

DYNAMATIC TECHNOLOGIES LIMITED



*Upward  
& Forward*

**ANNUAL REPORT  
2022-23**









*"Take up an idea, devote yourself, struggle in patience, and the sun will rise."*

**- Swami Vivekananda**

## Dear Fellow Shareholder,

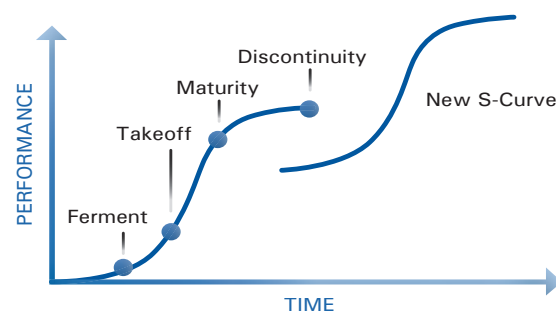
**On behalf of the Board of Directors of Dynamatic Technologies Limited and its subsidiaries, I take pleasure in presenting you with Audited Financial Statements for the year 2022-23.**

During the year under review, your Company recorded Consolidated Net Revenue of ₹13,158 million with Consolidated EBITDA of ₹1,813 million & Profit After Tax of ₹428 million (*Continuing Operations*).

Last year, we had shared plans to move our multi-decade-old facilities from Peenya to our new campus located next to the Bangalore International Airport, Devanahalli. Since these facilities were engaged in export-production of complex aerostructures, a lot of challenges were expected, and risk mitigation plans had to be made in consultation with customers. Your company had to carefully disassemble, transport, and reassemble expensive and highly sensitive equipment and machinery, ensuring their proper functioning at the new facility.

Meticulous planning and coordination with all stakeholders ensured a clean move, allowing us to maintain our commitment to delivering uninterrupted services. Eventually, the relocation from Dynamatic Park Peenya to Dynamatic Aerotropolis took place seamlessly from October 2022 to March 2023, without causing any disruptions to our customers' production. Since aerospace qualifications are site-specific, deliveries were partially affected during Q1 FY '24, but these will normalise in subsequent quarters. The new facilities will support the massive opportunities available to your company in the years ahead.

**Forgoing Growth to Transform:**  
**We have utilised the past decade to shift from automotive to aerospace manufacturing.**



**We're entering the new S-curve.**  
**When we move from small to large.**



*Dynamatic Aerotropolis, adjacent to the Bangalore International Airport*



*“Excellence is never an accident.  
Choice, not Chance, determines your Destiny.”*

**- Aristotle**

Dynamic has consistently shown a good baseline for compliance with Airbus DS requirements and specificities which attest to its maturity as a global aerospace supplier. Your company has scored a top-level “A” rating in Airbus’ Industrial Process Control Assessment (IPCA) Audit. Post-covid, Dynamic won the coveted Airbus Global Sustainability Award, and enjoys a reputation for quality, operational excellence, and sustainable business practices.



*Dynamic Team receiving the Airbus Global Sustainability Award*

With new, much larger facilities available to your company, and with the marketing campaigns underway, we can expect to see a new level of business volume in the near future. Over the past decade Dynamic has established itself as a top-ranked supplier to Airbus Commercial Aircraft. In future, we will also be working for Airbus Defence and Space.

Dynamic recently celebrated a major milestone by delivering the 125th ship set of Boeing’s P8 Poseidon Mission Cabinets. These mission cabinets play a crucial role in the surveillance and defense capabilities of the P8 Poseidon aircraft. The successful execution of this order highlights Dynamic’s expertise



*Boeing's Global Supplier of the Year Award*

in manufacturing complex aerostructures and their commitment to delivering high-quality products to global aerospace customers. During the year under review, your company inaugurated a dedicated hangar for Boeing at Dynamic Aerotropolis. On 23rd August 2023, your Company received Boeing’s Global Supplier of the Year Award for outstanding performance in supporting Boeing Defence Systems. While hitherto, Dynamic was engaged exclusively in supplying Boeing for its military aircraft, we are now also engaged on larger campaigns for commercial jetliners.

Dynamic enjoys a strong relationship with Bell Flight as a top-rated global supplier of helicopter assemblies and is engaging in discussions to evolve the relationship further.



*Showcasing Bell 407 Cabin Assembly to Honourable Prime Minister Shri Narendra Modi at Vadodara*



Your company has a 15-year-long association with the world’s leading aerospace company, Spirit AeroSystems, and has been producing a large volume of flight-critical assemblies and detail parts for them. Dynamic Manufacturing Limited (DML), a subsidiary of Dynamic Technologies Limited, has just signed a long-term contract with Spirit AeroSystems to manufacture detail parts for Spirit’s Belfast facility in Northern Ireland. DML, which is a Centre of Excellence for detail parts, will be involved in engineering, manufacturing, and delivering components for commercial and business jet programs at Spirit, Belfast.

There is a global shortage of castings and forgings for the Aerospace industry. In response, your company’s wholly owned subsidiary Eisenwerk Erla, Germany is undergoing a strategic transition from the automotive foundry industry towards aerospace metallurgy. In the meanwhile, the war in Ukraine has caused tremendous power disruptions and material price hikes in Europe for our current operations. To address these issues, we immediately implemented corporate restructuring measures through a “Protective Shield process by self-administration” under German law. On July 27, 2023, we successfully exited the protective shield after correcting commercial terms with various stakeholders under a court-supported process thereby preserving profitability and ensuring business continuity.

With a resilient hydraulics division and a resurgence in aerospace sales, Dynamic is well-positioned to weather global turbulence and continue delivering strong performance.



Digital Engineering at Dynamic Manufacturing Limited



Dynamic Manufacturing Limited, Centre of Excellence for Detail Parts

Our leadership team is fully committed to securing the company’s market leadership, technological competence, and brand equity. In order to capitalise on its carefully-built reputation for aerospace quality and grow a greater business ahead of us, your company has taken steps to bolster equity and prime its balance sheet for a bigger future.

Once again, I would like to express my gratitude for your continued support as we navigate through these challenging times. With our diversified business segments and strategic initiatives, I am confident that Dynamic will prosper in the future.

I thank you for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read "Udayant Malhoutra". The signature is fluid and cursive.

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



Robotic Manufacturing Line at Swindon facility for Aircraft parts



Hydraulic gear pump production line at Swindon facility





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

## BOARD OF DIRECTORS



**Pradyumna Vyas**  
Independent Director -  
Chairman - Stakeholders' Relationship Committee  
Member - Technology & Strategy Development Committee  
Member - Nomination & Remuneration Committee  
Member - Finance Committee  
Director - Dynamatic Manufacturing Limited  
Director - JKM Erla Automotive Limited



**Pierre de Bausset**  
Independent Director -  
Chairman - Nomination & Remuneration Committee  
Member - Technology & Strategy Development Committee  
Member - Audit Committee  
Member - Risk Management Committee  
Director - Dynamatic Limited, UK  
Director - Eisenwerk Erla GmbH



**Govind Mirchandani\***  
Chairman & Independent Director  
Chairman - Audit Committee  
Chairman - Risk Management Committee  
Chairman - Finance Committee  
Member - Corporate Social Responsibility Committee  
Member - Stakeholders' Relationship Committee  
Member - Nomination & Remuneration Committee  
Member - Share Transfer Committee  
Member - Technology & Strategy Development Committee  
Director - Dynamatic Manufacturing Limited  
Director - JKM Erla Automotive Limited



**Malavika Jayaram\***  
Independent Director  
Chairperson - Corporate Social Responsibility Committee  
Member - Finance Committee  
Member - Technology & Strategy Development Committee  
Member - Risk Management Committee

\* term expiring on 14th August 2023

\* term expiring on 14th August 2023



**Udayant Malhoutra**  
CEO & Managing Director  
Chairman - Share Transfer Committee  
Member - Technology & Strategy Development Committee  
Member - Stakeholders' Relationship Committee  
Member - Finance Committee  
Member - Risk Management Committee  
Chairman - JKM Global Pte Ltd, Singapore  
Chairman - Dynamatic Ltd, UK  
Chairman - Yew Tree Investments Ltd, UK  
Chairman - JKM Erla Holdings GmbH, Germany  
Geschäftsführer - Eisenwerk Erla GmbH, Germany



**P S Ramesh**  
Executive Director - Group Technical Services & Human Resource\*  
Member - Audit Committee  
Member - Risk Management Committee  
Member - Technology & Strategy Development Committee  
Member - Finance Committee  
Member - Corporate Social Responsibility Committee  
Director - Dynamatic Manufacturing Limited  
Director - JKM Erla Automotive Limited  
Director - JKM Automotive Limited  
Director - JKM Research Farm Limited  
Chairman - Skill Development Initiative



**Dietmar Hahn**  
Non-Executive Director  
Member - Technology & Strategy Development Committee  
Executive Director - Eisenwerk Erla GmbH, Germany  
Director - JKM Erla Holdings GmbH, Germany



**Arvind Mishra**  
Executive Director & Global Chief Operating Officer - Dynamatic Hydraulics®  
Head - Dynamatic Homeland Security  
Managing Director - Dynamatic Hydraulics®, Dynamatic Limited UK  
Member - Technology & Strategy Development Committee  
Member - Finance Committee  
Director - JKM Research Farm Limited  
Director - JKM Automotive Limited  
\* Resigned w.e.f 8th August 2023



**James Tucker**  
Non-Executive Director  
Global COO - Dynamatic Oldland Aerospace®  
Member - Technology & Strategy Development Committee  
Managing Director - Aerospace Division, Dynamatic Limited, UK  
Director - Yew Tree Investments Limited, UK



**Pramilla Malhoutra**  
Director - JKM Global Pte Limited,  
Director - Dynamatic Limited, UK,  
Director - JKM Erla Automotive Limited,  
Director - JKM Research Farm Limited



**Chalapathi P**  
CFO  
Director & CFO - Dynamatic Manufacturing Limited  
Director - JKM Automotive Limited  
Director - JKM Global Pte. Limited



**Shivaram V**  
Head - Legal, Compliance & Company Secretary



**Arun Dongre**  
Head - Corporate Reporting



**Jayagopal Gajendra**  
Head - Corporate Treasury



**Enrico Fischer**  
Managing Director  
Eisenwerk Erla GmbH



**Peter Stab**  
Chief Technology Officer  
Eisenwerk Erla GmbH



**Junia Sebastian**  
Independent  
Director - Dynamatic Manufacturing Limited



**Chandra Mohan Reddy V**  
Dy. COO (Manufacturing)  
Dynamatic Hydraulics®, India



**Darren Fisher**  
Head - Operations  
Hydraulics Division  
Dynamatic Limited, UK



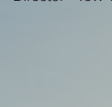
**Pradeep Shankar**  
Dy. COO (Commercial)  
Dynamatic Hydraulics®, India



**Joe Hatt**  
Head - Engineering  
Hydraulics Division,  
Dynamatic Limited, UK



**Marissa Boulton**  
Head - HR & IR  
Hydraulics Division,  
Dynamatic Limited, UK



**Ravichander V**  
Global Co-CEO  
Dynamatic-Oldland Aerospace®, India  
Director - Dynamatic Manufacturing Limited



**Darren Bancroft**  
Head - Operations  
Aerospace Division,  
Dynamatic Limited, UK



**Ajay Gururaj**  
Head - Business Development & CRM  
Dynamatic-Oldland Aerospace®, India



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



**Geoff Dore**  
CFO - UK & Group Treasurer  
Director - Dynamatic Limited, UK  
Director - Eisenwerk Erla GmbH, Germany



**Lt Gen Sanjeev Madhok (Retd.)**  
PVSM, AVSM, VSM  
Head - Defence Business,  
Dynamatic Technologies Limited



**Usha Santhosh**  
Head - HR & IR,  
Dynamatic-Oldland Aerospace®, India

## SENIOR MANAGEMENT

## DIRECTORSHIPS AND AUDITOR DETAILS IN SUBSIDIARIES

### DYNAMATIC LIMITED, UK

**Chairman**  
Mr. Udayant Malhoutra  
**Director**  
Mr. Michael John Handley

**Director**  
Mr. Geoff Dore

**Director**  
Mrs. Pramilla Malhoutra

**Director**  
Mr. Pierre de Bausset

**Managing Director**  
Dynamatic Hydraulics®,  
Dynamatic Limited, UK  
Mr. Arvind Mishra

**Technical Director**  
Dynamatic-Oldland  
Aerospace®, Dynamatic  
Limited, UK  
Mr. Steve Hayes

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

**Auditors**  
TC Group, UK

### YEW TREE INVESTMENTS LIMITED, UK

**Chairman**  
Mr. Udayant Malhoutra

**Director**  
Mr. James Tucker

**Auditors**  
TC Group, UK

### EISENWERK ERLA GmbH, GERMANY

**Chairman**  
Mr. Udayant Malhoutra

**Executive Director**  
Mr. Dietmar Hahn

**Director**  
Mr. Pierre de Bausset

**Managing Director**  
Mr. Enrico Fischer

**Director**  
Mr. Geoff Dore

**Auditors**  
Deloitte GmbH, Germany

### JKM ERLA HOLDINGS GmbH, GERMANY

**Chairman**  
Mr. Udayant Malhoutra

**Director**  
Mr. Dietmar Hahn

**Auditors**  
Deloitte GmbH, Germany

### JKM GLOBAL PTE LIMITED, SINGAPORE

**Chairman**  
Mr. Udayant Malhoutra

**Director**  
Mrs. Pramilla Malhoutra

**Director**  
Mr. Ho Liang Sing

**Director**  
Mr. Chalapathi P

**Auditors**  
Deloitte & Touche LLP  
Singapore

### JKM ERLA AUTOMOTIVE LIMITED

**Director**  
Mr. Govind Mirchandani

**Director**  
Mr. Pradyumna Vyas

**Director**  
Mr. P S Ramesh

**Director**  
Mrs. Pramilla Malhoutra

**Auditors**  
Deloitte Haskins & Sells LLP  
Chartered Accountants  
Bangalore

### DYNAMATIC MANUFACTURING LIMITED

**Director**  
Mr. Govind Mirchandani

**Director**  
Ms. Junia Sebastian

**Director**  
Mr. Pradyumna Vyas

**Director**  
Mr. P S Ramesh

**Director**  
Mr. Chalapathi P

**Director**  
Mr. Ravichander V

**Auditors**  
Deloitte Haskins & Sells LLP  
Chartered Accountants  
Bangalore

### JKM RESEARCH FARM LIMITED

**Director**  
Mr. P S Ramesh

**Director**  
Mr. Arvind Mishra

**Director**  
Mrs. Pramilla Malhoutra

**Auditors**  
Prasad & Kumar  
Chartered Accountants  
Bangalore

### JKM AUTOMOTIVE LIMITED

**Director**  
Mr. Chalapathi P

**Director**  
Mr. P S Ramesh

**Director**  
Mr. Arvind Mishra

**Auditors**  
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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### BUSINESS REVIEW REPORT

Dynamatic Limited, UK
Eisenwerk Erla GmbH, Germany
Dynamatic Manufacturing Limited, India
JKM Research Farm Limited, India

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Mr. Govind Manik Mirchandani\*

Chairman of the Board and Independent Director

### Ms. Malavika Jayaram\*

Independent Director

### Mr. Pradyumna Vyas

Independent Director

### Mr. Pierre de Bausset

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 - Group Technical Services and Human Resource

### Mr. Arvind Mishra \$

Executive Director & Global COO - Hydraulics and Head - Homeland Security

### Mr. Udayant Malhoutra

Chief Executive Officer & Managing Director

## KEY MANAGERIAL PERSONNELS

### Mr. Chalapathi P

Chief Financial Officer

### Mr. Shivaram V

Head - Legal, Compliance & Company Secretary

\* term expiring on 14<sup>th</sup> August 2023

# re-designated as Executive Director & COO - Hydraulics w.e.f 8<sup>th</sup> August 2023

\$ resigned w.e.f 8<sup>th</sup> August 2023

## AUDITORS

### M/s. Deloitte Haskins & Sells LLP

(ICAI Firm Registration No. 117366W/W-100018)

Chartered Accountants, Bangalore

## BANKERS

Axis Bank Limited

Commerzbank

Deutsche Leasing

DMG Mori Finance

Export-Import Bank of India

ICICI Bank Limited

IndusInd Bank Limited

Kotak Mahindra Bank Limited

LBBW

Royal Bank of Scotland

Siemens Financial Services

## REGISTERED & CORPORATE OFFICE

### Dynamatic Technologies Limited

JKM Plaza Dynamatic Aerotropolis

55 KIADB Aerospace Park

Devanahalli Bangalore 562110

Tel : +91 80 2111 1223 / +91 80 2204 0535

+91 80 2839 4833/34/35

Fax : +91 80 2839 5823

Email : investor.relations@dynamatics.net

CIN : L72200KA1973PLC002308

Website : www.dynamatics.com

## REGISTRAR & TRANSFER AGENTS

### Kfin Technologies Limited

Selenium Tower B, Plot 31 & 32,

Financial District, Nanakramguda,

Serilingampally Mandal,

Hyderabad - 500 032, Telangana.

Toll free Number: 1-800-309-4001

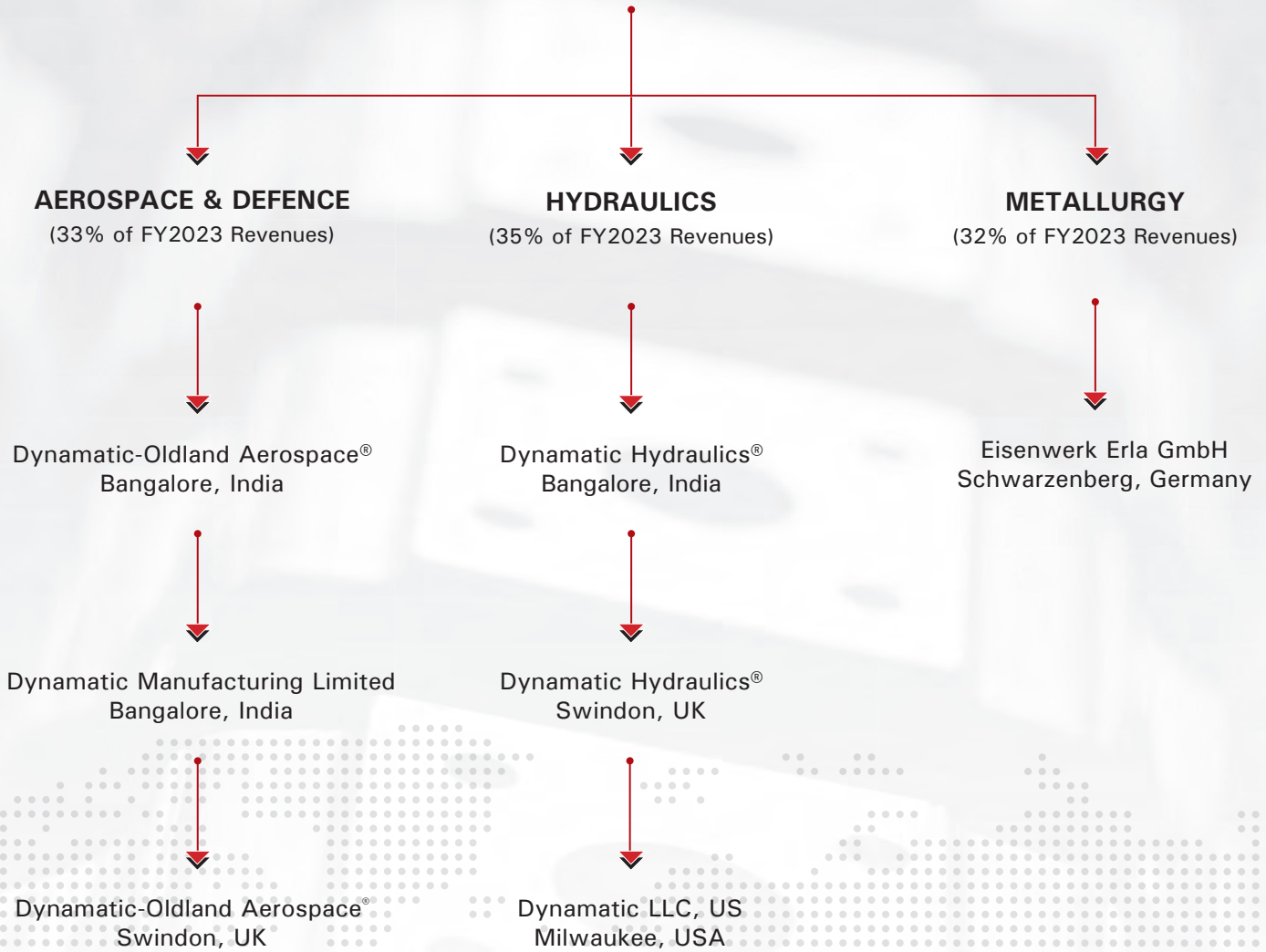
Email: einward.ris@kfintech.com

Website: www.kfintech.com



# ORGANISATION STRUCTURE

## DYNAMATIC TECHNOLOGIES LIMITED INDIA



# DIRECTORS' AND KMP PROFILE



## **Mr. Govind Manik Mirchandani**

*Independent Director & Chairman\**

Mr. Mirchandani is a Business Mentor with vast experience in developing and building leading brands in India. He had a distinguished career which includes leadership positions at various Organisations. This includes Reid and Taylor (Executive Director & CEO), Director, Arvind Brands Ltd, CEO & President, Denim Division of Arvind Mills Limited and President & CEO of Personality Ltd.

Mr. Mirchandani was responsible for launching Arvind Denim in India in 1987 and also several other International and Domestic brands in India such as Arrow, Lee, Wrangler, Excalibur, Newport and Reid & Taylor. He is an expert in business leadership, Building High Performance Organisations, Brands and Retail Management. He has held several corporate senior positions for over three decades.

Mr. Mirchandani was Chairman of YPO Bangalore Chapter and the National Vice President, Indo – American Chamber of Commerce. He has won several IMAGES Awards and is also a recipient of the coveted Bharat Vikas Award for outstanding contribution to the field of Management and the Indira Super Achiever Award. He has a Degree in Bachelor of Technology from Indian Institute of Technology, Bombay and a MBA from Indian Institute of Management, Calcutta.

Mr. Mirchandani is associated with the Company as Independent Director since 2008.

*\* term expiring on 14th August 2023*



## **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 North-western 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.

Ms. Jayaram is associated with the Company as Independent Director since 2008.

*\* term expiring on 14th August 2023*



## **Mr. Pradyumna Vyas**

*Independent Director*

Prof. Pradyumna Vyas was the former Director of National Institute of Design (NID), India's premier design institute. He is currently a Senior Advisor of Design Promotion and Innovation at Confederation of Indian Industry (CII), India's premier industry association and Board of Director of the World Design Organization (WDO).

He acquired a Masters in Industrial Design from the Indian Institute of Technology, Bombay and was awarded an 'Honorary Master of Arts' degree in 2010 from the University for the Creative Arts in Farnham, United Kingdom.

With more than 36 years of professional and teaching experience in different spheres of design, Prof. Vyas had been associated with NID for 30 years, first as a faculty member and later as the Director of the Institute (2009 - 2019).

He has been at the helm of design affairs and his illustrious career has been marked with several national and international milestones and accolades. His contribution in the formation of India Design Council, 2009, was marked by Prof. Vyas being nominated as its first Member Secretary by the Ministry of Commerce & Industry, Government of India, a post he had retained until his retirement from NID in 2019. During his tenure as Director, NID received the status of Institute of National Importance by the Act of Parliament. He assisted the Government of India during setting up of four new NIDs across the length and breadth of the country. Through India Design Council, he launched India Design Mark in association with Japan Institute of Design Promotion (JDP), Tokyo on the line of G-Mark.

He has been conferred with multiple awards in recognition for his contributions to design education and promotion, to name a few, World Education Congress, 2015, awarded him for his 'Outstanding Contribution to Education'; he was awarded a 'Lifetime Achievement Award' by Times Education Icons 2017 along with being a jury member for the special awards screening panel at Good Design Award (G- Mark) by the JDP, Tokyo consequently in 2012, 2013, 2014 and 2016.

In 2019, he has been awarded the honour of 'Good Design Fellow', by the JDP, Tokyo. He was appointed as a 'Distinguished Professor' of Shanghai Academy of Fine Arts, China, at the Shanghai Global design Summit, 2019.



**Mr. Pierre de Bausset***Independent Director*

Mr. Pierre de Bausset has over 37 years of broad international experience, in Europe, Asia and North America. His career in Corporate Finance covers Forex and Money Market, Asset Financing, Mergers and Acquisition and Investor Relations. As a governance expert, he has taken part in major Shareholder Transitions, Management Turnover, and Governance Enhancements on boards of Publicly Traded Companies, including in times of crisis; his experience spans Appointment & Induction of Key Talents, Stakeholder Advocacy, Mediation and Strategic Transactions Management.

He joined Airbus in 1989 and held various important Management Roles, including President and Managing Director of Airbus Group India and General Secretary of the Airbus. Prior to joining Airbus, he worked with Banque Indosuez, in Beijing and in Paris.

Besides, Pierre de Bausset acted as General Secretary of the Haut Comité du Gouvernement d'Entreprise, the Standard board for compliance of French Publicly Traded Companies with the country's Corporate Governance Code, through 2019. He is also an investor with an interest in tech companies.

He holds an MBA from I.N.S.E.A.D. and a Licence & Diplôme Supérieur (Chinese language) from the Institut National des Langues et Civilisations Orientales in Paris.

**Mr. Dietmar Hahn***Non-Executive and Non-Independent 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 Executive Director, Eisenwerk Erla GmbH, Germany.

He holds a Diploma for Foundry Engineer from the University of Freiberg, Germany and Certificate's in Product Liability law, Advance Product Quality Planning and Technics of failures mode and effects analyses.

**Mr. James Tucker***Non-Executive and Non-Independent Director*

Mr. Tucker was formerly the Managing Director of Aerospace Dynamatic Limited UK, 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, G.E Aerospace & Leonardo.

He is currently the Global COO, Dynamatic-Oldland Aerospace & Aerospace Dynamatic Limited UK.

**Mr. P S Ramesh***Executive Director-Group Technical Services and Human Resource\**

Mr. P S Ramesh is the ED - Group Technical Services & HR. Prior to this, he served as COO of Dynamatic-Oldland Aerospace® and Dynamatic Hydraulics®, India. He has been with DTL since 1999 and has served in various positions of Seniority. His career spans over three and a half decades, including a 12 years' service with Hindustan Aeronautics Limited (HAL), where he was associated with the manufacture of Jaguar and the TEJAS. He also served for 5 years as Head of Quality and Technical Services in SMEA, the State Owned Malaysian Aircraft Industry, where his Customers included British Aerospace, Pilatus and the Royal Malaysian Air Force.

He holds a Master's Degree in Aircraft Production Engineering from IIT Madras. He is a Six Sigma Black Belt and an ISO 9000 lead Auditor. He has been trained by FAA on Aircraft System Certification Evaluation Program.

Mr. P S Ramesh holds the position of Chairman, Institute Management Committee, under a Public Private Partnership with the State Government of Karnataka. He leads skill initiatives at the Aerospace Skill Development Centre (ASDC). He Co-chair the manufacturing Expert Committee of Bangalore Chamber of Industry and Commerce (BCIC)

*\* Re-designated as Executive Director & COO - Hydraulics w.e.f 8th August 2023*

**Mr. Arvind Mishra***Executive Director & Global COO – Hydraulics and Head – Homeland Security \**

Mr. Arvind Mishra has over two decades of experience in Marketing, Business Development, Leadership and Change Management. His key skills are Design thinking, Strategic and Tactical Planning, Competitive Sales Analysis, Budgeting and Forecast, Operational Excellence, Financial Analysis and Valuation. He joined Dynamatic in the year 1995 and has since then held various leadership roles.

Mr. Arvind is currently, Member CII Design committee & has Chaired Policy framework and incentives for design service providers and design user industry in India for 2020-22, is on the Governing Council of Fluid Power Society of India as Vice President FPSI. Arvind is also on the Corporate Advisory Board of Chandigarh University, CAB'21 and CAB' 22. Arvind was the FICCI Homeland security committee Co Chair for the period 2018-2022.

*\* Resigned w.e.f 8th August 2023*

**Dr. Udayant Malhoutra***Chief Executive Officer & Managing Director*

Mr. Malhoutra is the CEO & Managing Director of Dynamatic Technologies Limited and has been associated with the Company for over three decades. He is credited with building and nurturing a world class management team and transforming the Company into a knowledge based organisation with global operations.

He has served as the Chairman of the National Sector Skills Council for Strategic Manufacturing, and Chairman of the National Institute of Design, Amravathi. He is a member of CII National Council, and has chaired the CII National Committees on Design and Technology. He has also served on the Board of Governors, IIT Kanpur, and is a Past President, Fluid Power Society of India. He is an active member of the Young Presidents' Organization (YPO), having served as Chairman, India & South Asian Area and as a member of the International Board of Directors.

He has been conferred the degree of Doctor of Engineering & Technology (Honoris-Causa) from University of Engineering and Management, Kolkata, in recognition of his outstanding contribution in the field of Technology & Innovation and his dedicated service to the nation

**Mr. Chalapathi P***Chief Financial Officer*

Mr. Chalapathi P is a qualified Chartered Accountant and a Post Graduate in Commerce. He has been working with Dynamatic since 2009 and has overall experience of 16 years in Finance & Accounts, Controlling, Taxation, Audits, Project costing, FEMA/RBI compliances, Banking Relations, Mergers & Acquisitions, Corporate Governance, Investor Relations and Financial Strategy and also has handled International Transfer Pricing transactions including Audits and Scrutiny. Prior to joining Dynamatic, he was working with US based manufacturing MNC M/s Interplex Electronics India Pvt. Ltd, Bangalore.

Mr. Chalapathi is a winner of CFONXT100 award for consecutive three years in 2015, 2016 & 2017 and also winner of CFO100 for FY2020.

**Mr. Shivaram V***Head-Legal, Compliance and Company Secretary*

Mr. Shivaram is a qualified Company Secretary and a Law Graduate and holds over fifteen years of experience in the Company Secretarial / Legal matters and has worked with various industries viz., Power, Pharmaceutical, Plantations & Manufacturing. He also holds Post Graduate Diploma in Business Administration from Symbiosis University, and a PG Diploma in Foreign Trade. He has expertise in handling Mergers and Acquisitions, Equity Issues and Board Management.

Prior to joining the Company, Mr. Shivaram was working with Tata Coffee Limited and prior to that in Manipal Group.



# COMPANY OVERVIEW

**Incorporated in 1973, Dynamatic Technologies Limited ('Dynamatic Technologies' or the 'Company') is a manufacturer of highly engineered, mission critical products for the Aerospace, Metallurgy 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 held the leadership position in hydraulic gear pumps market for over 45 years. Dynamatic Hydraulics has approximately 80% share of the Indian OEM tractor market and about 38% of the global tractor market. Dynamatic Technologies is a pioneer and leader, amongst the private sector, in both India and the UK, for the manufacture of precision flight critical, and complex airframe structures and aerospace components. It is a Tier-I supplier to the global aerospace OEMs and Primes such as Airbus, Boeing, BEL, Bell Helicopters, Dassault Aviation, Hindustan Aeronautics Limited and Spirit Aerosystems. The Company also manufactures high precision, complex metallurgical ferrous for performance critical components such as turbochargers and exhaust manifolds and has advanced capabilities to support the OEM needs.

Dynamatic Technologies' facilities located in India (Bangalore & Coimbatore), United Kingdom (Swindon & Bristol) and Germany (Schwarzenberg), are Environmentally sensitive – Green, lean, clean and aligned to our vision of CARE. The Company 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 manufacturer of Hydraulic Geared Products in the world with three state-of-art manufacturing facilities located in India (Bangalore), UK (Swindon) and USA (Milwaukee). The Company has technology leadership in the hydraulics segment globally with the finest in-house engineering laboratories and rapid prototyping capabilities both in India and UK. Both India and UK manufacturing facilities are ISO 9001: 2015 certified with Indian facilities also certified for ISO 14001: 2015 & ISO 45001: 2018.

### INDIA

Dynamatic Hydraulics® is one of the largest manufacturer of hydraulic gear pumps & geared motors in the world, supported by the experienced application engineering team, advanced research and development team and rapid prototyping capabilities offering lowest time to market for the fluid power industry.

The Company has the capability to build customized solutions for any application ranging from Farm Mechanisation - Agricultural Tractors and Harvesters, Off-Highway Vehicles, Construction Equipment, Metal Cutting & Metal Forming, Material Handling and Mining Equipment. These capabilities complimented by a robust production system has enabled us to achieve and sustain over 80% market share for pumps on Agricultural Tractors produced in India and 38% share of agricultural tractors produced globally.

Dynamatic Hydraulics® also designs and builds complete hydraulic solutions including Axial Piston Pumps, specialized hitch control valves, distributor valves, rock shaft assemblies including 3-point linkages and a wide range of pressure and flow control valves including steering control valve for the agricultural tractors.

### KEY CUSTOMERS

M&M	VST
JOHN DEERE	HAL
ESCORTS	SDF
CNH	CUMMINS
WIRTGEN	ACE
ATLAS COPCO	MTPF
ITL	DLW
JCB	
TAFE	





*Dynumatic Hydraulics® Team, India*

It also manufactures very high flow scavenging lube oil pumps for off-highway vehicles and marine and offshore equipment for global OEMs, Power Steering units for Agri and construction equipment and Variable delivery Axial Piston pumps. The Company also designs and build customised hydraulics solutions extending from simple hydraulic pumping units to complex marine power packs and aircraft ground support systems to turnkey industrial installations.



## KEY CUSTOMERS

**JOHN DEERE**

**JCB**

**TEREX**

**USA JOHN DEERE**

**MEXICO ALEXANDER DENNIS, UK**

**MACDON**



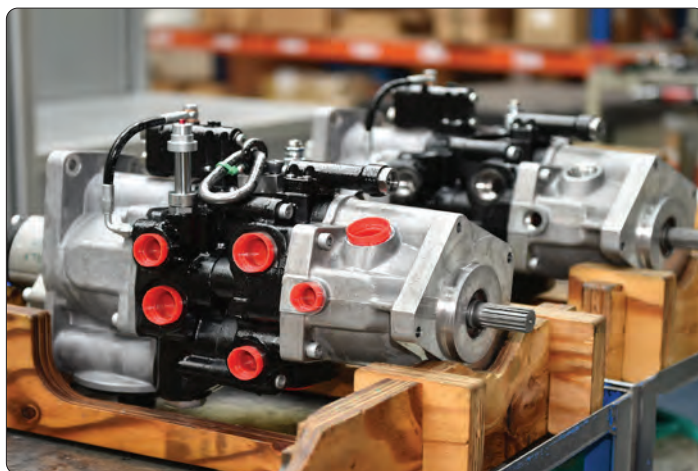




## UNITED KINGDOM

Dynumatic Hydraulics® facility in Swindon, UK, has over six decades of experience in the design and manufacture of gear pumps, gear motors and piston pumps. It supplies products to agricultural, construction and off-highway vehicle manufacturers in UK, Europe and the USA. The facility houses state-of-art product testing and validation laboratories including burst test, calibration test, high temperature tests and noise study.

The product portfolio includes aluminium body, hydraulic gear pumps & motors from low to very high pressure ratings, integrated gear & piston pump packages designed for energy saving and overall equipment, heavy duty yet compact cast iron gear pumps, fan drive motors with integrated control valves and a wide range of valves for pressure and flow controls for use on integrated hydraulic packages.





