

DYNAMATIC TECHNOLOGIES LIMITED

Registered Office: Dynamatic Park, Peenya, Bangalore - 560 058
Corporate Identity Number: L72200KA1973PLC002308
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Email ID: investor.relations@dynamatics.net; website: www.dynamatics.com



NOTICE CALLING THE 42ND ANNUAL GENERAL MEETING

Notice is hereby given that the **42nd (Forty Second) Annual General Meeting ('AGM')** of the Members of Dynamatic Technologies Limited (the 'Company') will be held on **Wednesday, the 9th (ninth) day of August 2017 (two thousand and seventeen) at 10:00 (ten) AM IST** at Hotel "Vivanta by Taj", No. 2275, Tumkur Road, Yeshwantpur, Bangalore 560 022, to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the Company, including consolidated financial statements for the year ended 31st March, 2017, together with the reports of the Auditors' and the Directors' thereon.
2. To appoint a Director in place of Mr. Hanuman Kumar Sharma (DIN: 07012725), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P S Ramesh (DIN: 05205364), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To ratify the appointment of Statutory Auditors of the Company viz., Messrs. B S R & Co. LLP, Chartered Accountants, Bangalore (Firm registration number 101248W/W-100022) and to fix their remuneration by passing the following resolution as an

ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, and pursuant to the recommendations of the Audit & Risk Management Committee of the Board of Directors and the resolutions passed by the Shareholders at their Annual General Meeting held on 14th August, 2014, the appointment of M/s. B S R & Co. LLP, Chartered Accountants (Firm registration number 101248W/W-100022) as Statutory Auditors of the Company to hold office till the conclusion of the 44th Annual General Meeting to be held in the calendar year 2019, subject to ratification of the appointment by the members at every Annual General Meeting be and is hereby ratified and that the Board of Directors be and are hereby authorized to fix the remuneration payable to them for the financial year ending 31st March, 2018 as may be determined by the Audit & Risk Management Committee in consultation with the Statutory Auditors, and that such remuneration may be paid on progressive billing basis as may be agreed upon between the Statutory Auditors and the Board of Directors."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, the following resolutions, as **ORDINARY RESOLUTIONS:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Shirish Saraf (DIN: 01918219), who was appointed

as an Additional Director of the Company with effect from 11th November, 2016 by the Board of Directors and who holds office upto the date of the Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the 'Act') but who is eligible for appointment and in respect of whom the Company has received a notice in writing along with a deposit of ₹1,00,000 (Indian rupees one lakh) only under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years.

"RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) and Mr. Naveen Chandra, Head Legal, Compliance & Company Secretary of the Company, be and are hereby severally authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

6. To consider and, if thought fit, to pass, the following resolutions, as **SPECIAL RESOLUTIONS:**

"RESOLVED THAT in further to the recommendation of the Nomination & Remuneration Committee of the Board and the Board of Directors of the Company, the approval of the Shareholders be and is hereby accorded to re-appoint Mr. P.S. Ramesh (DIN: 05205364) as "Executive Director and Chief Operating Officer - Aerospace, India" of the Company under Section 197(4), 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) and rules thereunder for a further term of 1 (one) year with effect from 14th November, 2017 subject to such other approvals as may be required, on the following terms:

SALARY

Salary per month ₹5,51,024 in the scale of ₹5,00,000 to ₹25,00,000.

PERQUISITES

Category A

Provident Fund: He shall be entitled to Company's contributions to PF as per prevailing rules.

Gratuity: He shall be entitled to gratuity as per the provisions of 'The Payment of Gratuity Act'.

Category B

Telephone: As per Company's telephone policy from time to time.

"RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during the aforesaid period, the above terms of remuneration and perquisites will be

admissible as the minimum remuneration payable to Mr. P.S. Ramesh, subject to compliance with the provisions of schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT any further alteration, variation and modification of the terms of the said appointment / remuneration including the salary, allowances and perquisites shall be in such a manner as may be agreed to between the Board of Directors and Mr. P. S. Ramesh within and in accordance with the provisions of Schedule V of the Companies Act, 2013, or any amendment or any statutory modifications thereto and conditions, if any, as may be stipulated by the Central Government.”

“RESOLVED FURTHER THAT any of the Directors of the Company and Mr. Naveen Chandra, Head Legal, Compliance & Company Secretary of the Company be and are hereby severally authorized to take such steps as may be necessary for obtaining approvals - whether statutory or otherwise, in relation to the above and to settle all or any matters arising out of and incidental thereto and sign and execute all applications, documents and writings that may be required to be executed on behalf of the Company and generally to do all or any acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to these resolutions.”

7. To consider and, if thought fit, to pass, the following resolutions, as **SPECIAL RESOLUTIONS**:

“RESOLVED THAT in further to the recommendation of the Nomination & Remuneration Committee of the Board and the Board of Directors of the Company, the approval of the Shareholders be and is hereby accorded to re-appoint Mr. Hanuman Kumar Sharma (DIN: 07012725) as “Executive Director and Group Chief Financial Officer” of the Company under Section 197(4), 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) and rules thereunder for a further term of 1 (one) year with effect from 14th November, 2017 subject to such other approvals as may be required, on the following terms:

SALARY

Salary per month ₹10,00,249 in the scale of ₹5,00,000 to ₹25,00,000.

PERQUISITES

Category A

Provident Fund: He shall be entitled to Company’s contributions to PF as per prevailing rules.

Gratuity: He shall be entitled to gratuity as per the provisions of ‘The Payment of Gratuity Act’.

Category B

Telephone: As per Company’s telephone policy from time to time.

“RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during the aforesaid period, the above terms of remuneration and perquisites will be admissible as the minimum remuneration payable to Mr. Hanuman Kumar Sharma, subject to compliance with the provisions of schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT any further alteration, variation and modification of the terms of the said appointment / remuneration including the salary, allowances and perquisites shall be in such a manner as may be agreed to between the Board of Directors and Mr. Hanuman Kumar Sharma within and in accordance with the provisions of Schedule V of the Companies Act, 2013, or any amendment or any statutory modifications thereto and conditions, if any, as may be stipulated by the Central Government.”

“RESOLVED FURTHER THAT any of the Directors of the Company and Mr. Naveen Chandra, Head Legal, Compliance & Company Secretary of the Company be and are hereby severally authorized to take such steps as may be necessary for obtaining approvals - whether statutory or otherwise, in relation to the above and to settle all or any matters arising out of and incidental thereto and sign and execute all applications, documents and writings that may be required to be executed on behalf of the Company and generally to do all or any acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to these resolutions.”

8. To consider and, if thought fit, to pass, the following resolutions, as **SPECIAL RESOLUTIONS**:

“RESOLVED THAT in further to the recommendation of the Nomination & Remuneration Committee of the Board and Board of Directors of the Company and pursuant to the provisions of Article of Association of the Company and Section 197 read with Schedule V and any other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) and subject to such other consents, approvals and permissions, if any, as may be required, the consent of the Shareholders be and is hereby accorded for the reappointment of Mr. Udayant Malhoutra (DIN: 00053714) as the CEO & Managing Director of the Company for a further term of 3 (three) years with effect from 1st October, 2017 on the terms and conditions hereinafter mentioned.”

SALARY

Salary per month ₹7,00,000 in the scale of ₹5,00,000 to ₹25,00,000.

PERQUISITES

Category A

Housing: The Company will provide unfurnished accommodation, subject to the condition that expenditure by the Company on hiring such accommodation will not exceed one month’s Basic salary.

Medical reimbursement: Medical expenses will be paid by the Company for Mr. Udayant Malhoutra and his family, viz. wife, dependent children and dependent parents, subject to a ceiling of one month’s Basic Salary in a year.

