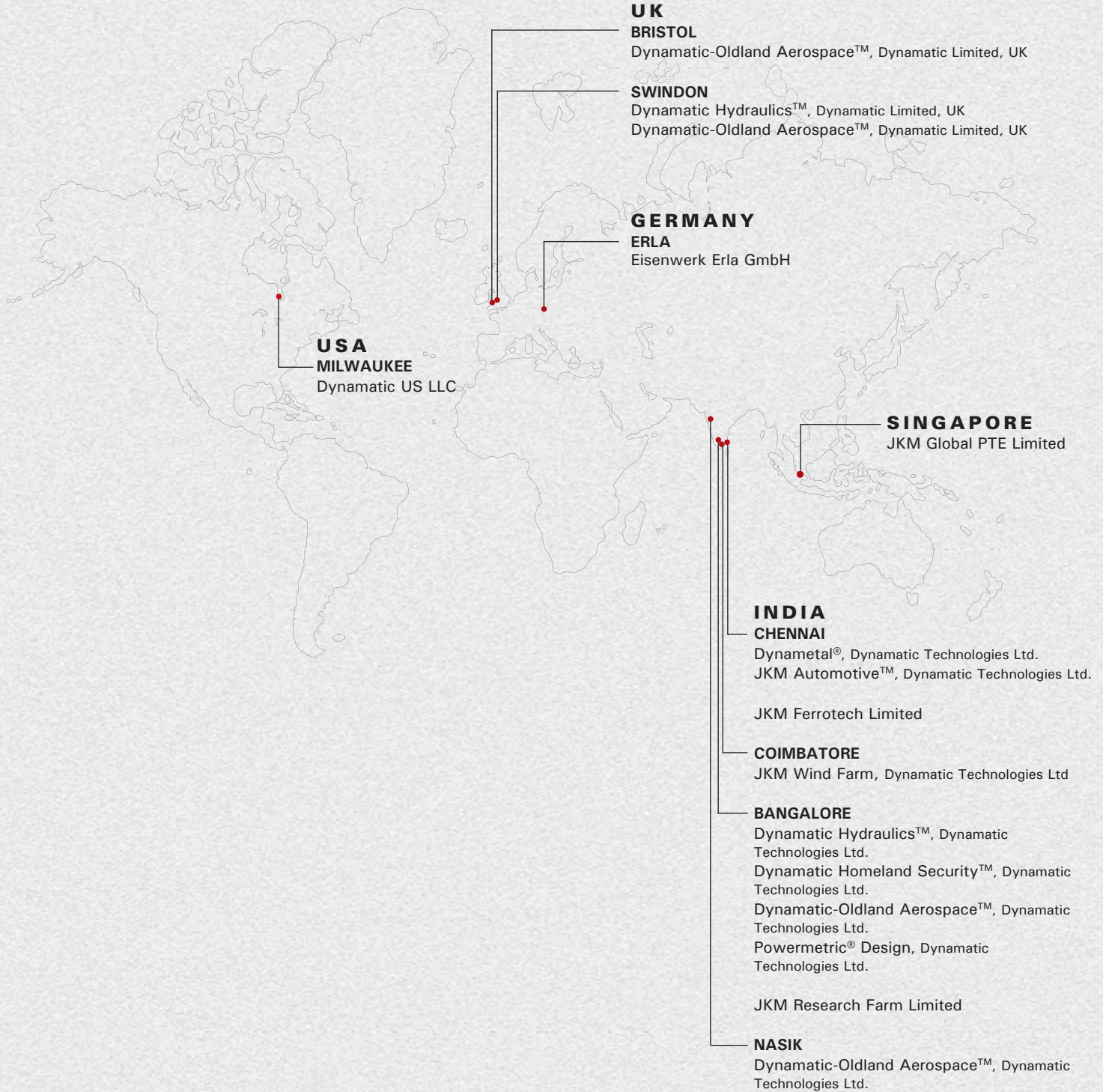
M/s. Prasad & Kumar  
Chartered Accountants, Bangalore

**REGISTERED OFFICE**

A-1, No.3, Cornwell Road, Bangalore – 560027, India







**Dynamatic Technologies Limited**

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**Dynamatic Limited, UK**

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**Eisenwerk Erla GmbH, Germany**

JKM Ferrotech Limited  
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