## METALLURGY

Dynatomic Technologies produces high quality ferrous for technology oriented global customers. The Company possesses modern ferrous foundries and state-of-the-art component manufacturing facilities in Germany and is able to vertically integrate the competence and locational advantages of its facilities to deliver greater value to its customers.

Eisenwerk Erla GmbH is one of the preferred suppliers of cast parts for agriculture, electric infrastructure, stationary engines, pumps, road construction vehicles, and high-alloyed components for the leading global automotive manufacturers. 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. It uses different materials for the castings, such as SiMo, Ni-Resist, and heat resistant steel for turbocharger castings.



## KEY CUSTOMERS

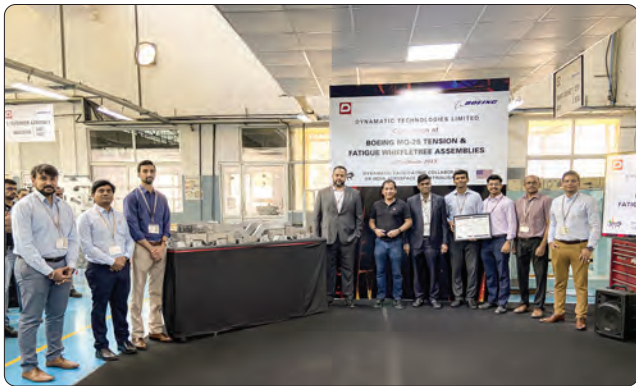
**BMW, AUSTRIA**  
**MAN, GERMANY**  
**DAIMLER, GERMANY**  
**ROTAX, AUSTRIA**  
**AGCO, GERMANY**  
**MTU, GERMANY**  
**INNIO JENBACHER, AUSTRIA**  
**BORG WARNER TURBO EMISSION SYSTEMS, GERMANY**  
**VÖGELE, GERMANY**  
**LIEBHERR GROUP, GERMANY**



## AEROSPACE & DEFENCE

Dynamatic-Oldland Aerospace® (DOA) continues to be a leading player in the Indian private sector and the UK for the manufacture of Flight Critical Airframe Structures and High Precision Class 1 Parts. The company has large infrastructure to cater to the needs of OEMs like Airbus, Boeing, Bell and Hindustan Aeronautics Limited as a Tier-I supplier and also is growing the Business share with major Tier 1's like Spirit AeroSystems and GKN.

The company has built a strong continuous improvement culture with deployment of Advanced Product Quality Planning (APQP) and Production Part Approval Process (PPAP) which has been cross deployed from the Automotive Business. We are one of the first companies globally in Aerospace to adopt to this approach and has been appreciated by all the major OEMs including Boeing, Airbus, Bell etc.



### DYNAMATIC DELIVERS BOEING MQ25 WHIFFLETREE ASSEMBLIES

The MQ25 unmanned aircraft is an all-air refueling drone designed by Boeing for the U.S. Navy. The aircraft will provide the robust refueling capability needed, thereby extending the combat range of the deployed Boeing F/A-18 Super Hornet, Boeing EA-18G Growler, and Lockheed Martin F-35C fighters.

These whiffletree assemblies are for the static and fatigue testing of the control surfaces of the MQ25 Unmanned Fueler Aircraft Program. Around 20 tons of tool steel material have been converted into 3784 parts/ 2900 bearings/ 3100 bushes, and 22000 fasteners, which have been engaged to assemble 32 heavy assemblies in 100 days with a quick turnaround.

The parts are heat treated to 50 HRC and with approx 7500 thread milling operations and 3000 jig boring operations with high precision. The parts are accurately swaged with 2900 bearings.

### A321- XLR (LONG RANGE)

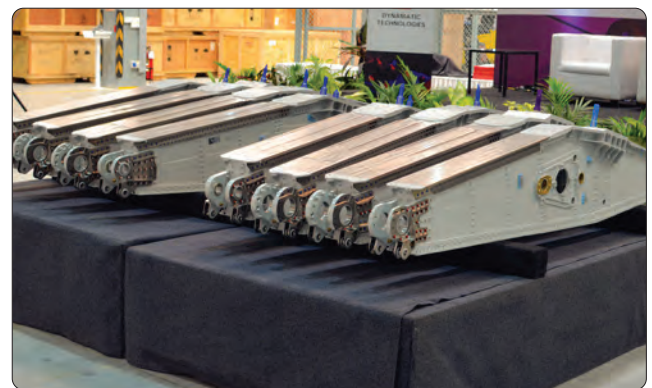
AIRBUS A321 series Beam 2 Flap Track is modified to the current design of A320 Flap Track.

We will continue to build both current design & XLR for A321 series



### DYNAMATIC DELIVERS BOEING F15EX ASSEMBLIES

DOA designed and delivered Boeing F15EX assemblies, which involved developing 3D models, tooling for detail parts and assembly, and manufacturing detail parts and assembly in record time by adapting APQP methodology: first time right, every time right. This is the first time DOA is partnering with Boeing for a supersonic fighter jet program.



### DYNAMATIC TECHNOLOGIES COMPLETES 7000<sup>th</sup> SHIP SETS OF AIRBUS SINGLE AISLE FLAP TRACK BEAMS

Dynamatic Technologies is the single source manufacturer of Flap-Track-Beam assemblies for Airbus single aisle aircraft (A318, A319, A320 & A321).

A320 – 4559 SS

A321 – 2441 SS



## **DYNAMATIC TECHNOLOGIES COMPLETES 200<sup>th</sup> SHIP SETS OF AIRBUS LONG RANGE FLAP TRACK BEAMS**

Dynamatic Technologies is the single source manufacturer of Flap-Track-Beam assemblies for Airbus wide bodied aircraft A330.

## **BELL 407 FUSELAGE ASSEMBLY PARTS**

Dynamatic has successfully indigenised the manufacture of major helicopter assemblies in collaboration with Bell Helicopter. Dynamatic is approved for the necessary Bell processes, which are unique for the manufacturing of these aerostructures.

Dynamatic has the capacity to produce 9 sets of aft fuselage, turnover bulkhead, nose, roof, and beam assemblies, and the on-time delivery rating is 100%. Bell has renewed the contract for the next 5 years, until 2027. This includes the supply of detail parts and assemblies.

## **DYNAMATIC TECHNOLOGIES SIGNS THE CONTRACT FOR THE MANUFACTURE OF ESCAPE HATCH DOOR FOR A220 AIRCRAFT**

Dynamatic Technologies has won the contract to manufacture the Escape Hatch Door for Airbus A220 aircraft. The contract was placed by the recently established Stelia Aeronautique Canada Inc., a subsidiary of Airbus Atlantic SAS. This contract marks a milestone in the workshare of the A220 supply chain in India and extends Dynamatic's capabilities for manufacturing critical aerostructure for Airbus.



*Dynamatic-Oldland Aerospace® Team, India*



## AWARDS AND ACCOLADES

For about 4 decades, Quality Circle Forum of India has been playing a significant role in Skill Development of people through education, training, propagation, demonstration and assistance for implementation of Quality Concepts in manufacturing & maintenance industries, service sector, education, health, rural areas, society etc.

Teams from Dynamic Technologies are always in the front row when it comes for any competition organised by QCFI, be it Chapter level, National level or International level. Our teams have won various significant titles in 2022, as below;

In Jun-22, all 4 teams won Par Excellence Award in the 8th National Conclave on 5S 2022 at Goa.



In the month of August -22, all 11 teams won Gold awards in the 31st Chapter Convention on Quality Concepts (CCQC)-2022.



In the month of November 2022, two teams won Gold awards in the 47th International Convention on Quality Control Circles (ICQCC) Competition at Jakarta Indonesia, for the very first time.



Confederation of Indian Industry (CII) had organized National Competition on Low Cost Automation (LCA) to support the “Make-in-India” campaign by enhancing the competitiveness of Indian Industry in the global market. This competition focused on core technical concepts / innovative ideas resulted in improvement in PQCDSM (Productivity, Quality, Cost, Delivery, Safety & Morale). LCA Awards are presented in six categories (Productivity Improvement, Karakuri Kaizen, Quality Improvement, Poka-yoke, Set-up Change (SMED) and Safety & Energy).

At the 7th Edition of CII’s Poka-Yoke Competition 2022, held on September 29<sup>th</sup> and 30, DTL team presented a case study and won the First Prize in the Medium Scale, Manufacturing category.



International Research Institute for Manufacturing (IRIM), the National Awards for Manufacturing Competitiveness (NAMC) is a Unique Award Program which recognizes Non-Conventional Approaches and Tailor-Made Strategies of organizations.

The NAMC Assessment at Dynamatic Technologies Limited (DTL) was conducted in February 2023 for Aerotropolis site through virtual mode.

A core team consisting of the Business Head and the Functional Head thoroughly absorbed the key requirements from the NAMC Manual and faced the assessment with a very serious approach, which later turned out to be a great success as DTL achieved the highest scores (Manufacturing Competitiveness Index) and won the prestigious GOLD Award along with the Special Award for Promoting Make in India.



Quality Month is an annual celebration of the world's commitment to continual improvement systems. The celebration provides a platform for acknowledging the accomplishments of people and organizations making advancements and valuable quality contributions in businesses, communities and institutions worldwide.

Quality Month calls on people who always look for improving quality and are ever-ready to initiate new ways by sharing their knowledge and submitting their success stories to illustrate the value of quality principles.

DTL conducted various activities like training on AS9146: Foreign Object Damage (FOD-External), supplier training on root cause analysis (RCA), 5S awareness, the Eagle Eye Award, Poster, Quiz, Skit on quality, and a suggestion for improvement competition during the quality month. The winning department or project teams are awarded the Quality Month Champion Trophy after considering their overall performance in Quality Month.



**Boeing Quality Month Competition 2022**, DTL Team participated in Skit and Slogan Competition organized by Boeing India and won 2nd prize in the Skit Competition. "How you drive ethics and compliance related to Quality (Product and Process)" was the theme of the Quality Month (Skit Competition).





**Golden Peacock Awards** for Corporate Leadership and Institutional Excellence, over the time, have become a hallmark of excellence, both locally and globally. No award has achieved such respectability and admiration from the industry as the 'Golden Peacock Awards'.

Dynamatic Technologies team participated and won the Golden Peacock prestigious award for National Training from Institute of Directors



Member of IAQG – International Aerospace Quality Group: Dynamatic became an affiliate member of IAQG through APAQG in 2022.

Dynamatic got an official invite from IAQG to participate in the 51st General Assembly held in May-2022 at Brussels, Belgium. Now, DTL is also an active member of the Performance Review Stream of IAQG.

**The HR Association India (HRAI)**, is probably the largest HR forum of India with over 23000 members across the country. The aim of HR Association, India, is to keep HR professionals updated on the latest tools and technologies in the field of Human Resources from the world over.

Dynamatic won the Platinum Award for the 'Most Innovative Covid Response' category organized by HR Association India, part of World HR Federation.



ABK-AOTS DOSOKAI, acts as a Linguistic, Cultural, Technical trade and Business bridge between Japan and India. Dynamatic team participated in 5th SMED Competition-2022 and won the Gold Award.

## DEFENCE

Dynatomic Homeland Security® (HLS) builds cutting-edge security solutions for countering modern day security threats. The Company's strong research and development capabilities coupled with the powerful partnerships with leading global security technology companies enables it to offer potential customers, like National Defence Forces, Police and Para Military forces, solutions that will enhance their abilities to prepare and plan for emergencies as well as their response and recovery skills.

Dynatomic Homeland Security® designs and builds Unmanned Aerial, Unmanned & Manned Ground Intelligence Surveillance & Reconnaissance (ISR) platforms for military and paramilitary.

The Company has DSIR (Department for Scientific & Industrial Research) approved R&D capabilities critical to developing cutting edge security solutions.

### UNMANNED AERIAL VEHICLES

Dynatomic Technologies has partnered with Israel Aerospace Industries (IAI) for the manufacture of UAVs in India. The company has entered into a tripartite agreement between IAI, HAL and Dynatomic for manufacture, sales and service of large UAVs in India to cater to the requirements from the Indian Defense and CAPF requirements. Israel Aerospace Industries (IAI) is a globally recognized leader in the delivery of state-of-the-art systems for the defense and commercial markets. IAI offers unique solutions for a broad spectrum of requirements in space, air, land, sea, cyber, and HLS. IAI is the largest government owned defense and aerospace company in Israel. Over the past 60 years IAI has delivered, supplied and supported advanced systems

for the Israeli Ministry of Defense as well as many demanding customers worldwide. IAI has been a reliable partner of the Indian MoD for over two decades with critical products and technologies IAI is today a world leader in UAVs with over 1,400,000 accumulated operational flight hours. Indian Military is effectively using HERONS & SEARCHER UAVs from Israel Aerospace Industries (IAI), in surveillance missions in the high-altitude mountainous region and also for acquiring critical information to manoeuvre elements in the country's western deserts. Hindustan Aeronautics Limited (HAL) is an Indian state-owned aerospace and defence company headquartered in Bangalore, India. It is governed under the management of the Indian Ministry of Defence.



HERON MALE UAV (photo credits: IAI)

### HERON MALE UAV

The HERON's have been able to fly in dual role and there by fly at ranges of 400 km and extended range of 1,000 km using SATCOM. Herons can operate at Altitudes of 30,000 feet and are the best platforms for surveillance and reconnaissance missions at high altitude and hilly terrains.

### DYNAMATIC KRISH-E

Dynatomic Krish-E is an indigenously designed and built multi-rotor UAV for farm application and is aimed at spraying pesticides, water, seeds, weed-removal, crop and soil condition monitoring. The current version weighs 30 kg (with payload of 7 kg) and has an endurance of 20 minutes. This is being offered to farming sector and we intend to productionise it soon. Developments are on to enhance the endurance and payload capacity to be able to address a wider range of applications in the farms sector. The entire development including the software and UI has been done in-house with focus on ease of operation and reliability.



## MEDICAL

Dynatomic has established and is operating an in-house Biosecurity laboratory to conduct routine RT-PCR tests regularly on all its employees. The company's stakeholders are also offered the services of this Biosecurity lab.

**DYNAMATIC BIOSECURITY LABORATORY** situated in Dynatomic Aerotropolis, KIADB Aerospace Park, Devanahalli, is a NABL Certified (ISO 15189:2012) and ICMR approved Molecular Testing Laboratory. This state-of-the-art lab has the finest equipment and infrastructure and is managed by highly experienced Microbiologists, Research Scientists and Laboratory Technicians.

For Covid-19 diagnosis, the RT-PCR (Reverse Transcription Polymerase Chain Reaction) test is considered as gold standard. The nasal and throat swabs are collected by highly trained Dynatomic staff at site and these samples are moved to the biosecurity lab for testing as per standards. The lab maintains a consistent Quality Standard by appropriate knowledge documentation, defined objectives aligning with company Quality Policy to provide reliable, timely, consistent and accurate medical diagnosis through RT-PCR tests.

Monitoring health at regular intervals helps detecting early signs of possible ailments. We have extended the scope to cover diagnostic tests which include routine & special tests in the areas of Clinical Pathology, Clinical Biochemistry, Haematology, Immunoassay and Serology. The lab has automated equipment from renowned manufacturers of medical devices to perform the routine & special lab tests. The lab follows ISO 15189: 2012 & all the good laboratory practices to meet the regulatory requirements. The lab is managed by highly experienced pathologists, research scientists & laboratory technicians.

Lab is also managed by experienced Consultants like MD Pathologist, MD Microbiologist. Lab technical operations are taken care by Biochemists. We have a team of 5 certified technicians (DMLT) who are efficient phlebotomists and coordinators for the convenience of our patients, clients for smooth process during collection and processing the samples at lab.



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The Lab is also enrolled in national external quality assurance programs (EQAS), which provide a good bench marking at a national level, and a scope for continuous improvement in this niche segment of medical diagnostic laboratories.

The Dynamic Biosecurity lab team with its experienced and well-trained qualified personnel, ensures high standards of Quality. The team keeps itself up to date with the upcoming newer modalities in the field of medical testing, and follows the latest national guidelines for reporting.

Dynamic Medical is also exploring the use of advanced bioinformatics to develop high-quality in-vitro diagnostic products that would reduce the labs and hospitals time needed to take treatment-centric decisions. Dynamic Biosecurity Lab has been granted the Research and Development (R&D) licenses for COVID-19, HCV Rapid Antibody Test kit, Viral RNA isolation kit, and DNA Extraction kit from Central Drugs Standard Control Organization (CDSCO). These licenses will enable us to conduct extensive research and development in the field of infectious diseases, including the development of diagnostic tools and therapeutic interventions. We are committed to leveraging our expertise in these areas to make a meaningful impact in the fight against COVID-19 and other infectious diseases.

In addition to these products, we are also actively in the process of pursuing licenses for HIV, Dengue, and Malaria in-vitro diagnostic kits. Our team is working tirelessly to develop accurate and reliable diagnostic tests for these diseases. We will continue to work in research and development to expand our portfolio of innovative products and solutions to meet the ever-evolving needs of the healthcare industry.

The head of our Biosecurity Lab received the 2022 Business Leader of the Year Award in the category 'Women Leader Under 40' in the Health Sector for her commitment to provide excellent leadership and strive to achieve excellence in the healthcare support services, especially during the most difficult pandemic times.

Dynamic Biosecurity Laboratory strives for excellence in patient care with its highly efficient and accuracy-oriented processes. Our advanced hi-tech technology helps the patients in achieving a detailed and progressive inference.



## ENGINEERING & DESIGN

Dynatomic Technologies is a knowledge-based Organization and Research & Development continues to be at the heart of the Company's growth strategy. Dynatomic Technologies works closely with its OEM customers anticipating their future product needs. The Company's R&D personnel conceive, design, develop and manufacture new proprietary hydraulic 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 that 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 80 scientists and 600 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 Dynatomic Technologies Research & Development Center as well as a sophisticated Material Sciences Laboratory, which is engaged in:

1. Design and Prototyping of new products
2. Improvement of existing designs
3. Continuous improvement of existing processes
4. Ongoing testing of products and materials

The Dynatomic 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. It strategically blends mechanical engineering expertise with an in-depth software application knowledge to impart world-class engineering services to companies across the globe, thus offering optimal, high quality and cost-effective design solutions.

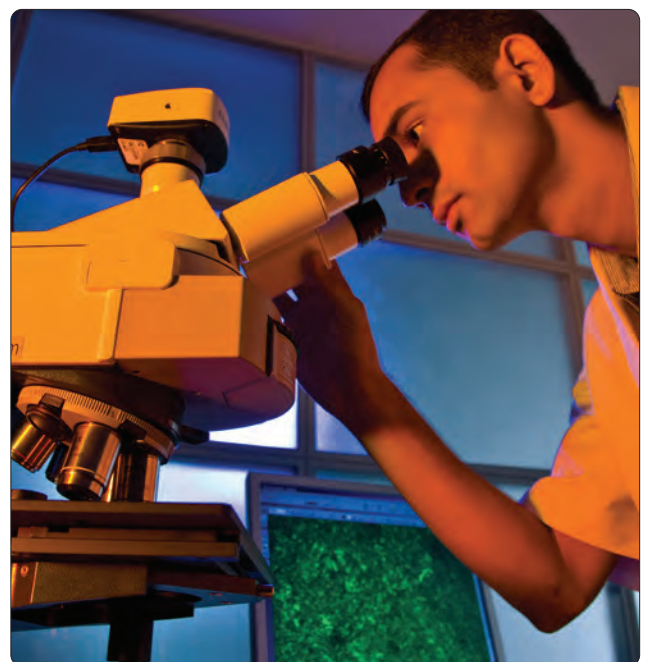
The Dynatomic Technologies Engineering Laboratory in Swindon, UK, possesses advanced design knowledge for the mobile hydraulics sector and has comprehensive product testing and validation capabilities.

The Dynatomic-Oldland Aerospace® (DOA) Research & Development is engaged in state-of-the-art 3D designs using software such as CATIA V5, Unigraphics NX, and Mastercam for their design and development activities meeting global OEM standards. The company has been successful in bringing value addition in reducing cycle time, concession reduction, technology absorption, indigenization of technological products, and developing special manufacturing processes.

Indigenisation of Foldable Strut for HAL ALH DHRUV Helicopter developed a foldable strut mechanism for opening and closing of the helicopter door during rugged environmental conditions and is single source supplier for this product to HAL. The sub-assembly has been developed with various specialized aerospace alloys and is manufactured and tested in accordance to the aerospace standards to meet CEMILAC approval for series production. DOA team has also received a patent for the development of the foldable strut.

Development of complex machined beams and frames for Bharat Electronics Limited: Designed and developed a high precision solution for complex machined beams and test rig for high pressure leak and pressure testing. This engagement is a key milestone for DOA towards 'make in India' and indigenisation efforts undertaken by Indian Companies.

Airbus A330 Flap Track Beam NC Drilling: Designed and developed a state-of-the-art machining fixture 'support frame' for NC drilling flap track beams to reduce non-conformances. The deployment of support frame has increased accuracy and production deliveries.









#### **CONCESSION REDUCTION IN A330 FLAP TRACK BEAMS:**

Extensive technical research has been carried out to review and explore scope of improvement in machining, legacy technical specifications, assembly fixtures, CMM methodology of inspections and statistical analysis of deviations. The research has resulted in promising findings to improvise tooling, CMM inspection methodology considering DATUMs, CNC programming methods and detail part tolerance. The results were phenomenal in reducing concessions to zero yielding savings to customer and the organisation.

#### **DESIGN & DEVELOPMENT OF CHINOOK RAMP JIG HINGES:**

Developed concept of hinges in different steel material and finalized the hinge design with the Boeing tooling team. The new hinges are successfully fabricated and installed with high accuracy with epoxy resin filling to facilitate assembly build of ramp hinges. The development has also contributed in reduction of deviations of hinge line ability and consistent delivery of Chinook ramps to Boeing.

#### **DESIGN & DEVELOPMENT OF A320 FLAP TRACK BEAM:**

Over 2,500, A320 flap track beams have been supplied to Airbus through Spirit AeroSystems since several years. Airbus has initiated re-design of A320 flap track beam to reduce the number of elements in assembly and reduce the cycle time. In collaboration with Spirit AeroSystems and Airbus, DOA has been involved in the development of single monolithic beam part by incorporating latest machining technologies. The DOA team is instrumental in developing tooling and assembly process for the new flap track beam.

#### **DEVELOPMENT OF FRONT FUSELAGE JIGS FOR LCA AIRCRAFT:**

Involved in bringing value addition while manufacturing HAL designed floor jig and front fuselage main jig for LCA front fuselage. DOA has helped in adapting emerging trends of jig manufacturing and improvised assembly methods for aero- structure building for supersonic LCA aircraft.

#### **DESIGN & DEVELOPMENT OF BELL 407 FUSELAGE ASSEMBLY PARTS:**

DOA has been supplying Bell 407 fuselage sub-assemblies as one of the legacy programs over several years. DOA team has been instrumental in the design and development of soft tooling, assembly jigs / fixtures and improvising assembly process. DOA team is also being engaged in development of FRP composite tools for Bell 407 sub-assembly requirements leading to qualitative assembly. This has helped in optimizing manufacturing lead times and assembly cycle time.

#### **DESIGN & DEVELOPMENT OF BOEING F15EX FORMER ASSEMBLIES:**

DOA has been awarded the contract to develop and supply Boeing F15EX Former Assemblies which involves developing 3D models, tooling for detail parts and assembly, manufacture detail parts and assembly of the same by adapting APQP methodology – First time right and every time right. This is the first time DOA is partnering with Boeing for a supersonic fighter jet program.

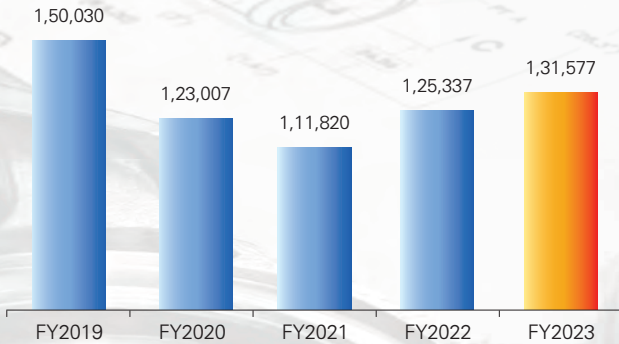




# CONSOLIDATED FINANCIAL HIGHLIGHTS

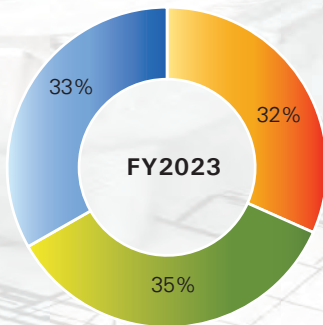
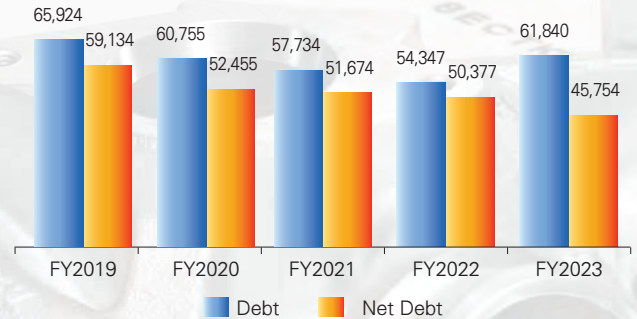
## REVENUE BREAK UP

(INR in Lakhs)

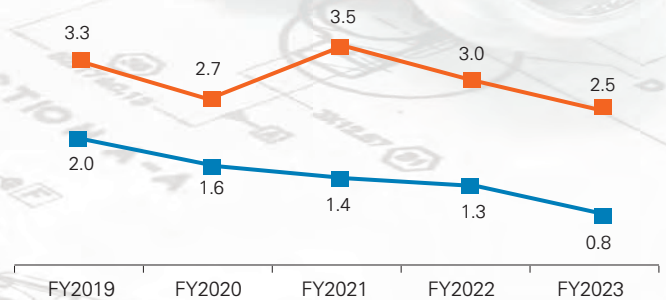


## DEBT & LEVERAGE RATIOS

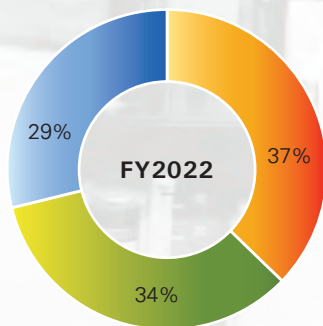
(INR in Lakhs)



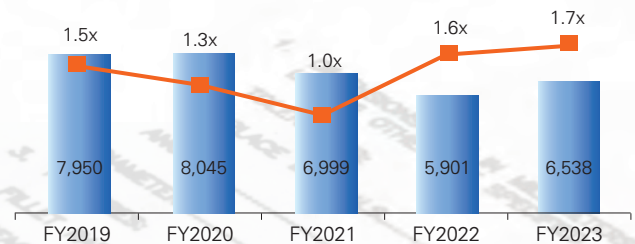
Metallurgy Hydraulics Aerospace & Defence



Debt/Equity Net Debt/EBITDA



Metallurgy Hydraulics Aerospace & Defence



Interest Interest Coverage

# DYNAMATIC TECHNOLOGIES LIMITED

Registered Office: JKM Plaza, Dynamatic Aerotropolis, 55 KIADB Aerospace Park, Devanahalli, Bangalore 562110

Corporate Identity Number: L72200KA1973PLC002308

Phone Number: +91 80 2111 1223 / +91 80 2204 0535

+91 80 2839 4933/34/35 Fax: +91 80 2839 5823

Email ID: investor.relations@dynamatics.net; website: www.dynamatics.com



## NOTICE CALLING THE 48<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 48<sup>th</sup> (Forty Eighth) Annual General Meeting ('AGM') of the Members of Dynamatic Technologies Limited (the 'Company') will be held on Friday, the 22<sup>nd</sup> (Twenty-second) day of September 2023 (Two Thousand and Twenty-Three) at 11:00 (Eleven) AM IST, at JKM Plaza, Dynamatic Aerotropolis 55, KIADB Aerospace Park, Devanahalli, Bangalore 562110, Karnataka, to transact the following businesses:

### ORDINARY BUSINESS:

#### 1. Adoption of Financial Statements for the Financial Year ended 31<sup>st</sup> March 2023:

- to receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March 2023, together with the Reports of the Board of Directors and Auditor's thereon
- to receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March 2023, together with the Report of the Auditor's thereon.

#### 2. Appointment of Mr. Dietmar Hahn (DIN: 06414463) as Director liable to retire by rotation:

To appoint a director in place of Mr. Dietmar Hahn (DIN: 06414463), who retires by rotation and being eligible, offers himself for re-appointment.

#### 3. Declaration of Dividend:

To declare Final Dividend of Rs. 7/- per Equity Share of Rs. 10/- each for the financial year ended 31<sup>st</sup> March 2023.

### SPECIAL BUSINESS:

#### 4. Re-appointment of Mr. Udayant Malhoutra (DIN: 00053714) as CEO and Managing Director for a term of 3 (Three) years:

To consider and, if thought fit, to pass, the following resolution, as **SPECIAL RESOLUTION**:

**RESOLVED THAT** based on the recommendation of Nomination and Remuneration Committee and the Board of Directors of the Company and in accordance with the provisions of Section 196, 197, 198, 203 read with Schedule V of the Companies Act, 2013, SEBI (LODR) Regulations 2015, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other applicable provisions, including any statutory modifications or re-enactments thereof, for the time being in force and subject to such other consents, approvals and permission, if any, as may be required, the consent of the shareholders of the Company be and is hereby accorded to re-appoint Mr. Udayant Malhoutra (DIN: 00053714) as the CEO & Managing Director of the Company for a further period of 3 (Three) years i.e., with effect from 1<sup>st</sup> October 2023 to 30<sup>th</sup> September 2026, on the following terms as under:

### SALARY:

Salary: Rs.10,16,590/- per month within the scale of Rs.5,00,000 to Rs.25,00,000.

### PERQUISITES:

In addition to the salary referred to above, the CEO & Managing Director shall be entitled to:

#### 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.

**Company's Car:** Mr. Udayant Malhoutra shall be entitled to use of the company's car, all the expenses for maintenance and running of the same including insurance and salary of the driver to be borne by the company.

**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 (PF):** 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 and internet services at his residence for the purpose of Company's business.

**RESOLVED FURTHER THAT** in accordance with 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

**RESOLVED FURTHER THAT** notwithstanding anything herein above stated wherein, in any financial year closing on or after 31<sup>st</sup> March 2023, during the tenure of Mr. Udayant Malhoutra as CEO & Managing Director of the Company, if the Company's profits are inadequate or it incurs a loss, the Company shall pay to Mr. Udayant Malhoutra the above remuneration by the way of salary,



bonus and other allowances as 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.

**RESOLVED FURTHER THAT** any further alteration, variation and modification of the terms of the said appointment/ remuneration including the salary, allowances and perquisites, without further reference to the members, shall be in such a manner as may be agreed to between the Board of Directors (which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute from time to time to exercise its powers including the power conferred by this resolution) and Mr. Udayant Malhoutra within the above mentioned scale of salary, in such manner as the Board may in its absolute discretion deem fit from time to time.

**RESOLVED FURTHER THAT** any of the Directors of the Company and Mr. Shivaram V, Head - Legal, Compliance and Company Secretary of the Company be and are hereby severally authorised 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 writing 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 this resolution”.

**5. Re-appointment of Mr. P S Ramesh (DIN: 05205364) as Executive Director & COO - Hydraulics for a term of 1 (One) year:**

To consider and, if thought fit, to pass, the following resolution, as **SPECIAL RESOLUTION**:

**“RESOLVED THAT** based on the recommendation of Nomination and Remuneration Committee and the Board of Directors of the Company and in accordance with Section 196, 197, 198 and 203 read with Schedule V of the Companies Act, 2013, SEBI (LODR) Regulations 2015, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other applicable provisions, including any statutory modifications or re-enactments thereof, for the time being in force and subject to such other consents, approvals and permission, if any, as may be required, the consent of the shareholders of the Company be and is hereby accorded to re-appoint Mr. P S Ramesh (DIN: 05205364) as “Executive Director & COO Hydraulics”, of the Company for a further period of 1 (One) year i.e., with from effect 14<sup>th</sup> November 2023 to 13<sup>th</sup> November 2024, who shall also be liable to retire by rotation, on the following terms as under:

**SALARY:**

Salary of Rs.9,77,165/- per month within the scale of Rs.5,00,000 to Rs.25,00,000.

**PERQUISITES:**

**Category A**

Provident Fund (PF): 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.

**Company's Car:** Mr. P S Ramesh shall be entitled to use of the company's car, all the expenses for maintenance and running of the same including insurance to be borne by the company.

**Category B**

**Telephone:** As per the Company's policy.

**RESOLVED FURTHER THAT** notwithstanding anything herein above stated wherein, in any financial year closing on or after 31<sup>st</sup> March 2023, during the tenure of Mr. P S Ramesh as Executive Director & COO - Hydraulics of the Company, if the Company's profits are inadequate or it incurs a loss, the Company shall pay to Mr. P S Ramesh the above remuneration by the way of salary, bonus and other allowances as 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.

**RESOLVED FURTHER THAT** any further alteration, variation and modification of the terms of the said appointment/ remuneration including the salary, allowances and perquisites, without further reference to the members, shall be in such a manner as may be agreed to between the Board of Directors (which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute from time to time to exercise its powers including the power conferred by this resolution) and Mr. P S Ramesh within the above mentioned scale of salary, in such manner as the Board may in its absolute discretion deem fit from time to time.

**RESOLVED FURTHER THAT** any of the Directors of the Company and Mr. Shivaram V, Head - Legal, Compliance and Company Secretary of the Company be and are hereby severally authorised 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 writing 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 this resolution”.

**6. Appointment of Ms. Gaitri Issar Kumar (DIN: 10245539) as Non-Executive Independent Director:**

To consider and, if thought fit, to pass, the following resolution, as **SPECIAL RESOLUTION**:

**“RESOLVED THAT** Ms. Gaitri Issar Kumar (DIN: 10245539), who was appointed as additional Non-Executive Independent director of the Company with effect from 9<sup>th</sup> August 2023, by the Board of directors and who holds office up to the date of this Annual General Meeting of the Company under Section 161 (1) of the Companies Act, 2013 ('the Act') (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 (1) of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as Non-Executive Independent Director of the Company.

**“RESOLVED FURTHER THAT** pursuant to the provisions of Section 149 and 152 and other applicable provisions, if

any, of the Act (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule IV to the Act, and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, appointment of Ms. Gaitri Issar Kumar (DIN: 10245539), who has submitted a declaration that she meets the criteria for Independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and being recommended by the Nomination and Remuneration Committee and the Board of Directors and who is eligible for appointment, as an Non-Executive Independent Director of the Company, not liable to retire by rotation, for a term of 5 (five) years commencing from 9<sup>th</sup> August 2023 to 8<sup>th</sup> August 2028, be and is hereby approved."

**"RESOLVED FURTHER THAT** approval of the Company be accorded to the Board of Directors of the Company (including any Committee thereof), and Mr. Shivaram V, Head - Legal, Compliance and Company Secretary of the Company to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this resolution and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

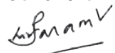
#### 7. Ratification of Cost Auditor's Remuneration:

To consider and, if thought fit, to pass, the following resolution, as **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013, [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], read with the Companies (Audit and Auditors) Rules, 2014, as amended to date, the Company hereby ratifies the remuneration of Rs 6,00,000/- (Rupees Six Lakhs only), plus applicable taxes thereon and reimbursement of out-of-pocket expenses at actuals, payable to M/s. Rao, Murthy & Associates, Cost Accountants (Firm Registration No. 000065), who have been appointed as Cost Auditor by the Board of Directors of the Company, to conduct audit of the cost records of the company for the financial year ending 31<sup>st</sup> March 2024"

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof), and Mr. Shivaram V, Head - Legal, Compliance and Company Secretary of the Company be and are hereby authorized to do such acts, deeds, matters and things as may be required to give effect to this resolution and to settle any questions, difficulties or doubts that may arise in this regard."