Leave Travel Concession: Mr. Udayant Malhoutra will be paid the expenses incurred on actual basis, subject to a ceiling of one month’s Basic Salary in a year, in accordance with the rules of the Company, for himself, his wife, dependent children and dependent parents.

Club Fees: Club Fees will be paid subject to a maximum of two clubs, which will not include admission and life membership fees.

Category B

Provident Fund: He shall be entitled to Company's contributions to PF as per prevailing rules.

Gratuity: He shall be paid as per provisions of The Payment of Gratuity Act.

Category C

Telephone: He will be provided with a telephone at his residence for the purpose of Company's business.

"RESOLVED FURTHER THAT in accordance with the Articles of Association of the Company, Mr. Udayant Malhoutra, CEO & Managing Director, shall not be liable to retire by rotation during his tenure as CEO & Managing Director of the Company."

"RESOLVED FURTHER THAT notwithstanding anything herein above stated wherein any financial year closing on or after 31st March, 2018, during the tenure of Mr. Udayant Malhoutra as the CEO & Managing Director of the Company, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Udayant Malhoutra the above remuneration by way of salary, bonus and other allowances as a minimum remuneration as specified under schedule V of the Companies Act, 2013, or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under section 197, read with schedule V of the Companies Act, 2013."

"RESOLVED FURTHER THAT any of the Directors of the Company and Mr. Naveen Chandra, Head Legal, Compliance & Company Secretary of the Company be and are hereby severally authorized to take such steps as may be necessary for obtaining approvals - whether statutory or otherwise, in relation to the above and to settle all or any matters arising out of and incidental thereto and sign and execute all applications, documents and writings that may be required to be executed on behalf of the Company and generally to do all or any acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to these resolutions."

9. To consider and, if thought fit, to pass, the following resolutions as **SPECIAL RESOLUTIONS:**

"RESOLVED THAT in accordance with provisions of Section 62(3) of the Companies Act, 2013 as amended from time to time and all other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof for the time being in force) and the rules issued thereunder, enabling provisions of the Memorandum and Articles of Association of the Company and any other applicable regulations, subject to approval, permission or consent, if required, of the concerned authorities whether statutory or not, as per the terms and conditions contained in the financing documents executed with ICICI Bank Ltd, Axis Bank Limited, IndusInd Bank and Export Import Bank of India (collectively referred as 'Lenders/Bankers') inter alia, for a loan of ₹369 Crores ("Loan"), with an option to the Bankers and/or the ICICI Bank Limited ("Facility Agent") (acting on behalf of the Lenders) to convert the whole or part of the outstanding amount of the Loan into equity shares of the Company, consent of the Company be and is hereby accorded

to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any duly authorized committee thereof for the time being exercising the powers conferred on the Board by this resolution) to issue and allot in one or more instalments, such number of equity shares of ₹10/- (₹10/- per share being the face value) each to each of the Bankers by converting the whole or any outstanding amount of the Loan into fully paid up equity shares of the Company at the value determined in accordance with applicable law and in the manner and on the terms and conditions specified in a notice in writing to be given by ICICI Bank Ltd ("Facility Agent") to the Company (hereinafter referred to as the "Notice of Conversion"), including the following conditions:

- i. the conversion right reserved as aforesaid may be exercised by the Lenders and/or Facility Agent, or any assigns of the Lenders on one or more occasions during the currency of the Loan;
- ii. on receipt of the Notice of Conversion, the Company shall, subject to the provisions of the financing documents, allot and issue the requisite number of fully paid-up equity shares to the Lenders or any other person identified by the Lenders as from the date of conversion and the Lenders may, at their sole discretion, accept the same in satisfaction of the part of the loans so converted;
- iii. the part of the Loan so converted shall cease to carry interest as from the date of conversion and the Loan shall stand correspondingly reduced. Upon such conversion, the repayment instalments of the Loan payable after the date of conversion as per the financing documents shall stand reduced proportionately by the amounts of the Loan so converted. The equity shares so allotted and issued to the Lenders or such other person identified by the Lenders shall carry, from the date of conversion, the right to receive proportionately the dividends and other distributions declared or to be declared in respect of the equity capital of the Company. Save as aforesaid, the said shares shall rank pari passu with the existing equity shares of the Company in all respects.
- iv. In the event that the Lenders exercise the conversion right as aforesaid, the Company shall at its cost get the equity shares, issued to the Lenders or such other person identified by the Lenders as a result of the conversion, listed with such stock exchanges as may be prescribed by the Lenders or such other person identified by the Lenders and for the said purpose the Company shall take all such steps as may be necessary to the satisfaction of the Lenders or such other person identified by the Lenders, to ensure that the equity shares are listed as required by the Lenders or such other person identified by the Lenders.
- v. The loans shall be converted into equity shares at a price to be determined in accordance with the applicable law at the time of such conversion.

RESOLVED FURTHER THAT on receipt of the Notice of Conversion, the Board be and is hereby authorized to do all such acts, deeds and things as may be necessary and shall allot and issue requisite number of fully paid-up equity shares in the Company to such Lenders.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue, offer and allot from time to time to the

Lenders such number of equity shares for conversion of the whole or outstanding portion of the Loan as may be desired by the Lenders.

RESOLVED FURTHER THAT the Board be and is hereby authorized to accept such modifications and to accept such terms and conditions as may be imposed or required by the Lenders and/or Facility Agent arising from or incidental to the aforesaid terms providing for such option and to do all such acts and things as may be necessary to give effect to this resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board, be and is hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable as may be required to create, offer, issue and allot the aforesaid shares and listing of the shares on conversion with the stock exchanges, to dematerialize the shares of the Company and to resolve and settle any question, difficulty or doubt that may arise in this regard and to do all such other acts, deeds, matters and things in connection or incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the members do hereby ratify the acceptance by the Company of the right of the Lenders to convert the debt to equity in case of an event of default as stipulated under clause 18.3 of the facility agreement dated 29th June, 2016 executed, inter alia, between the Company and the Lenders.

RESOLVED FURTHER THAT the Board be and is hereby also authorized to delegate all or any of the powers herein conferred by this resolution on it, to any committee of Directors or any person or persons, as it may in its absolute discretion deem fit in order to give effect to this resolution."

10. To ratify the remuneration agreed to be paid to M/s. Rao, Murthy and Associates, Cost Auditors of the Company, for the financial year 2017-18 and in this regard to consider and pass the following resolutions as **ORDINARY RESOLUTIONS:**

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹4,00,000 (Four Lakhs only), excluding out of pocket expenses and applicable taxes, agreed to be paid to M/s. Rao Murthy and Associates, Cost Auditors appointed by the Board of Directors of the Company for the financial year 2017-18, be and is hereby ratified."

"RESOLVED FURTHER THAT the Board of Directors and Company Secretary of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

NOTES:

1. A member entitled to attend the AGM is entitled to appoint a proxy to attend the AGM instead of himself or herself and such proxy need not be a member of the company. In order to be

effective the proxies should be received by the company at its registered office not less than 48 hours before the time fixed for holding the AGM.