By Order of the Board



Shivaram V

Head – Legal, Compliance and  
Company Secretary

Membership No. ACS 19173

Place: Schwarzenberg Germany

Date: 9<sup>th</sup> August 2023

#### NOTES:

#### 1. MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OR MEMBERS, AS THE CASE MAY BE, OF THE COMPANY.

Proxies in order to be effective must be received at the Company's Registered office not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of companies, societies, partnership firms etc. must be supported by appropriate resolution/ authority, as applicable, issued on behalf of the nominating organization. Members are requested to note that a person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than ten percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. A proxy form is annexed to this notice. A proxy form duly filled signed, and stamped is valid only for this Annual General Meeting including any adjournment thereof.

2. 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.
3. Members/Proxies/Representatives are requested to bring their attendance slip annexed herewith duly completed and signed mentioning therein details of their DP ID and Client ID/Folio No along with their copy of the Annual Report to the Meeting for attending the meeting.
4. Members are requested to scan the QR code for the route map showing directions to reach the venue of the Annual General Meeting.
5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. The Statement pursuant to Section 102(1) of the Companies Act, 2013, ("the Act") in respect of special businesses setting out material facts in respect of item No. 4, 5, 6 & 7 is annexed hereto. The relevant details as required under Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Listing Regulations"), and Secretarial Standards respectively of persons seeking appointment / re-appointment as Directors are provided in the Annexure to this Notice.
7. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI Listing Regulations, the Register of Members and Share Transfer Books of the Company will be closed from Saturday, 16<sup>th</sup> September 2023 to Friday, 22<sup>nd</sup> September 2023.
8. Payment of Dividend through electronic means:
  - a) To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company provides the facility to the Members for remittance of dividend directly in electronic mode through National



Automated Clearing House (NACH). Members holding shares in physical form and desirous of availing this facility of electronic remittance are requested to provide their latest bank account details (Core Banking Solutions Enabled Account Number, 9-digit MICR and 11-digit IFS Code), along with their Folio Number, to the Company's Registrar and Share Transfer Agent. Members holding shares in electronic form are requested to provide the said details to their respective Depository Participants.

- b) Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
- c) Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020, and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ Registrar and Transfer Agent (in case of shares held in physical mode) and with the Depository Participants (in case of shares held in demat mode). A Resident individual shareholder with PAN and who is not liable to pay income tax, can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by sending an email to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) latest by 5:00 pm. (IST) on 15<sup>th</sup> September 2023. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). The aforesaid declarations and documents need to be submitted by the shareholders latest by 5:00 pm. (IST) on 15<sup>th</sup> September 2023.
- d) Members may note that the Board, at its meeting held on 29<sup>th</sup> May 2023, has recommended a final dividend of Rs. 7/- per share. The record date for the purpose of final dividend for FY 2023 is 9<sup>th</sup> June 2023. The final dividend, once approved by the members in the ensuing AGM, will be paid on or from 28<sup>th</sup> September 2023, and before 21<sup>st</sup> October 2023, electronically through various online transfer modes to those members who have updated their bank account details. For members who have not updated their bank account details, dividend warrants / demand drafts / cheques will be sent to their registered addresses. To avoid delay in receiving dividend, members are requested to update their KYC with their depositories (where shares are held in dematerialized mode) and with the Company's

Registrar and Transfer Agent (RTA) (where shares are held in physical mode) to receive the dividend directly into their bank account on the payout date.

9. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022, has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed dividend account; exchange of securities certificate; sub-division of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, on the website of the Company's Registrar and Transfer Agents, kfin. It may be noted that any service request can be processed only after the folio is KYC Compliant.
10. As per the Finance Act, 2021, Section 206AB has been inserted effective July 1, 2021, wherein the higher rate of tax (twice the specified rate) would be applicable on payment made to a shareholder who is classified as 'Specified Person' as defined under section 206AB of the Finance Act, 2021.
 

\* As per section 139AA of the IT Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply with this, the PAN allotted shall be deemed to be invalid / inoperative and he shall be liable to all consequences under the IT Act and tax shall be deducted at the higher rates as prescribed under the IT Act.
11. Members are requested to address all correspondence, including dividend-related matters, to RTA, KFin Technologies Limited, Unit: Dynamatic Technologies Limited, JKM Plaza, Dynamatic Aerotropolis 55, KIADB Aerospace Park Devanahalli Bangalore Karnataka 562110.
12. In case a holder of physical securities fails to furnish PAN and KYC details before October 1, 2023 or link their PAN with Aadhaar before June 30, 2023, in accordance with the SEBI circular dated March 16, 2023, RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the RTA/ the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and/or the Prevention of Money Laundering Act, 2002.
13. We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective DP, and members holding shares in physical mode are requested to update their email addresses with the Company's RTA, KFin Technologies Limited at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com), to receive copies of the Integrated Annual Report 2022-23 in electronic mode. Members may follow the process detailed below for registration of email ID to obtain the report and update of bank account details for the receipt of dividend.

14. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their Depository Participant in case the shares are held in electronic form and to Kfin, in case the shares are held in physical form to the Company/ Registrar and Transfer Agent in prescribed Form ISR-1 and other forms pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/ CIR/2021/655 dated November 3, 2021.
15. Corporate/ Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. pursuant to Section 113 of the Companies Act, 2013 together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail id: csratishtagde@gmail.com with a copy of email id: - evoting@kfintech.com
- The scanned image of the above-mentioned documents should be in naming format "Dynamatic Technologies EVEN NO. 7581"
16. Transfer of Unclaimed/ Unpaid amounts to the Investor Education and Protection Fund (IEPF):
- Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) consecutive years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Further, pursuant to the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') as amended to date, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.
- The Members/Claimants whose shares and unclaimed dividend have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 (available on [www.iepf.gov.in](http://www.iepf.gov.in)) along with applicable requisite fee. The Member/Claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules.
- It is in Members' interest to claim any un-encashed dividends and in the future, opt for Electronic Clearing Service (ECS), so that dividends paid by the Company are credited to Members' account on time.
- Members are requested to contact the Company's Registrar and Share Transfer Agent to claim the unclaimed/unpaid dividends thereon at the following address:
- Kfin Technologies Ltd.  
Selenium Tower B, Plot 31 & 32,  
Financial District, Nanakramguda, Serilingampally Mandal,  
Hyderabad - 500 032, Telangana.
17. Updation of Members' Details:
- The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Act requires the Company/ Registrar and Share Transfer Agent to record additional details of Members, including their PAN details, email address, bank details for payment of dividend, etc. A form for capturing these additional details is appended at the end of the Notice. Members holding shares in physical form are requested to submit the filled in form to the Company or to its Registrar and Share Transfer Agent. Members holding shares in electronic form are requested to submit the details to their respective Depository Participant
18. Nomination Facility: As per the provisions of Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, as amended, Members holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Share Transfer Agent. In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.
19. Members, who have not yet exchanged their shares of Dynamatic Hydraulics Limited, with the Share Certificates of Dynamatic Technologies Limited, are requested to surrender their Share Certificate(s) for exchange. Such Members' are requested to contact the Company's Registrar and Share Transfer Agent- Kfin, in this regard.
20. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on <https://evoting.kfintech.com/> to reset the password.
21. In case of any grievances connected with facility for e-voting, please contact:
- Mrs. C Shobha Anand,  
Dy. Vice-President,  
Contact No. 1800 309 4001, at  
Kfin Technologies Ltd.  
Selenium Tower B, Plot 31 & 32,  
Financial District, Nanakramguda,  
Serilingampally Mandal,  
Hyderabad - 500 032, Telangana.
22. The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date being Friday, 15<sup>th</sup> September 2023.
23. The Company has appointed Mr. Ratish Tagde (FCS Membership No. 6162, Certificate of Practice No. 22018), Proprietor, Ratish Tagde & Associates, Practicing Company Secretaries as the Scrutinizer and Mr. Pramod S.M. (FCS Membership No. 7834 and Certificate of Practice No.13784), Partner, BMP & Co., LLP, Practicing Company Secretaries as an alternate scrutinizer to Mr. Ratish Tagde to scrutinize the voting process and remote e-voting process (electronically or otherwise) in a fair and transparent manner.
24. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.



25. The Chairman or the person authorized by him in writing shall forthwith on receipt of the consolidated Scrutinizer's Report, declare the Results of the voting. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company [www.dynamatics.com](http://www.dynamatics.com) and Kfin website <https://evoting.kfintech.com/> and the communication will be sent to BSE Limited and the National Stock Exchange of India Limited.
26. The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013, and the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, and all other documents as referred in the notice will be available for inspection by the members at the Annual General Meeting of the Company.
27. Subject to the receipt of requisite number of votes, the Resolutions forming part of the Notice of AGM shall be deemed to be passed on Friday, 22nd September 2023
- 28. PROCEDURE FOR REMOTE E-VOTING:**
- I. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility Provided by Listed Entities, the Members are provided with the facility to cast their vote electronically, through the e-Voting services provided by Kfin, on all the resolutions set forth in this Notice. The instructions for e-Voting are given herein below.
  - II. However, in pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9<sup>th</sup> December 2020, on "e-Voting facility provided by Listed Companies", e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process.
- III. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.
  - IV. The remote e-Voting period commences from 09:00 A.M, (IST) on Tuesday, 19<sup>th</sup> September 2023 and ends at 05:00 P.M. (IST) on Thursday, 21<sup>st</sup> September 2023
  - V. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
  - VI. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@kfintech.com](mailto:evoting@kfintech.com). However, if he/ she is already registered with Kfin for remote e-Voting then he /she can use his / her existing User ID and password for casting the vote.
  - VII. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode."
  - VIII. The details of the process and manner for remote e-Voting is explained herein below:
- Step 1:** Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.
- Step 2:** Access to Kfin e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.

**Details on Step 1 are mentioned below:**

- I) Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with National Securities Depository Limited ("NSDL")	<p><b>1. User already registered for IDeAS facility:</b></p> <ol style="list-style-type: none"> <li>i. Open <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>ii. Click on the "Beneficial Owner" icon under 'IDeAS' section.</li> <li>iii. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting"</li> <li>iv. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</li> </ol> <p><b>2. User not registered for IDeAS e-Services</b></p> <ol style="list-style-type: none"> <li>i. To register Open <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile</li> <li>ii. Select "Register Online for IDeAS "Portal or click on <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>iii. Proceed with completing the required fields.</li> </ol>

	<p><b>3. By visiting the e-Voting website of NSDL</b></p> <ol style="list-style-type: none"> <li>Open <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile</li> <li>Click on the icon "Login" which is available under 'Shareholder/Member' section.</li> <li>A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.</li> <li>Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page.</li> <li>Click on Company name or e-voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</li> </ol>
Individual Shareholders holding securities in demat mode with Central Depository Services (India) Limited ("CDSL")	<p><b>1. Existing user who have opted for Easi / Easiest</b></p> <ol style="list-style-type: none"> <li>Click at <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>Click on New System Myeasi</li> <li>Login with user id and password.</li> <li>After successful login of Easi / Easiest, Option will be made available to reach e-voting page.</li> <li>Click on e-Voting service provider name to cast your vote.</li> </ol> <p><b>2. User not registered for Easi/Easiest</b></p> <ol style="list-style-type: none"> <li>Option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Proceed with completing the required fields.</li> </ol> <p><b>3. By visiting the e-Voting website of CDSL</b></p> <ol style="list-style-type: none"> <li>Visit at <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>Provide demat Account Number and PAN No.</li> <li>System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account.</li> <li>After successful authentication, user will be provided links for the respective e-voting service provider where the e- Voting is in progress.</li> </ol>
Individual Shareholder (holding securities in Demat mode) login through their Depository Participants	<ol style="list-style-type: none"> <li>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL /CDSL for e-Voting facility.</li> <li>Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</li> <li>Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</li> </ol>

**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding Securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <b>evoting@nsdl.co.in</b> or call at toll free no.: <b>1800 1020 990 and 1800 22 44 30</b>
Individual Shareholders holding Securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <b>helpdesk.evoting@cdslindia.com</b> or contact at <b>022- 23058738 or 022-23058542-43</b>

**Details on Step 2 are mentioned below:**

**II) Login method for remote e-Voting for shareholders other than Individual's shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

- Initial password is provided in the body of the e-mail.
- Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.

- Enter the login credentials i.e. User ID and password mentioned in your e-mail. Your Folio No./ DP ID Client ID will be your User ID. However, if you are already registered with Kfin for e-voting, you can use your existing User ID and password for casting your votes.
- After entering the correct details, click on "LOGIN".
- You will reach the password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters



with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- VI. You need to login again with the new credentials.
- VII. On successful login, the system will prompt you to select the "EVENT" i.e., Dynamatic Technologies Limited- AGM" and click on "Submit"
- VIII. On the voting page, enter the number of shares (which represents the number of votes) held by you as on the Cut-off Date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click "FOR/AGAINST" as the case may be or partially in "FOR" and partially in "AGAINST" but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option ABSTAIN in which case the shares held will not be counted under either head.
- IX. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
- X. Cast your votes by selecting an appropriate option and click on "Submit". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the Resolution(s).
- XI. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer through email at [csratishtagde@gmail.com](mailto:csratishtagde@gmail.com) and may also upload the same in the e-voting module in their login. The scanned image of the above-mentioned documents should be in the naming format "Dynamatic Technologies\_EVEN No. 7581"
- XII. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for members and e-voting User Manual available at the 'download' section of <https://evoting.kfintech.com> or call KFin on 1800 309 4001 (toll free).

#### OTHER INSTRUCTIONS:

- I. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, 15th September 2023, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person

who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

- II. The results of the electronic voting shall be declared to the Stock Exchanges after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.

#### Procedure for Registration of email and Mobile: securities in physical mode

Physical shareholders are hereby notified that based on SEBI Circular number: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37, dated March 16th 2023, All holders of physical securities in listed companies shall register the postal address with PIN for their corresponding folio numbers. It shall be mandatory for the security holders to provide mobile number. Moreover, to avail online services, the security holders can register e-mail ID. Holder can register/update the contact details through submitting the requisite ISR 1 form along with the supporting documents.

#### ISR 1 Form can be obtained by following the link:

<https://ris.kfintech.com/clientservices/isc/default.aspx>

#### ISR Form(s) and the supporting documents can be provided by any one of the following modes.

- a) Through 'In Person Verification' (IPV): the authorized person of the RTA shall verify the original documents furnished by the investor and retain copy(ies) with IPV stamping with date and initials; or
- b) Through hard copies which are self-attested, which can be shared on the address below; or

Name	KFIN Technologies Limited
Address	Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddy, Telangana India - 500 032

- c) Through electronic mode with e-sign by following the link: <https://ris.kfintech.com/clientservices/isc/default.aspx#>

Detailed FAQ can be found on the link: <https://ris.kfintech.com/faq.html>

For more information on updating the email and Mobile details for securities held in electronic mode, please reach out to the respective DP(s), where the DEMAT a/c is being held.

**Explanatory Statement:**

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

**Additional information of Director seeking appointment/re-appointment as required under Regulation 36(3) of SEBI (LODR) Regulation, 2015 and applicable Secretarial Standards:**

<b>Name of Directors</b>	<b>Mr. Dietmar Hahn</b>	<b>Mr. Udayant Malhoutra</b>	<b>Mr. P S Ramesh</b>	<b>Ms. Gaitri Issar Kumar</b>
<b>DIN</b>	06414463	00053714	05205364	10245539
<b>Designation</b>	Non-Executive Non-Independent	CEO & Managing Director	Executive Director & COO - Hydraulics	Non-Executive Independent Director
<b>Date of Birth /Age</b>	12.02.1958	19.10.1965	24.04.1958	20.06.1962
<b>Date of first Appointment on the Board</b>	08.11.2012	01.10.1989	14.11.2014	09.08.2023
<b>Qualifications</b>	Diploma for Foundry Engineers from the University of Freiberg, Germany, and Certificates in Product Liability Law, Advance Product Quality Planning, and Techniques of Failure Mode and Effect Analysis	Doctor of Engineering & Technology (Honoris-Causa) from University of Engineering and Management, Kolkata	Mechanical Engineering from UVCE, Bangalore University and M. Tech. in Aircraft Production Engineering from IIT Madras	Graduate in Economics & Political Science, Bangalore University, and Indian Foreign Service (IFS)
<b>Relationship between Directors, Manager &amp; KMP</b>	None	None	None	None
<b>Expertise in specific functional area</b>	Mr. Hahn has more than two decades of rich experience in Operations, Sales and Development.	More than three decades of rich overall experience in Business Management including functional expertise in Sales, Marketing and Corporate Management	More than three decades of rich experience in Hydraulics and Aerospace engineering including Sales, Marketing and Corporate Management	Ms. Gaitri Issar Kumar has served in several roles, including social secretary to the President of India, 2012. She was also appointed Ambassador to Belgium, Luxembourg, and the European Union. Served as High Commissioner, UK.
<b>Directorships held in other Companies</b>	Nil	<ul style="list-style-type: none"> <li>• M/s. San Engineering &amp; Locomotive Company Limited;</li> <li>• M/s. Centrust Financial Limited &amp;</li> <li>• M/s. Greenearth Biotechnologies Limited</li> </ul>	<ul style="list-style-type: none"> <li>• M/s. Dynamatic Manufacturing Limited;</li> <li>• M/s. JKM Erla Automotive Limited;</li> <li>• M/s. JKM Research Farm Limited &amp;</li> <li>• M/s. JKM Automotive Limited</li> </ul>	Nil
<b>Names of the listed entities from which the person has resigned in the past three years</b>	Nil	Nil	Nil	Nil



<b>Memberships / Chairmanships of Committees of other Companies</b>	Nil	Nil	Nil	Nil
<b>No. of shares held in the Company</b>	Nil	5,23,460	Nil	Nil
<b>Terms and conditions of Appointment/Re-appointment</b>	As per Resolution at Item No.2 of the accompanying notice of AGM read with Explanatory Statement thereto.	As per Resolution at Item No.4 of the accompanying notice of AGM read with Explanatory Statement thereto.	As per Resolution at Item No. 5 of the accompanying notice of AGM read with Explanatory Statement thereto.	As per Resolution at Item No. 6 of the accompanying notice of AGM read with Explanatory Statement thereto.
<b>Last drawn remuneration</b>	Forms part of Corporate Governance Report	Forms part of Corporate Governance Report	Forms part of Corporate Governance Report	Nil
<b>Number of meetings of the board attended during the year</b>	Forms part of Corporate Governance Report	Forms part of Corporate Governance Report	Forms part of Corporate Governance Report	Nil
<b>Brief resume of the Director</b>	Forms part of Corporate Governance Report	Forms part of Corporate Governance Report	Forms part of Corporate Governance Report	Forms part of explanatory statement of this Notice.
<b>In case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements</b>	Not applicable	Not applicable	Not applicable	Ms. Gaitri Issar Kumar being a retired Indian Foreign Service (IFS) Officer possesses the requisite skills, experience, and knowledge in political, economic, commercial, cultural, consular and administrative areas.
<b>Remuneration proposed</b>	Not Applicable	Details of proposed remuneration is presented above in the resolution.	Details of proposed remuneration is presented above in the resolution.	Sitting Fees

For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above directors, please refer to the corporate governance report which is a part of this Annual Report.

#### Item number 4

##### Re-appointment of Mr. Udayant Malhoutra:

Pursuant to provisions of Section 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, Mr. Udayant Malhoutra (DIN: 00053714), was re-appointed as the CEO & Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> October 2020, as approved by the Members at their Annual General Meeting held on 24<sup>th</sup> September 2020, and the said term is due to end on 30<sup>th</sup> September 2023, and it is now proposed to re-appoint him for a further term of 3 years with effect from 1<sup>st</sup> October 2023.

Mr. Malhoutra has been conferred the degree of Doctor of Engineering & Technology (Honoris-Causa) from University of Engineering and Management, Kolkata, in recognition of his outstanding contribution in the field of Technology & Innovation and his dedicated service to the nation.

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 by developing a strong leadership team to manage the businesses in a sustainable manner.

Over the years, the Company has grown across multiple geographies and has diversified into multiple businesses with the long-term vision 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 Metallurgy business in 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 rich and varied experience in the industry and has been involved in the operation of the Company over long period of time. Considering his role 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 detailed terms of reappointment and remuneration proposed to be paid to Mr. Udayant Malhoutra have already been provided in item number 4 of the resolution.

#### **Other terms and conditions of re-appointment:**

- The Managing Director & CEO shall be entitled to leave in accordance with the Rules of the Company.
- Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Appointee, the Company has no profits or its profits are inadequate, the Company will pay to the Appointee, remuneration by way of Salary, Benefits, Perquisites and Allowances, as specified in the resolution.
- The terms and conditions of the appointment of the Appointee as stated above can be altered or varied from time to time by the Board of Directors at its discretion, irrespective of the limits stipulated under Schedule V to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the Appointee subject to such approvals as may be required.
- The appointment is subject to the provisions of Sections 167 (1) of the Companies Act, 2013.

Except Mr. Udayant Malhoutra and his relatives who are shareholders in the Company, none of the Directors/KMP/their relatives, are in any way, concerned or interested, financially or otherwise, in the resolution. The Board recommends this resolution for the approval of the members as special resolution.

#### **Item Number 5**

##### **Re-appointment of Mr. P S Ramesh:**

Pursuant to provisions of Section 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, Mr. P S Ramesh (DIN: 05205364), was last re-appointed by the Shareholders as "Executive Director & Group Technical Services and Human Resources" of the Company for a period of three years with effect from 14<sup>th</sup> November 2020 and the said term is due to come to an end on 13<sup>th</sup> November 2023. In the interim, the company vide Board resolution dated 27<sup>th</sup> July 2023, redesignated Mr. P S Ramesh as "Executive Director & COO – Hydraulics w.e.f 8<sup>th</sup> August 2023, and it is now proposed to re-appoint him as "Executive Director & COO - Hydraulics for further term of 1 (One) year with effect from 14<sup>th</sup> November 2023.

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 Kuala Lumpur, 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. P S Ramesh joined the Company in the year 1999 as Head of Quality and spearheaded the campaign for documenting procedures/ control plans and implementing ISO 9001 certification. Mr. P S Ramesh has been serving the Company for the past 25 years and has progressively grown to be the Executive Director of the Company.

Mr. P S Ramesh has rich and varied experience in the industry and has been involved in the operations of the Company over a long period of time. Considering his role in the Company's global business development, the Board strongly recommends the re-appointment of Mr. P S Ramesh as the Executive Director COO - Hydraulics of the Company and remuneration payable to him. The detailed terms of re-appointment and remuneration proposed to be paid to Mr. P S Ramesh have already been provided in item number 5 of the resolution.

#### **Others terms and conditions of re-appointment for Mr. P S Ramesh**

- The Executive Director shall be entitled to leave in accordance with the Rules of the Company.
- Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Appointee, the Company has no profits or its profits are inadequate, the Company will pay to the Appointee, remuneration by way of Salary, Benefits, Perquisites and Allowances as specified in the resolution.
- The terms and conditions of the appointment of the Appointee as stated above can be altered or varied from time to time by the Board of Directors at its discretion, irrespective of the limits stipulated under Schedule V to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the Appointee subject to such approvals as may be required.
- The appointment is subject to the provisions of Sections 167 (1) of the Companies Act, 2013.
- If and when the term relating to re-appointment expires or is terminated for any reason whatsoever, the Appointee will cease to be the Executive Director & COO – Hydraulics and cease to be a Director of the Company.
- The re-appointment may be terminated by either party by giving to the other party three months' notice of such termination or the Company paying three months remuneration in lieu thereof.
- The employment of the Appointee may be terminated by the Company without notice or payment in lieu of notice if the appointee is found guilty of any gross negligence, default or misconduct or in the event the Board expresses its loss of confidence in the appointee.
- In the event the Appointee is not able to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate his contract on such terms as the Board may consider appropriate in the circumstances.



- The Appointee shall not be entitled to supplement their earnings with any buying or selling commission. They shall not be interested or otherwise concerned directly or through their relatives in any selling agency of the Company without statutory approvals as required to be obtained under the Companies Act, 2013.
- The Appointee shall devote their whole time and attention to the business of the Company and perform such duties, carry out such responsibilities and exercise such powers as may be entrusted to them by the Board, from time to time.
- The remuneration payable to the Appointee is commensurate with industry standards and Board level positions held in similar sized companies, taking into consideration the individual responsibilities shouldered by him.

Except Mr. P S Ramesh being Appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolutions set out in Item No. 5 The Board recommends these resolutions for the approval of the members as special resolution.

#### Item Number 6:

#### Appointment of Ms. Gaitri Issar Kumar as Non- Executive Independent Director:

The Board of Directors, at the meeting held on 9<sup>th</sup> August 2023, (based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Members in General Meeting), appointed Ms. Gaitri Issar Kumar (DIN: 10245539), , as an Additional Non-Executive Independent Director of the Company with effect from 9<sup>th</sup> August 2023, for a term of 5 years i.e., from 9<sup>th</sup> August 2023 to 8<sup>th</sup> August 2028.

Further, in terms of Section 149 of Act, an Non-Executive Independent Director can hold office for a term of up to five consecutive years on the Board of a company and is not liable to retire by rotation.

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 for Mr. Udayant Malhoutra and Mr. P S Ramesh.

Ms. Gaitri Issar Kumar is a retired Indian Foreign Service (IFS) officer from the 1986 batch. After serving in several roles, including as the social secretary to the President of India in 2012, Ms. Kumar was appointed Ambassador to Belgium and the European Union on 14 June 2017. Her last posting was as the High Commissioner of India to the United Kingdom. As High Commissioner, Ms. Kumar prioritized deepening Indo-UK ties and trade post-Brexit.

Ms. Gaitri Issar Kumar has given a declaration to the Board that she meets with the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that she is not disqualified from being appointed as a Director in terms of section 164 of the Companies Act, 2013. In the opinion of the Board, Ms. Gaitri Issar Kumar fulfils the conditions specified in the Act and the Rules framed thereunder read with the Listing Regulations, for her appointment as an Non-Executive Independent Director and is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV to the Act, a copy of the draft letter of appointment of Ms. Gaitri Issar Kumar as an Independent Non-executive Director setting out the terms and conditions of appointment would be available for inspection by the Members, by writing an email to the Company at investor.relations@dynamatic.net

Pursuant to the provisions of Section 161(1) of the Act, Ms. Gaitri Issar Kumar shall hold office up to the date of this 48<sup>th</sup> Annual General Meeting i.e. 22nd September 2023 and is eligible to be appointed as a Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Member, proposing her candidature for the office of Non-Executive Independent Director.

The Board recommends the Resolution at Item No. 6 of this Notice for approval of the Members. Except Ms. Gaitri Issar Kumar and her relatives, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, financially or otherwise in the Resolution set out at Item No. 6 of this Notice.

I. General Information:		
1	Nature of Industry	<p>Incorporated in 1973, Dynamatic Technologies Limited ('DTL', 'Dynamatic Technologies' or the 'Company') is a manufacturer of highly engineered, mission critical products for the Aerospace, Metallurgy and Hydraulic industries. With futuristic design, engineering and manufacturing facilities in Europe and India, Dynamatic Technologies serves customers across six continents.</p> <p>The Company is one of the world's largest manufacturers of hydraulic gear pumps and automotive turbochargers and has held the leadership position in hydraulic gear pumps market for over 45 years. DTL has 80% share of the Indian OEM tractors market and about 38% of the global tractor market. Dynamatic Technologies is a pioneer and leader, amongst the private sector, both in the India and the UK, for the manufacture of precision flight critical, and complex airframe structures and aerospace components. It is a Tier-I supplier to the global aerospace OEMs and Primes such as Airbus, Boeing, BEL, Bell Helicopters, Dassault Aviation, Hindustan Aeronautics Limited and Spirit Aerosystems. The Company also manufactures high precision, complex metallurgical ferrous and performance critical components such as turbochargers and exhaust manifolds and has advanced design and development capabilities to support the OEM needs.</p> <p>The Company's facilities located in India (Bengaluru &amp; Coimbatore), United Kingdom (Swindon &amp; Bristol) and Germany (Schwarzenberg), are environmentally sensitive – Green, lean, clean, and aligned to our vision of CARE. The Company is vertically integrated, with its own alloy-making and casting capabilities as well as its own captive green energy sources.</p> <p>The Company operates in three business segments: Hydraulics, Aerospace &amp; Defence and Metallurgy.</p>

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	Standalone Financial performance based on given indicators (From continued business)	(Rs. in lakhs)			
		<b>Financial Year</b>	<b>Net Revenue</b>	<b>Profits before tax &amp; exceptional item</b>	<b>Net Profits after tax</b>
		2020-21	51,374	3,727	2,825
		2021-22	54,897	5,296	3,965
		2022-23	58,112	4,382	2,915
5	Foreign investments or collaborations, if any.	The Company has not entered into any foreign collaboration. However, during the year 4,00,000 equity shares were allotted on preferential basis to Foreign Portfolio Investors (FPI) and 50,000 equity shares were allotted to Alternative Investment Fund			

II	Information about the appointee:		
1	Name and Designation of the Director	Mr. Udayant Malhoutra, CEO & Managing Director	Mr. P S Ramesh, Executive Director & COO - Hydraulics
2	Background details	Mr. Udayant Malhoutra has been associated with the Company since 1989 as the Chief Executive. During this period, he has 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. He is the Chairman of the National Sector Skills Council for Strategic Manufacturing, and Chairman of the new National Institute of Design, Amravathi. He is a member of CII National Council and has chaired the CII National Committees on Design and Technology. He has also served on the Board of Governors, IIT Kanpur. He is an active member of the Young Presidents' Organization (YPO), having served as Chairman, India & South Asian Area and as a member of the International Board of Directors.	Mr. P S Ramesh is the ED & COO Hydraulics w.e.f 8 <sup>th</sup> August 2023. Prior to this, he served as ED – Group Technical Services & Human Resource and before that he served as COO of Dynamatic Oldland Aerospace and Dynamatic Hydraulics, India. He has been with Dynamatic Technologies since 1999 and has served in various positions of Seniority. He holds a Master's Degree in Aircraft Production Engineering from IIT Madras. He is a Six Sigma Black Belt and an ISO 9000 lead Auditor. He has been trained by FAA on Aircraft System Certification Evaluation Program. His career spans over three and a half decades, including 12 years service with Hindustan Aeronautics Limited (HAL), where he was associated with the manufacture of Jaguar and the TEJAS. He also served for 5 years as Head of Quality and Technical Services in SMEA, the State Owned Malaysian Aircraft Industry, where his Customers included British Aerospace, Pilatus and the Royal Malaysian Air Force. Mr. P S Ramesh holds the position of Chairman, Institute Management Committee, under a Public Private Partnership with the State Government of Karnataka. He leads skill initiatives at the Aerospace Skill Development Centre (ASDC).
3	Past remuneration	During the year 2022-2023, Mr. Udayant Malhoutra was paid Rs 1,20,90,076/-	During the Year 2022–2023, Mr. P S Ramesh was paid Rs 1,16,59,976/-
4	Recognition or awards	The Company has received various awards and recognition during his tenure as a CEO & Managing Director of the Company.	The Company has received various awards and recognition during his tenure as a Whole time Director of the Company



5	Job profile and suitability	Mr. Udayant Malhoutra is an industrialist with over 38 years of experience in the field of Engineering, contribution in the field of Technology and Innovation and his dedicated service to the nation. His vast experience and expert knowledge in the field of Engineering, Technology and Innovation coupled with his strong resources management capability, makes him fully suitable for the position. He is the Promoter of the Company, CEO and Managing Director of the Company and has successfully transformed the company into a Rs.1,500 crore revenue generating business with focus on diverse sectors including automotive, aerospace, metallurgy, alongside Securing market leadership, technological Competence and Brand Equity	Mr. P S Ramesh is associated with the organization for over 25 years and has grown to the position of Executive Director of the Company. He shouldered the responsibility of the overall operations of Aerospace business in India before his elevation to Executive Director - Group Technical Services and Human Resource, and now has been re-designated as Executive Director & COO-Hydraulics.
6	Remuneration proposed	Details of proposed remuneration is presented above in the resolution.	Details of proposed remuneration is presented above in the resolution.
7	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	Given the size complexity, uniqueness, nature of business of the Company and also the profile of the position of Mr. Udayant Malhoutra as given above, the proposed remuneration is in line with the remuneration prevalent in the industry. His profile also requires expertise for appropriate fund allocation, optimum utilization of various resources in the business. Considering the fact that precise and manufacturing of mission critical products for the Aerospace, Automotive and Hydraulics industries is a highly specialized branch, it is difficult to establish or obtain comparative details of similar professional in other companies. However, keeping in mind his specialization and expertise in the field of engineering, technology & innovation and the onerous responsibilities of Mr. Udayant Malhoutra, the Board of Directors considers that the remuneration proposed to be paid to him is justified and commensurate with other organisations of the similar type, size and nature in Aerospace and Hydraulics industry.	The remuneration to be paid to Mr. P S Ramesh is commensurate to the experience and responsibilities in his capacity as Executive Director & COO-Hydraulics.
8	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Mr. Udayant Malhoutra is the promoter, CEO & Managing Director and a major shareholder of the Company. Apart from the remuneration he has ongoing transactions with other entities where he and/or his relatives are interested. These are disclosed under Related Party Transactions forming part of the Financial Statements. Except for this, he has no other pecuniary relationship directly with the Company or relationship with the any other managerial personnel.	Apart from the remuneration which he may receive in his capacity as Executive Director & COO-Hydraulics. 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	Reason of loss or inadequate profits	The company is currently having adequate profits, and the Company proposes to obtain approval of members as an abundant caution in case the standalone profits are insufficient to pay the managerial resolution.
2	Steps taken or proposed to be taken for improvement	Not applicable since the company has adequate profits.
3	Expected increase in productivity and profits in measurable terms	Not applicable since the company has adequate profits.

IV	Disclosure:
1	The information, as required, is provided under Corporate Governance Section of the Annual Report 2022-2023
2	The Report on Corporate Governance in the Annual Report indicates the remuneration paid to the managerial personnel as well as to all other Directors. There is no severance fee or stock option in the case of the aforesaid managerial personnel.

#### Item number 7

In terms of the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the Company is required to maintain Cost Audit records and have the same audited by a Cost Accountant in practice.

Based on the recommendations of the Audit Committee, the Board of Directors at its meeting held on 29<sup>th</sup> May 2023, appointed M/s. Rao, Murthy & Associates, as Cost Auditor for conducting the Cost Audit for the Financial Year ending 31<sup>st</sup> March 2024, at a remuneration of 6,00,000/- (Rupees Six Lakhs only) plus applicable service tax and reimbursement of out-of-pocket expenses at actual.

Rule 14 of Companies (Audit and Auditors) Rules, 2014 as amended, requires that the remuneration payable to the Cost Auditor be ratified by the Members. Hence, the resolution at Item No. 7 of the Notice.

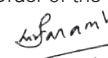
None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 7 of the Notice, for approval of Members.

Place: Schwarzenberg Germany

Date: 9<sup>th</sup> August 2023

By Order of the Board



Shivaram V

Head – Legal, Compliance and  
Company Secretary  
Membership No. ACS 19173



Scan QR for location



**DYNAMATIC TECHNOLOGIES LIMITED**

Registered Office: JKM Plaza, Dynamatic Aerotropolis, 55 KIADB Aerospace Park,  
Devanahalli Bangalore 562110  
Corporate Identity Number: L72200KA1973PLC002308  
Phone Number: +91 80 2111 1223 / +91 80 2204 0535  
+91 80 2839 4933/34/35 Fax: +91 80 2839 5823  
Email ID: investor.relations@dynamics.net website: www.dynamics.com

**ATTENDANCE SLIP**

Name: ..... ClientID\*: .....

Folio No.: ..... DP ID\*: ..... No. of shares held: .....

\*applicable for investors holding share in electronic form.

**I hereby record my presence at the 48<sup>th</sup> Annual General Meeting of the Company, scheduled at JKM Plaza, Dynamatic Aerotropolis, 55 KIADB Aerospace Park, Devanahalli, Bangalore 562110, on Friday, the 22<sup>nd</sup> (Twenty-second) day of September 2023 (Two Thousand and Twenty-Three) at 11:00 (Eleven) AM**

**Signature of the Member / Proxy**

- i. Member/proxy holders wishing to attend the meeting must bring the attendance slip to the meeting and handover at the entrance duly signed.
- ii. Members/proxy holders desiring to attend the meeting are requested to bring their copy of the Annual Report for reference at the Meeting.
- iii. Member/proxy holders are also requested to bring their identity cards along with the attendance /proxy forms.

**Form No.MGT-11**

**PROXY FORM**

*[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration Rules, 2014)]*

**GENERAL INFORMATION:**

Name the member/s: .....

Registered address: .....

E-mail ID: .....

Folio No/ Client ID:.....

DP ID: .....

I/We, being the member(s) of ..... shares of the above-named company, hereby appoint

1. Name: .....

Address: .....

E-mail ID: ..... Signature: .....

or failing him

2. Name:.....

Address: .....

.

E-mail ID: ..... Signature: .....

as my/our proxy to attend and vote for me/us and on my/our behalf at the 48th Annual General Meeting of the company, to be held at JKM Plaza, Dynamatic Aerotropolis, 55 KIADB Aerospace Park, Devanahalli, Bangalore 562110, on Friday, the 22nd day of September 2023 (Two Thousand and Twenty Three), at 11.00 AM, and at any adjournment thereof in respect of such resolutions as are indicated below.

Signed this..... day of.....2023

Signature of shareholder: .....

Signature of Proxy holder(s): .....

Note:

This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the meeting.



**DYNAMATIC TECHNOLOGIES LIMITED**

Registered Office: JKM Plaza, Dynamatic Aerotropolis, 55 KIADB Aerospace Park,  
Devanahalli Bangalore 562110  
Corporate Identity Number: L72200KA1973PLC002308  
Phone Number: +91 80 2111 1223 / +91 80 2204 0535  
+91 80 2839 4933/34/35 Fax: +91 80 2839 5823  
Email ID: investor.relations@dynamatics.net website: www.dynamatics.com

**UPDATION OF  
SHAREHOLDER INFORMATION**

To,

Kfin Technologies Limited.  
Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad 500 032

I/ We request you to record the following information against our Folio No.:

**GENERAL INFORMATION:**

<b>Folio No.:</b>	
<b>Name of the first named Shareholder:</b>	
<b>PAN: *</b>	
<b>CIN/ Registration No.: * (applicable to Corporate Shareholders)</b>	
<b>Tel No with STD Code:</b>	
<b>Mobile No.:</b>	
<b>Email Id:</b>	

\*Self attested copy of the document(s) enclosed

**BANK DETAILS:**

<b>IFSC: (11 digit)</b>	
<b>MICR: (9 digit)</b>	
<b>Bank A/c Type:</b>	
<b>Bank A/c No.:</b>	
<b>* Name of the Bank:</b>	
<b>Bank Branch Address:</b>	

\* A blank cancelled cheque is enclosed to enable verification of bank details.

I/ We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I/ We would not hold the Company/ RTA responsible. I/ We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I/ We understand that the above details shall be maintained by you till I/ We hold the securities under the above mentioned Folio No./ beneficiary account.

Place :

Date :

Signature of the Member/s





# **BOARD'S REPORT**

TO SHAREHOLDERS



# BOARD'S REPORT TO SHAREHOLDERS

Your directors are pleased to present their 48<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2023.

## FINANCIAL RESULTS:

The Financial Results of the Company for the year ended 31<sup>st</sup> March 2023, were as follows:

(Rs in Lakhs)

Particulars	Consolidated		Standalone	
	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2023	Year Ended 31 March 2022
<b>Continuing Operations:</b>				
<b>Revenue from Operation</b>	<b>1,31,577</b>	<b>1,25,337</b>	<b>58,112</b>	<b>54,897</b>
Less: Cost of material and changes in Inventories	63,102	61,504	27,018	25,042
Less: Employee benefit expenses	25,342	25,604	9,218	9,130
Less: Other Expenses	25,007	21,306	10,453	8,787
<b>EBITDA</b>	<b>18,126</b>	<b>16,923</b>	<b>11,423</b>	<b>11,938</b>
EBITDA Margin	13.8%	13.5%	19.66%	21.75%
Add: Other Income	976	822	536	1,124
Less: Finance Charges	6,538	5,901	5,158	4,734
Less: Depreciation and Amortisation Expense	7,042	7,682	2,419	3,032
<b>Profit from Continuing Operations before Tax</b>	<b>5,522</b>	<b>4,162</b>	<b>4,382</b>	<b>5,296</b>
Profit before tax margin	4.20%	3.32%	7.54%	9.65%
Less: Tax expense	1,243	956	1,467	1,331
<b>Profit after Tax from Continuing Operations</b>	<b>4,279</b>	<b>3,206</b>	<b>2,915</b>	<b>3,965</b>
Profit after Tax margin	3.25%	2.56%	5.02%	7.22%
Discontinued Operations:				
Add: Loss from Discontinued Operations	-	(1,659)	-	-
Add: Other Comprehensive Income/(Losses)	676	(282)	(335)	(201)
<b>Total comprehensive income, carried to Balance Sheet</b>	<b>4,955</b>	<b>1,265</b>	<b>2,580</b>	<b>3,764</b>

## COMPANY PERFORMANCE:

Despite global supply chain disruption and increasing inflationary pressure on commodity prices due to prevailing geopolitical conditions, Dynamatic Technologies has reported strong business performance in FY2023. Consolidated net sales for FY2023 were Rs. 1,31,577 lakhs, increased by 5% as compared to Rs. 1,25,337 lakhs in FY2022. The top line growth was driven by better product mix and, inventory management. Consolidated EBITDA for FY2023 was reported as Rs. 18,126 lakhs as compared to Rs. 16,923 lakhs during FY2022. EBITDA margin for the year under review was 13.8% compared to 13.5% in FY2022. Increase in overall revenue and price increases for certain products contributed to margin enhancement.

## SEGMENT PERFORMANCE:

The Aerospace & Defence segment recorded a revenue of Rs. 43,737 lakhs compared to Rs. 36,014 lakhs in FY2022. The Indian Aerospace industry witnessed moderate growth supported by improvement in order execution and delivery. During the FY2023, the Aerospace segment reported a growth of 21.4% y-o-y driven by resilient performance of air transport industry. Commercial deliveries and ramp-up of parts for F-15EX Eagle and Escape Hatch Doors for Airbus A220 aircraft will start from coming years which will contribute to top line and new business opportunities. A strong order book by major aircraft producers will drive both defence and commercial demand once global supply chain issues are resolved. Segment EBITDA for the year was Rs. 11,682 lakhs, reported alongside Rs. 9,899 lakhs in FY2022.

The Hydraulics segment reported healthy growth in FY2023 supported by growth in Tractor Production in India. Demand for tractors were largely driven by the farming sector riding on back-to-back good monsoons, as well as other industries including construction and infrastructure equipment sector. The outlook for the segment in FY2024 is slightly subdued with forecast of below normal monsoon and cyclic impact of El Nino. The industry would still witness a growth of low single digit and the overall volumes of production would remain healthy. Revenues for this segment increased marginally to Rs. 46,166 lakhs compared to Rs. 42,366 lakhs in the same period last year. EBITDA for FY2023 was Rs. 8,748 lakhs and Rs. 7,318 lakhs during last year.

The metallurgy industry showed resilience during the year which supported the moderate top line decrease of the segment. The development has been impacted by adverse demand scenario, shortage of semiconductors and other supply chain challenges. The segment profitability decreased marginally because of inflation scenario in energy and material cost. Revenue for this segment was Rs. 41,661 lakhs compared to same period last year Rs. 46,501 lakhs. Segment EBITDA was Rs. 1,714 lakhs compared to Rs. 2,032 lakhs in FY2022.

#### **STATE OF THE COMPANY'S AFFAIRS:**

Over the years, Dynamatic Technologies has created its own brand image and has found its niche presence in the industry. Dynamatic Technologies supplies products to the world's renowned Original Equipment Manufacturers (OEM's) such as Airbus, Boeing, Bell Helicopters, Daimler, BMW, Honeywell, John Deere and Mahindra & Mahindra.

The Company is focused on expanding the size of business with existing customers and expanding its customer base with addition of new customers. With a strong business foundation, technological excellence and industry recognition for products, we are confident of creating utmost value for all of our stakeholders.

#### **DIVIDEND:**

The interim dividend declared by the Board of Directors of Rs. 3/- per share was paid by the Company during the year in accordance with Section 123 of the Act, as applicable.

Further, the Board of Directors of the Company vide its meeting held on 29<sup>th</sup> May 2023, has proposed final dividend of Rs. 7/- per share for the year which is subject to the approval of the members at the ensuing Annual General Meeting.

The total dividend outgo amounts to Rs. 6,65,64,430/-, out of which Rs. 1,90,24,329/- was paid as interim dividend.

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 16<sup>th</sup> September 2023 to Friday, 22<sup>nd</sup> September 2023 (both days inclusive) for ascertainment of shareholders eligible to receive dividend for the financial year ended 31<sup>st</sup> March, 2023.

#### **DIVIDEND DISTRIBUTION POLICY:**

In terms of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the Dividend Distribution Policy duly

approved by the Board is available on the website of the Company. The Board has recommended dividend based on the parameters laid down in the Dividend Distribution Policy and dividend will be paid out of the profits for the year. The said Policy is available on the website of the Company under the 'Investors' section at <https://www.dynamatics.com>

#### **SHARE CAPITAL:**

As of 31<sup>st</sup> March 2023, the Company had an authorized share capital of Rs. 2,500 lakhs, divided into 2,00,00,000 equity shares of Rs. 10/- each and Rs. 500 lakhs divided into 5,00,000 redeemable cumulative preference shares of Rs. 100/- each.

During the year under review, the company allotted 4,50,000 Equity Shares for an amount of Rs. 112,90,50,000 to non-promoter persons on a preferential basis in accordance with Chapter V of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

The Issued, subscribed, and Paid-up Equity Share Capital of the Company as of 31<sup>st</sup> March 2023, was Rs. 679.14 lakhs, comprising 67,91,443 equity shares of Rs.10/- each.

#### **TRANSFER TO RESERVES:**

The Board of Directors have decided to retain the entire amount of profit for FY2023 in the Statement of Profit & Loss as of 31<sup>st</sup> March 2023.

#### **CAPITAL EXPENDITURE:**

During the year under review, the Company incurred capital expenditure of Rs. 9,084 lakhs for physical infrastructure and Rs. 127 lakhs for procurement of intangible assets. Significant investments have been made in building infrastructure, data security, information systems, and design and development activities, for the future benefits of the Company.

#### **CONSOLIDATED FINANCIAL STATEMENTS:**

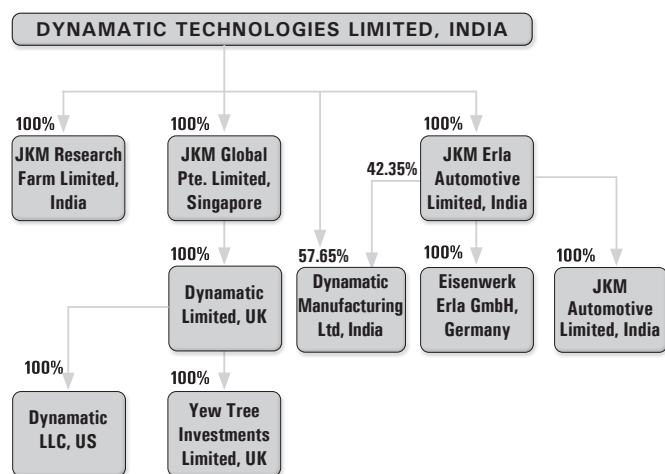
The Consolidated Financial Statements of the Company and its subsidiary are prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS'). The Audited Consolidated Financial Statements together with the Auditor's Report thereon form part of this Integrated Annual Report.

The Company has adopted a Policy for determining Material Subsidiaries in terms of Regulation 16(1)(c) of the SEBI Listing Regulations. The Policy, as approved by the Board is uploaded on the Company's website at <https://www.dynamatics.com>

#### **SUBSIDIARIES:**

The Company has nine subsidiaries. There are no associate or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries. The structure of Dynamatic Technologies Limited and its subsidiaries as on 31<sup>st</sup> March 2023, is appended hereunder:





Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of financial statements of the Company's subsidiaries in Form No. AOC-1 is attached to the financial statements of the Company.

#### 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. It operates a unique facility for testing and analysing complete tractor aggregates and systems.

**JKM Erla Automotive Limited, India (JEAL)** continues to be a wholly owned subsidiary of the Company and is a non-operating company.

**Dynamatic Manufacturing Limited, India (DML)** (formerly known as JKM Ferrotech Limited) is wholly owned subsidiary of the Company.

During the year under review, pursuant to an Asset Purchase and Employee Transfer Agreement, certain Plant, and machinery, along with identified employees, were acquired by DML from Dynamatic Technologies Limited (DTL).

Further, pursuant to an internal restructuring, DTL entered into an agreement with Eisenwerk Erla GmbH (EEG) and DML to purchase an equity interest of 24.62% held by EEG in DML. As of 31<sup>st</sup> March 2023, the shareholdings of 24.62% had been transferred from EEG to DTL after following the requisite procedures. DTL now holds 100% shareholdings in DML (57.65% shareholding directly and the balance 42.35% through its wholly owned subsidiary, JKM Erla Automotive Limited).

**JKM Automotive Limited (JAL)** is a wholly owned subsidiary of JEAL and is a non-operating company.

#### OVERSEAS WHOLLY OWNED SUBSIDIARIES:

**JKM Global Pte. Limited, Singapore**, continues to be an investment hub for overseas businesses.

**Dynamatic Limited, Swindon, UK, (DLUK)** is a wholly owned subsidiary and held through JKM Global Pte. Limited, Singapore.

**Yew Tree Investments Limited, Bristol, UK** is a wholly owned subsidiary of Dynamatic Limited, UK.

Originally Yew Tree Investments Limited and Dynamatic Limited were the subsidiaries of JKM Global Pte. Limited. Post-merger, DLUK has its Hydraulics unit and Aerospace unit, Dynamatic-Oldland Aerospace® in Swindon.

Dynamatic Hydraulics®, a division of DLUK located in Swindon, UK, produces high performance engineered hydraulic products. The plant has over 50 years of experience in gear pump design and manufactures and caters to agriculture, construction, and off-highway vehicle manufacturers. Products include combined variable and fixed displacement pump packages, temperature-controlled fan drive systems and fixed displacement pumps in aluminium and cast iron with a range of additional integrated valve options.

Dynamatic-Oldland Aerospace®, a division of Dynamatic Limited UK, is located in Swindon, and is a leader in aeronautical precision engineering and is currently working on components for most of the Airbus family of aircraft.

**Dynamatic LLC, US** is a subsidiary of Dynamatic Limited, UK.

**JKM Erla Holdings GmbH, Germany (JKM Erla)** JKM Erla Holdings GmbH, Germany (JKM Erla) was engaged in the business of setting up automotive component processing/manufacturing units. JEAL owned 100% share holdings in JKM Erla, which held 100% share holdings in Eisenwerk Erla GmbH, Germany.

During the course of the year, as an outcome of the corporate restructuring measures implemented by Eisenwerk Erla GmbH, Germany, through the 'Protective Shield Process' by self-administration it was determined that JKM Erla would be dismantled with the aim of streamlining the group holding structure in Germany.

As on the date of this report, JKM Erla ceases to exist and 100% of the shareholdings of Eisenwerk Erla GmbH, Germany is now held by JKM Erla Automotive Limited (JEAL), India

**Eisenwerk Erla GmbH, Germany (Eisenwerk)** became a subsidiary of the Company, subsequent to its holding company, JKM Erla, becoming a subsidiary of the Company. Eisenwerk has been in business for over 630 years and is a preferred supplier to leading global OEMs including Audi, BMW and Volkswagen. The manufacturing capabilities of this subsidiary include high precision machining of complex metallurgical products for automotive engines and turbochargers.

Eisenwerk is currently in the process of transformation from automotive/foundry-focus to the aerospace business. Considering the various challenges viz.; supply chain crisis at OEMs; current inflation in Europe; steep and unpredictable increase in the cost of gas and electricity being faced by corporations across Europe, Eisenwerk undertook corporate restructuring measures through "Protective Shield process by self-administration" under the applicable German Laws.

Subsequently, Eisenwerk had submitted a financial resolution plan to the court, based on which a creditors' meeting was convened by the Chemnitz court on 28<sup>th</sup> June 2023, in which the aforesaid resolution plan was voted and approved by the creditors in favour of Eisenwerk based on which the local court at Chemnitz, vide its final decision/order dated 27<sup>th</sup> July 2023, ended the protective shield by self-administration

proceedings with effect from 1<sup>st</sup> August 2023, by accepting the legally binding confirmation of the financial resolution plan submitted by Eisenwerk. With this all-creditor balances have been adjusted and proceedings closed.

#### PERFORMANCE OF SUBSIDIARIES:

Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of financial statements of the Company's subsidiaries in Form No. **AOC -1** is attached to the financial statements of the Company as **Annexure-1**.

There are no associate or joint venture companies within the meaning of Section 2(6) of the Act. There has been no material change in the nature of the business of the subsidiaries.

Further, pursuant to the provisions of Section 136 of the Act, the Financial Statements of the Company along with relevant documents and separate audited financial statements in respect of subsidiaries, are available on the website of the Company (<https://www.dynamatics.com>).

#### DIRECTORS' RESPONSIBILITY STATEMENT:

Based on the framework of Internal Financial Controls and compliance systems established and maintained by the Company, the work performed by the Internal Auditors, Statutory Auditors and Secretarial Auditors, including the Audit of Internal Financial Controls over financial reporting by the Statutory Auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY2023.

Accordingly, pursuant to Sections 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, confirm that:

- i. in the preparation of the annual accounts, for the Financial Year ended 31<sup>st</sup> March 2023, the applicable accounting standards have been followed and there is no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 of the Company for that period;
- iii. they have taken proper and sufficient care for the 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 fraud and other irregularities;
- iv. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.
- vi. they have prepared the Annual Accounts for the Financial Year ended 31<sup>st</sup> March 2023, on a going concern basis;

#### DISCLOSURE ON COMPLIANCE WITH SECRETARIAL STANDARDS:

Your directors have devised proper systems and processes for complying with the requirements of applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems were adequate and operating effectively.

#### DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

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

The Board of Directors at the meeting held on 9<sup>th</sup> August 2023, based on the recommendation of the Nomination and Remuneration Committee, appointed Ms. Gaitri Issar Kumar as an Additional Director (Non-Executive Independent) of the Company with effect from the said date. Pursuant to the provisions of Section 161 of the Act, Ms. Gaitri Issar Kumar holds office till the date of ensuing Annual General Meeting and is eligible for appointment. A resolution for her appointment as an Independent Director of the Company for a term of 5 years effective from 9<sup>th</sup> August 2023 to 8<sup>th</sup> August 2028 is set out at Item No. 6 of the Notice of Annual General Meeting for approval by the Members by way of a Special Resolution.

Pursuant to the provision of Section 152 of the Companies Act, 2013, Mr. Dietmar Hahn (DIN: 06414463), Non-Executive Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment. A resolution seeking shareholders' approval for his re-appointment forms part of the Notice.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 29<sup>th</sup> May 2023, have re-appointed

- a) Mr. Udayant Malhoutra (DIN:00053714), CEO & MD, for a period of 3 years, with effect from 1<sup>st</sup> October 2023 to 30<sup>th</sup> September 2026, which is subject to the approval of the members by way of a Special Resolution.
- b) Mr. P S Ramesh (DIN: 05205364), Executive Director & COO – Hydraulics, for a period of 1 year, with effect from 14<sup>th</sup> November 2023 to 13<sup>th</sup> November 2024, which is subject to the approval of the members by way of a Special Resolution.

A resolution in this behalf is set out at Item No. 4 and 5 of the Notice of the forthcoming 48<sup>th</sup> Annual General Meeting, for Members' approval.

Mr. Govind Mirchandani and Ms. Malavika Jayaram will be retiring as Independent Directors effective 14<sup>th</sup> August 2023, after completing their term of appointment. The Board places on record its appreciation for the contributions and guidance made by Mr. Govind Mirchandani and Ms. Malavika Jayaram, during their stint with the Company as Independent Directors.

Mr. Arvind Mishra ceased to be an Executive Director and Global COO - Hydraulics and Head -Homeland Security, upon his resignation w.e.f the close of the business hours on 8<sup>th</sup> August 2023.



During the year under review, the Company did not have any pecuniary relationship or transactions with any of its directors, other than payment of remuneration/incentive to the Executive Directors and payment of sitting fees to Non-executive Directors and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committees of the Company.

None of the Directors of the Company are disqualified from being appointed as Directors as specified under Section 164 of the Companies Act, 2013.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on 31<sup>st</sup> March 2023 are:

- Mr. Udayant Malhoutra, CEO & Managing Director
- Mr. P S Ramesh, Executive Director, Group Technical Services and Human Resource\*
- Mr. Arvind Mishra, Executive Director, Global COO – Hydraulics, Head of Homeland Security\*\*
- Mr. Chalapathi P, Chief Financial Officer
- Mr. Shivaram V, Head – Legal, Compliance & Company Secretary.

\* re-designated as Executive Director & COO-Hydraulics w.e.f 8<sup>th</sup> August 2023

\*\* resigned w.e.f 8<sup>th</sup> August 2023

#### Declaration by Independent Directors:

All the Independent Directors of the Company have provided their declarations to the Company under Section 149(7) of the Act that they meet the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'). In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

In the opinion of the Board, they fulfil the conditions of independence as specified in the Act and the Listing Regulations and are independent of the management.

#### BOARD MEETINGS:

Six meetings of the Board were held during the year under review. For details of meetings of the Board, please refer to the Corporate Governance Report, which is a part of this report.

#### COMMITTEES OF BOARD OF DIRECTORS:

The Board has eight committees:

1. Audit Committee,
2. Nomination and Remuneration Committee,
3. Stakeholders' Relationship Committee,
4. Risk Management Committee
5. Technology & Strategy Development Committee,
6. Finance Committee,

7. Corporate Social Responsibility Committee and
8. Independent Directors' Committee.

Details of all the Committees of Board of Directors as per the Secretarial Standard - 1, as issued by the Institute of Company Secretaries of India have been disclosed in the Corporate Governance Report. The Board has accepted the recommendations made by the Committees of Board of Directors during the year under review, with no instances where recommendations of the Audit Committee were not accepted by the Board.

#### REMUNERATION POLICY:

The philosophy for remuneration of directors, Key Managerial Personnel and all other employees of the Company is based on the commitment of fostering a culture of leadership with trust. Dynamatic Technologies believes in providing an opportunity that is strongly linked to and constantly reinforces the performance culture of the Company. Dynamatic Technologies has laid down remuneration policy in line with globally accepted governance practices. The remuneration policy is designed with the objective to attract, motivate, retain human capital, and improve productivity by creating a congenial work environment, encouraging initiative, personal growth and teamwork while simultaneously offering appropriate remuneration packages. The remuneration policy is also market-led and considers the competitive circumstance of each business to attract and retain quality talent and leverage performance significantly. Remuneration Policy is annexed as **Annexure - 2**.

Members can download the complete remuneration policy on the Company's website [www.dynamatics.com](http://www.dynamatics.com) in Investors Desk section.

#### DIVERSITY IN THE BOARD:

In line with the core strategy, the Company understands the importance of maintaining board diversity. Ensuring optimal mix of varied perspectives, skills, expertise, industry experience, age gender, race, ethnicity, and cultural background is critical to foster innovation and helps us to retain our competitive advantage. The Board has adopted the 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 independent directors and woman director.

#### FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS:

An appropriate induction for new directors and ongoing training for all directors ensure high corporate governance in the company. Dynamatic Technologies conducts an induction programme for every new independent director. The induction program has been developed with the objective of providing them with a comprehensive understanding of the company, its businesses, markets, and the regulatory environment in which it operates. The programme also aims to familiarize the independent directors with the management and its operations to gain a clear understanding of their roles and responsibilities and contribute significantly to the growth of the company. They have full opportunity to interact with senior management personnel and are provided with all the documents required and sought by them to enhance their understanding, as mentioned above.

Dynatomic Technologies firmly believes that a board that 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 objective, the directors are updated on a continuous basis on developments in the corporate and industry scenario, including those pertaining to the regulatory and economic environment, to enable them to take well informed and timely decisions.

The details of the familiarization program are uploaded on the company's corporate website, [www.dynatomic.com](http://www.dynatomic.com), in the Investors Desk section.

#### **CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, AND INDEPENDENCE OF A DIRECTOR:**

In terms of the provisions of Section 178(3) of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the Nomination and Remuneration Committee (NRC) has formulated the criteria for determining qualifications, positive attributes and independence of Directors, the key features of which are as follows:

- a. Qualifications** – A transparent Board nomination process is in place that encourages diversity of thought, experience, knowledge, perspective, age, and gender. It is also ensured that the Board has an appropriate blend of functional and industry expertise. While recommending the appointment of a Director, the NRC considers the manner in which the function and domain expertise of the individual will contribute to the overall skill domain mix of the Board.
- b. Positive Attributes** - Apart from the duties of Directors as prescribed in the Companies Act, 2013, the Directors are expected to demonstrate high standards of ethical behaviour, communication skills and independent judgment. The Directors are also expected to abide by the respective Code of Conduct as applicable to them.
- c. Independence** - A Director will be considered independent if he / she meets the criteria laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

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

The Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations. The Evaluation was based on the criteria and framework adopted by the Board. The performance also included inputs from all the directors based on criteria such as the board composition, board processes, information & functioning, Risk Management & Strategy, Corporate Social Responsibility, Organisational performance and structure, effectiveness of board processes, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members based on criteria such as the composition of committees, effectiveness of committee meetings, etc. In a separate meeting of independent directors, performance of non-independent directors, the Board as a whole and the Chairman of the Company was evaluated, considering the views of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors based on criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, Strategy & Risk Management, Interpersonal Skills alongside meaningful and constructive contribution and inputs in meetings, etc. At the board meeting that followed the meeting of the independent directors and meeting of Nomination and Remuneration Committee, the performance of the Board, its committees, and individual directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the independent director being evaluated.

The Annual Performance Evaluation is conducted in a paperless manner with documents being securely uploaded and accessed electronically. This has resulted in saving paper, reducing the cycle time of the process, and increasing confidentiality of the information.

#### **INTERNAL CONTROLS SYSTEMS AND THEIR ADEQUACY:**

The Board has adopted policies and procedures 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 disclosures.

The company has ensured that adequate systems for internal control commensurate with its size and complexity are in place. These systems and controls ensure that all assets are safeguarded and protected and that transactions are authorized, recorded, and reported correctly. In addition, the company has also ensured that adequate checks and balances are in place to determine the accuracy and reliability of accounting data. All the related processes are properly documented, and appropriate steps are undertaken to ensure adherence to the internal control systems. The roles and responsibilities of various stakeholders involved in the process are clearly demarcated.

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 are ensured by direct reporting to the Audit 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 Committee and rectify the same. During the year, such controls were tested, and no reportable material weaknesses in the design or operation were observed.

#### **REPORTING OF FRAUDS:**

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees, to the Audit Committee under Section 143(12) of the Act, details of which are required to be mentioned in this Report.

#### **QUALIFICATIONS IN AUDIT REPORTS:**

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

- a. by the Statutory Auditor in their report:

There are no qualifications, reservations or adverse remarks reported by M/s. Deloitte Haskins & Sells., LLP, (ICAI Firm Registration No. 117366W/W-100018) statutory auditors in their report for the year under review.

- b. by the Company Secretary in Practice in his Secretarial Audit Report:

Mr. Ratish Tagde & Associates, Company Secretary in practice, has made no qualifications or reservations or adverse remark in the secretarial audit report.

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

## **TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:**

### **a) Transfer of Unclaimed Dividend to Investor Education and Protection Fund (IEPF):**

Particulars of Dividend remaining unclaimed in terms of Section 124(5) of the Act, amounts transferred to the Unpaid Dividend Account of the Company, which remain unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the IEPF established by the Central Government along with the underlying shares.

The details pertaining to the transfers is forming part of the Corporate Governance Report which is annexed to this report.

### **b) Transfer of Shares to IEPF:**

As required under Section 124(6) of the Act, Equity Shares in respect of which dividend has not been claimed by the members for seven consecutive years or more have already been transferred by the Company to the IEPF Authority. Details of shares transferred is available on the website of IEPF as well as the Company.

### **c) DEMAT Suspense Account Unclaimed Shares:**

As on 31st March 2023, there are 11 members, holding 851 Equity Shares of Rs.10/- each, lying in the escrow account due to non-availability of their correct particulars. A detailed note in this regard is provided in the Corporate Governance Section under "Suspense Account for the unclaimed shares". The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

## **RELATED PARTY TRANSACTIONS:**

All Related Party Transactions during the FY2023 were executed at arm's length basis and in the ordinary course of business. These transactions were in compliance with the applicable provisions of the Act and the Listing Regulations.

During the year, there were no materially significant Related Party Transactions undertaken by the Company which required shareholder approval under the Listing Regulations. All Related Party Transactions are placed before the Audit Committee for approval. Additionally, prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature or when the need for these

transactions cannot be foreseen in advance. A statement of all Related Party Transactions is placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and other terms and conditions of the transactions.

The Related Party Transactions Policy adopted by the Company, as approved by the Board, is uploaded on the Company's website. Details of transactions with related parties are provided in the accompanying financial statements. No transactions undertaken during the year were required to be reported in Form **AOC-2**, annexed as **Annexure - 3**.

In terms of Regulation 23 of the SEBI Listing Regulations, the Company submits details of RPTs as per the format specified in the relevant accounting standards to the stock exchanges on a half-yearly basis.

## **CORPORATE GOVERNANCE:**

Your Company is in compliance with all the applicable provisions of Corporate Governance as stipulated under Chapter IV of the Listing Regulations. A detailed report on Corporate Governance as required under the Listing Regulations is provided in a separate section and forms part of the Annual Report. A Certificate from a Practicing Company Secretary regarding compliance with the conditions stipulated in the Listing Regulations forms part of the Corporate Governance Report.

Dynamatic Technologies has a legacy of maintaining the highest standards of corporate governance practices. This is based on the philosophy that effective corporate governance practices provide a strong and stable foundation for a successful enterprise. The company always emphasizes ensuring integrity and transparency in all its dealings, which are critical to retaining the trust of all stakeholders. The core values of the company's corporate governance system comprise independence, transparency, accountability, responsibility, compliance, ethics, values, and trust. We believe that our corporate governance practices will enable us to execute business operations efficiently and ethically and enhance shareholders' wealth sustainably for all our stakeholders.

Dynamatic Technologies is committed to maintaining the best standards of corporate governance and proactively adopts ethical and transparent governance practices even before they are mandated by law. The company has always strived to build trust with shareholders, employees, customers, suppliers, and other stakeholders based on the principles of good corporate governance, including transparency and integrity. Strong leadership and best-in-class corporate governance practices are considered major strengths of the company.

The company is following all the applicable provisions of corporate governance as stipulated under Chapter IV of the Listing Regulations. A detailed report on corporate governance, pursuant to the requirements of the listing Regulations form part of the annual report. M/s. Ratish Tagde & Associates, Company Secretary in Practice, had conducted the corporate governance audit for the year under review. A certificate from M/s. Ratish Tagde & Associates, regarding compliance with conditions of corporate governance as stipulated under listing regulations is presented in a separate section forming part of this annual report.



## MANAGEMENT DISCUSSION & ANALYSIS REPORT:

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Management Discussion and Analysis Report is presented in a separate section forming part of this Annual Report.

## BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT:

The Company endeavours to cater to the needs of the communities it operates in thereby creating maximum value for the society along with conducting its business in a way that creates a positive impact and enhances stakeholder value. As per Regulation 34(2)(f) of the SEBI Listing Regulations, the Business Responsibility & Sustainability Report ('BRSR') is provided in a separate section and forms part of these integrated Annual Report.

## AUDITORS:

### Statutory Auditors:

Under Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the said section. In line with the requirements of the Act, M/s. Deloitte Haskins & Sells., LLP, (ICAI Firm Registration No. 117366W/W-100018) are the Statutory Auditors of the Company for a period of five years from the conclusion of 44<sup>th</sup> Annual General Meeting until the conclusion of 49<sup>th</sup> Annual General Meeting.

The report of the Statutory Auditors along with 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:

As per Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company is required to have its cost records audited by a Cost Accountant in practice. The Board of Directors, based on the recommendation of the Audit Committee, has appointed M/s. Rao, Murthy & Associates, Cost Accountants, as Cost Auditor of the Company for conducting the Cost Audit for the FY2024, to conduct cost audits pertaining to relevant products prescribed under the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time. The Members are hereby requested to ratify the remuneration payable to Cost Auditor's for the FY2024.

### Internal Auditors:

The Internal Audit function is responsible for assisting the Audit Committee and Risk Management Committee on an independent basis with a full status of the risk assessments and management. M/s. KPMG Assurance & Consulting Services LLP was appointed as Internal Auditors of the Company to undertake Internal Audit for the FY2024.

### Secretarial Auditor:

The Company had appointed M/s. Ratish Tagde & Associates, Company Secretary in practice, to conduct its Secretarial Audit for the financial year ended 31<sup>st</sup> March 2023. 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.

## RISK MANAGEMENT POLICY:

The Company has constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) approving the Company's Risk Management Framework and (b) Overseeing all the risks that the organization faces such as strategic, operational, financial, liquidity, security, regulatory, legal, reputational, cyber security, ESG and other risks that have been identified and assessed to ensure that there is a sound Risk Management Policy in place to address such concerns / risks. The Risk Management process covers risk identification, assessment, analysis, and mitigation. Incorporating sustainability in the process also helps to align potential exposures with the risk appetite and highlight risks associated with chosen strategies.

The Audit Committee has additional oversight in financial risks and controls. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis.

The Company has a robust Risk Management Policy in place which enables framing an appropriate action for the key risks identified, to make sure that risks are adequately compensated or mitigated in the designated response time.

The main objectives of the said policy include:

- 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 Risk Management Committee is chaired by an Independent Director and the Chairperson of the Audit Committee is also a member of the said Committee. Further, the Board is apprised of any procedure that may impact the long-term plans of the Company.

The major risks forming part of the Risk Management process are linked to the audit universe and are also covered as part of the annual risk-based audit plan.