2. A person can act as a proxy on behalf of not exceeding 50 (fifty) members and holding in aggregate not more than 10 (ten) percent of the total share capital of the Company.
3. Members / Proxies should bring the enclosed duly filled-in attendance slips to attend the AGM.
4. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the AGM.
5. Shareholders are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall. The Shareholders are also requested to produce valid identity proof such as PAN card, passport, aadhar card or driving license along with the attendance slip to enter the AGM hall.
6. Details of Directors seeking appointment / re-appointment at the AGM of the Company are enclosed in the Notice. The Directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the rules made thereunder.
7. An Explanatory Statement in respect of item number 5 to 10 of the aforesaid Notice is annexed hereto in pursuance of Section 102 of the Companies Act, 2013.
8. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of SEBI (LODR) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will be closed from **Thursday, 3rd August, 2017 to Wednesday, 9th August, 2017 (both days inclusive)**.
9. Members may also note that, the Notice of AGM, instructions for e-voting, attendance slip, proxy form and Annual Report 2017, will be available on the investor portal of the Company's website at www.dynamics.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office at Dynamic Park, Peenya, Bangalore – 560 058 between 11.00 a.m. and 1.00 p.m. on all working days up to the date of AGM.
10. A member is entitled to inspect the proxies lodged with the Company at any time during the business hours on all working days, except the date of AGM. The required statutory registers will be made available at the AGM Venue for inspection by the members.
11. Members are requested to quote their Folio Number / Client ID, in all correspondence and intimate any change in their residential addresses to the Share Transfer Agent / Depository Participant promptly.
12. Members who have not registered their email addresses, may please update their current email addresses with the Company / Registrar & Transfer Agents / their respective Depository Participant(s).
13. Any Shareholder having any grievance on the e-voting or any other matter in relation to the AGM, can contact the Company / Registrar & Transfer Agent at the coordinates mentioned under the 'Investor Guide' of the general instructions for e-voting.

14. The Notice calling the 42nd AGM, instructions for e-voting, attendance slip and proxy form along with ballot form and copy of the Annual Report 2016-17 is being sent by electronic mode to all Members whose email addresses are registered with the Company / Registrar & Transfer Agents / the Depository Participant(s) unless a Member has requested for a hard copy of the same. For Members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by permitted mode. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at investors.relations@dynamics.net or contact the Company / Registrar & Transfer Agent at the coordinates mentioned under the 'Investor Guide' of the general instructions for e-voting.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in dematerialized form are therefore requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Company.

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 AGM. To encourage participation of the Shareholders who are unable to use the e-voting facility, the Company has enclosed a ballot form to the Notice calling the AGM, which may be used by the Shareholders to cast their vote and have the same posted to the Company's address using the enclosed business reply envelope, so as to reach the Company on or before **Tuesday, 8th August, 2017, 05:00 (five) pm (IST)**. Shareholders who have not cast their votes through e-voting or ballot method, may cast their vote at the AGM at the polling booths stationed for this purpose, at the AGM venue.

Once the vote on a resolution is cast by the Shareholder, the Shareholder shall not be allowed to change it subsequently. A Member can opt for only one mode of voting i.e. either through e-voting or by ballot or voting at the AGM. A Shareholder who has exercised his / her vote by e-voting or through ballot method shall not be allowed to vote at the AGM. If a Shareholder casts votes by both e-voting and ballot method, then voting done through e-voting shall prevail and voting through ballot shall be treated as invalid.

Notice and Annual Report has been posted / dispatched by post / email to those persons whose names are registered in the register of Members of the Company as a Member as on **30th June, 2017**. Shareholders holding shares of the Company as on **2nd August, 2017 (the 'Cut-off Date')** will be permitted to attend the AGM, cast their vote electronically or through ballot form or vote at the AGM venue, as per their convenience. Persons who have become Members of the Company between **1st July, 2017 and 2nd August, 2017 (both days inclusive)**, can contact the Company, at the coordinates mentioned under the 'Investor Guide' of the general instructions for e-voting, for copy of the Notice calling the AGM, instructions for e-voting, attendance slip and proxy form along with ballot form and copy of the Annual Report 2017 or download the said documents

from the investor portal of the Company's website at www.dynamics.com

Persons who are not Members of the Company as on the Cut-off Date should treat this Notice calling the 42nd AGM for information purposes only.

The e-voting facility would commence on **Saturday, 5th August, 2017, 9.00 (nine) a.m. IST and end on Tuesday 8th August, 2017, 5.00 (five) p.m. IST**. The e-voting module shall be disabled by Karvy Computershare Private Limited, who would be managing the e-voting facility, after **8th August, 2017, 5.00 (five) p.m. IST**.

Mr. R. Vijayakumar, Practicing Company Secretary (FCS 6418 -COP 8667) and Mr. V S Varun Practicing Company Secretary (FCS 1125 - COP 5251) have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

After counting the votes cast at the AGM, the Scrutinizer shall unlock the votes in the presence of at least two witnesses, not in the employment of the Company. The Scrutinizer shall upon unlocking the votes shall also make out a Scrutinizers' Report including therein the votes casted in favour or against each of the proposals, not later than 3 days from the date of conclusion of the AGM to the Chairman of the Company.

The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company and on the website of Karvy immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges.

The Shareholders may please note that, no voting by show of hands or poll would be undertaken, pursuant to application of Section 108 read with Section 107 and other applicable provisions of Companies Act, 2013 and rules thereunder. Shareholders would however, be eligible to vote by ballot at the polling booths that would be stationed at the AGM venue.

17. Members desiring to dematerialize their physical shareholding in the Company may contact the investor relations team at investors.relations@dynamics.net
18. The details of unclaimed dividend have been made part of the Corporate Governance Report of the Annual Report. Such shareholders who have not claimed their dividends for the financial years 2009-10 (final dividend), 2010-11 and 2011-12 are advised to claim the same.

By Order of the Board



Naveen Chandra P

Head – Legal, Compliance and Company Secretary

Place : Bangalore

Date : 29 May 2017

ADDITIONAL INFORMATION OF DIRECTOR SEEKING APPOINTMENT AS REQUIRED UNDER REGULATION 36(3) OF SEBI (LODR) REGULATION, 2015:

Name of Director	Mr. Shirish Saraf	Mr. Hanuman Kumar Sharma	Mr. P S Ramesh	Mr. Udayant Malhoutra
Brief profile and expertise of the Director	<p>Mr. Shirish Saraf is the Founder, Vice Chairman and member of the Compensation Committee of Samena Capital. He is also the Investment Manager and Director of the Samena Special Situations Funds and Samena Limestone Holdings.</p> <p>In September 2013, Asian Investor listed Mr. Saraf as one of Asia's 25 most influential people in Private Equity.</p> <p>In 2015, he founded the 'Shirish Saraf Scholarship' at Charterhouse House School, providing an education for underprivileged children with all around excellence.</p> <p>Mr. Saraf was educated at Charterhouse (England) and the London School of Economics.</p> <p>He is an independent Director of the Company.</p>	<p>Mr. Hanuman Sharma is a Group CFO of Dynamatic group and Executive Director of the Company.</p> <p>He has been working with Dynamatic since 2012 and has overall experience of 20 years in corporate finance, financial strategy, Investor Relations, Banking relations, Mergers & Acquisitions and corporate governance.</p> <p>Prior to joining Dynamatic, he was CFO of Russian MNC Kamaz and German MNC Hoerbiger in India. Previously he was a part of Tata Motors team focusing on financial analysis and planning.</p> <p>Mr. Hanuman Sharma is a winner of 100 CFO India award for consecutive three year in 2015, 2016 and 2017.</p> <p>He is a qualified CA, CS and CMA and hold an executive MBA from Symbiosis Institute of Business Management.</p>	<p>Mr. P. S. Ramesh, a graduate in Mechanical Engineering from UVCE, Bangalore University and M. Tech. in Aircraft Production Engineering from IIT Madras, started his career in Hindustan Aeronautics Limited as a Management Trainee in 1982 and in 1994 moved on to SME Aerospace- a leading aerospace company in Kaulalampur, Malaysia.</p> <p>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.</p> <p>He is currently Executive Director and COO - Aerospace, India of the Company.</p>	<p>Mr. Udayant Malhoutra is an industrialist and the promoter of the Company.</p> <p>He started working the in the Company from the year 1986 and joined the Board in 1989 as an Executive Director.</p> <p>He is currently designated as CEO and Managing Director of the Company.</p>
Disclosure of relationships between Directors inter-se	Nil	Nil	Nil	Nil
Listed entities (other than Dynamatic Technologies Limited) in which the Director holds Directorship and Committee membership	Nil	Nil	Nil	Nil
Shareholding in the Company	Nil	Nil	Nil	7,10,179
Age (years)	50	44	59	51
Meetings Attended during the year	All	All	All	All

EXPLANATORY STATEMENT
(Pursuant to Section 102 (1) of the Companies Act, 2013)

Item number 5

Brief profile of the Mr. Shirish Saraf, appointee

Mr. Saraf is the Founder, Vice Chairman and member of the Compensation Committee of Samena Capital. He is also the Investment Manager and Director of the Samena Special Situations Funds and Samena Limestone Holdings.