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

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

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

## **DEPOSITS:**

During the year under review, the Company has neither accepted nor renewed any deposits from the public and, as such, no amount of principal or interest was outstanding as on the Balance Sheet date within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

## **HUMAN RESOURCES & DEVELOPMENT:**

Dynamatic Technologies believes that Human Resources (HR) are the backbone for the overall growth of the organization, and identifying and upgrading the talent and competence of employees is a must. The HR function is to foresee the changes likely to happen in the industry and prepare the employees' capabilities accordingly. Multiskilling abilities to keep pace with the demands of the digital world and continuously changing diverse labour laws and social scenarios are kept in mind while steering the human resource. HR should remain vibrant and flexible to adapt to challenging times. Dynamatic Technologies undertakes the best possible efforts not only to maintain cordial relationships with the employees but also to create an equitable, just, and harmonious work environment conducive to their personal and professional development.

Dynamatic Technologies has put SAP software in place to capture the attendance of employees and assist in carrying out payroll activity completely in digital format. This software addresses all HR modules, from recruitment to separation, thus eliminating human intervention and subjectivity. Data pertaining to employees is kept safe and protected in digital form. All communications to employees, both blue-collar and white-collar, are made through this platform. As employees can access this system remotely, communication has been more effective. During this year, it is noteworthy that the HR team has successfully implemented HR modules in SAP at the India organization level. This makes HR procedures and transactions completely digital and transparent. All policies are made uniform for all the divisions and enforced through SAP workflow. Necessary training for the CTM and the end users has been provided. HR data and reports can be retrieved in real time. The comprehensible HR manual, which was documented and launched in January 2023, provided the basis for this digital platform.

The company's focus has always been to acquire, nurture, and develop the best talent to prepare them for leadership roles within the organization. There are various ongoing exercises being undertaken to enhance the skills of employees through constant training and learning initiatives. The HR team organizes sensitization programs and encourages communication to ensure an organizational culture that always provides for a fair and safe working environment for all the employees. The company has an excellent track record of cordial and harmonious industrial relations, and over the years, not a single man-day has been lost on account of labor unrest.

As part of our ongoing organizational development, many initiatives are planned to build a productive and progressive workforce in a structured manner. As a result of our continuous year-on-year efforts, our employees have grown into an engaged and result oriented team. Various ongoing activities have been scheduled and executed to build and retain competencies. Employees are encouraged towards a holistic growth in the organization.

The HR team organizes sensitization programs and encourages communication to ensure an organizational culture that always provides for a fair and safe working environment for all the employees.

Health and safety are the most important aspects of human resources management. It is our endeavor to ensure that employees are healthy both physically and mentally. Health insurance covering the employee and his/her family is managed periodically by the company. Well-equipped ambulances, a health care team, and pathological labs are made available to all employees by the company. While physical health is taken care of, mental wellbeing is also part of our focus. A well-known psychiatrist is retained by the company to intervene and engage our employees to develop mental and emotional wellness.

The Aerospace Skill Development Centre (ASDC) continues to thrive in training young boys and girls from rural areas around the ITI, Devanahalli, and Bangalore. These students undergo intense training in aerospace structure assembly, CNC turning and machining, etc. The training will include both theory and practical classes. These trained youngsters are later placed in companies around KIADB, Devanahalli. All the students who have passed out of this ASDC have found jobs in one or another renowned aerospace industry in and around Bangalore.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR):**

Your company has a policy on corporate social responsibility, which has been posted on the company's website at [www.dynamatics.com](http://www.dynamatics.com). Pursuant to the provisions of Section 135 and other applicable provisions of the Act, read with applicable rules, the company has undertaken various initiatives during FY2023, as follows:

Your company focuses its CSR activities on three thematic areas: promoting education, ensuring environmental sustainability, and promoting health care activities.

Dynamatic Technologies engages with the "Directorate of Employment and Training, Government of Karnataka" to support the Industrial Training Institute (ITI) as a center of excellence for skill development and vocational training. ITI is being supported with the provision of equipment for laboratories, the volunteering of employees for training sessions, the development of training modules, and the enrollment of women students who belong to rural communities along with students from underprivileged backgrounds.

Dynamatic Technologies has strengthened its objectives in CSR and, through its Skill Development Initiative Team, has been imparting skills to trainees with ITI / Diploma backgrounds and serving workers from the aerospace industry who volunteer to enhance their skill levels. The Dynamatic Skill Initiative team has developed a curriculum

for systematically training the ITI-passed students, both in theory subjects and on the practical aspects of aircraft structural assembly work, which serves as the basis for the 3-month-long bridge course. Dynamatic Technologies had two such batches complete their course successfully during this year, and the graduated trainees have been employed in various aerospace industries in and around Bangalore. This curriculum has been widely appreciated and is now approved as a two-year trade (aerospace fitters) in Government ITIs all over the country. The course addresses technical skills in operations such as sheet metal forming, material handling, drilling, riveting, painting, NDT, etc.

The Aerospace Skill Development Centre (ASDC), which has been established with all the necessary infrastructure to train the trainees in aerospace subjects under the Institute Management Committee, has further come up with two CNC program courses this year, one in turning and the other in milling. CNC machines are in place at the ITI facility, and the necessary cutting tools and raw materials for practicing on the machines have been provided by Dynamatic Technologies. Classes for a fresh batch of trainees are being conducted in these trades, and at the same time, the ITI students in the existing trades are also trained in technical and certain soft skills.

CNC Operator-Turning: A Level 3 Course, which is registered under the Chief Minister's Kaushalya Karnataka Yojane (CMKKY) in the Department of Skill Development and Entrepreneurship and Livelihood, is continuing to be provided during the year.

Under health care activities, DTL has provided the front-line workers in police departments with necessary PPE periodically.

The Annual Report on CSR activities in terms of the requirements of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure 5**, which forms part of this Report.

#### **EXTRACT OF THE ANNUAL RETURN:**

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the Annual Return for FY 2022-23 is uploaded on the website of the Company and the same is available at [www.dynamatics.com](http://www.dynamatics.com)

#### **POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE:**

The Company has zero tolerance for sexual harassment at the 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 made thereunder. The Policy aims to provide protection to employees at workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. Internal Complaints Committee (ICC) is in place for all works and offices of the Company to redress complaints received regarding sexual harassment.

As a proactive measure and to bring awareness about the Act, training sessions from legal experts are conducted

for the women employees. Such sessions are now being extended to all employees in a phased manner.

#### **Policy for Safety and Well Being of Women:**

The National Institute of Personal Management (NIPM), Karnataka Chapter, had organized a one-day workshop on Prevention of Sexual Harassment (POSH) of Women at Workplace: Provisions of Law and Complaint Redressal and Principles of Domestic Enquiry on 11th November 2021. Our ICC Committee members participated in this workshop. The company strives to create a safe, friendly, and inclusive work environment for its employees. During the financial year 2022-23, the company has not received any complaints of sexual harassment.

Women's Day was celebrated at the Sheraton Grand Bangalore Hotel at Brigade Gateway, Bangalore, on 13<sup>th</sup> March 2023, by engaging all women employees in the campaign "DigitAll: Innovation and Technology for Gender Equality."

Dynamatic Technologies invited and honored women who have made achievements in their respective professional fields. This inspired and added confidence to our women employees, who have already broken the barrier and are working successfully along with men in all the departments at various ranks. All the women employees of the Hydraulics and Aerospace Divisions participated in the event. The CEO and MD addressed all the female employees on this occasion.

The HR team has more women in your company than men, proving the point that the company has the mandate to increase the number of women employees in all its functions and improve the gender ratio.

#### **WHISTLE BLOWER POLICY AND VIGIL MECHANISM:**

The Company has adopted a Vigil Mechanism Policy through which all stakeholders, including Directors and employees, may report unethical behaviour, malpractices, actual or suspected fraud, wrongful conduct, and 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 Committee.

During the year under review, the Company / Committee has not received any such complaint. The functioning of the vigil mechanisms are reviewed by the Audit Committee from time to time.

This Policy provides for adequate safeguards against victimization of employees who avail of this mechanism. The Policy also provides for direct access to the Chairman of the Audit Committee to best manage such events and to enable integrity of information. It is affirmed that no personnel of the Company will be denied access to the Audit Committee. The policy on vigil mechanism may be accessed on the Company's website (<https://www.dynamatics.com/investor.html>)

#### **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 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 attached as Annexure - 6, which forms part of this report.

#### **ENVIRONMENTAL PROTECTION MEASURES:**

The Company continuously strives to reduce its environmental footprint, while enhancing livelihood of people across the product value chain. In view of this objective, the Company has adopted several measures for improvement in the field of environment, safety, and health. Measures like standard operating procedures, training programmes for all levels of employees regarding resource conservation, and the environment protection and housekeeping have been conducted. Sustainable living is a part of long-term business strategy of the Company.

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

The information relating to conservation of energy, technology absorption, Research & Development and Foreign Currency is appended as **Annexure - 7**.

#### **OTHER DISCLOSURES:**

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

There have been no material changes / commitments affecting the financial performance of the Company which occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of this 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.

##### **Partnerships and Collaborations:**

During the year, the Company entered into two major partnerships with Academia and DRDO. It signed a MOU with Indian Institute of Technology (IIT) Kanpur for design and development of unmanned solutions aimed at surveillance and reconnaissance. The Company has also signed an agreement with Central Scientific Instruments Organisation

(CSIO) for advanced optical sensors and payload design and development. The partnerships are aimed at developing indigenous products and solutions for Indian Defence and Paramilitary in line with our Prime Minister's clarion call for self-reliance, Atmanirbhar Bharat.

#### **Credit Rating:**

During the year under review, the Company's debt facilities were rated by India Ratings and Research. The instrument wise ratings are as below:

Instrument Type	Rating / Outlook
Long Term Issuer Rating	IND BBB+/Positive
Fund Based Working Capital Limit	IND BBB+ / Positive / IND A2+
Non-Fund Based Working Capital Limit	IND A2+
Term loan	IND BBB+/Positive

#### **Listing with Stock Exchanges:**

The Company confirms that it has paid the Annual Listing Fees for the year FY2023 to NSE (DYNAMATECH) and BSE (505242) where the Company's shares are listed.

#### **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 Holdings 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. Greeneearth Biotechnologies Limited

#### **GREEN INITIATIVES:**

In commitment to keep in line with the Green Initiatives and going beyond it, electronic copy of the Notice of 48<sup>th</sup> Annual General Meeting of the Company including the Annual Report for FY 2022-23 are being sent to all Members whose e-mail addresses are registered with the Company / Depository Participant(s).

**APPRECIATION:**

Your directors take this opportunity to thank the employees, customers, vendors, investors of the Company and the communities in which the Company operates, for their unstinted co-operation and valuable support extended during the year.

Your directors also thank the Government of India, Government of Karnataka and Government of various States in India and government departments / agencies concerned for their co-operation.

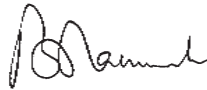
Your directors appreciate and value the contributions made by each and every member of the Dynamatic family.

The Board would also like to take this opportunity to thank all the Company's 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



**P S RAMESH**  
Executive Director & COO-Hydraulics  
DIN : 05205364

Place: Schwarzenberg, Germany

Date: 9<sup>th</sup> August 2023

## 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

Sr No	Name of the Subsidiary	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities [excl. (2) & (3)]	Investments			% of Holding	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend (incl. dividend tax)
						Long-term	Current	Total						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Foreign Subsidiaries (Reporting currency reference mentioned against each Subsidiary)</b>														
1	Dynatomic Limited UK	6,637	10,205	49,160	32,318	737	-	737	100%	34,389	2,287	107	2,179	-
2	Yew Tree Investments Ltd,UK	-	2,050	2,224	174	-	-	-	100%	-	77	19	57	-
3	Dynatomic US, LLC	-	(844)	(838)	5	-	-	-	100%	25	(88)	-	(88)	-
4	JKM Erla Holdings GmbH, Germany	23	11,369	22,299	10,906	22,098	-	22,098	100%	-	(1,020)	(286)	(734)	-
5	Eisenwerk Erla GmbH	1,425	19,302	41,637	20,910	-	-	-	100%	42,021	-	-	-	-
6	JKM Global Pte Limited, Singapore	11,926	(325)	11,625	24	11,524	-	11,524	100%	-	49	14	35	-
<b>Indian Subsidiaries</b>														
7	JKM Erla Automotive Limited	10,791	2,452	13,251	8	13,248	-	13,248	99.99%	-	(8)	-	(8)	-
8	JKM Automotive Limited	1	(1)	1	1	-	-	-	99.99%	-	0	-	0	-
9	Dynatomic Manufacturing Limited (formerly known as JKM Ferrotech Limited)	250	578	2,934	2,106	33	-	33	99.99%	43	(875)	-	(875)	-
10	JKM Research Farm Limited	500	2,138	2,644	6	-	-	-	99.99%	-	44	9	35	-

## Details of reporting currency and the rate used for converting.

Reporting Currency Reference	For Conversion		
	Currency	Average Rate (in ₹)	Closing Rate (in ₹)
a	GBP	96.77	101.33
b	SGD	58.49	61.72
c	USD	80.40	82.17
d	EURO	83.63	89.05



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



**P S RAMESH**  
Executive Director & COO-Hydraulics  
DIN : 05205364

Place: Schwarzenberg, Germany

Date: 9<sup>th</sup> August 2023

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

Names of subsidiaries which are yet to commence operations: Nil



## ANNEXURE 2

### 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 Technologies") is designed to attract, motivate, retain manpower, and improve productivity by creating a congenial work environment, encouraging initiative, personal growth and teamwork, besides offering appropriate remuneration package. The Policy 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 Technologies.

##### 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 Technologies can attract and retain competent executives.
- 2.2 The Remuneration Policy for executives reflects the overriding remuneration philosophy and principles of Dynamatic Technologies. 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 has 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 Rs 1,00,000 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.

##### 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 Technologies.
- 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.
- 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, vehicle with chauffeur, reimbursement of medical expenses, telephone, leave travel, etc.
- c) Retirement Benefits: contribution to provident fund, 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.dynamatics.com/investor.html](http://www.dynamatics.com/investor.html)



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



**P S RAMESH**  
Executive Director & COO-Hydraulics  
DIN : 05205364

Place: Schwarzenberg, Germany

Date: 9<sup>th</sup> August 2023

**ANNEXURE – 3**
**AOC-2**
**1. Details of contracts/arrangement/transactions not at arm's length basis: Nil**
**2. Details of contracts/arrangement/transactions at arm's length basis: refer below table**

(Rs. in lakhs)

Name of related party	Nature of relationship	Nature of contracts/ arrangement/transactions	Transactions as on 31 Mar 2023	Date of approval by the Board	Amount paid as a Loan and advance
Dynamatic Limited, UK	Step Subsidiary	Sale of manufactured goods	2,367	As per the Listing Regulations, appropriate omnibus approvals have been obtained at the Audit Committee meetings held on 25 <sup>th</sup> May 2022, 10 <sup>th</sup> August 2022, 11 <sup>th</sup> November 2022 and 10 <sup>th</sup> February 2023	Nil
		Corporate guarantee settled	272		Nil
		Rent expense	424		Nil
JKM Research Farm Limited	Subsidiary	Rent expense	48		Nil
Dynamatic Manufacturing Limited (formerly known as JKM Ferrotech Limited)	Step Subsidiary	Sales of raw materials and pattern	222		Nil
		Purchase of raw materials and pattern	48		551 *
		Assets purchase agreement consideration receivable from /(payable to)	(236)		Nil
		Reimbursement of Capital & Revenue Expenditure	598		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 expense	4		Nil
Wavell Investments Private Limited		Purchase of raw materials and components	462		42 *
Eisenwerk Erla GmbH, Germany	Step Subsidiary	Equity shares of Dynamatic Manufacturing Limited purchased	61		Nil
JKM Global Pte Limited, Singapore	Subsidiary	Investment made	964		Nil
Mr. Vivek Malani	Relative of Promoter Group	Rent expense	22		Nil
Ms. Ahilya Malhoutra	D/o: Mr. Udayant Malhoutra, Promoter	Remuneration	12		Nil
Udayant Malhoutra	Chief Executive Officer and Managing Director	Managerial remuneration	121		Nil
P S Ramesh	Executive Director, Group Technical Services and Human Resource	Managerial remuneration	117		Nil
Arvind Mishra	Executive Director and Global Chief Operating Officer - Hydraulics & Head - Homeland Security	Managerial remuneration	117		Nil
Chalapathi P	Chief Financial Officer	Managerial remuneration	103		Nil
Shivaram V	Head Legal, Compliances and Company Secretary	Managerial remuneration	51		Nil

**Note:**

\* Trade advance extended



## ANNEXURE – 4

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2023.

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014].**

To

The Members of

**Dynatomic Technologies Limited**

JKM Plaza, Dynatomic Aerotropolis

55 KIADB Aerospace park

Devanahalli

Bangalore 562110

I have conducted the secretarial audit compliance of applicable statutory provisions and the adherence to good corporate practices by Dynatomic Technologies Limited ("the Company"). Secretarial Audit was conducted in 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, the explanations and clarifications given to me and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended 31<sup>st</sup> March 2023, complied with the statutory provisions listed hereunder and also that the Company has adopted a 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 31<sup>st</sup> March 2023, 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 Byelaws 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, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - e) SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
  - f) SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015.
  - g) The Securities and Exchange Board of India (Employee Stock Option Scheme and employee Stock Purchase Scheme) Guidelines, 1999;
  - h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

I have also examined compliance with the applicable clauses of the following Secretarial Standards issued by the Institute of Company Secretaries of India:

- a) Meetings of the Board of Directors (SS-1); and
- b) General Meetings (SS-2)
- c) Dividends (SS-3)
- d) Report of Board of Director (SS-4)

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

I have relied on the representations 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. Shops and Establishment Act.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Director, 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 in advance, the meetings were held in compliance with the applicable provisions. There is 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.

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

**For Ratish Tagde & Associates.**  
(Company Secretaries)



Mr. Ratish Tagde  
(Proprietor)  
CP.NO. 22018  
FCS NO. 6162

**Place: Mumbai**  
**Date: 29<sup>th</sup> May 2023**

**To**  
**The Members of**  
**Dynamatic Technologies Limited**  
JKM Plaza, Dynamatic Aerotropolis  
55 KIADB Aerospace park  
Devanahalli  
Bangalore 562110

My Secretarial Audit Report date is to be read along with this letter. I have conducted the Secretarial Audit relying on the information and records made available to me.

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 virtual basis and 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. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I 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 are 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.

**For Ratish Tagde & Associates.**  
(Company Secretaries)



Mr. Ratish Tagde  
(Proprietor)  
CP.NO. 22018  
FCS NO. 6162

**Place: Mumbai**  
**Date: 29<sup>th</sup> May 2023**

## ANNEXURE – 5

### ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

Dynamic CSR Policy has identified programs such as - Promoting Education, Ensuring Environmental Sustainability and Promoting Healthcare.

Having identified the CSR Policy and Programs, our mission is to deploy our CSR team and concerned employees to participate in our CSR initiatives in a structured manner. Our objectives are to embed CSR in the overall strategy of the Company and implement CSR activities which build trust with stakeholders and create long term sustainability value with measurable outcome.

Through our CSR Programme we have been equipping the underserved communities with the amenities they need, empower the rural youth with technical / shop floor skills and knowledge.

Apart from the above, as a part of Promoting Education, Ensuring Environmental Sustainability and Promoting Healthcare, the company has identified the following programmes for the forthcoming Financial Year:

- Special education and employment enhancing vocation skills especially among children, women, and the differently abled and livelihood enhancement projects.
- Ecological balance, protection of flora and fauna, animal, welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air, and water.
- Preventive healthcare and sanitation, including contribution to the Swach Bharat Drive of the Central Government for the promotion of sanitation and making available safe drinking water.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation Nature Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Malavika Jayaram	Chairperson	1	0
2	Mr. Govind Mirchandani	Member	1	1
3	Mr. P.S Ramesh	Member	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: The CSR policy of the Company is available on the Company's website [www.dynamics.com](http://www.dynamics.com). (<https://www.dynamics.com/Investors/Shareholder-Information/>)
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
2022-23	6.24	6.24

- 6.

Sl. No.	Particulars	Amount in Rs Lakhs
a.	Average net profit of the company as per sub-section 135(5) Act:	987.00
b.	Two percent of average net profit of the company as per section 135(5) Act for Financial year 2023	19.74
c.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	6.24
d.	Amount required to be set off for the financial year, if any	6.24
e.	Total CSR obligation for the financial year (b-c)	13.50



8(a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
21.11	Nil	NA	NA	Nil	NA

(b) Details of CSR amount spent against ongoing projects for the financial year: Nil

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency.	
				State.	District			Name	CSR registration number.
1.	Promoting Education	Education	Yes	Karnataka	Bangalore	16.40	Direct	NA	NA
2.	Ensuing Environmental Sustainability	Environment	Yes	Karnataka	Bangalore	4.70	Direct	NA	NA

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable; Not Applicable

(f) Total amount spent for the Financial Year : 21,11,303

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	19.74
(ii)	Total amount spent for the Financial Year	21.11
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1.36
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	6.24
(v)	Amount available for set off in succeeding financial years [(iii)+(iv)]	7.60*


\*Includes Rs. 6.24 pertaining FY 2022 & Rs. 1.36 Pertaining to FY 2023

9(a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details); **Not Applicable**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5); **Not Applicable**



**MALAVIKA JAYARAM**  
Chairperson - CSR Committee  
DIN : 02252302



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

Place: Schwarzenberg, Germany  
Date: 9<sup>th</sup> August 2023

## ANNEXURE 6

### 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 2021-22 and the percentage increase in remuneration of Directors and Key Managerial Personnel (KMP) (%) during the Financial Year 2022 -23:

Name & Designation	Category	FY 2021-22	FY 2022-23	Increase / (Decrease)	Ratio	% Increase / (Decrease)
Mr. Udayant Malhoutra, CEO & Managing Director	Dir & KMP	1,05,23,428	1,14,24,796	9,01,368	1:17	9
Mr. P S Ramesh, Executive Director – Group Technical services and Human Resources	Dir & KMP	1,00,83,276	1,10,41,136	9,57,860	1:17	9
Mr. Arvind Mishra, Executive Director, Global head of Hydraulics and Head of Home land security, India	Dir & KMP	1,00,83,276	1,10,41,136	9,57,860	1:17	9
Mr. Chalapathi, Chief Financial officer	KMP	81,49,465	97,61,390	16,11,925	1:15	20
Mr. Shivaram V, Head Legal, Compliance and Company Secretary	KMP	39,78,360	47,87,082	8,08,722	1:07	20

Name of the Director	Sitting Fees (Rs)
Mr. Govind Mirchandani	15,50,000
Ms. Malavika Jayaram	4,50,000
Mr. Pradyumna Vyas	12,50,000
Mr. Pierre de Bausset	9,50,000

- The percentage increase in the median remuneration of employees in this financial year: 3%
- The number of permanent employees on the rolls of company as on 31<sup>st</sup> March 2023: 769
- 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 5.03%
  - Average percentage increase in the managerial remuneration: 12.23%
- 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.
- 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 the employees drawing remuneration of Rs. 8.50 lakhs per month or Rs. 1.02 crores per annum:

EC.No.	Name	Designation	Grade	Total Monthly CTC	One Time Spl Incentive - Converted to Month	Performance Linked Pay - Monthly	Monthly CTC
561	Udayant Malhoutra	CEO & Managing Director	C1	9,24,173	83,333	-	10,07,506
1085	Arvind Mishra	ED & Global COO - Hydraulics & Head Homeland Security	C1	8,48,082	83,333	40,250	9,71,665
1372	P S Ramesh	E.D - Group Technical Services & Human Resources	C1	8,48,082	83,333	40,250	9,71,665

Place: Schwarzenberg, Germany

Date: 9<sup>th</sup> August 2023



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



**P S RAMESH**  
Executive Director & COO-Hydraulics  
DIN : 05205364



## ANNEXURE 7

### Details on Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

(Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014)

#### A. Conservation of Energy

All our facilities in India and abroad are built with the environment in mind and the processes are designed for efficiency in usage of resources, 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 has been made systematic and quantifiable through the implementation of ISO 14000.

1) The steps taken or impact on conservation of energy

As a green energy initiative, Dynamatic Technologies has entered into third party agreement with M/S Clean Max Mercury Power Private Limited, one of the leading solar companies pioneering the sale of energy. The main objective of this program is to cut energy cost and reduce carbon footprint around the Company and this initiative 16.88 Lakhs KWH units of wheeling energy utilised has resulted in annual savings up to Rs. 38 Lakhs

2) The steps taken by the Company for utilizing alternate sources of energy

Under this scheme DTL has agreed to buy 24 Lakhs kWH solar power from vendor at Rs. 5.50/Unit. Currently we are incurring average Rs. 8.20/Unit from BESCO.

Dynamatic-Oldland Aerospace has tied with a private partner and will be using solar generated power for its operations. Thus, it has reduced our carbon foot print by going green

3) The capital investment on energy conservation equipment: Nil

#### B. Technology Absorption

1) The efforts made towards technology absorption.

Research & Development plays a vital role in creating and adopting new technologies to enhance our operational efficiencies. Dynamatic Hydraulics designs and build bespoke geared products for applications in Farm Mechanisation, Construction and Forestry, Mining, Material Handling and Industrial Machines. Most of these geared products are bespoke design using simulations of actual operating conditions of the equipment for which these are designed followed by extensive user trials. The company uses advanced software like Creo-III, Solid works, Ansys, AME SIM and has rapid prototype and validation labs in India and UK. The company holds number of patents on these products. R&D team has

some of the best brains on application engineering, product design and validation, process design, material science, integrated system design working in India and UK. The engineering teams also work in collaborative way with the best government and private research labs and institutes in India, UK and US like the DSIO, IIT Kanpur, IISC, BATH University, MSOE. The Aerospace & Hydraulics units in India & the UK; Automotive units in India and Germany work together in finding best solutions to problems leading to better synergies across the group.

The Company's Research & Development is actively driven by a Board level committee constituted as the Technology & Strategy Development Committee.

The Technology & Strategy 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.

2) Some of the benefits derived are product improvement, cost reduction, new product development or import substitution

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 enhance value delivery by leveraging skills and competencies to create new business opportunities.

3) Imported technology (imported during the last three years reckoned from the beginning of the financial year): Dynamatic has inhouse Design and Engineering capabilities in India, UK and Germany. Product design and development leverages on competencies of these teams to create world class products and solutions for our customers globally. We have not imported technologies but have been involved in import substitutions and Make in India in a big way. Our efforts have been lauded by the Prime Minister himself. The company has also won several indigenisation awards and accolades along its journey.

#### 4) Expenditure incurred on Research and Development

(Rs. in Lakhs)

Particulars	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
a. Capital	5	4
b. Revenue	262	206
<b>Total</b>	<b>267</b>	<b>210</b>

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars of foreign exchange earnings and outgo are as follows:

(Rs. in Lakhs)

Particulars	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>a. Total Foreign Exchange Earned</b>	<b>27,421</b>	<b>29,769</b>
Foreign Exchange Earned	27,421	29,769
<b>b. Total Foreign Exchange Used</b>	<b>10,775</b>	<b>6,777</b>
Import of materials, components, stores & spares, etc	7,841	4,408
Foreign Travels	281	35
Capital Expenditure	315	29
Lease Rent	424	344
Interest on Foreign Currency Term Loan	1,811	1,889
Others, if any	103	71

Place: Schwarzenberg, Germany

Date: 9<sup>th</sup> August 2023



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



**P S RAMESH**  
Executive Director & COO-Hydraulics  
DIN : 05205364

# CEO / CFO CERTIFICATION IN RESPECT OF FINANCIAL STATEMENTS AND CASH FLOW STATEMENT

(Pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended 31<sup>st</sup> March 2023)

To,  
The Board of Directors  
Dynamatic Technologies Limited

We, Udayant Malhoutra, Chief Executive Officer & Managing Director and Chalapathi P, Chief Financial Officer of Dynamatic Technologies Limited have reviewed the Financial Statements for the financial year ended 31<sup>st</sup> March 2023 and we hereby certify and confirm to the best of our knowledge and belief the following:

- a. The Financial Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- b. The Financial Statements together present a true and fair view of the affairs of the Company and are in compliance with existing accounting standards, applicable laws and regulations;
- c. There are no transactions entered in to by the Company during the year ended 31<sup>st</sup> March 2023 which are fraudulent, illegal or violative of Company's Code of Conduct;
- d. We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of these internal control systems of the Company pertaining to financial reporting. Deficiencies noted, if any, are discussed with the Auditors and Audit Committee, as appropriate, and suitable actions are taken to rectify the same;
- e. There have been no significant changes in the above mentioned internal controls over financial reporting during the Financial Year 2022-23



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



**Chalapathi P**  
Chief Financial Officer

Place: Bengaluru  
Date: 29<sup>th</sup> May 2023



# MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FY2023

## BUSINESS OVERVIEW:

Incorporated in 1973, Dynamatic Technologies Limited ('Dynamatic Technologies' or the 'Company') is a manufacturer of highly engineered, mission critical products for the Aerospace, Metallurgy 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 held the leadership position in hydraulic gear pumps market for over 45 years. Dynamatic Hydraulics has approximately 80% share of the Indian OEM tractor market and about 38% of the global tractor market. Dynamatic Technologies is a pioneer and leader, amongst the private sector, in both India and the UK, for the manufacture of precision flight critical, and complex airframe structures and aerospace components. It is a Tier-I supplier to the global aerospace OEMs and Primes such as Airbus, Boeing, BEL, Bell Helicopters, Dassault Aviation, Hindustan Aeronautics Limited and Spirit Aerosystems. The Company also manufactures high precision, complex metallurgical ferrous for performance critical components such as turbochargers and exhaust manifolds and has advanced design and development capabilities to support the OEM needs.

Dynamatic Technologies' facilities located in India (Bengaluru & Coimbatore), United Kingdom (Bristol & Swindon) and Germany (Schwarzenberg), are environmentally sensitive - green, lean, clean and aligned to our vision of CARE. The Company is vertically integrated, with its own alloy-making and casting capabilities as well as its own captive green energy sources.

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

**Hydraulics:** Dynamatic Technologies is one of the largest manufacturers of Hydraulic Gear Products in the world, with three state-of-art manufacturing facilities located in India and a facility each in the UK and Milwaukee, USA. This business unit designs and manufactures hydraulic gear pumps in both aluminium and cast-iron in multiple frame sizes. Range of products include high efficiency gear pumps, low noise pumps, high pressure pumps, Axial Piston Pumps, low torque high speed hydraulic motors, plunger hand pumps, hitch control valves, rock shaft assemblies, power steering valves and mobile control valves for global OEMs. The business unit also manufactures bespoke, very high flow scavenging pumps and lube oil pumps, and water pumps for high horsepower engines, which find applications on off-highway vehicles, marine and offshore equipment. The Company also designs and builds customized hydraulic solutions, from simple hydraulic pumping units to complex marine power packs, aircraft ground support systems to turnkey industrial installations. The division is equipped with advanced innovation and development centres in Bengaluru (India) and Swindon (UK) and holds several patents to its credit. With rich experience in application engineering and rapid prototyping capabilities, Dynamatic Hydraulics can develop bespoke solutions for OEMs in quick time.

**Aerospace & Defence:** Dynamatic-Oldland Aerospace® (DOA) is a pioneer and leader in the Indian private sector for the manufacture of high precision airframe and aerospace components. The Company has best in class infrastructure for catering to the needs of global OEMs such as Airbus, Boeing, Bell Helicopters, Dassault Aviation. Domestically, the Company is working with the defence sector PSU's such as HAL and BEL. The major products of the Aerospace & Defence segment are control surfaces such as wing, ailerons and wing flaps, fuselages, and other key flight critical airframe structures such as flap track beams. Over the period, the Aerospace division has developed excellent capabilities in automated robotic machining, five axis components in aluminium, steel, and titanium. The Company has also expertise in tooling capabilities.

**Metallurgy:** The Metallurgy division supplies performance critical parts for global manufacturers. It produces high precision, complex metallurgical ferrous castings for different applications in several industries. The Company possesses state-of-art manufacturing facility in Germany. Dynamatic Technologies can vertically integrate the competence and locational advantages of its facilities to deliver greater value to its customers.

## RESEARCH & DEVELOPMENT

With three design laboratories across India and Europe, Dynamatic Technologies is a leading private R&D organization, with several inventions and patents to its credit. The Company has defined an Intellectual Property (IP) strategy to build an effective portfolio for future monetization, collaboration, and risk mitigation, focusing on future technologies.

The Company owns various patents in countries including India, the USA, the UK, Germany, and other European countries. Besides the patents mentioned above, the Company has registered 39 trademarks and applied for multiple others in various countries including India, the USA, the UK, and other European countries. DTL employs over 80 scientists and 600 engineers and technicians with expertise in Product Design and Validation, Simulation, Application Engineering, Mechanical Engineering, Advanced Computer Aided Engineering, Computer Aided Manufacture, Materials & Metallurgical Engineering, Fluid Dynamics, and Defence & Aerospace Research. The state-of-the-art JKM Science Center brings together Design Engineering, Development, Prototyping, Metallurgical and Manufacturing Infrastructure enabling the Company to comprehensively address the needs of its global customers.

The Dynamatic Hydraulics Research Laboratory in Swindon, UK, has advanced design knowledge, focused on the Mobile Hydraulics, best-in-class engineering capabilities and intellectual property with several patented products and designs. This facility provides testing and validation of new products for various OEM customers.

## GLOBAL MACROECONOMIC SCENARIO

In 2022, the global economy was impacted by a series of disruptions that further worsened the impacts of the pandemic. The geopolitical turmoil in Eastern Europe added to

the crisis, causing a surge in oil and commodity prices, which aggravated the already high inflation levels worldwide. This escalation of geopolitical tension also resulted in increased financial instability. Adding to this, bank collapse in the United States in the first half of March 2023, caused ripple effects across global financial markets. While the initial impact on economic activity appears to be under control, markets are anticipated for more stringent financial conditions.

These challenges and resulting inflationary pressures prompted many developed and developing countries to implement assertive monetary policies aimed at tightening financial conditions. Major central banks in developed nations raised interest rates rapidly to control inflation. However, this led to capital outflows and currency depreciation in developing countries, which further intensified their balance-of-payment pressures.

### **Outlook\***

The weakening consumer confidence and investor sentiment, driven by higher interest rates and diminished purchasing power, have clouded the world economy's near-term growth. The April 2023 International Monetary Fund (IMF) report indicates the global output growth at 3.4% in 2022. However, this growth rate is expected to further decline to 2.8% in 2023, before rising to 3% in 2024.

Emerging markets and developing economies are suffering the consequences of global spill overs, despite being bystanders. The outflow of capital and depreciation of currencies have led to elevated costs of external funding, augmented levels of debt, and endangered their already struggling recoveries. Concerns over lingering supply chain disruptions have rattled commodities and financial markets.

The outlook for emerging economies is projected to be 3.9% in 2023 and 4.2% in 2024. On the other hand, advanced economies are expected to grow by 1.3% and 1.4% in 2023 and 2024 respectively. However, full economic revival seems to be further away, but collaborative efforts between businesses and governments across borders and industries will help us navigate this difficult period and emerge more robust and resilient.

### **Indian Economy**

With the global economy in disarray, India, too was impacted. As the Ukraine conflict continues to impact the global GDP, India is projected to remain robust with a growth rate of 5.9% in 2023, according to the IMF report. This growth rate is slightly lower than the estimated 6.4% in 2022, as higher interest rates and a global slowdown weigh on investment and exports. However, India remains one of the fastest-growing major economies, supported by strong private consumption and capital investment.