Prior to founding Samena Capital, he was a Co-Founder and Managing Director of Abraaj Capital, which grew to become one of the largest global private equity firms managing in excess of US\$9 billion. During his tenure at Abraaj Capital he was involved in several landmark private equity and block purchase transactions such as the buyout of Aramex, EFG Hermes, Egyptian Fertilizer Company, Arabtec, ONIC, SAOG Oman, Amwal Capital (Qatar) and he also pioneered and managed the special situations funds.

In June 2014, he led the acquisition of a significant stake in RAK Ceramics PSC, a company listed on the Abu Dhabi Securities Exchange and one of the world's largest ceramics manufacturers with annual revenues of approximately US\$1 billion.

Mr. Saraf holds numerous directorship and leadership positions across Samena's portfolio companies. He is currently the Vice Chairman of the Board of Directors and Chairman of the Executive Committee of RAK Ceramics, where previously he was the Chairman of the Audit Committee and Member of the Remuneration and Nominations Committee. He is also the Chairman of RAK Ceramics India. Mr. Saraf is also a Board Member of RAK Logistics (previously Alliance Global Logistics). In July 2016, Mr. Saraf became a Member of the Board of Directors for Mahindra Two Wheelers Limited, India and in August 2016, he was appointed to the Board of Directors of Tejas Networks Limited, India. In November 2016, Mr. Saraf was appointed to the Board of Directors of Dynamatic technologies Limited, India.

He has previously held numerous directorships including Aramex Holdings, Abraaj Capital, Commercial Bank of Oman SAOG, EFG Hermes and Amwal Capital (Qatar).

In 1998, Mr. Saraf founded Oriel Investment Company, which emerged as one of the leading regional corporate finance firms. While at Oriel Investment Company, he became one of the largest founding shareholders of US-based E-Ink Corporation, the world's leading developer and provider of electronic paper and displays.

In September 2013, Asian Investor listed Mr. Saraf as one of Asia's 25 most influential people in Private Equity.

Mr. Saraf is actively involved with the 'Little Dreams Foundation', a not-for-profit initiative with Phil and Orianne Collins and is a Director on the Board.

In 2015, he founded the 'Shirish Saraf Scholarship' at Charterhouse House School, providing an education for underprivileged children with all around excellence.

In 2016, Mr. Saraf established the Samena Foundation an initiative set up to facilitate global charitable and benevolent causes.

Mr. Saraf was educated at Charterhouse (England) and the London School of Economics.

Mr. Shirish Saraf was appointed as an Additional Director by the Board of Directors of the Company ('Board') under section 161 of the Companies Act, 2013, with effect from 11th November, 2016. Pursuant to section 161 of the Companies Act, 2013, Mr. Shirish Saraf will hold office up to the date of the ensuing AGM. The Company has received a notice from a Member under section 160(1) of the Companies Act, 2013, along with requisite amount of deposit, proposing the candidature of Mr. Shirish Saraf for the office of Director under the provisions of the Companies Act, 2013, who shall not be liable to retire by rotation.

The Company has received a declaration from Mr. Shirish Saraf that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

Your Directors recommend the above item 5 by way of Ordinary Resolution for consideration and approval of the Members.

None of the Directors, Key Managerial Personnel of the Company or their relatives being concerned or interested in this resolution except Mr. Shirish Saraf, the Board of Directors recommends the proposal for approval of the Members.

Item number 6

Pursuant to provisions of section 197 read with schedule V and other applicable provisions of the Companies Act, 2013, Mr. P. S. Ramesh, was appointed as the "Executive Director and Chief Operating Officer – Hydraulics, India of the Company for a period of three years with effect from 14th November, 2014, as approved by the Members vide postal ballot dated 25th May, 2015.

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

Mr. Ramesh joined the Company in the year 1999 as Head of Quality and spearheaded the campaign for documenting procedures/control plans and implementing ISO 9001 certification. Mr. P.S. Ramesh has been serving the Company for the past 18 years and has progressively grown to be the Executive Director & Chief Operating Officer - Aerospace, India.

Appended below, is the information as required to be furnished under sub-clause (iv) of clause B of part II of schedule V to the Companies Act, 2013:

I. GENERAL INFORMATION:

1. Nature of industry

The Company is involved in the business of inter-alia manufacturing, designing, selling all types of hydraulic equipments, machineries, components, automobile compressor housings, components, castings as also manufacturing, assembling, dealing with all types of

aircrafts, airships, their components, parts, accessories etc. The Company possesses defence licenses and this enables it to engage itself in the business of “Defence and Strategic Industries” along with its existing businesses. The Company is also involved in manufacture of components for automotive industry. Your Company’s operation are located at Chennai, Bangalore, Nasik, UK and Germany.

2. Date or expected date of commencement of commercial Production

The Company commenced its commercial production in the year 1973.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not applicable.

4. Financial performance based on given indicators

The Net Sales, Profits before and after tax and EBITDA figures for the last three financial years are appended here below:

(₹ in lacs)

Financial Year	Net Sales	Profits before tax	Net Profits after tax	EBITDA
2014-15	45,688	2,978	2,105	6,736
2015-16	43,137	-243	129	7,430
2016-17	50,540	1,345	759	9,760

5. Foreign investments or collaborations, if any.

The Company has subsidiaries in UK (Dynamatic Limited, UK and Yew Tree Investments Private Limited) and also in Germany (Eisenwerk Erla GmbH and JKM Erla Holdings GmbH) which have operating units in their respective destinations. The Company also has a subsidiary in Singapore by name, JKM Global Pte. Limited and in United States by name Dynamatic LLC.

II. INFORMATION ABOUT THE APPOINTEE:

1. Background details

Mr. P. S. Ramesh, a graduate in Mechanical Engineering from UVCE, Bangalore University and M. Tech. in Aircraft Production Engineering from IIT Madras, started his career in Hindustan Aeronautics Limited as a Management Trainee in 1982 and in 1994 moved on to SME Aerospace- a leading aerospace company in Kaulalampur, Malaysia. He was heading Quality Assurance & Technical Services Team.

Mr. P. S. Ramesh joined the Company in the year 1999 as Head of Quality and spearheaded the process for documenting procedures/ control plans, FMEA, etc., and implementing ISO 9001 & ISO 14001 certifications. Later he took over the Production and then the entire Operations activities. Mr. P.S. Ramesh has been serving the Company for the past 18 years and has progressively grown to be the Executive Director & Chief Operating Officer - Aerospace, India.

Mr. P. S. Ramesh is responsible for the Aerospace business in India and his role is very crucial to the development / improvement of Aerospace business of the Company.

2. Past remuneration

The details of past remuneration as approved by the Shareholders is appended below:

Salary per month ₹4,55,392/-; in the scale of ₹2,50,000/- to ₹8,00,000/-.

3. Recognition or awards

Not applicable

4. Job profile and his suitability

Mr. P. S. Ramesh is associated with the organization for the past 18 years and has grown to the position of Executive Director and Chief Operating Officer, Aerospace, India. He shoulders the responsibility of the overall operations of Aerospace business in India.

5. Remuneration proposed

The remuneration proposed to Mr. P. S. Ramesh is as mentioned in the resolution.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.

The remuneration sought to be paid to Mr. P. S. Ramesh is commensurate to the experience and responsibilities of Mr. P. S. Ramesh in the capacity of Executive Director and COO- Aerospace, India.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel if any.

Apart from the remuneration which he may receive in his capacity as Executive Director and COO- Aerospace India, Mr. P. S. Ramesh has no other pecuniary relationship either directly or indirectly with the Company. He does not hold any shares in the Company. He does not have any relationship with any of the Key Managerial Personnel of the Company.

III. OTHER INFORMATION:

1. Reasons of loss or inadequate profits

The overall financial performance of the company has improved during the year as compared to FY 2015-16. While revenue grown by 17% (₹73 crores) and operating profit (EBITDA) grew by 31% (₹23 crores) on y-o-y basis. The growth is mainly driven by continued strong performance of the Aerospace & Defence segment (54% y-o-y) as deliveries to its clients ramped up and started deliveries for new projects. Hydraulics segment registered 15% y-o-y growth during the year while Auto segment performance was subdued.

Though company earned Operating profit (EBITDA) of ₹98 crores during the years from ₹74 crores in previous year, onetime exceptional amount of ₹8.8 crores towards prepayment charges & processing fee write off to replace the high cost debt, increase in interest cost by ₹4 crores due to increase in overall borrowings on expansion of facilities

and increase in Income tax by ₹9 crores impacted and resulted in net profit of ₹8 crores as against ₹1.3 crores in the previous year.

2. Steps taken or proposed to be taken for improvement:

The Company has undertaken several cost saving initiatives including right sizing the capacity, stabilization of new projects, optimization of the manpower and product rationalisation which will help the Company to maintain its operating margin despite any un-foreseen events. Benefits of rationalization of banking facilities by replacing high cost debt with low cost and with longer repayment tenure of 10 years with an effective moratorium of 4 years (2 years moratorium and next 2 year soft repayment), which helps redeployment of internal cash accruals towards further expansion and augmentation of working capital etc will accrue during the years to come.

3. Expected increase in productivity and profits in measurable terms.

With stable Government and growth in Agriculture sector this year hydraulic segment is looking good with robust order book. Aerospace segment is full of orders with new orders from Airbus, Bell and Boeing. Automotive segment will be benefitted by initiatives taken during the year (like cost cutting, product rationalization etc.) and new orders from Getrag Ford, Brembo, Turbo Energy Ltd and Haldex during the year to improve its margin and further improvement in automotive segment will be overall beneficial.

IV. Disclosures:

1. Apart from Mr. P S Ramesh, Mr. Udayant Malhoutra, CEO & Managing Director and Mr. Hanuman Kumar Sharma, Executive Director and group CFO are entitled to remuneration. Mr. Udayant Malhoutra shall be entitled to a remuneration of about ₹7,00,000 per month and Mr. Hanuman Kumar Sharma shall be entitled to a remuneration of about ₹10,00,249 per month. Mr. P S Ramesh shall be entitled to a remuneration of about ₹5,51,024 per month.
2. The above remuneration of the Directors are exclusive of performance linked incentive that the Directors may be entitled to.
3. None of the Directors are entitled to any severance fees or compensation for loss of office.
4. As on date, the Company has not implemented any stock option schemes for Directors.

Considering the contribution of Mr. P.S. Ramesh in the Company's Aerospace business development and as recommended by both Nomination & Remuneration Committee of the Board and the Board of Directors, the Board recommends the resolution as set out in item number 6 of the Notice for appointment of Mr. P. S. Ramesh as Executive Director and Chief Operating Officer, Aerospace - India for approval of the Members by passing Special resolutions.

Mr. P. S. Ramesh does not hold any shares in the Company. Except Mr. P. S. Ramesh no other Director Key Managerial

Personnel or their relatives, are concerned or interested in the proposal.

The terms and conditions of appointment of Mr. P. S. Ramesh as Executive Director and Chief Operating Officer – Aerospace, India of the Company is available for inspection by the Members at the Company's Registered Office during normal business hours on all working days.

None of the Directors, Key Managerial Personnel of the Company or their relatives being concerned or interested in this resolution except Mr. P S Ramesh, the Board of Directors recommends the proposal for approval of the Members.

Item number 7

Pursuant to provisions of section 197 read with schedule V and other applicable provisions of the Companies Act, 2013, Mr. Hanuman Kumar Sharma was appointed as the "Executive Director and Chief Financial Officer of the Company for a period of three years with effect from 14th November, 2014, as approved by the Members vide postal ballot dated 25th May, 2015.

Mr. Hanuman Sharma is a Group CFO of Dynamatic group. He is a member of the board of Directors of Dynamatic Technologies Limited, JKM Erla Automotive Limited, India, Eisenwerk Erla GmbH, Germany, Dynamatic Limited, UK and JKM Global Pte. Limited, Singapore.

He has been working with Dynamatics since 2012 and has overall experience of 20 years in corporate finance, financial strategy, Investor Relations, Banking relations, Mergers & Acquisitions and corporate governance.

Prior to joining Dynamatics, he was CFO of Russian MNC Kamaz and German MNC Hoerbiger in India. Previously he was a part of Tata Motors team focusing on financial analysis and planning.

Mr. Hanuman Sharma is a winner of 100 CFO India award for consecutive three years in 2015, 2016 and 2017.

He is a qualified CA, CS and CMA and holds an executive MBA from Symbiosis Institute of Business Management.

Appended below, is the information as required to be furnished under sub-clause (iv) of clause B of part II of schedule V to the Companies Act, 2013:

I. GENERAL INFORMATION:

1. Nature of industry

The Company is involved in the business of inter-alia manufacturing, designing, selling all types of hydraulic equipments, machineries, components, automobile compressor housings, components, castings as also manufacturing, assembling, dealing with all types of aircrafts, airships, their components, parts, accessories etc. The Company possesses defence licenses and this enables it to engage itself in the business of "Defence and Strategic Industries" along with its existing businesses. The Company is also involved in manufacture of components for automotive industry. Your Company's operation are located at Chennai, Bangalore, Nasik, UK and Germany.

- Date or expected date of commencement of commercial Production

The Company commenced its commercial production in the year 1973.

- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not applicable.

- Financial performance based on given indicators

The Net Sales, Profits before and after tax and EBITDA figures for the last three financial years are appended here below:

(₹ in lacs)

Financial Year	Net Sales	Profits before tax	Net Profits after tax	EBITDA
2014-15	45,688	2,978	2,105	6,736
2015-16	43,137	-243	129	7,430
2016-17	50,540	1,329	803	9,761

- Foreign investments or collaborations, if any.

The Company has subsidiaries in UK (Dynamatic Limited, UK and Yew Tree Investments Private Limited) and also in Germany (Eisenwerk Erla GmbH and JKM Erla Holdings GmbH) which have operating units in their respective destinations. The Company also has a subsidiary in Singapore by name, JKM Global Pte. Limited and in United States by name Dynamatic LLC.

II. INFORMATION ABOUT THE APPOINTEE:

1. Background details

Mr. Hanuman Sharma is a Group CFO of Dynamatic group. He is a member of the board of directors of Dynamatic Technologies Limited, JKM Erla Automotive Limited, India, Eisenwerk Erla GmbH, Germany, Dynamatic Limited, UK and JKM Global Pte. Limited, Singapore.

He has been working with Dynamatic since 2012 and has overall experience of 20 years in corporate finance, financial strategy, Investor Relations, Banking relations, Mergers & Acquisitions and corporate governance.

Prior to joining Dynamatic, he was CFO of Russian MNC Kamaz and German MNC Hoerbiger in India. Previously he was a part of Tata Motors team focusing on financial analysis and planning.