India was on the verge of a strong recovery from the pandemic-induced health crisis when the geopolitical tensions disrupted the country's growth trajectory. This led to a consequent sharp rise in commodity prices, including oil and food. However, the Indian government was prompt to act against inflation, and even though the short term is turbulent, the impact on the long-term outlook is expected to remain marginal. India has

shown remarkable economic resilience, managing to mitigate external imbalances caused by the conflict without impeding its growth momentum. Moreover, the country's inflation rate remained within its tolerance range, in contrast to several advanced nations and regions.

### **Outlook\*\***

It is anticipated that India will experience a rapid increase in economic growth in the financial year 2024 due to a robust distribution of credit and capital investment. The growth will be driven by the extensive development of digital platforms and various government initiatives including the Production-Linked Incentive (PLI) schemes, which aim to stimulate manufacturing output. The Government has allocated Rs. 8,083 crores towards the PLI scheme. The majority of this funding will be directed towards large-scale electronics manufacturing, including mobile devices, pharmaceuticals, automotive and auto components, as well as food processing.

## **INDUSTRY OVERVIEW AND SEGMENT DISCUSSION:**

### **HYDRAULICS:**

Dynamatic Hydraulics® is one of the world's largest manufacturers of hydraulic geared products with state-of-art manufacturing facilities located in India, the UK, and the USA. This division manufactures widest range of hydraulic gear pumps in aluminium and cast iron in multiple frame sizes, pressure and flow ratings and designed bespoke for each application, Axial Piston Pumps, High speed low torque motors, hand pumps, Hitch control valves, Rock shaft assemblies, Lube and water pumps, Mobile control valves, Steering Units, and complete hydraulic solutions for the Indian and overseas markets.

### **Industry Overview and Outlook:**

#### **Farm Mechanisation:**

The tractor production in India in FY 2023 recovered marginally over the volumes produced in FY 2022. The industry witnessed a growth rate of approximately 7%. The volumes, however, remain encouraging, with India accounting for roughly 45% of global tractor volumes produced in this period. While a large percentage of these tractors are sold and used within India, there is a gradual increase in exports of these mid-horsepower tractors manufactured in India.

Over the past few years, there has been significant progress in agriculture mechanization in India. A considerable number of farmers have transitioned from traditional animate sources to mechanical equipment to power their farming activities. This shift can be attributed to various factors, including easy availability of credit, government incentives, increased agricultural productivity, the emergence of contract farming, and rising rural incomes. The farm mechanisation in India is roughly around 50-52% compared to Europe and the USA where it is more than 85%. So, we have a huge headroom for growth, and this will drive the demand for tractors and other equipment for the sector in India.

Looking ahead, the growth of the tractor industry is expected to moderate in FY2024, with projected low single-digit year-on-year growth. However, there is still ample room for

\*<https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>  
<https://openknowledge.worldbank.org/server/api/core/bitstreams/254aba87-dfeb-5b5c-b00a-727d04ade275/content>  
<https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-2023/>

\*\*<https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MPRAPR2023CE7252C3A2594B408162BF7877EF7F03.PDF>

farm mechanization in India, and the industry is expected to benefit from the increasing use of tractors in non-agricultural activities, rising demand for Indian medium horsepower tractors from other countries, and higher investments in global infrastructure development. These factors are likely to fuel the growth of the tractor industry in the near future.

### Construction and Material Handling:

The Indian Construction Equipment industry (CE) recorded an excellent 26% YoY growth with sales crossing the one lakh unit mark in FY2023. CE sales in Q4 of FY2023 (Jan-Mar 2023) increased by 23% over Q4-FY2022 and by 22% over Q3-FY2023. The significant growth in FY2023 was driven by all four sub-segments of CE industry, except Road Construction Equipment, which recorded a slight de-growth of 3%. A total of 77,164 units of Earthmoving equipment were sold in FY2023, a 23% jump in sales as compared to 62,629 units sold in FY2022. The Material Handling Equipment segment recorded an impressive 47% growth, driven by a 25% surge in sales volume of pick and carry cranes, accounting for more than 80% of the total sales in this category. A significant increase in tele-handler sales was also witnessed with 713 units sold in FY2023 compared to 342 units in FY2022. Enhanced government focus on infrastructure development and the steady revival of the real estate industry were other factors that contributed to the growth of the industry and resulted in higher demand for construction equipment during the year. [Source: ICEMA]

Going forward, a strong recovery is anticipated during FY2023 on the back of low base effect as well as an enhanced export potential and the government's continued thrust on infrastructure development through National Infrastructure Pipeline, Gati Shakti Masterplan, National Monetisation Plan, constitution of National Bank for Financing Infrastructure and Development (NaBFID). However, with increasing raw material prices such as steel, bitumen and cement, the industry may experience some margin pressure.

Dynamatics designs and builds pumps and motors for construction equipment sector. At present market share of the Company is very limited in this segment. Going forward, we look forward to this sector as a good opportunity to explore new products, new application, and new markets.

### Segment Overview:

Dynamatic Hydraulic manufactures high precision hydraulic products and solutions for tractors, construction equipment, material handling and machine tool industries. The Company has three state-of-art manufacturing facilities at Bengaluru for Geared Products- Pumps and Motors, Integrated Hydraulic solutions like hitch control valves, Rockshaft Assemblies and Power Units for defence applications. This manufacturing facility is supported by a very advanced design, R&D center and a rapid prototyping laboratory.

The Company market share witnessed an increase in FY2023 from 75% to 80% in the organized Indian tractor industry. It also designs and builds complete hydraulic solutions including hydraulic hitch control valve with draft control and complete rockshaft assembly for the agricultural tractors.

The Indian tractor industry might witness a low single digit growth in FY2024 owing to below normal monsoon levels forecast. However, there is an increasing global demand for mid-size tractors produced in India. Industry will thus witness a steady growth in exports.

Furthermore, with given growth potential in the construction equipment sector, Dynamatic 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, which will cater to the global OEMs. Some of these products will undergo production phase in coming years, with supplies to global OEMs and aftermarket.

During the FY2023, the Hydraulics segment recorded a healthy top line growth of 9% compared to last year coupled with significant improvement in the profitability for the period. The margin enhancement was driven by development of new products, addition of new applications, resulting in better product mix. Continuous process improvement measures further help improve efficiencies and margins.

### Operational Performance

(Rs in Lakh)

Particulars	FY2023	FY2022	Change (%)
Revenue	46,166	42,366	9.0%
EBITDA	8,748	7,318	19.5%
Margin %	18.9%	17.3%	

The Hydraulics segment reported a robust performance during the year driven by increasing demand from agriculture and non-agriculture sector demand for tractors. EBITDA margins for the segment improved by over 168 basis points compared to last financial year.

Looking forward, the year 2024 is expected to report a moderate growth in India and UK. However, higher commodity prices, inflation, power surcharge and removal of subsidy on power by the UK Govt., will test our margins in UK.

### Awards & Accolades:

Dynamatic Hydraulics® has successfully completed the re-certification audits by ULDQS India, to ISO: 9001 specifications for Quality Management System and also to ISO:14001 specifications for its Environmental Management System. The Company has also successfully completed ISO 45001 for occupational health and safety management systems (OHSAS).

Dynamatic Hydraulics received a number of awards, listed below, at the National and State level in the FY2023. This is due to our relentless pursuit of excellence in everything we do.

May 2022: One Gold Award in CII Poka Yoke Competition

July 2022: One Gold Award in CII National Kaizen competition

July 2022: One Silver Award in CII National Kaizen competition

August 2022: Two Gold Award for Quality Circle, QCFl

November 2022: One Platinum Award in CII National Kaizen Competition

December 2022: Star Champion Award for Kaizen Competition, CII

December 2022: Excellence Award, National convention for Quality circle, QCFl

January 2023: Gold Award in Poka Yoke competition, CII



## Customer Awards

November 2022: Sharing best practises award by Ashok Leyland

## AEROSPACE & DEFENCE:

### Industry Overview and Outlook:

#### Defence Aerospace:

Aerospace and Defence (A&D) industry has shown signs of a strong rebound in 2022, but supply chain challenges and talent shortages continue to limit the industry's growth. Furthermore, the Russian and Ukraine war disrupted global supply chains, especially for critical metals and rare earth elements, and exacerbated fuel price volatility. Inflation remains a challenge for the entire industry. However, increased aircraft and military orders indicate continued growth in 2023. India's defence expenditure ranks third globally, aiming to export \$15 billion worth of equipment by 2026, showcasing its evolving capabilities in the global defence market. Till April 2023, a total of 606 Industrial Licences have been issued to 369 companies operating in Defence Sector. A testament to this progress is the defence manufacturing sector's commendable surge in production, escalating from \$10.9 billion in FY21 to an impressive \$11.85 billion in FY22. Foreign Direct Investment (FDI) equity inflow in the defence sector for April 2000-June 2022 stood at US\$ 13.16 million, as per data released by the Department for Promotion of Industry and Internal Trade (DPIIT). Over the next 5-7 years, the Government of India has committed to an ambitious plan of allocating \$130 billion for fleet modernization across all armed services. This remarkable investment highlights the government's unwavering determination to equip its armed forces with cutting-edge technology and reinforce its defence capabilities.

#### Commercial Aerospace:

Economic recovery for the civil aviation industry gained momentum in 2022 on the back of the COVID-19 vaccine rollout and rising demand for air travel. As passenger traffic exceeds pre-pandemic levels, strong increases in new commercial aircraft orders signal growth continuing in 2023. India's aviation sector has made significant strides in its recovery, with a fully recovered state from the pandemic shock. In the fiscal year 2023, India recorded an impressive 236.71 million air traffic movements, marking a significant increase compared to the previous year. As a result, India is on track to become the world's third-largest air passenger market by 2030, surpassing both the United States and China [Source: International Air Transport Association – IATA].

The strong recovery in air travel is leading to increased aircraft orders and aftermarket activity. The number of airplanes is expected to reach 1,100 planes by 2027. Between FY2016 and FY2022, freight traffic increased at a CAGR of 2.52% from 2.70 MMT to 3.14 MMT. Freight traffic stood at 2,390,320 tons in FY23 (April-December 2022). Freight traffic on airports in India has the potential to reach 17 MT by FY40. The Indian Civil Aviation MRO market, at present, stands at around USD 900 mn and is anticipated to grow to USD 4.33 bn by 2025 increasing at a CAGR of about 14-15%. To accommodate this booming industry, the government plans to invest Rs. 35,000 crores (\$4.99 billion) over the next four years and further develop airport infrastructure. With initiatives such as UDAN-RCS promoting regional air connectivity, the Indian civil aviation sector is ready to take flight, solidifying its

position as a dynamic force in the global aviation landscape. Leading global commercial aerospace original equipment manufacturers (OEMs) estimate that global passenger traffic will return and exceed to 2019 levels by the end of 2023 or early 2024. This could, in turn, result in production ramp-ups to remediate the growing backlog and drive industry revenue in 2023.

### 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 manufacturer of aircraft parts and accessories. The Company is also vertically integrated to manufacture machined and sheet metal components, with soft and hard tooling, assembly jig manufacturing along with comprehensive engineering capabilities. The Aerospace & Defence Division has the largest infrastructure in the Indian private sector for the manufacture of complex aero structures. QMS is AS9100 approved, NADCAP approved for heat treatment, spot welding, non-destructive testing and metrology, the Company is also approved by major OEMs like Airbus, Boeing, Bell Helicopters and Dassault. Further, it also caters to domestic requirements from major OEMs like Bharat Electronics Limited (BEL) & Hindustan Aeronautics Limited (HAL).

The Company's modern and state-of-the-art manufacturing facilities in India and the UK deliver high value to its customers, by seamless integration of highly skilled workforce for assemblies and sheet metal detail parts requiring artisanal capabilities and low cost of capital for manufacturing at the UK. The Company has launched 'DOET – Dynamatic Operational Excellence and Transformation' prevailing way to DTL 2.0 as the language of change for sustainable growth and increased value to the customers and shareholders.

The Company has delivered over 7,000 aircraft sets of Single Aisle Flap Track Beams till date and has successfully completed the A320 re-design of the Flap Track Beam with a Monolithic structure working closely with Spirit Aero Systems. Dynamatic Technologies is a Tier-1 Global Single Source manufacturer of Airbus A330 Flap Track Beams, the long-range aircraft variant. The Company is the largest single source manufacturer of the flap track beams in the world for Airbus. Going forward, the Company is focused on developing capabilities in large aero-structural assemblies and systems.

### Awards & Accolades:

In FY2023, Dynamatic Oldland-Aerospace® received industry wide recognition and won a few major awards:

MAY 2022: Won the Platinum Award for 'Most Innovative Covid Response' category organized by HR Association India, part of World HR Federation

JUN 2022: Won 4 Par Excellence Awards in the 8<sup>th</sup> National Conclave on 5S -2022 Competition at Goa, organized by QCFI (Quality Circle Forum of India).

AUG 2022: Won 11 Gold awards in the 31<sup>st</sup> Chapter Convention on Quality Concepts (CCQC)-2022, organized by QCFI.

SEP 2022: DTL team participated in the 5<sup>th</sup> SMED Competition-2022 and Won Gold Award.

SEP 2022: At the 7<sup>th</sup> Edition of the Poka-Yoke Competition 2022, which was held on September 29 and 30, a DTL team presented a case study and Won the First Prize Award in the Medium Scale, Manufacturing category.

NOV 2022: Won 2 Gold awards in the 47<sup>th</sup> International Convention on Quality Control Circles (ICQCC) Competition at Jakarta Indonesia organized by IQMA Indonesia, which for the very first time.

NOV 2022: DTL Team participated in Skit and Slogan Competition organized by Boeing India and won 2nd prize in the Skit Competition.

“How you Drive Ethics and Compliance Related to Quality (Product and Process)” was the theme of the Quality Month (Skit Competition).

DEC 2022: Won 2 Par-Excellence Awards in the 36<sup>th</sup> National Convention on Quality Concepts (NCQC)-2022 Competition held at Aurangabad organized by QCFI and got selected for the international level competition, which will be held in Nov'2023.

FEB 2023: Won Gold in National Awards for Manufacturing Competitiveness (NAMC) 2022 organized by IRIM

MAR 2023: Dynamatics team participated and won the Golden Peacock prestigious award for National Training from Institute of Directors.

#### Operational Performance: (Rs in Lakhs)

Particulars	FY2023	FY2022	Change (%)
Revenue	43,737	36,014	21.4%
EBITDA	11,682	9,899	18%
Margin %	26.7%	27.5%	

During FY2023, the Indian Aerospace witnessed moderate growth supported by improvement in order execution and delivery. The Aerospace segment reported a growth of 21.4% y-o-y in FY2023 driven by resilient performance of air transport industry. Ramp-up of assemblies for F-15EX Eagle and Commercial deliveries of Escape Hatch Doors for Airbus A220 aircraft will start in the coming quarters and will contribute to the topline and new business opportunities. In addition, Dynamatic Manufacturing Limited, 100% wholly owned subsidiary of the company, a center for excellence for detail parts has started the operations and ramp-up will start in the coming years.

A strong order book by major aircraft producers will drive both defense and commercial demand in the forthcoming year. The strategy for the Aerospace business is to focus on sheet metal and detail parts to enhance margin levels.

**Dynamatic Homeland Security®** offers cutting edge security products and technologies such as unmanned aerial vehicles, manned - unmanned ground vehicles. 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).

These solutions are being customised for use in non-military applications like farming, mapping, cargo, search and rescue, medical. This will give us far bigger canvas to offer our solutions and will drive growth in the coming years.

## METALLURGY:

### Industry Overview and Outlook

Due to the economic slowdown in demand in global markets since 2019, the impact of the Corona pandemic and the Russian war of aggression on Ukraine, and as a result of persistent supply shortages of certain inputs and raw materials, passenger car sales and production were adversely affected in 2022. The foundries as suppliers for the automotive industry were challenged in different ways last year. On the one hand, the demand for e-cars was higher than expected and there were long waiting times. On the other hand, production figures for combustion cars in Europe were reduced. Thus, the ordering behaviour of the automotive industry was subdued. The biggest problem for the foundry was the increased cost of energy and materials, which was unsustainable without customer support. The sum of the problems led to a reduction in the company's turnover.

#### Segment Overview:

Eisenwerk Erla GmbH, Germany, a subsidiary of Dynamatic Technologies, is a preferred supplier of precision, complex metallurgical products to leading global OEMs. The major clients of the Company in this segment are BMW, MAN, LIEBHERR, AGCO, Borg Warner Turbo Emission Systems, Daimler and Rotax.

Eisenwerk Erla is growing in casting parts for Agriculture and Road construction vehicles which are part of the re-designing business model. 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 in exotic metallurgy. It also has strong R&D capabilities with patented technologies. Eisenwerk Erla continues to provide access to the latest technology and the European markets, which differentiates us from our peers in this industry. The Company's machining facility is fully robotized which incorporates the latest technological innovations. It will allow Eisenwerk Erla to increase its competitiveness in manufacturing high-value precision parts of BMW.

#### Operational Performance: (Rs in Lakhs)

Particulars	FY2023	FY2022	Change (%)
Revenue	41,661	46,501	-10.4%
EBITDA	1,714	2,032	-15.6%
Margin %	4.1%	4.4%	

During the FY2023, Metallurgy segment has been impacted strongly by unprecedented inflation & instability in Europe caused by Russia - Ukraine conflict and other supply chain challenges.

During the FY2022, the Metallurgy segment saw a decrease in production after the peak of the Covid-19 pandemic and followed by supply chain interruptions. However, with the Company's continued focus on margin expansion, low-margin product rationalisation continued during the year.

The automotive industry showed resilience during the last year which supported the moderate top-line growth of the segment. Over the longer term, the Company expects to derive further synergies. The shift in production facilities from China to Europe will help improve the Company's product base and in turn drive business growth. Overall, Dynamatic

Technologies continues to focus on a high-margin product mix, a ramp-up of existing products, performance-critical components, customer diversification and capacity utilization for this segment.

During the FY2023, Eisenwerk Erla GmbH had applied for the “protective shield process” through self-administration under German Laws. Considering the various challenges due to the ongoing Ukraine conflict and resultant inflation and supply chain crisis in Europe and more specifically Germany, and the steep and unpredictable increase in the cost of gas and electricity, Eisenwerk Erla, based on professional advice from experts, initiated the aforesaid corporate protective measures.

During this process, the business operations of Eisenwerk Erla were not impacted and continued without any restriction, and most of the customers supported Eisenwerk Erla by agreeing to corrective price adjustments before the competent local court of Chemnitz, Germany. An administrator was commissioned to draw up the resolution plan, and in three months, the management of Eisenwerk Erla and the administrator were able to draw up a resolution plan and present it to the creditors, which was accepted by the court.

Eisenwerk Erla is also implementing its transition plan to build up a further line of business for the manufacture of components for aircraft applications at the EEL site in addition to the existing production.

#### TECHNOLOGY & QUALITY:

Dynamatic Technologies being a Tier-I supplier for OEMs has continuously invested in technology to make the business more cost effective and world class. The Company’s best practices include implementing lean manufacturing and continuous improvement programs. Dynamatic Technologies has also launched QSP – Quality, Safety & Productivity and DOET – Dynamatic Operational Excellence and Transformation, as its new business initiative to emphasise these aspects to the customer.

The Company has state-of-the-art inspection equipments like CMM and laser tracker, and high accuracy 5-axis machines which are one of the largest giga milling machines in the country. This giga milling machine is equipped with a special probing software system complying to Industry 4.0.

Dynamatic Technologies continues to maintain skill and competency of its direct and indirect work force using a software called CATI (Competency Assessment & Training Identification). The software is designed to map each of the employees’ skill level and training needs and enables the management to provide employee development programs that are necessary for the business growth and sustainability.

The Company has also established an in-house Skill Development Center to train and mentor new recruits. Having adopted a Government ITI under PPP, Dynamatic Technologies provides training to the students, preparing them to serve in any Aerospace and Defence industry in order to make the ‘Make In India’ drive a great success.

In FY2023, Airbus Group awarded the Global Sustainability Award to the company as a recognition of the services in delivering the products during Pandemic and post-pandemic period.

Boeing Defense spotlighted the company as a Resilient Supplier as a recognition of the services in delivering the products amidst the global supply chain challenges.

Dynamatic-Oldland Aerospace®, UK is a demonstrated leader in the development of exacting airframe structures and precision aerospace components. It has a unique state-of-the-art facility at Swindon, possessing complex 5 axis with robotic machining capabilities for the manufacture of aerospace components and tooling. Dynamatic-Oldland Aerospace®, UK specializes in reverse engineering, re-engineering, fixture design and manufacturing. This division is a certified supplier to Airbus UK, GKN Aerospace Europe & USA, Spirit Aero Systems, Boeing, Magellan Aerospace, GE Aviation Systems and Leonardo. It is compliant with AS 9100 Rev D standards.

In addition, Dynamatic Technologies maintains accreditation for Environmental Management System (EMS) certification under ISO14001, Occupational Health and Safety Management System (OHSAS) certification under ISO45001, Information Security Management System certification under ISO/IEC 27001 and NABL-Competence of Testing & Calibration Lab accreditation to ISO/IEC17025.

Dynamatic Technologies offers its customers a comprehensive solution of high complex, highly skilled multi-axis machining from the UK and high value added, highly skilled sheet metal detail parts alongside assembly from India. This provides customers with offset credits and best value from two cost models.

#### ANALYSIS OF KEY RATIOS:

An analysis of key ratios for the period under review is as follows:

(Rs in Lakhs)

Particulars	FY2023	FY2022	Change %	Comments
EBITDA	18,126	16,923	7.11 %	Increase in revenue supported by new product, the margin enhancement driven by change in product/project mix along with base price revision.
EBITDA Margins	13.78%	13.50%	27 bps	
Net Profit	4,279	3,206	33.47%	
Net Profit Margins	3.25%	2.56%	69 bps	

Particulars	FY2023	FY2022	Change %	Comments
Debt Equity	0.8	1.3	(19.92%)	Improvement as result of equity infusion and profitability during the year.
Current Ratio	2.3	1.9	22.05%	
Interest Coverage Ratio	1.7	1.6	8.26%	



Particulars	FY2023	FY2022	Change %
Return on Net Worth	9.27%	8.55%	72 bps
Return on Assets	2.80%	2.28%	52 bps
Return on Capital Employed	11.76%	10.44%	133 bps

Particulars	FY2023	FY2022	Change %
Creditors Turnover	2.8	2.9	(3.09%)
Debtors Turnover	5.6	6.1	(8.35%)
Inventory Turnover	2.3	2.6	(11.28%)

#### FINANCIAL CONDITION:

##### Share Capital (Rs in Lakhs)

Particulars	FY2023	FY2022	Change (%)
Share Capital	679	634	7.1%
Reserves & Surplus	53,518	37,507	42.7%

As of 31<sup>st</sup> March 2023, the Company has an authorized share capital of Rs 2,500 lakhs, divided into 2,00,00,000 equity shares of Rs10/- each and Rs 500 lakhs divided into 5,00,000 redeemable cumulative preference shares of Rs100/- each. During the year under review, preferential allotment was made to non-promoter persons, and owing to which the current Company's issued, subscribed and paid-up equity share capital has increased to Rs 679 lakhs.

The Reserves and Surplus was Rs. 53,518 lakhs, as on 31<sup>st</sup> March 2023, an increase amounting to Rs. 16,011 lakhs compared to 31<sup>st</sup> March 2022.

##### The change is attributable to: (Rs in Lakhs)

Particulars	FY 2023
Profit for the year	4,279
Securities premium from the issue of equity shares	11,246
Credit balance arising on consolidation	1,011
<b>Total</b>	<b>16,536</b>
Other Comprehensive Income / (Loss)	(335)
Dividend Distribution	(190)
<b>Total</b>	<b>(525)</b>
<b>Net Comprehensive Income for the year</b>	<b>16,011</b>

##### Borrowings: (Rs in Lakhs)

Particulars	FY2023	FY2022	Change (%)
Long term borrowings	36,122	37,806	-4.45%
Short term Borrowings	25,718	16,541	55.48%
<b>Total</b>	<b>61,840</b>	<b>54,347</b>	<b>13.79%</b>
Lease Liability	13,514	14,323	-5.65%
<b>Total</b>	<b>75,354</b>	<b>68,670</b>	<b>9.73%</b>

#### Fixed Assets:

(Rs in Lakhs)

Particulars	FY2023	FY2022	Change (%)
Property Plant and Equipment	44,338	44,399	-0.14%
Intangible Assets	12,922	12,587	2.66%
Capital work in Progress	7,852	1,454	440.03%
Right-of-use assets	10,910	11,535	-5.42%
<b>Total</b>	<b>76,022</b>	<b>69,975</b>	<b>8.64%</b>

#### Capital Expenditure:

During the year under review, the Company incurred capital expenditure of Rs. 9,084 lakhs for physical infrastructure and Rs. 127 lakhs for procurement of intangible assets. Significant investments have been made in building infrastructure, data security, information systems, and design and development activities, for the future benefits of the Company.

#### Inventories:

The inventories of the Company mainly comprise of raw materials of Rs. 9,934 lakhs, work in progress of Rs. 14,644 lakhs finished goods of Rs. 4,195 lakhs and stores and spares of Rs. 1,215 lakhs.

#### OPPORTUNITIES:

**Aerospace and Defence Sector Growth:** The Indian Government has been actively promoting self-reliance in defence and aerospace manufacturing which will bring greater opportunities for new orders. Both military and commercial aerospace sectors have good growth potentials in India. In 2022-23, the total allocation of the three forces was Rs. 593,538 crore (~ USD 72.38 bn) in Union Budget 2023. Total global military expenditure increased by 3.7% in real terms in 2022, to reach a new high of \$2,240 bn [Source: SIPRI Military Expenditure Database] and considering current scenario it is expected to grow further in coming years. As major world economies continue to strengthen their militaries in response to geopolitical tensions. [Source: Ministry of Defence, Government of India]

**Focus on Civil Aviation:** The civil aviation industry in India has experienced significant growth in the past three years, making it one of the fastest-growing industries in the country. The MRO industry stands at around \$900 mn currently and is anticipated to grow to \$4.33 bn by 2025 increasing at a CAGR of about 14-15%. India has plans to develop civil aviation in the country through regional connectivity for its tier-2 cities. The Government has launched UDAN Scheme for this purpose and has targeted to operationalize 1,000 UDAN routes and to revive / develop 100 unserved & underserved airports, heliports, and water aerodromes by 2024 [Source: Invest India]. This new initiative in collaboration to existing initiatives is favourable for the global OEM and related manufacturers.

**Growing demand for agricultural machinery and equipment:** There have been significant changes in India in the context of agriculture over the decades and many new technologies have been developed. Traditional farmers are also using the latest solutions and trends to improve production in the food value chain. It includes the adoption of new technologies and various farm equipment to increase farmer efficiency and produce more crops. Many initiatives have

been undertaken to enhance productivity, reduce wastages and increase farmer's income. These initiatives, coupled with a focus on farm mechanization such as the establishment of custom hiring centres, farm machinery banks, and high-tech hubs in different states, have also been undertaken. India is among the largest global manufacturers of farm equipment like tractor, harvesters, and tillers. The Government's focus on the sector and farmers quality of life is expected to further drive growth in this industry.

**Preferred Sourcing Destination:** A stronger collaboration between the Government and the private sector under the Atmanirbhar Program is expected to provide a boost to economic growth. With rising demand and the Indian economy's ability to leverage this for sustained technological advancement, India has the potential to become a preferred sourcing destination. Furthermore, 'China plus One' strategy adopted by leading global investors have also supported the trend. Various global tier-1 suppliers have also announced plans to increase their procurement from India.

**Investment in R&D:** The Indian Government has been increasing its investment in R&D to encourage innovation and development of new technologies in the country. The Government has launched several initiatives in recent years to promote R&D in the country. The 'Make in India' initiative, launched in 2014, aims to promote manufacturing in the country and make it a global hub for innovation. The 'Atal Innovation Mission' is aimed at promoting innovation and entrepreneurship, while the 'Smart Cities Mission' aims to develop 100 smart cities in the country to promote sustainable development and R&D in various fields.

**Strong Technology and Manufacturing Platform:** Dynamatic Technologies is always committed to enhance its existing capabilities and with that focus it has made significant investments, particularly in the Aerospace segment. The Company's performance is expected to benefit from the ramp up in the order book of the Aerospace segment. In addition, strong momentum for hydraulics segment is also anticipated to contribute significantly to the Company's performance.

**Diverse Product Portfolio and End Market Segments:** Dynamatic Technologies has a diverse product portfolio that spans across three key business segments: Hydraulics, Aerospace, and Metallurgy. This diversified approach ensures that the Company's performance is relatively stable and not reliant on any single industry segment. The Company has a well-balanced mix of high-growth and stable end markets. Going forward, Dynamatic aims to further strengthen its existing product portfolio while also diversifying into products that offer attractive growth and profitability prospects.

**Regulatory changes:** The current regulatory environment is becoming increasingly stringent with respect to environmental and safety standards, resulting in higher costs and greater complexity for component manufacturers across various industries. However, Dynamatic Technologies, with its extensive product portfolio and strong research and development capabilities, is well-positioned to leverage these challenges and capitalize on new industry opportunities. Furthermore, Government investments in infrastructure and agriculture sector will also help Dynamatic Technologies to capitalize on the prevailing opportunities.

## RISKS & CONCERNS:

**Global Economic Uncertainty:** The European upheaval with the Ukraine crisis has yet again tampered with global growth. This conflict has pushed up the price of crude oil and commodities, disrupted the supply chain, and aggravated the inflationary environment across the world and impacted the pace of recovery. These external factors, combined with the increase in raw material prices and high-interest rate scenarios, have made capital expensive in most of the industries. As a global Company operating in capital-intensive sectors, Dynamatic Technologies is vulnerable to these external factors, and continued instability could impact the Company's performance.

**Competition:** The business environment in which the Company operates is highly competitive in nature. The industry is one of the rapidly evolving and highly innovative industries, where competition is tough and rigorous. Most OEMs maintain multiple suppliers for their products and do not prefer exclusive contracts and the inability to meet the cost and product demand of customers could influence business, financial condition, and results of operations. However, At Dynamatic Technologies, we value our long-standing relationships with our customers and strive to continuously engage with them. We offer high-quality products, competitive pricing, and adapt to their evolving needs, providing a valuable proposition.

**Technological Changes:** In today's rapidly changing technological landscape, it is imperative for companies to keep up with advancements and anticipate emerging trends to stay relevant. Additionally, the industries in which the Company operates in, face challenges in the form of technology obsolescence due to the dominance of emerging domestic and international competitors. Dynamatic Technologies recognizes the risks posed by technological advancements and has always placed a strong emphasis on R&D and product innovation. The Company's dedicated R&D team continually monitors the evolving technological landscape, allowing the Company to efficiently adopt new technologies and upgrade existing ones to meet customer needs. In addition, the company's access to cutting-edge technologies serves as a significant advantage, differentiating it from its peers.

**Foreign Currency Fluctuations:** Due to the Company's global operations, Dynamatic Technologies is subject to various foreign currencies and its related volatilities. Given the nature and scale of the business, fluctuations in foreign exchange rates can have an impact on the Company's financial performance. To mitigate these risks, the Company has a strong hedging process and a policy in place. It also leverages natural hedges where possible. Dynamatic Technologies continuously monitors exchange rates relevant to its geographies and takes suitable actions to offset adverse changes, such as adjusting selling prices and costs. Additionally, the Company aims to match its revenue and expenses in the same currency to minimize cross-currency exposure and translations.

## RISK MANAGEMENT:

Effective risk management is fundamental to the business activities of the group. While we remain committed to increasing shareholder value by developing and growing our business within our board-determined risk appetite, we are mindful of achieving this objective in line with the interests of all stakeholders.

The Company emphasizes on achieving the corporate strategic objectives by following best practices in Risk Management. It has formulated a risk management policy and has in place a mechanism to inform the Board Members through risk management committee about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

**Our policy is based on the following principles:**

- The Board of Directors, Risk Management Committee and Management are responsible for monitoring internal risk management
- Effective risk management and internal monitoring will reduce the likelihood of errors, wrong decisions and surprises due to unforeseen circumstances.
- In order to thrive, an enterprise must take risks. The Management Board is responsible for determining the limits of what is acceptable (referred to as 'risk appetite').
- Line managers are responsible for the implementation of risk management for the processes for which they are responsible.

This mechanism is implemented as an integral part of our business processes across the Dynamatic Group Companies and includes recording, monitoring, and controlling internal enterprise business risks and appropriate actions are immediately taken to mitigate such risks.

**QUALITY MANAGEMENT SYSTEM (QMS)**

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

To achieve product quality assurance, the Company focuses on excellence in-house production processes while ensuring that sub-tiers consistently produce components as per specifications.

**Aerospace:**

During FY2023, your Company has successfully completed the surveillance and reaudits to ISO: 14001 specifications for its Environmental Management System, Information Security Management System (ISO/IEC 27001) and Occupational Health and Safety Management System (OHSAS) certification to ISO45001. Your Company's QMS which is compliant to ISO: 9001 and AS9100 standards since 2006, has evolved and matured and is highly system driven and was audited by DQS and Novostar, India with ZERO non-conformance.

Dynamatic Technologies is NADCAP accredited and maintains merit of 18-14months (accreditation for special processes in the aerospace and defence industry) for special processes like heat treatment, spot welding, non-destructive testing, measurement & inspection, and chemical conversion.

**Hydraulics:** Dynamatic Hydraulics® has successfully completed the re-certification audits by UL DQS India, to ISO: 9001 specifications for Quality Management System and also to ISO:14001 specifications for its Environmental Management System. The Company has also successfully

completed ISO 45001 AUDIT for occupational health and safety management systems OHSAS.

**Metallurgy:** During the FY2023, Dynamatic Technologies has confirmed level for the AS9100 standards at Eisenwerk Erla GmbH facility. The Company completed the re-certification process successfully in November 2022.

The Dynamatic Quality Management System (DQMS) addresses the quality requirements set out by the global OEM. DQMS utilizes some of the best tools such as 5S, 8D, FMEA, APQP, Ishikawa, 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 quality tools are being used on the shop floor by management 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.

**INFORMATION SECURITY MANAGEMENT SYSTEM (ISMS):**

Dynamatic-Oldland Aerospace® has a well-established Information Security Management System ('ISMS'), against the international standards ISO/IEC 27001 certified by DQS India since March 2018 and recertified periodically once every 3 years. During the current year, the company has successfully completed the routine internal audits on Information Security Management System. Over the years, with due training and awareness sessions, the system has matured, and data security measures are well established. Data security risks are all addressed in the ISMS Policies and Procedures. The Information Security Management System (ISMS) addresses the Data Security requirements and expectations of aerospace customers like Airbus, Boeing, Bell and HAL. The Data Centre are upgraded to high end "virtualization", wherein, virtual servers are configured and used for various applications, the performance has enhanced, and data storage is now more effective and reliable. To ensure Business continuity, backup of the entire data in the server is maintained at a different location outside Dynamatic Technologies premises. The Company has moved from on-premises mail system to a robust cloud-based mail system. This has enabled users to access mails and use features such as online meetings more effectively. To enhance effectiveness in our functional systems, SAP Infrastructure on the cloud is implemented. Functional users can access SAP application securely over the internet. Awareness training is continuously provided to all the employees on Data Security and Password Protection. Encryption has been adopted to ensure data security. Data transfers with customers and suppliers is through secured File Transfer Protocol. Having established a highly reliable system and meets the customer expectations to share the technical information with the Company. Separate virtual servers for each customer, are configured and maintained. The Company has always ensured and protected IP rights of the customers.

Apart from maintaining and upgrading the system, data security features are enabled for remote access where it can be effectively used for data centre resources.



**SAP Implementation:** In line with the digital transformation strategy and evolution, during the year, Dynamatic Manufacturing Limited, subsidiary of Dynamatic Technologies has successfully implemented SAP S/4HANA. With this implementation, the entire Indian operations are now on common ERP platform. The new system, once implemented globally, will help us to have better operational and cost efficiencies at group level.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal controls and systems serve multiple needs in any organisation. Well- designed internal control systems lay down the framework for day-to-day operations and provide guidelines for employees and most importantly, provide a certain level of security against the risks. The primary responsibility for the development and maintenance of internal control rests with an organization's management. Internal control evaluation involves everything management does to control the organization in the effort to achieve its objectives. Your Company's control system and procedures are regularly reviewed for relevance and effectiveness.

## SUPPLY CHAIN MANAGEMENT (SCM) AND PRODUCTIVITY:

Dynamatic Technologies' supply chain has a vision to provide flexible, sustainable, and efficient services and product lines delivered at the right quality, quantity, place, and time to the customers. The supply chain evolves in each of the processes through continuous improvement and innovations, thereby providing a competitive advantage in the entire cycle of operations.

At Dynamatic Technologies, there is a continuous emphasis on the digitization of key processes, thereby reducing dependencies and efforts in performing repetitive activities. Flexibility, reliability, compliance, and cost efficiency are the key drivers for our supply chain management practices. In the process of achieving a mature supply chain, the skillsets at each individual level are being enhanced by providing opportunities for individuals to lead and meet or exceed business objectives. In order to further enhance the cost efficiency model, Dynamatic Manufacturing Limited has also been converted into an Export Oriented Unit (EOU), and all Indian aerospace operations are now EOU. During the year, focus was laid on stabilisation of operations within the S/4 HANA ERP systems developed.

- Supply Chain has supported multiple work transfers from customers into your company.
- Optimisation of inventories on hand was performed for all projects.
- Supply Chain, along with the partners, developed software to manage supplier relationships effectively.
- Supply Chain is designing processes to have a proactive approach to challenges foreseen.
- Speed-to-market management tools like Just-in-Time (JIT) manufacturing and distribution, vendor-managed inventory (VMI) of detail 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 suppliers to drive the cost down

- Supplier rating-linked scheduling
- Supplier audits and onsite training
- Global tax minimization, including transfer pricing and customs duties
- Integrated customer services cell to handle customer complaints and warranty claims

The company's initiatives to leverage information technology in supply chain activities have resulted in improved efficiency through real-time information exchanges and processing. Dynamatic-Oldland Aerospace® has a 3-tier approach- strategic, tactical, and operational- to ensure that the supply chain management is operating efficiently and generating the highest level of customer satisfaction at optimum cost. These measures have helped your company improve cost and efficiency in a year that was otherwise faced with global macroeconomic challenges.

## ENVIRONMENT:

Dynamatic Technologies always plans and executes actions to ensure the protection of the environment and the conservation of energy resources, while at the same time focusing on the health and safety of all its employees. The Dynamatic campus at Aerotropolis has a well-managed green park. Dynamatic Technologies takes steps to ensure sustainable use of resources, maintain ecological balance, and take protective steps to minimise waste generation. A compassionate attitude towards the environment is an integral part of operations and the company's vision of sustainable and responsible growth.

Dynamatic Technologies Limited is an ISO 14001-certified company. The company is ensuring its environmental footprint, which is of utmost importance, especially given the growing awareness and stringency concerning environmental laws globally and the need for industries to responsibly account for their impact on the environment. Accordingly, the company's policies are aimed at optimising the usage of natural resources and implementing green technologies for production wherever possible. Techniques such as rainwater harvesting and wastewater treatment have been adopted at all plants to minimise water consumption and wastage, considering the shortage of water is a growing concern in our country.

The new factory at Devanahalli is constructed with thermal roofing and thermal walls to conserve the energy required to cool the interiors. The design also ensures 100% harvesting of rainwater. This enables the adoption of systematic and quantifiable approaches and techniques to minimise the impact on the environment.

In line with the recent government directive to prevent the usage of single-use plastic, a street play was written and performed by our employees. As part of our sustainability project, this play was performed for all our stakeholders. This unique awareness programme brought better understanding among the employees, and we could turn our factory into a No Plastic Zone. Besides, Dynamatic Technologies took up "No Plastic Usage" as one of its sustainability targets.

We received the Platinum Award 2022 for "Most Innovative COVID Response" from the Human Resources Association of India (HRAI).

For our continued support to our OEMs during the pandemic, we were also adjudged the first winner of the Global Sustainability Award bestowed by Airbus.

Dynamatic Technologies teams were selected for international competitions for quality circles, and both teams participated and won gold medals for their presentations. Lean and Six Sigma projects, activities, and training programmes have helped build such successful teams.

## **SAFETY AND HEALTH:**

Dynamatic Technologies is focused on creating and ensuring a healthy workplace free from occupational hazards to realise its aim of zero incidents. To achieve this vision, emphasis has been placed on making and implementing rules, training employees on preventive measures, and setting up fool-proofing measures on site. This is further complemented by the implementation of best-in-class engineering standards for design and project execution. This has enabled the company to keep workplace hazards to a minimum. The company also provides various health benefits, such as regular health check-ups and health-related awareness programmes, for the employees. These initiatives are conducted across all company facilities and are in line with the company's objective of maintaining a healthy and motivated workforce.

The company also undertakes activities that are focused on the health and safety of its employees on the shop floor. Awareness campaigns have been undertaken to enforce the use of personal protective equipment (PPE) at work. At the same time, the company has been successful in merging the EMS and OHSAS requirements into a common management system called IMS. This has avoided unnecessary duplication of work in monitoring and maintaining records. The facilities are also certified for ISO 45001 on Occupational Health and Safety Management Systems by DQS.

Despite the pandemic ravaging industries, we could maintain normalcy with proactive measures. Testing, tracking, isolating, treating, vaccinating, etc. All government guidelines were adhered to by the company to mitigate the spread of the virus. The required devices in this regard, such as masks, face shields, hand gloves, and hand sanitizers, are being provided to all employees. To maintain safety at the workplace, sensor-based water dispensers are provided, and air fresheners are kept across all departments.

National Safety Week was celebrated in the plant, and a few events were conducted to raise awareness of safety while at work and while away from work. Special sessions were conducted to raise awareness about COVID-19 pandemic preventive measures such as wearing PPE, COVID-19 tests, and vaccinations.

## **INDUSTRIAL RELATIONS:**

Dynamatic Technologies is always focused on creating a harmonious and inclusive work environment where employees feel motivated to contribute towards the collective goal. This outlook involves not only providing our employees with the requisite perks and benefits but also equal opportunities for growth and skill development.

The company is committed to improving day-to-day work life for the employees through safe work practices, the use of personal protective equipment on the shop floor, and continuously educating the workforce through training programmes and demonstrations. The management team also works towards implementing industry best practices for safety and productivity across locations. On-site health care facilities, health and accident insurance coverage, medical feedback from experts, and support in maintaining special health requirements form part of the initiatives undertaken by the company.

Dynamatic Technologies has undertaken initiatives such as conducting frequent swab tests by setting up a trained medical team and enforcing COVID-19 appropriate behaviours. Dynamatic Technologies has brought out its own COVID-19 SOPs in line with the guidelines issued by MHA to contain the spread of the virus. Dynamatic Technologies has set up a sophisticated bio-security lab approved by NABL and managed by highly qualified and skilled personnel, which helps in identifying positive cases on the same day and allowing further containment measures to be taken.

In response to the shocks of the recent pandemic, the company is also allocating resources for the development of current and potential leaders to build new skills to function effectively in the new work environment.

An activity centre is established as a place for refreshment for employees during their leisure time. This activity centre is used for playing indoor games like table tennis, carrom, badminton, and chess.

The number of people employed as of March 31, 2023, was 769. Industrial relations were satisfactory during the year.

The company wishes to put on record its appreciation of the cooperation extended and efforts made by all employees.

## **WORK CULTURE:**

Human Resources (HR) at Dynamatic Technologies continued to play a pivotal role in managing, guiding, and motivating the company's workforce, and as a strategic partner, the function is aligned with the business needs. The company is always proud of its workforce, which is mature, involved, and identifies itself with the company's mission. The company is constantly focused on creating a conducive work environment through constant bilateral communication with the aim of achieving mutual growth. The company has put in place an HR development framework to ensure employees' career progression and greater connection with the vision and mission of the company. This framework rides on multiple programmes and opportunities for individual training and development, skill upgrade schemes, a congenial atmosphere for labour-management relationships, and equal opportunities. HR policies, practices, and the work environment are constantly reviewed to make them current, inclusive, and enjoyable. The company also strives towards acquiring, developing, managing, and retaining the best talent in the market as we focus on optimising workforce productivity and achieving growth for all.

The focus of the HR team is to promote the recognition of merit and hard work across the work force. They also work towards improving transparency and trust across the organisation. HR teams work towards inculcating dynamic vision and values through training, sharing, inspiring, and celebrating to promote a sense of belonging amongst all the employees of the company.

## **Highlights for the Year:**

All female employees of the company were given training on "women's safety," wherein topics such as self-defence techniques, stress drills, basic strikes, and defense were addressed. A workshop on prevention, prohibition, and redressal of sexual harassment of women at the workplace was conducted.

Dynamatic has taken on board a qualified psychoanalyst as a wellness expert and has initiated one-on-one sessions to address the concerns and apprehensions of our employees, if any. A wellness camp was organized for all employees, wherein, topics like work-life balance, stress, and interpersonal relations were covered and were well received by the employees.

Women's Day was celebrated at the Sheraton Grand Bangalore Hotel at Brigade Gateway on 13th March 2023. All the women employees of the Hydraulics and Aerospace Divisions participated. Some of the women employees were recognized as achievers in their field, and they were honored with the Nari Shakti Award.

One of the executives from the operations team was selected by the Army War College, Indore, to participate in the two-week Higher Command Course (HCC) Industry Joint Capsule. This course brought the armed forces and industry representatives together for face-to-face discussions and enhanced the industry's collaboration with the armed forces.

Birthday celebrations across all units were conducted to give special attention to the employees and make them feel valued and recognized. This also helps boost employee morale and retention.

Ayudha Pooja was traditionally celebrated during Navaratri in the month of October, recognizing the importance of maintaining tools and instruments that are used in operations.

Lakshmi Pooja was celebrated in the month of November during Deepavali, and Sankranti was celebrated in the month of January.

The Competency Assessment and Training Identification (CATI) software being used by the HR department captures the training provided to each employee. The total number of hours of training imparted is duly captured, and the effectiveness of such training is evaluated.

Once again, Dynamatic Technologies won the prestigious Golden Peacock National Training Award - 2023, which was awarded in Dubai.

To build and encourage team spirit, an inter-division football tournament was held, wherein every project or department was represented by a team. Almost 27 teams participated, and the Boeing Project team won the coveted JKM Rolling Trophy, 2023.

The 75<sup>th</sup> year of India's independence was celebrated, and all our employees participated in this event. The flag was hoisted by MD and CEO at midnight on August 14, signifying the independence our country got 75 years ago. All employees were proud to be part of this great event.

The employees, machines, and all other equipment were moved into Dynamatic Manufacturing Limited and to Dynamatic Aeropolis. This was a huge activity of shifting, which was done smoothly.

Kannada Rajyotsava Celebration. To bring cohesiveness amongst the employees and uplift belongingness, Kannada Rajyotsava, the native celebrations, were held, in which all the employees participated, making it a grand success. Along with Kannada Rajyotsava, an annual family day for DOA was held, calling it "Drishti," a vision. Employees and their families had a fun day witnessing cultural activities and getting a chance to meet and interact with the MD and CEO.

Dynamatic Technologies has been active in social welfare activities as part of its corporate social responsibilities, wherein it has supplied food to the police department for all required events and also provided masks during the COVID outbreak.

## 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, 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 a continuous process that is accomplished throughout the life cycle of a Company. It is an organized methodology for continuously identifying and measuring the unknowns; developing mitigation options; selecting, planning, and implementing appropriate risk mitigations; and tracking the implementation to ensure successful risk reduction. Effective risk management depends on risk management planning; early identification and analyses of risks; early implementation of corrective actions; continuous monitoring and reassessment; and communication, documentation, and coordination

The Company has a well-defined Risk Management Policy which has been developed after taking cognizance of the relevant statutory guidelines, Company internal guidelines, empirical evidences and stakeholder feedback. Dynamatic Technologies believes that Risk Management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the Company environment. 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.

The Risk Scenarios for businesses are changing. As per the Allianz latest report the following are the major Risks around the world

## Allianz Risk Barometer 2023: Top concerns around the world

The graphics show the top three risks in **selected countries** and whether each risk is considered to be more or less important than 12 months ago or is in the same position.



**Source: Allianz Risk report**

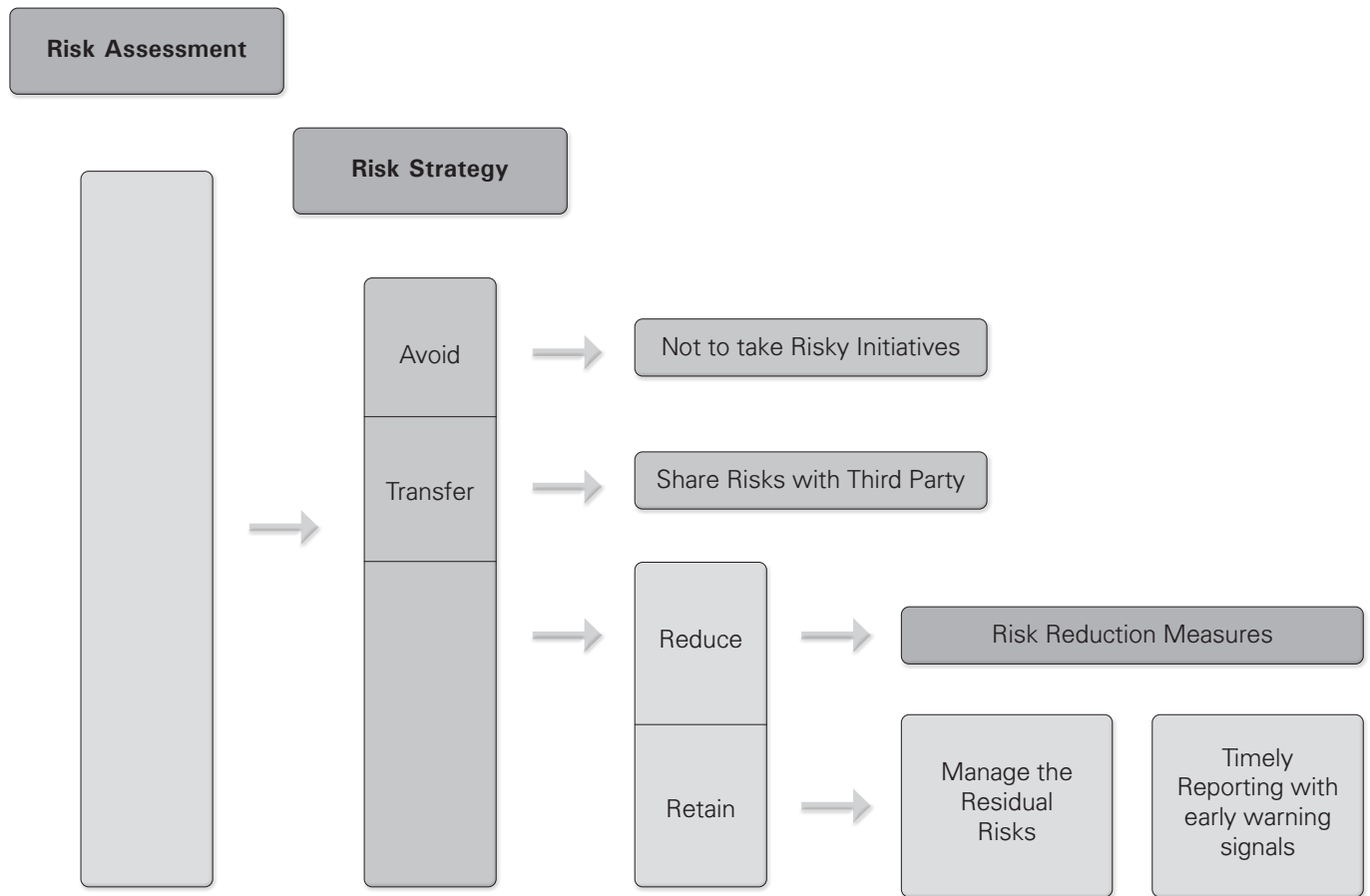
## Cyber Risk

In India Cyber risks is the top risk for the sixth year in a row. The Overall trend of cyber risks in important markets is mentioned below ( Source: Allianz Risk report)



## Dynamatic Technologies Limited Risk Management Framework

The Following framework shall be used for the implementation of the Risk Strategy

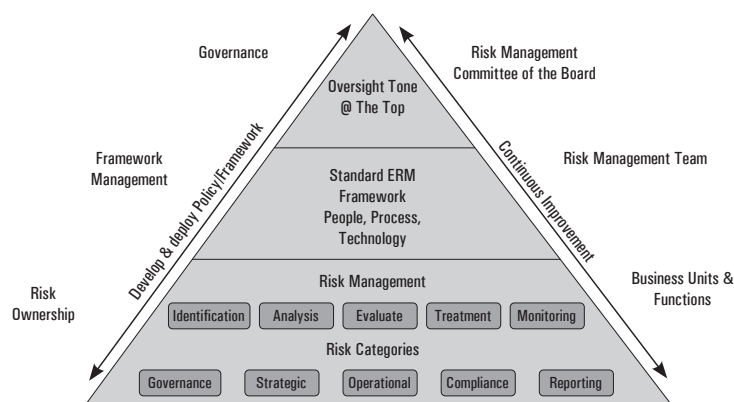


## Key Business Objectives

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 risk landscape in the current business environment is changing dynamically with the dimensions of Cyber security, Information Security & Business Continuity and Data Privacy figuring prominently in the risk charts of most organizations. To effectively mitigate these risks, we have deployed a risk management framework which helps proactively identify, prioritize and mitigate risks. The framework is based on principles laid out in the four globally recognized standards.



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

**Strategic:** An organization implements strategies in order to reach their goals. Each strategy has related risks that must be managed in order to meet these goals. 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.

**Operational:** Risks inherent to business operations including those relating to quality, delivery, cost competition.

**Compliance:** Risks emanating out of the policies and procedures. This also includes Regulatory Compliances covering various federal, state, local and foreign laws relating to various aspects of the business operations are complex and non-compliances can result in substantial fines, sanctions etc.

**Governance:** The current corporate governance models usually cater to the financial sector. Thus, current corporate governance principles haven't proved to be reliable during serious financial crises, We feel that there is a need to place a heavier focus on identifying, monitoring and managing catastrophic risks, irrespective of the chance of such risks actually occurring. This also includes the reputational risk

**Reporting:** We encourage employees to report risk concerns to managers, who would communicate and coordinate information to be addressed by the appropriate parties.

## 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 Management 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**

This year has brought a completely different perspective to the risk management and we as an organization have endeavored to remain abreast with these highly volatile risk scenarios

The current expansion programs and new infrastructure coming up presented new challenges which were monitored and risks effectively transferred.

Our robust and dynamic Risk Management processes have continued to improve during this fiscal year with the key focus being on consolidations and harmonization within the group thereby increasing the synergies at the group level.

Management remained closely involved in important risk management initiatives, which have focused particularly on preserving appropriate levels of liquidity and capital, and effectively managing the risk portfolios

With the advent of the current scenarios, we are working towards strengthening our risk transfer and looking at a more robust framework in view of the emerging risks in the Industry

# BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING FOR THE FY 2022-23

## Introduction:

Sustainability is beyond managing environmental risks and is about building resilience into the organization that is attained through Environmental, Social and Governance (ESG) agenda within and with external stakeholders.

The company is focused on executing a strong ESG plan by working with all relevant stakeholders as well as in its own operations.

The company's sustainability strategy is to support its customers and suppliers to reduce emissions and achieve carbon neutrality in its own operations and focus its commitment to responsible business practices. Several policies and standards are in place to underpin its sustainability core values, covering business ethics and governance, the Dynamic Code of Conduct, Supplier Code of Conduct, the CSR Policy, and Health & Safety Policy.

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

- Corporate Identity Number (CIN) of the Listed Entity: L72200KA1973PLC002308
- Name of the Listed Entity: Dynamatic Technologies Limited
- Year of incorporation: 1973
- Registered office address: JKM Plaza, Dynamatic Aerotropolis, 55, KIADB Aerospace Park, Devanahalli, Bangalore – 562110
- Corporate address: JKM Plaza, Dynamatic Aerotropolis, 55, KIADB Aerospace Park, Devanahalli, Bangalore – 562110
- E-mail: investors.relations@dynamics.net

### II. Products/services

- Details of business activities (accounting for 90% of the turnover):

Sl. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Dynamatic Technologies Limited designs and builds highly engineered products for Automotive, Aeronautic, Hydraulic and Security applications. With futuristic design, engineering and manufacturing facilities in Europe and India, the company is able to meet customers' exacting requirements on 6 continents.	<p><b>Aerospace:</b> Dynamatic-Oldland Aerospace® is a demonstrated leader for the development of exacting Airframe Structures and Precision Aerospace Components.</p> <p><b>Hydraulics:</b> The Dynamatic Hydraulics® production facilities in Bangalore employ cutting-edge technologies and modern machinery to manufacture an extensive range of Hydraulic Gear Pumps in Cast Iron and Aluminium, that find application in Agricultural Equipment, Construction Equipment, Material Handling Equipment, Mining and Drilling Equipment and in Marine applications.</p>	100%

- Telephone: + 91 80 28394933/34/35
- Website: www.dynamics.com
- Financial year for which reporting is being done: 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023
- Name of the Stock Exchange(s) where shares are listed: BSE & NSE
- Paid-up Capital: INR 6,79,14,430
- Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:

No.	Particulars	Details
1	DIN Number (if applicable)	05205364
2	Name	Mr. P S Ramesh
3	Designation (as on 29 <sup>th</sup> May 2023)	Executive Director - Group Technical Services & Human Resources
4	Telephone number	+91 80 2839 4933 / 34 / 35
5	E-mail Id	investor.relations@dynamics.net

- Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together):

The disclosures under this report are made on Standalone basis.

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

Sl. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Boeing Chinook Ramp & Pylon, P8 Power & Mission Cabinets, Control Surfaces of T-7A Red Hawk Program Bell 407 Helicopter cabins Airbus Flap Track Beams for A318, A319, A320, A321 & A330 family of aircrafts	3030	42%
2.	Hydraulic Gear Pumps and Motors Rock Shaft Assembly & Hitch Control Valves Lube Oil & Water Pumps	2813	58%

### III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	5	2	7
International	3	3	6

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	PAN - India
International (No. of Countries)	DTL exports to countries across Asia, Europe, and US

b. What is the contribution of exports as a percentage of the total turnover of the entity : 48%

c. A brief on types of customers

#### Aerospace:

Dynamatic-Oldland Aerospace® (DOA) is a pioneer and leader in the Indian private sector for the manufacture of high precision airframe and aerospace components. The Company has best in class infrastructure for catering to the needs of global OEMs such as Airbus, Boeing, Bell Helicopters, Dassault Aviation. Domestically, the Company is working with the defence sector PSU's such as HAL and BEL. The major products of the Aerospace & Defence segment are control surfaces such as wing, ailerons and wing flaps, fuselages, and other key flight critical airframe structures such as flap track beams. Over the period, the Aerospace division has developed excellent capabilities in automated robotic machining, five axis components in aluminium, steel, and titanium. The Company has also expertise in tooling capabilities.

#### Hydraulics:

Dynamatic Hydraulics® is one of the largest manufacturer of hydraulic gear pumps & geared motors in the world, supported by the experienced application engineering team, advanced research and development team and rapid prototyping capabilities offering lowest time to market for the fluid power industry. The Key Customers include global OEMs such as John Deere, JCB, Tafe, Cummins, Mexico Alexander Dennis, UK, Macdon

### IV. Employees

18. Details as at the end of Financial Year: 2022-23

a. Employees and workers (including differently abled):

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	347	310	89%	37	11%
2.	Other than Permanent (E)	127	111	87%	16	13%
3.	Total employees (D + E)	474	421	177%	53	23%
WORKERS						
4.	Permanent (F)	422	418	99%	4	1%
5.	Other than Permanent (G)	626	624	100%	2	0%
6.	Total workers (F + G)	1048	1042	99%	6	1%



b. Differently abled Employees and workers:

Sl. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	NIL	NIL	NIL	NIL	NIL
2.	Other than Permanent (E)	NIL	NIL	NIL	NIL	NIL
3.	Total differently abled employees (D + E)	NIL	NIL	NIL	NIL	NIL
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	NIL	NIL	NIL	NIL	NIL
5.	Other than permanent (G)	NIL	NIL	NIL	NIL	NIL
6.	Total differently abled workers (F + G)	NIL	NIL	NIL	NIL	NIL

19. Participation/Inclusion/Representation of women

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	9	1	11.11 %
Key Management Personnel	5	-	-

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

Particulars	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	44%	50%	45%	18.58%	9.8%	17.57%	15.37%	17.65%	15.61%
Permanent Workers	24%	22%	24%	1.86%	-	1.84%	3.42%	-	3.39%

The turnover is owing to transfer of employees from Dynamatic Technologies Limited (Holding Company) to Dynamatic Manufacturing Limited (Subsidiary Company) as on 31<sup>st</sup> March 2023.

**V. Holding, Subsidiary and Associate Companies (including joint ventures)**

**21.(a) Names of holding / subsidiary / associate companies / joint ventures**

W	Name of the holding/ subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/ No)
1.	JKM Erla Automotive Limited	Subsidiary	99.99%	Yes
2.	JKM Research Farm Limited	Subsidiary	99.99%	Yes
3.	JKM Global Pte Limited	Subsidiary	100%	No
4.	Dynamatic Manufacturing Limited	Subsidiary	99.99%	Yes
5.	Dynamatic Limited, UK	Step Subsidiary	100%	No
6.	Yew Tree Investments Limited, UK	Step Subsidiary	100%	No
7.	Dynamatic US, LLC	Step Subsidiary	100%	No
8.	JKM Erla Holding GmbH	Step Subsidiary	100%	No
9.	Eisenwerk Erla GmbH	Step Subsidiary	100%	No
10.	JKM Automotive Limited	Step Subsidiary	100%	Yes

## VI. CSR Details

22. i. Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes
- ii. Turnover (in Rs.) – 58,112 Lakhs
- iii. Net worth (in Rs.) – 50,983 Lakhs

## VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	(If Yes, then provide web-link for grievance redress policy)	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	-	-	-	-	-	-	NIL
Investors (other than share holders)	-	-	-	-	-	-	
Shareholders	The company has appointed Kfintech, SEBI registered Registrar & Transfer Agents to provide share registration and related services to shareholders and investors. During FY 2022-23, there were no investor complaints pending for resolution at the end of the year.						
Employees and workers	Yes. The grievance redressal mechanism consists of immediate reporting manager, representatives of recognized Union, Dedicated Industrial Relations Managers, Welfare officers and HR Business Partners at each factory locations.	-	-	-	Grievances are addressed with mutual discussion in an informal way	-	Grievances are addressed with mutual discussion in an informal way
Customers	Yes. Escalation mechanisms are defined in individual client contracts and addressed as per DTL quality policy						
Value Chain Partners	<a href="https://www.dynamics.com/Investors/Shareholder-Information/">https://www.dynamics.com/Investors/Shareholder-Information/</a>						
Other (please specify)	<a href="https://www.dynamics.com/Investors/Shareholder-Information/">https://www.dynamics.com/Investors/Shareholder-Information/</a>						

## 24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Sl. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Stakeholder engagement	Opportunity	Opportunity to engage and seek stakeholder inputs to integrate non business practices as appropriate	Have stakeholder engagement process set that is followed. The company has a continual stakeholder engagement process	Positive
2	Carbon reduction	Opportunity	Opportunity to move towards energy efficiency, fuel switching, combined heat and power, use of renewable energy, and the more efficient use and recycling of materials and address climate change	Several initiatives are underway internally to focus on carbon reduction and address efficiency and overall reduce emissions and address climate change	Positive
3	Operations environment	Opportunity	Opportunity to bring in resource conservation and reduced costs along with mitigating negative impacts of non-compliances	All environmental compliances are met through a compliance tool and operational improvements undertaken to address key KPI under environment	Positive
4	Products Solutions and Services	Opportunity	Opportunity towards improving products and services and from the sustainability aspects, address aspects of resource conservation, energy and climate change aspects	Internalized with R&D and all aspects of product and service management aspects	Positive
5	Human Rights & labour	Risk	Responsibility to identify and manage Human Rights risks in its operation and supply chain and mitigate from adverse risks and consequential damages	Have Human Rights policy and detailed process set along with due diligence procedures to evaluate Human Rights risks at all levels of operations	Negative
6	Health and Safety	Risk	Managing safety and health is an integral part of managing a business. Businesses need to do a risk assessment to find out about the hazards and risks in their workplace(s) and put measures in place to effectively control them to ensure these hazards and risks cannot cause harm to employees and workers.	Several initiatives and programs have been insisted to address all aspects of managing health and safety and closely monitored for continual improvements.	Negative



7	Diversity and Inclusion	Opportunity	The company is powered by the diverse perspectives, skill sets and life experiences of their employees. To tap into the full potential of human diversity, the company looks at diversity and create an inclusive working culture underpinned by a fundamental sense of belonging, fairness and equity, enabling people to bring their 'full self' to work and achieve operational efficiency	The company has D&I focus with actionable plan to include diversity and inclusion in every way	Positive
8	Data privacy	Risk	Risk as non-compliance aspects. Laws global and local require strict adherence with respect to data privacy	At DTL respecting personal data protection rights are priority. DTL has adopted global data protection standards to ensure a standardized and high level of protection of Personal Data which is processed by DTL Group Companies. DTL respects personal data protection rights and is a priority. DTL has adopted global data protection standards to ensure a standardized and high level of protection of Personal Data which is processed by DTL Group Companies.	Negative
9	Environmental Footprint – Water management	Risk	Water scarcity can impair the company's operations and disrupt business	Employee education on saving water, more efficient use of water in campuses, Rain water harvesting, recycling of waste water.	Negative
10	Social Responsibility – Alignment with local communities	Risk	The business must be rooted in community and be aligned with the community's larger interests. Any adversarial relationship can hurt the company's ability to create longer term value.	Fostering local communities, job creation, skill development, supporting local relief efforts where required in times of crisis and paying taxes.	Negative

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity’s policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	http://www.dynamatics.com/								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes/ certifications labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Dynamatic Technologies Limited (DTL) policies are based on the NVG principles and conform to the international standards like ISO 9000, 14000, 27001 and 45001, UNGC principles, ILO principles and United Nations SDGs. DTL follows GRI standards for measuring its sustainability performance on Climate Change and Water and has also committed to Science Based Targets initiative (SBTi)								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Company has sustainability strategy that focuses on key aspects of sustainability.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Long term Sustainability Goals/ Targets have been identified and the action plan for achieving the same is tracked on a year-on-year basis. Performance of such principles is also reviewed periodically by the Senior Management.								
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)  DTL is committed to making the business truly sustainable and socially responsible. The ESG road map of the company is to be a well governed organization with diverse talent and inclusive workplace.									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Udayant Malhoutra, CEO & Managing director under the guidance of the Board of directors and its committees, is responsible for implementation and oversight of the business responsibility policies.								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. Corporate Social Responsibility Committee (CSR Committee). For composition of CSR Committee, please refer page 101 of the Annual Report FY23.								
10. Details of Review of NGRBCs by the Company:									
Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee				Frequency (Annually/ Half yearly Quarterly/ Any other – please specify)				
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	As a practice, policies on Business Responsibility of the Company are reviewed annually or on a need basis by the Senior Leadership Team. During this assessment, the efficacy of the policies is reviewed and necessary changes to policies & procedures are implemented.								

Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company is in compliance with the existing regulations as applicable and a Statutory Compliance Certificate on applicable laws is provided by the MD & CEO/CFO/CS, on a quarterly basis to the Board of Directors								
	<b>P 1</b>	<b>P 2</b>	<b>P 3</b>	<b>P 4</b>	<b>P 5</b>	<b>P 6</b>	<b>P 7</b>	<b>P 8</b>	<b>P 9</b>
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	No.								

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated: - Not Applicable

Questions	<b>P 1</b>	<b>P 2</b>	<b>P 3</b>	<b>P 4</b>	<b>P 5</b>	<b>P 6</b>	<b>P 7</b>	<b>P 8</b>	<b>P 9</b>
The entity does not consider the Principles material to its business (Yes/No)	All Principles are covered by the Policies								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

### **PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

The company’s integrity program in line with DTL Code of Conduct is committed to fostering a culture where integrity is embedded in its people, business, and processes. The company has a robust compliance and integrity program supported by processes and a zero-tolerance policy for any violations.

The company emphasizes the importance of fostering an inclusive culture that allows employees to exercise their voice and speak up when they have questions or concerns. Bribery and corruption are prohibited in all business dealings, whether with public officials or private sector business partners. Political and charitable contributions are subject to detailed internal policy and controls, Gifts, entertainment, and expenses policy defines thresholds, approval processes and their documentation. Agreements with subcontractors and consortium partners are aligned with the Company’s commitment to integrity in the performance of the contract, including commitments not to violate anti-bribery laws. The Company’s suppliers are required to maintain integrity standards which are satisfactory to the Company and all suppliers are to agree to DTL Supplier Code of Conduct.

The Whistleblower Policy of the company creates a safe and confidential environment for employees to make such reports and the policy governs the reporting and investigation of alleged improper or illegal activities within the Company as well as the protection afforded to those employees who report them. All reports are subject to appropriate investigation and are brought to full closure using systematic processes and tracking systems.

The Company has an Internal Complaints Committee for the prevention of sexual harassment as a part of the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 that aims to provide protection against sexual harassment of women in the workplace and for prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidents thereto. The company has constituted the Internal Complaints Committee at each location and establishments (all locations where more than 10 women are employed).

The Company, during the year, continued its efforts to communicate and provide training and awareness sessions to its employees on key Dynamatic Group policies on integrity including the DTL Code of Conduct.



## Essential Indicators

- Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/ principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	Undertaken at the time of appointment and familiarized at regular intervals, in each board meeting / leadership discussion as specified in the next column. The total number of training and awareness programmes held:1(One)	Independent Directors of the Company at the time of their appointment are familiarized on the Company's Core Values, Code of Conduct including the purpose and the business it operates in. At each meeting of the Board/ Audit Committee, members also deliberate on key integrity matters that helps to reflect and focus on key strategies. As a part of Board, Audit and CSR agenda, members also discuss various sustainable initiatives of the Company, including regulatory and economic trends in the country.	100 %
Key Managerial Personnel	Topics pertaining to Integrity and Ethics, Core Values and Code of Conduct are familiarized. This helps the KMP's to drive the Company's values and purpose in all key business activities. The total number of training and awareness programmes held:1(One)		100%
Employees other than BoD and KMPs	Integrity awareness covering Code of Conduct, Anti-Trust, GDPR and Respectful workplace including training programs, awareness campaigns, leader talks, contests and more.		100%
Workers	DTL Code of Conduct is imparted to all workers across locations through face to face/classroom sessions		100%

- Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format - **NONE**

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website)

- Of the instancing disclosed in question 2 above, details of Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed – **NONE**

- Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available please provide a weblink to the policy.

The Company has Code of Conduct where anti-corruption or anti bribery is covered. DTL is committed to upholding the highest moral and ethical standards and does not tolerate bribery or corruption in any form. Weblink:<https://www.dynamatics.com/Investors/Shareholder-Information/>

- Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption

There have been no cases involving disciplinary action taken by any law enforcement agency for the charges of bribery/corruption against directors/KMP/employees/workers that have been brought to our attention.