Mr. Hanuman Sharma is a winner of 100 CFO India award for consecutive three years in 2015, 2016 and 2017.

He is a qualified CA, CS and CMA and hold an executive MBA from Symbiosis Institute of Business Management.

2. Past remuneration

The details of past remuneration as approved by the Shareholders is appended below:

Salary per month ₹5,83,580 in the scale of ₹4,00,000 to ₹10,00,000

3. Recognition or awards

Not applicable

4. Job profile and his suitability

Mr. Hanuman Sharma is a Group CFO of Dynamatic group and an Executive Director of the Company.

He has been working with Dynamatic since 2012 and has overall experience of 20 years in corporate finance, financial strategy, Investor Relations, Banking relations, Mergers & Acquisitions and corporate governance.

Prior to joining Dynamatic, he was CFO of Russian MNC Kamaz and German MNC Hoerbiger in India. Previously he was a part of Tata Motors team focusing on financial analysis and planning.

Mr. Hanuman Sharma is a winner of 100 CFO India award for consecutive three years in 2015, 2016 and 2017.

He is a qualified CA, CS and CMA and hold an executive MBA from Symbiosis Institute of Business Management.

5. Remuneration proposed

The remuneration proposed to Mr. Hanuman Kumar Sharma is as mentioned in the resolution.

- Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

The remuneration sought to be paid to Mr. Hanuman Kumar Sharma is commensurate to the experience and responsibilities of Mr. Hanuman Kumar Sharma in the capacity of Executive Director and group CFO.

- Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel if any.

Apart from the remuneration which he may receive in his capacity as Executive Director and group CFO, Mr. Hanuman Kumar Sharma has no other pecuniary relationship either directly or indirectly with the Company. He does not hold any shares in the Company. He does not have any relationship with any of the Key Managerial Personnel of the Company.

III. OTHER INFORMATION:

- Reasons of loss or inadequate profits

The overall financial performance of the company has improved during the year as compared to FY 2015-16. While revenue grown by 17% (₹73 crores) and operating profit (EBITDA) grew by 31% (₹23 crores) on y-o-y basis. The growth is mainly driven by continued strong performance of the Aerospace & Defence segment (54% y-o-y) as deliveries to its clients ramped up and started deliveries for new projects. Hydraulics segment registered 15% y-o-y growth during the year while Auto segment performance was subdued.

Though company earned Operating profit (EBITDA) of ₹98 crores during the years from ₹74 crores in previous year, onetime exceptional amount of ₹8.8 crores towards prepayment charges & processing fee write off to replace the high cost debt, increase in interest cost by ₹4 crores due to increase in overall borrowings on expansion of facilities and increase in Income tax by ₹9 crores impacted and resulted in net profit of ₹8 crores as against ₹1.3 crores in the previous year.

2. Steps taken or proposed to be taken for improvement:

The Company has undertaken several cost saving initiatives including right sizing the capacity, stabilization of new projects, optimization of the manpower and product rationalisation which will help the Company to maintain its operating margin despite any un-foreseen events. Benefits of rationalization of banking facilities by replacing high cost debt with low cost and with longer repayment tenure of 10 years with an effective moratorium of 4 years (2 years moratorium and next 2 year soft repayment), which helps redeployment of internal cash accruals towards further expansion and augmentation of working capital etc will accrue during the years to come.

3. Expected increase in productivity and profits in measurable terms.

With stable Government and growth in Agriculture sector this year hydraulic segment is looking good with robust order book. Aerospace segment is full of orders with new orders from Airbus, Bell and Boeing. Automotive segment will be benefitted by initiatives taken during the year (like cost cutting, product rationalization etc.) and new orders from Getrag Ford, Brembo, Turbo Energy Ltd and Haldex during the year to improve its margin and further improvement in automotive segment will be overall beneficial.

IV. DISCLOSURES:

1. Apart from Mr. Hanuman Kumar Sharma, Mr. Udayant Malhoutra, CEO & Managing Director and Mr. P S Ramesh, Executive Director and COO - Aerospace are entitled to remuneration. Mr. Udayant Malhoutra shall be entitled to a remuneration of about ₹7,00,000 per month and Mr. P S Ramesh shall be entitled to a remuneration of about ₹5,51,024 per month. Mr. Hanuman Kumar Sharma shall be entitled to a remuneration of about ₹10,00,249 per month.
2. The above remuneration of the Directors are exclusive of performance linked incentive that the Directors may be entitled to.
3. None of the Directors are entitled to any severance fees or compensation for loss of office.
4. As on date, the Company has not implemented any stock option schemes for Directors.

Considering the contribution of Mr. Hanuman Kumar Sharma in the Company's Aerospace business development and as recommended by both Nomination & Remuneration Committee of the Board and the Board of Directors, the Board recommends the resolution as set out in item number

7 of the Notice for appointment of Mr. Hanuman Kumar Sharma as group CFO and Executive Director for approval of the Members by passing Special resolutions.

Mr. Hanuman Kumar Sharma does not hold any shares in the Company. Except Mr. Hanuman Kumar Sharma no other Director Key Managerial Personnel or their relatives, are concerned or interested in the proposal.

The terms and conditions of appointment of Mr. Hanuman Kumar Sharma as group CFO & Executive Director of the Company is available for inspection by the Members at the Company's Registered Office during normal business hours on all working days.

None of the Directors, Key Managerial Personnel of the Company or their relatives being concerned or interested in this resolution except Mr. Hanuman Kumar Sharma, the Board of Directors recommends the proposal for approval of the Members.

Item number 8

Pursuant to provisions of section 197 read with schedule V and other applicable provisions of the Companies Act, 2013, Mr. Udayant Malhoutra, was re-appointed as the CEO & Managing Director of the Company for a period of three years with effect from 1st October, 2014, as approved by the Members at their Annual General Meeting held on 14th August, 2014.

Over the years, the Company has grown across multiple geographies and has diversified into multiple businesses with the long term visions of securing market leadership, technological competence and enhancing its brand equity as a global leader.

The multiple businesses of the Company include the Hydraulics business in India and UK, the Aerospace business in India and UK and the Automotive business in India and Germany. This growth has enabled your Company to adopt the best technologies and skill sets at its state-of-art facilities to deliver the best products and services to its customers. Mr. Udayant Malhoutra has played a pivotal role in the transformation of the Company into a Multi-National Company and has been spearheading the development of the business of Dynamatic group in India and outside in developing a strong leadership team to manage the businesses in a sustainable manner.

Considering the involvement of Mr. Udayant Malhoutra in the Company's global business development, the Board strongly recommends the re-appointment of Mr. Udayant Malhoutra as the CEO & Managing Director of the Company and remuneration payable to him. The details of terms of re-appointment and remuneration proposed to be paid to Mr. Udayant Malhoutra have already been detailed at item number 8 of the resolution.

Appended below, is the information as required to be furnished under sub-clause (iv) of clause B of part II of schedule V to the Companies Act, 2013:

I. GENERAL INFORMATION:

1. Nature of industry

The Company is involved in the business of inter-alia manufacturing, designing, selling all types of hydraulic equipments, machineries, components, automobile compressor housings, components, castings as also manufacturing, assembling, dealing with all types of aircrafts, airships, their components, parts, accessories etc. The Company possesses defence licenses and this enables it to engage itself in the business of "Defence and Strategic Industries" along with its existing businesses. The Company is also involved in manufacture of components for automotive industry. Your Company's operation are located at Chennai, Bangalore, Nasik, UK and Germany.

2. Date or expected date of commencement of commercial production

The Company has commenced commercial production in 1973.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not applicable.

4. Financial performance based on given indicators

The Net Sales, Profits before and after tax and EBITDA figures for the last three financial years are appended here below:

(₹ in lacs)

Financial Year	Net Sales	Profits before tax	Net Profits after tax	EBITDA
2014-15	45,688	2,978	2,105	6,736
2015-16	43,137	-243	129	7,430
2016-17	50,540	1,329	803	9,761

5. Foreign investments or collaborations, if any.

The Company has subsidiaries in UK (Dynamatic Limited, UK and Yew Tree Investments Private Limited) and also in Germany (Eisenwerk Erla GmbH and JKM Erla Holdings GmbH) which have operating units in their respective destinations. The Company also has a subsidiary in Singapore by name, JKM Global Pte. Limited and in United States by name Dynamatic LLC.

II. INFORMATION ABOUT THE APPOINTEE:

1. Background details

Mr. Udayant Malhoutra is an Industrialist and the Promoter of the Company. He started working in the Company in 1986 and joined the Board of Directors in 1989 as an Executive Director. He is currently designated as CEO & Managing Director of the Company.

He was formerly a Member, Board of Governors, IIT Kanpur (1997-2001), Co-Chairman, Task Force on DRDO –Industry Partnership along with Dr. K. Santhanam, Ministry of Defence, Government of India (1998-99), Member, Working Group for

formulation of 10th five year plan (2001) and Chairman, Sub-Group on Minerals, Metals, Materials & Manufacturing sector for formulation of 10th five year plan, Council of Scientific Industrial Research (CSIR) / Department of Scientific Industrial Research (DSIR), Government of India, (2001), Member, CII National Council (2001-2003) and Chairman, CII National Committee on Technology (2002-2003). He was President, Fluid Power Society of India, (2004-06), (2006-08). He was on the International Board of the World Presidents' Organization and the Young Presidents' Organization (2005-2008).

He is presently the Chairman of the National Sector Skills Council for Strategic Manufacturing, and has recently been appointed Chairman of the new National Institute of Design, Amravathi/Vijaywada. He is a member of CII National Council.

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

2. Past remuneration

The details of past remuneration as approved by the Shareholders at the meeting held on 14th August, 2014 have been appended here below:

Salary per month ₹7,00,000 in the scale of ₹6,00,000 to ₹25,00,000.

PERQUISITES

CATEGORY A

Housing: The Company will provide unfurnished accommodation, subject to the condition that expenditure by the Company on hiring such accommodation will not exceed one month's Basic salary.

Medical reimbursement: Medical expenses will be paid by the Company for Mr. Udayant Malhoutra and his family, viz. wife, dependent children and dependent parents, subject to a ceiling of one month's Basic Salary in a year.

Leave Travel Concession: : Mr. Udayant Malhoutra will be paid the expenses incurred on actual basis, subject to a ceiling of one month's Basic Salary in a year, in accordance with the rules of the Company, for himself, his wife, dependent children and dependent parents.

Club Fees: Club Fees will be paid subject to a maximum of two clubs, which will not include admission and life membership fees.

CATEGORY B

Provident Fund: He shall be entitled to Company's contributions to PF as per prevailing rules.

Gratuity: He shall be paid as per provisions of The Payment of Gratuity Act.

CATEGORY C

Telephone: He will be provided with a telephone at his residence for the purpose of Company's business.

3. Recognition or awards

Mr. Udayant Malhoutra acclaims wide claim for business aptitude and is well known for his ability to metamorphose businesses.

4. Job profile and his suitability

Mr. Udayant Malhoutra was inducted to the Company at a very young age of 20 to carry on the Company's business. The Company's business at that time was making a revenue ₹1.6 crores and there was a lot of debt on the Balance Sheet. The challenges at that point in time were manifold. The Company was not only losing money, but also talents. Under the enterprising leadership of Mr. Udayant Malhoutra, Company achieved a revenue of about ₹4 (four) crores in 1991, which was a turning point in the history of the Company.

Almost 30 years after that, Mr. Malhoutra has metamorphosed the company into a ₹1,500 crores revenue generating business with focus on diverse sectors including automotive, aerospace, metallurgy as the CEO & Managing Director of the Company. Under the leadership of Mr. Udayant Malhoutra, the Company has expanded its manufacturing capabilities overseas in UK and is catering to well-known names in the sectors like John Deere, Boeing, Tata Motors and Hyundai among others. The Company's business has increased manifold ever since, Mr. Udayant Malhoutra has taken over the business of the Company. The Company has also expanded its operations in Germany through its subsidiary Eisenwerk Erla, GmbH. The Company also has a subsidiary in Singapore and US.

Under the able leadership and guidance of Mr. Udayant Malhoutra, the Company started aeronautics business which is expected to shortly bring big revenues for the Company. Mr. Malhoutra's has introduced great customers like, Spirit AeroSystems, the world's largest manufacturer of aerostructures, Airbus (supply of flap track beams), Boeing, Bell helicopter etc. to the aeronautics realm. Under Mr. Udayant Malhoutra's guidance, the Company is confident of making big strides and emerge as a global Indian player in hydraulics, automotive, aeronautics realm.

5. Remuneration proposed

The remuneration proposed to Mr. Udayant Malhoutra is as mentioned in the resolution.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

The remuneration sought to be paid to Mr. Udayant Malhoutra when compared with the peers in the same industry is much lesser.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Apart from the remuneration which he may receive in his capacity as CEO & Managing Director of the Company and his shareholding in the Company as a Promoter, Mr. Udayant Malhoutra has no other pecuniary relationship either directly or indirectly with the Company. He does not have any relationship with any of the Key Managerial Personnel of the Company.

III. OTHER INFORMATION:

1. Reasons of loss or inadequate profits

The overall financial performance of the company has improved during the year as compared to FY 2015-16. While revenue grown by 17% (₹73 crores) and operating profit (EBITDA) grew by 31% (₹23 crores) on y-o-y basis. The growth is mainly driven by continued strong performance of the Aerospace & Defence segment (54% y-o-y) as deliveries to its clients ramped up and started deliveries for new projects. Hydraulics segment registered 15% y-o-y growth during the year while Auto segment performance was subdued.

Though company earned Operating profit (EBITDA) of ₹98 crores during the years from ₹74 crores in previous year, onetime exceptional amount of ₹8.8 crores towards prepayment charges & processing fee write off to replace the high cost debt, increase in interest cost by ₹4 crores due to increase in overall borrowings on expansion of facilities and increase in Income tax by ₹9 crores impacted and resulted in net profit of ₹8 crores as against ₹1.3 crores in the previous year.

2. Steps taken or proposed to be taken for improvement:

The Company has undertaken several cost saving initiatives including right sizing the capacity, stabilization of new projects, optimization of the manpower and product rationalisation which will help the Company to maintain its operating margin despite any un-foreseen events. Benefits of rationalization of banking facilities by replacing high cost debt with low cost and with longer repayment tenure of 10 years with an effective moratorium of 4 years (2 years moratorium and next 2 year soft repayment), which helps redeployment of internal cash accruals towards further expansion and augmentation of working capital etc will accrue during the years to come.

3. Expected increase in productivity and profits in measurable terms.

With stable Government and growth in Agriculture sector this year hydraulic segment is looking good with robust order book. Aerospace segment is full of orders with new orders from Airbus, Bell and Boeing. Automotive segment will be benefitted by initiatives taken during the year (like cost cutting, product rationalization etc.) and new orders from Getrag Ford, Brembo, Turbo Energy Ltd and Haldex during the year to improve its margin and further improvement in automotive segment will be overall beneficial.

IV. DISCLOSURES:

1. Apart from Mr. Udayant Malhoutra, Mr. Hanuman Kumar Sharma, group CFO & Executive Director and Mr. P S Ramesh, Executive Director and COO - Aerospace are entitled to remuneration. Mr. Hanuman Kumar Sharma shall be entitled to a remuneration of about ₹10,00,249 per month and Mr. P S Ramesh shall be entitled to a remuneration of about ₹5,51,024 per month. Mr. Udayant Malhoutra shall be entitled to a remuneration of about ₹7,00,000 per month.
2. The above remuneration of the Directors are exclusive of performance linked incentive that the Directors may be entitled to.
3. None of the Directors are entitled to any severance fees or compensation for loss of office.
4. As on date, the Company has not implemented any stock option schemes for Directors.

Considering the contribution of Mr. Udayant Malhoutra in the Company's overall business and as recommended by both Nomination & Remuneration Committee of the Board and the Board of Directors, the Board recommends the resolution as set out in item number 8 of the Notice for re-appointment of Mr. Udayant Malhoutra as CEO & Managing Director for approval of the Members by passing Special resolutions.

Mr. Udayant Malhoutra holds 7,10,179 shares in the Company as at 31st March, 2017. Except Mr. Udayant Malhoutra no other Director, Key Managerial Personnel or their relatives, are concerned or interested in the proposal.

The terms and conditions of appointment of Mr. Udayant Malhoutra as CEO & Managing Director of the Company is available for inspection by the Members at the Company's Registered Office during normal business hours on all working days.

None of the Directors, Key Managerial Personnel of the Company or their relatives being concerned or interested in this resolution except Mr. Udayant Malhoutra, the Board of Directors recommends the proposal for approval of the Members.

Item number 9

In terms of the provisions of Section 180(1)(c), the shareholders of the Company have already accorded approval to the Board of Directors of the Company to borrow money/ moneys upto an amount of ₹1,000 Crores by passing a Special Resolution by postal ballot on 15th November, 2016.

In line with the Facility Agreement executed with the bankers on 29th June, 2016, which is available for members' inspection at the Registered Office during normal business hours on all working days, the Company is proposing to pass a Special Resolution under Section 62(3) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and Rules made there-under to enable the Bankers to convert the whole or any part of the outstanding Loans, already availed from the Bankers or as may be availed from the Bankers, from time to time, at their option or at the option of ICICI Bank Limited (the Facility

Agent), into such no of equity shares of the Company upon such terms and conditions specified in the Notice of Conversion issued by the Facility Agent at a price to be determined in accordance with the applicable law at the time of such conversion.

Accordingly, the Board recommends the resolution as set out in Item No. 9, to enable the Bankers, in terms of the lending arrangements, entered/to be entered, and as may be specified by the Lenders under the financing documents already executed or to be executed in respect of the Loan availed/to be availed, at their option or at the option of the Facility Agent, to convert the whole or part of their respective outstanding Loan into such no of equity shares of the Company, upon such terms and conditions specified in the Notice of Conversion issued by the Facility Agent at a price to be determined in accordance with the applicable law at the time of such conversion.

Pursuant to provisions of Section 62(3) of the Companies Act, 2013, this resolution requires approval of the members by way of passing of a Special Resolution. Hence, the Board recommends the said enabling resolution for the approval of the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives may be deemed to be interested/concerned in this resolution, except to their respective shareholdings in the Company, if any.

Item number 10

The Board, on the recommendation of the Audit & Risk Management Committee, has approved appointment of M/s. Rao, Murthy and Associates as the Cost Auditors of the Company for the financial year 2017-18 at a remuneration of ₹4,00,000 (four lakhs only), excluding out of pocket expenses and applicable taxes.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the Members is sought for ratification of the remuneration payable to the Cost Auditors for financial year 2017-18 as an Ordinary Resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way concerned or interested, financially or otherwise, in the resolution set out at item number 10 of the Notice.

The Board recommends the Ordinary Resolution set out at item number 10 of the Notice for approval by the Shareholders.

By Order of the Board



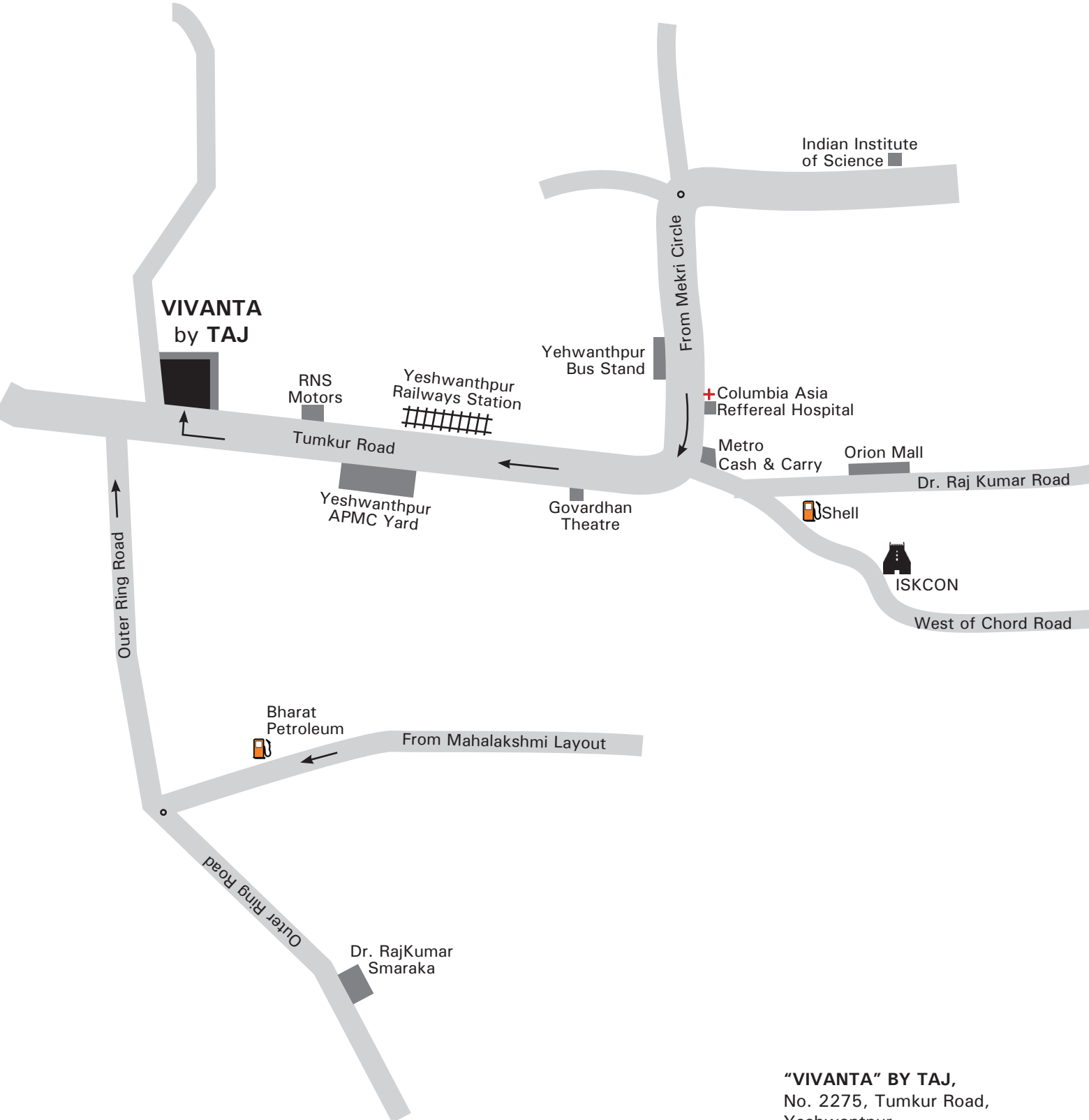
Naveen Chandra P

Head – Legal, Compliance and Company Secretary

Place : Bangalore

Date : 29 May 2017

ROUTE MAP TO THE VENUE OF DYNAMATIC AGM 2017



“VIVANTA” BY TAJ,
No. 2275, Tumkur Road,
Yeshwantpur,
Bangalore 560 022