- Details of complaints about conflict of interest- **NONE**

- Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/ law enforcement agencies/ judicial institutions on cases of corruption and conflicts of interest - **NA**

### Leadership indicators:

- Awareness programmes conducted for value chain partners on any principles during the financial year:

In the Company's Supplier code of Conduct and general terms and conditions, the Company has emphasized all integrity aspects which are applicable to all suppliers. The awareness programs on DTL code of conduct, Supplier Code of Conduct, Conflict of Interest, Data Privacy, etc., are being periodically conducted by the respective divisions.

- Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes. The Company receives an annual declaration from its Board members and KMP on the entities they are interested in and ensures requisite approvals as required under the statute as well as the Company's policies are in place before transacting with such entities/individuals.

## PRINCIPLE 2: Business should provide goods and services in a manner that is sustainable and safe

The Company invests significantly in research and development focusing on developing and commercializing the technologies, products and solutions that are of strategic importance for the future growth of the organization. In addition to continuous product development, and order-related engineering work, DTL protects the results of its R&D by holding patents, copyrights, and other appropriate intellectual property protection.

Through collaboration with business partners, the Company aims to enhance supplier relationships, ensure the highest quality standards, and create a sustainable supply chain. The DTL Supplier Code of Conduct, clearly explains the requirements about areas such as Human Rights, fair labor conditions, business ethics, health & safety, and environment & material compliance, as part of DTL's general terms and conditions from its existing and potential business partners.

### Essential indicators:

1. Percentage of R&D and capital expenditure (CAPEX) investments in specific technologies to improve the environmental and social impacts of products and processes total R&D and Capex investments made by the entity, respectively:

DTL has been investing in building green campuses. All of this, along with greater use of renewable energy has helped DTL bring down its carbon footprint.

The percentage of R&D and capital expenditure (CAPEX) investments in specific technologies to improve the environmental and social impacts of products and processes.

(Rs. in Lakhs)

Total Investments	Current Financial Year	Previous Financial Year	Details of improvements in environmental
R&D	-	-	-
Capex*	462	-	-

\* Amount incurred towards green initiatives like rain water harvesting and conservation energy as part of Leadership in Energy and Environmental Design (LEED) certification.

- 2(a) Does the entity have procedures in place for sustainable sourcing? (Yes/no)

Yes. Responsible sourcing has been an area of focus for many years, with a series of policies and programs in place to strengthen performance and partnerships in the supply chain. Through collaboration with its business partners, the Company aims to enhance supplier relationships, ensure the highest quality standards, and create a sustainable supply chain.

The Company has policies and robust processes to ensure sustainable sourcing from Business Associates. The Company's Supply Chain policy governs all the engagements with Business Associates. The Company also evaluates Business Associates' commitment to the Company's supply chain management policy during selection/award of contract.

The Company practices responsible sourcing with respect to environment, safety, human rights, and ethics,

apart from economic considerations. Strict confirmation of labour principles and related laws are mandatory requirements for suppliers to qualify. Works methods and standards, along with performance of supply and services, form a critical part of technical evaluation. In addition, safety evaluation and qualification are an integral part for the award and online vendor registration process.

- 2(b) If yes, what percentage of inputs were sourced sustainably? 100%

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

**a) Plastics (including packaging)** - For damaged product packaging, the product is reclaimed at the depots and is returned to the respective factories for repacking. Further, the expired products are sent for incineration to an authorized agency in accordance with the Hazardous Waste Management Rules, 2016 ('the Rules')

**b) E- waste** - A pan India based agency authorised by the Pollution Control Board is selected for ensuring safe disposal of e-waste with minimal environmental impact

**c) Hazardous waste** - Hazardous waste is categorised as per the rules and is sent to the authorised end users for utilising the same and converting it into useful products. The remaining hazardous waste is sent for proper disposal at the Pollution Control Board's authorised facilities.

**d) Other waste** - NA

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution

Yes. Plastic waste generated from end products is disposed off under EPR with the help of an agency authorised by the Central Pollution Control Board (CPCB).

### Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for services (for service industry)? If yes, provide details in the following format?

No. The Company is still in the process of carrying out LCA for its manufacturing unit. The Company also assesses its Carbon Footprint.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product/ Service	Description of the risk/ concern	Action taken
Nil	Nil	Nil

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
NIL	NIL	NIL

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics (including packaging)	NA	NA	NA	NA	NA	NA
E-waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other Waste	NA	NA	NA	NA	NA	NA

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
NA	NA

**PRINCIPLE 3: Business should respect and promote the well-being of all employees including those in their value chains.**

The Company is focused on creating and ensuring a healthy workplace, free from occupational hazards, to realize its aim of zero incidents. To achieve this vision, emphasis has been on making and implementing rules, training employees on preventive measures, and setting up fool-proofing measures on site. This is further complimented by the implementation of best-in-class engineering standards for design and project execution. This has enabled the company to keep workplace hazards to a minimum. The Company also provides various health benefits such as regular health check-ups and health related awareness programmes for the employees. These initiatives are conducted across all Company facilities and are in line with the Company's objective of maintaining a healthy and motivated workforce.

The Company also undertakes activities which are focused on health and 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 had successfully merged the EMS and OHSAS requirements into a common management system called IMS. This has avoided unnecessary duplication of work in monitoring and maintenance of records. The facilities are also certified for ISO 45001 on Occupational Health and Safety Management System by DQS.

Health awareness and health promoting programs continued to be rendered by health professionals of the company on various platforms.

**Essential Indicators**

**1. a. Details of measures for the well-being of employees:**

% of employees covered by											
Category	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent Employees											
Male	310	310	100%	310	100%	0	0.00%	2	0.65%	0	0.00%
Female	37	37	100%	37	100%	5	13.51%	0	0.00%	4	10.81%
Total	347	347	100%	347	100%	5	1.44%	2	0.576%	4	1.15%
Other than Permanent employees											
Male	111	111	100%	111	100%	0	0%	0	0%	0	0%
Female	16	16	100%	16	100%	2	12.50%	0	0%	1	6.25%
Total	127	127	100%	127	100%	2	1.57%	0	0%	1	0.79%



b. Details of measures for the well-being of workers:

% of employees covered by											
Category	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent Employees											
Male	375	375	100%	375	100%	0	0.00%	6	1.60%	0	0.00%
Female	4	4	100%	4	100%	0	0.00%	0	0.00%	0	0.00%
Total	379	379	100%	379	100%	0	0.00%	6	1.58%	0	0.00%
Other than Permanent employees											
Male	624	642	100%	624	100%	0	0.00%	1	0.16%	0	0.00%
Female	2	2	100%	2	100%	0	0.00%	0	0.00%	0	0.00%
Total	626	626	100%	626	100%	0	0.00%	1	0.16%	0	0.00%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2020-21 Previous Financial Year			FY 2021-22 Current Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	0%	35%	Yes	8.5%	42.8%	Yes
Others– please specify	-	-	-	-	-	-

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Most of our working locations are accessible to differently abled persons

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

The Company is governed by the DTL Code of Conduct whereby all the employees and those eligible are provided with equal opportunities. The Company is committed by an inclusive work culture without any discrimination on the grounds of race, caste, religion, color, marital status, gender, sex, age, nationality, ethnic origin, disability, and such other grounds as prescribed and protected by the applicable laws. The DTL Code of Conduct can be accessed at: <https://dynamics.com/Investors/Shareholder-Information/>

5. Return to work and Retention rates of permanent employees that took parental leave

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	NIL	NA
Female	75%	Out of 4, 1 Employee resigned	NIL	NA

6. Is there a mechanism available to receive and redress grievances for the following categories of employees? If yes, give details of the mechanism in brief.

Particulars	Yes/No (if yes, then give details of mechanism in brief)
Permanent Workers	Yes
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

Employees are encouraged to share their concerns with their reporting managers, the HR department, and members of the Senior Leadership Team. Apart from this, an Ethics and POSH escalation mechanism is also available.

The Company, on a regular basis, sensitizes its employees on the same as well. It is mandatory for new employees to read, understand and affirm to the DTL Code of Conduct document as part of the induction program.

Employees can raise their concerns to Ethics Counsellors, POSH Committee Members and through whistleblower channel.

The concern received, if any, is investigated by the authorized persons by gathering, validating and analysing the data.

The observations and findings / recommendations are shared with the PEO (Principal Ethics Officer). The documentation of the action taken is filed for records. Periodically, these concerns are reviewed by the Audit Committee Members. The lessons learnt are also shared during the quarterly Employee Communication meetings.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	2022-23 (Current FY)			2021-22 (Previous FY)		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of association(s) or union (B)	% (B/A)	Total employees/workers in respective category (c)	No. of employees/workers in respective category, who are part of association(s) or union (D)	% (D/C)
<b>Total Permanent Employees</b>						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
<b>Total Permanent Workers</b>						
Male	418	418	100%	480	480	100%
Female	4	4	100%	05	05	100%

8. Details of training given to employees and workers:

Category	2022-23 (Current FY)					2021-22 (Previous FY)				
	Total (A)	On Health and Safety Measures		On Skill Upgradation		Total (D)	On Health and Safety Measures		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	1045	1045	100%	1045	100%	817	817	100%	757	92.66%
Female	55	55	100%	55	100%	77	77	100%	75	97.40%
Total	1100	1100	100%	1100	100%	894	120	100%	832	93.06%
Workers										
Male	375	375	100%	375	100%	480	480	100%	229	47.71%
Female	4	4	100%	4	100%	5	5	100%	1	20.00%
Total	379	379	100%	379	100%	485	485	100%	230	47.42%

9. Details of performance and career development reviews of employees and worker:

Category	2022-23 (Current FY)			2021-22 (Previous FY)		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	%(D/C)
<b>Employees</b>						
Male	257	234	91.05%	324	265	82%
Female	32	26	75%	46	31	67%
<b>Total</b>	289	261	83.90%	370	296	80%
<b>Workers</b>						
Male	As per Wage Settlement					
Female						
<b>Total</b>						

## 10. Health and Safety Management System

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such a system?

Yes. Safety is a core value over which no business objective can have a higher priority. The Safety & Health Management system covers activities across all manufacturing locations, offices, research laboratories and supply chain partners and ensures the protection of environment, health & safety of its employees, contractors, visitors and all other relevant stakeholders including ISO 45001:2018 requirement.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company has a process for Risk Management which is essential for preventing incidents, injuries, occupational disease, emergency preparedness and business continuity. There is a structured Risk Assessment & Management process which is regularly reviewed, and mitigation plans are put in place to reduce the risk.

For all activities including routine or non-routine, hazards are identified by a trained cross functional team and risk assessment is done through Standard Operating Procedures (SOP) which is referred to before starting any activity. Identified hazards and associated risks are addressed through operational control measures using a hierarchy of control approach.

- c. Whether you have processes for employees to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes. A process for incident management exists including incident reporting, investigation, and implementation of appropriate corrective measures. Employees, contractual staff, and visitors are all expected to report incidents including near-miss and potential hazards in addition to accidents.

- d. Do the employees of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes. All the sites have access to non-occupational medical and healthcare services either on-site or through tie-ups with reputed medical entities in proximity.

## 13. Number of Complaints on Working Conditions and Health & Safety made by employees and workers:

	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
<b>Working Conditions</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>Health &amp; Safety</b>	Nil	Nil	Nil	Nil	Nil	Nil

## 11. Details of safety related incidents, in the following format-

Safety Incident/ Number	Category	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Worker	Nil	Nil
Total recordable work-related injuries	Employees	Nil	Nil
	Worker	Nil	Nil
No. of fatalities	Employees	Nil	Nil
	Worker	Nil	Nil
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Worker	Nil	Nil

12. Describe the measures taken by the entity to ensure a safe and healthy workplace

At DTL, a culture of safety is encouraged across hierarchies by promoting behavior-based safety, process safety and road safety as key focus areas among its workforce. DTL is taking various measures to further strengthen its process safety through enhancing automation in processes and unit operations. Safety Audit conducted at all manufacturing sites by corporate safety to identify and rectify the gaps in workplace safety.

The company reviews and monitors the safety, health, environmental and sustainability practices, processes, standards, and activities to ensure compliance with appropriate laws and legislation. This also provides valuable direction and guidance to the Management to ensure that Safety and Sustainability implications are duly and timely addressed. All the incidents are reported to the Risk Management Committee and are investigated and analyzed to avoid any recurrence.



14. Assessments for the year:

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	DTL locations have been certified with ISO 45001:2018, Occupational Health & Safety Standards. There were no statutory audits conducted on health and safety practices in FY 2023 for any of the offices in India
Working Conditions	DTL locations are subject to site safety inspections and reviews periodically by internal health & safety team with the perspective of checking any health, hygiene and safety hazards and mitigating them.

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

There were no significant risks/concerns arising from the health & safety practices and working conditions.

**LEADERSHIP INDICATORS:**

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N)

Yes. DTL has a scheme in place to provide Financial Assistance to the legal dependents of the permanent employees in case of death while in service through Employee Welfare Benevolence Scheme.

In addition to this, the employees are covered under the Group Medical Coverage (GMC) and Group Personal Accident (GPA) Policy. The GPA Policy is also being extended to the contract employees working in manufacturing units and offices.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company monitors and tracks the compliance related to statutory dues by contractors supplying third party resources as a part of regular checks while processing the invoices. Periodic audits are also conducted to ensure compliance.

3. Provide the number of employees having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment

	Total no. of affected employees/ workers		No. of employees/ workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No) – No

5. Details of assessment of value chain partners

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Nil
Working Conditions	Nil

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners

The Company conducts EHS, system & regulatory audits of third parties, their warehouses and of suppliers at regular intervals to ensure compliance of various processes. Regular follow ups are being done to ensure implementation of suggested corrective / preventive actions.

**PRINCIPLE 4: Businesses should respect the interests of and be responsive of all its stakeholders**

The Company has a wide variety of stakeholders and engaging with them helps the company understand their needs and supports its business.

**Essential Indicators:**

1. Describe the process for identifying key stakeholder groups:

The Company identifies and engages with various stakeholders with the intention of understanding and addressing their expectations and developing short, medium, and long-term strategies of the Company. The internal and external groups of key stakeholders identified based on their immediate impact on the operations and working of the Company include Customers, Suppliers, Investors, Employees, Competitors, Regulators, Trade bodies, Local Communities & Trade Unions.

The Company also engages with the analysts and news media from time to time.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community, Meetings, Notice Board, Website) Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/ Others – Please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Email, meetings, website	Continuously	Product & Service related
Suppliers	No	Email, meetings, SMS, Website	Continuously	Procurement of raw materials and service related
Investors	No	AGM, Investor calls, Annual Report	Continuously	Continuous access to capital, enabling to make progress on strategies and goal.
Employees	No	Email, meetings, website, notice board	Continuously	HR & operation related.
Competitors	No	Website, Newspaper, Pamphlets meetings, website,	Continuously	New products, specifications and technical data including pricing and services etc.
Regulators	No	Email, meetings, website, SMS	Continuously	Compliance, approvals, filings, and reporting
Trade bodies	No	Email, meetings, website	Continuously	Trade body meetings, representing company through trade bodies.
Local communities	Yes	Email, meetings, website	Continuously	Community initiatives & service related

**Leadership indicators:**

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated how is feedback from such consultations provided to the Board.

The Company's management regularly interacts with key stakeholders i.e. investors, customers, suppliers, employees etc. The Company has Risk Management and CSR Committees that update the progress of actions in respect to economic, environmental, and social topics to the Board and takes inputs on a regular basis.

2. Whether stakeholder consultation is used to support the identification and management of environmental and social topics (Yes/No) If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Consultation with stakeholders on E, S & G topics are delegated to the departments within the organization who are also responsible for engaging with stakeholders continually. Within the domains of E, S and G, we are constantly thinking about the most important issues and preparing for them through these consultations.

- Provide details of instances of engagement with and actions taken to address the concerns of vulnerable / marginalized stakeholder groups.

Women, the elderly, adolescents, youth, and children, persons with disabilities, are some of key vulnerable group identified as they experience the highest degree of socio-economic marginalization. These groups have limited capacities and opportunities to cope and adapt and hence the Company has priority to address these groups, especially rural children and gives them priority assistance under the Company's CSR policy.

#### PRINCIPLE 5: Businesses should respect and promote Human Rights

The Company recognizes that respect for Human Rights is an essential principle of our organization, and it is an integral part of our DTL Code of Conduct. The Company does not accept any form of discrimination, harassment or bullying within DTL or its supply chain and requires all our managers to implement processes to ensure equality of opportunity and inclusion for all DTL employees as well as for individuals employed in our supply chain. The emphasis of Human Rights is of utmost priority to DTL and the Group and has in place a range of key policies and processes that help to prevent child or forced labor within its operations and its value chain.

Dynamic Technologies is always proud of its workforce, which is matured, involved, and identifies itself with the company's mission. The Company is constantly focused on creating a conducive work environment through constant bilateral communication with an aim to achieve mutual growth. The Company has put in place an HR development framework to ensure employees' career progression and greater connect with the vision and mission of the Company. This framework rides on multiple programs and opportunities for individual training and development, skill up-gradation schemes, congenial atmosphere for labour-management relationship and equal opportunities. HR policies, practices and the work environment are constantly reviewed to make them current, inclusive, and enjoyable. The Company also strives towards acquiring, developing, management and retention of best talent in the market as we focus on optimizing workforce productivity and achieving growth for all.

The focus of the HR team is to promote the recognition of merit and hard work across the work force. They also work towards improving transparency and trust across the organisation. HR teams work towards inculcating Dynamic vision and values through training, sharing, inspiring, and celebrating, to promote a sense of belonging amongst all the employees of the Company.

#### Essential Indicators

- Employees who have been provided training on human rights issues and policy(ies) of the entity, in the following format

All employees are provided with Human Rights training. For all new employees who are onboarded, Human Rights awareness is part of the induction session. For worker category face to face/ classroom session on DTL Code of Conduct is done which includes aspects of Human Rights.

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	347	347	100%	419	419	100%
Other than permanent	127	127	100%	12	12	100%
Total Employees	474	474	100%	431	431	100%
<b>Workers</b>						
Permanent	422	422	100%	485	485	100%
Other than permanent	626	626	100%	756	756	100%
Total Employees	1048	1048	100%	1241	1241	100%

- Details of minimum wages paid to employees in the following format

As both Central and State Government have authorization over fixing the wages, the State Governments fix their own scheduled employments and further release the rates of Minimum Wage along with the VDA (Variable Dearness Allowance). Wage boards are set up to review and fix minimum wages at specified intervals. The wage rates in scheduled employments differ across states, sectors, skills, regions, and occupations owing to a lot of differentiating factors. Hence, there is no single uniform minimum wage rate across the country and the revision cycle differs for each state. However Minimum wages are paid and adhered to by the Company as per the Minimum Wages Act, 1948.

3. Details of remuneration/ salary/ wages, in the following format

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (Rs. in lakhs)	Number	Median remuneration/ salary/ wages of respective category (Rs. in lakhs)
Board of Directors*	5	37.5	1	4.5
Key Managerial Personnel**	5	96.11	-	-
Employees other than BoD and KMP	464	5.83	54	4.52
Workers	469	6.74	5	7.90

\*Sitting fees paid to Independent directors. However no sitting fees is paid to Non-Executive & Non- Independent directors

\*\* Salaries paid to CEO & MD, ED's, CFO & CS

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. The Business & Human Rights Policy has been adopted by the Company and the Audit Committee of the Board has an oversight into the progress.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has a policy in place for Business & Human Rights. The Company is committed to maintaining a safe and harmonious business environment and workplace for everyone and believes that every workplace shall be free from harassment and / or any other unsafe or disruptive conditions.

Accordingly, the Company has in place an ethics framework comprising a team of ethics counsellors for redressal of grievances related to ethics / human rights as well as a team of POSH committee members for redressal of such related issues.

6. Number of Complaints on the following made by employees

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	-	-	-	-	-	-
Discrimination at workplace	-	-	-	-	-	-
Child Labour	-	-	-	-	-	-
Forced Labour/ Involuntary Labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases

- An independent Internal Committee (IC) drawn from cross functional/location employees, follows the process/guidelines as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- The Whistleblower Policy ensures that no unfair treatment will be meted out to a Whistleblower by virtue of his/her having reported a Protected Disclosure under the policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization, or any other unfair employment practice being adopted against Whistleblowers. Complete protection will, therefore, be given to Whistleblowers against any unfair practices like retaliation, threat, or intimidation of termination/ suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistleblower's right to continue to perform his/her duties/functions including making further Protected Disclosure.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, the Company has specific clauses as part of the DTL Code of Conduct included in the business agreements and contracts and purchase orders. Human rights forms part of the DTL Code of Conduct.



9. Assessments for the year

Particulars	% of your plants and offices that were assessed (by entity of statutory authorities or third parties)
Child labour	100%, by External Auditor
Forced/ Involuntary labour	100%, by External Auditor
Sexual Harassment	100%, by External Auditor
Discrimination at Workplace	100%, by External Auditor
Wages	100%, by External Auditor
Others – Please Specify	100%, by External Auditor

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above – Not Applicable

**LEADERSHIP INDICATORS**

- Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints - NIL
- Details of the scope and coverage of any Human rights due diligence conducted - None
- Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, most of the locations are accessible to differently abled persons.

- Details on assessment of Value chain partners

Particulars	% of Value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	NIL
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above – Not Applicable

**Principle 6: Businesses should respect and make efforts to protect and restore the environment**

The Company has embedded ethical and transparent governance where it ensures strict adherence to the laws of the land. Environment legal compliance management has been considered as a risk and opportunity and addressed with utmost importance. In order to ensure real-time monitoring of legal compliance management, the Company has been using an online monitoring tool. The Company has a robust system to regularly map the emerging regulations to ensure smooth compliance management.

Dynatomic Technologies always plans and executes actions to ensure the protection of the environment, conservation of energy resources and at the same time has focus on the health and safety of all its employees. The Dynatomic campus at Peenya has a well-managed green park. Dynatomic Technologies takes steps to ensure sustainable use of resources, maintaining ecological balance, and takes protective steps to minimise waste generation. Compassionate attitude towards environment is an integral part of operations and the Company's vision of sustainable and responsible growth.

Dynatomic Technologies Limited is an ISO: 14001 certified company. The company is ensuring its environment footprint which is of utmost importance especially given the growing awareness and stringency concerning environmental laws globally and the need for industries to responsibly account for their impact on the environment. Accordingly, the Company's policies are aimed towards optimizing usage of natural resources and implementing green technologies for production wherever possible. Techniques such as rainwater harvesting and wastewater treatment have been adopted at all plants to minimize water consumption and wastage, considering shortage of water has become a growing concern in our country.

The new factory at Devanahalli is constructed with thermal roofing and thermal walls to conserve energy required to cool the interiors. The design also ensures 100% harvesting of rainwater. This enables adoption of systematic and quantifiable approaches and techniques to minimize impact on the environment.

#### 4. Essential Indicators:

- Details of total energy consumption (in MWh) and energy intensity, in the following format: (data reported are of all DTL India manufacturing units)

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Total electricity consumption (A)	7870.99	7402.614
Total fuel consumption (B)	19710 ltr	44425 ltr
Energy consumption through other sources (C)	62.72	33.056
Total energy consumption (A+C)	7933.71	7435.67
Energy intensity per Rupee of turnover (Total energy consumption turnover in Rupees) (MWh/INR Crores)	13.652	-
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N). If yes, name of external agency: BMP & Co. LLP

- Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) if yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken if any - **Not Applicable**
- Provide details of the following disclosures related to water in the following format:

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Water withdrawal by source (in KL)		
(i) Surface Water	13260	-
(ii) Ground Water	12000	-
(iii) Third party water	13610	26971
(iv) Seawater/desalinated water	-	-
(v) Others (Rainwater use)	-	-
Total volume of water withdrawal (in KL) (i+ii+iii+iv+v)	38870	26971
Total volume of water consumption (in KL)	38870	26971
Water intensity per rupee of turnover (Water consumed/turnover) (KL/Rupees in Crores)	-	-
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N). If yes, name of external agency: BMP & Co. LLP

- Has the entity implemented a mechanism of Zero Liquid Discharge? If yes, provide the details of its coverage and implementation.

Yes. The company has installed highly efficient wastewater treatment systems (STP & ETPs across all its manufacturing sites. In line with Zero Liquid discharge principle, our major units are recycling treated wastewater for irrigation, gardening as well as flushing purpose.

- Please provide details of air emissions (other than GHG emission) by the entity, in the following format: Not Applicable

Parameter	Please specify unit	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
NOx	NA	NA	NA
SOx	NA	NA	NA
Particulate matter (PM)	NA	NA	NA
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA
Others- Please specify	NA	NA	NA

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity in the following format - Not Applicable

Parameter	Unit	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	NA	NA
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	NA	NA
Total Scope 1 and Scope 2 emissions per rupee of turnover		NA	NA
Total Scope 1 and Scope 2 emission intensity (Optional) – the relevant metric may be selected by the entity.		NA	NA

7. Does the entity have any project related to reducing greenhouse gas emission? If yes, provide details.

As part of its DTL sustainability targets and ESG agenda, the Company has set an ambition to enable a low-carbon society where, the Company has also committed to partner with its customers and suppliers to reduce emissions and achieve carbon neutrality in its own operations. The Company has taken commitment towards Renewable Energy (RE100) & Cleaner and more efficient technologies to reduce its own emissions. The Company has planned to have a clear energy efficiency target with the help of its energy management systems.

To realize RE100 commitment, the Company has taken various initiatives such as installation of solar systems, green power procurement through third party Power Purchase Agreements (PPAs) along with International Renewable Energy Certificates. The Company is also strengthening its energy management systems to further reduce energy consumption and enhance the energy efficiency of electrical equipment at its premises.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Total waste generated (in MT)		
Plastic waste (A)	5.100	7.150
E-waste (B)	0.213	-
Bio-medical waste (C)	0.062	1.331
Construction and demolition waste (D)	-	-
Battery waste (E)	0.170	2.320
Radioactive waste (F)	-	-
Other hazardous waste. Please specify, if any (G) (waste consists of used oil, oil soaked cotton waste & few other hazardous waste)	31.07 MT (Oil-soaked cotton waste) 19.55 KLT (Used coolant)	20.94 (Oil-soaked cotton waste) 9.66 KLT (Used coolant)
Other non-hazardous waste. Please specify, if any (H). (waste consists of wooden, metal (ferrous, Non-ferrous), paper & few other non hazardous waste)	97.340	160.556
Total (A+B+C+D+E+G+H)	133.955	192.297
For each category of waste generated total waste recovered through recycling, reusing or other recovery operations ( in metric tonnes)		

Category of Waste		
(i) Recycled	NIL	NIL
(ii) Re-used		
(iii) Other recovery operations		
(iv) Total		
Category of waste		
(i) Incineration		
(ii) Landfilling		
(iii) Other disposal operations		
Total		

For each category of waste generated total waste recovered through recycling, reusing or other recovery operations (in metric tonnes)

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Our waste management approach is based on the philosophy of Reduce, Reuse and Recycle. We seek to uphold our ambition of zero waste to landfills through active minimization combined with technology investment in recycling and streamlining systems and processes. With our efforts, we contribute to a circular economy and convert waste to resource.

In order to offer a green product to the customers and meet various national/international regulations on material management, our organization has established a strong internal material compliance management system to reduce usage of hazardous and toxics chemicals in our products and processes. Besides our internal DTL way management system, DTL Supplier Code of Conduct (SCoC) also defines the requirements from the suppliers on environment & material compliance management.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspot, forests, coastal regulation zones etc.) where environmental approvals/ clearances are required, specify details in the following format.

Our campuses are built on government approved land in industrial zones and do not fall within or are adjacent to protected areas or high-biodiversity areas.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws in the current financial year – Not Applicable

12. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspot, forests, coastal regulation zones etc.) where environmental approvals/ clearances are required, specify details in the following format.

Yes, we are compliant with the applicable environmental law/regulations/guidelines in India.

#### Leadership Indicators:

1. Provide break-up of the total energy consumed (in Mwh) from renewable sources, in the following format:

Parameter	FY 2023	FY 2022
From renewable sources		
Total electricity consumption (A)	1292	2280
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed form renewable sources (A+B+C)#	1292	2280
From non-renewable sources		
Total electricity consumption (D)	3470.646	576.519
Total fuel consumption (E)	39830 ltrs	28025 ltrs
Energy consumption through other sources (F)	62.72	-
Total energy consumed from non-renewable sources (D+F)	3533.366	576.519

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N). If yes, name of external agency: BMP & Co. LLP



2. Provide the following details related to water discharged:

Parameter	FY 2023	FY 2022
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	Wastewater generated is treated in sewage treatment plants and reused for purposes like landscaping, irrigation, gardening applications and flushing. There is no discharge in any of these categories	
- No treatment		
- With treatment-please specify level of treatment		
(ii) To Groundwater		
- No treatment		
- With treatment-please specify level of treatment		
(iii) To Seawater		
- No treatment		
- With treatment-please specify level of treatment		
iv) Sent to third parties		
- No treatment		
- With treatment-please specify level of treatment		
v) Others (municipal sewerage system after State pollution control board permission)		
- No treatment		
- With treatment & complying with discharge Quality & Quantity limit based on Consent to Operate		
Total water discharged (in KL)		

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N). If yes, name of external agency: No

3. Water withdrawal consumption and discharge in the areas of water stress (in KL):

For each facility/plant located in areas of water stress, provide the following information:

- (i) Name of the area
- (ii) Nature of operations
- (iii) Water withdrawal consumption and discharge in the following format:

We recognize that we are working in countries which are water-stressed zones. We continue our efforts in water conservation through a combination of technological interventions, rainwater harvesting, recycling and reuse of wastewater, communication, and employee engagement.

The information on consumption provided above is a consolidation of our water consumption. Going forward, we will report details of water withdrawal and consumption in the format prescribed by the BRSR.

- 4. Please provide details of total Scope 3 emissions & its intensity, in the following format – Not Applicable
- 5. With respect to the ecologically sensitive areas reported at Question 10 of essential Indicators above, provide details of significant direct and indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities - Not Applicable
- 6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency or reduce impact due to emission/ effluent discharge/ waste generated, please provide details of the same as well as outcome of such initiatives as per the following format

Sl.No.	Initiative undertaken	Details of the initiatives (Web-link, if any, may be provided along with the summary)	Outcome of the initiative
1.	Green power procurement through Third Party PPAs	Enhancement of renewable energy utilization www.dynamatics.com	CO2 emission reduction
2.	Solar power panels installation	Enhancement of renewable energy utilization www.dynamatics.com	CO2 emission reduction
3.	Rainwater harvesting system implementation	The purpose is to capture maximum rainwater for recharge and reuse purposes www.dynamatics.com	Water footprint reduction
4.	Single use plastic free premises establishment	Elimination of single use plastic also helped in reducing plastic waste within our premises www.dynamatics.com	Waste reduction

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/weblink

DTL has a well-established business continuity and disaster management framework that is fully aligned to ISO 22301:2019, CMMI-SVC and is integrated with other quality management systems for consistent deployment across the organization. The function is governed by a trained pool of subject matter experts at various levels of the organization ensuring upkeep of business continuity plans, planning, and executing drills to achieve seamless resumption, in case of any disruption. The entire process is integrated with other business processes through in-house developed tools that support planning and communication with all stakeholders.

8. Disclosure any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard? NA
9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts - NA

**PRINCIPLE 7: Businesses, when engaging in influencing public regulatory policy, should do so in a manner that is responsible and transparent.**

The Company is a member of several industry associations and networks with other companies on various aspects of sustainability.

**ESSENTIAL INDICATORS:**

- 1.(a)Number of affiliations with trade and industry chambers/ associations

(b)List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

Sl. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State / National)
1.	Confederation of Indian Industry (CII)	National
2.	Federation of Indian Chamber of Commerce and Industry (FICCI)	National
3.	Associated Chambers of Commerce and Industry of India (ASSOCHAM)	National
4.	MCC Chamber of Commerce & Industry	National
5.	Bangalore Chamber of Industry and Commerce (BCIC)	National
6.	US-India Business Council	International
7.	Indo American Chamber of Commerce (IACC)	International

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities - Nil

**LEADERSHIP INDICATORS:**

1. Details of public policy positions advocated by the entity

DTL's approach to achieving our government, policy and community objectives focuses on engaging in matters relating to advancement of the industry and public good in the national, regional, and local levels. DTL focuses on developing and maintaining partnerships with relevant government officials, business organisations, industry associations, educational institutions, and community organisations for the purpose of developing mutually beneficial partnerships.

**PRINCIPLE 8: Businesses should promote inclusive growth and equitable development**

The Company's commitment is on key focal areas of access to education, diversity and inclusion and sustaining communities. Over the years, the Company has contributed towards implementing healthcare and education with a focus on women's education and on local development of its communities. During the year there was a new policy, CSR roll-out in line with new requirements.

The Company, in line with its set Corporate Social Responsibility (CSR) policy undertook various community engagements with the intent of contributing to the vulnerable groups of society.

Dynamic Biosecurity Laboratory situated in the Dynamic Aerotropolis, is a NABL Certified (ISO 15189:2012) and ICMR approved Molecular Testing Laboratory. This state-of-the-art lab has the finest equipment and infrastructure and is managed by highly experienced Microbiologists, Research Scientists and Laboratory Technicians.

Monitoring health at regular intervals avoids the ignorance of early signs of possible ailments. Henceforward we have extended the scope to cover diagnostic tests which includes routine & special tests from following departments Clinical Pathology, Clinical Chemistry, Haematology, Immunoassay and Serology. The lab follows ISO 15189: 2012 & Good laboratory practice regulatory requirements & is managed by highly experienced pathologists, research scientists & laboratory technicians.

We have put together a team of efficient phlebotomists and coordinators for the convenience of our patients, clients for smooth process during home collection.

Dynatomic Biosecurity Laboratory strives for excellence in patient care with its highly efficient and accuracy-oriented processes. Our advanced hi-tech technology helps the patients in achieving a detailed and progressive inference.

Women's Day was celebrated at Sheraton Grand Bangalore Hotel at Brigade Gateway, Bangalore on 13<sup>th</sup> March-2023 by engaging all women employees in the campaign of 'DigitAll: Innovation and technology for gender equality'.

Dynatomic Technologies invited and honoured women who have made achievement in their respective professional fields. This inspired and added confidence to our women employees, who have already broken the barrier and are working successfully along with men in all the departments at various ranks. All the women employees of the Hydraulics and Aerospace Divisions participated in the event. CEO & MD addressed all the women employees on this occasion.

The HR team has more women in your company than men proving the point that the company has the mandate to increase the women employees in all its functions and improve the gender ratio.

#### ESSENTIAL INDICATORS:

- Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current FY 22- Not Applicable

Name & brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/ No)	Relevant Web link
NA	NA	NA	NA	NA	NA

- Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity in the following format

Sl.No	Name of Project for which R&R is ongoing	State	District	No. of Project affected families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
1	NA	NA	NA	NA	NA	NA

- Describe the mechanisms to receive and redress grievances of the community

The Company has a focused group comprising the Senior Leadership and the CSR Head interacts with the community leaders to understand and address their concerns. Further, a register is also maintained at the plant sites where grievances can be lodged by the community members. Further, the Company also has a Whistleblower Policy in place for all its stakeholders to file their grievances. Same can be accessed at <https://www.dynamics.com/Investors/Shareholder-Information/>

- Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Particulars	FY 2022-23	FY 2021-22
Directly sourced from MSMEs / small producers	33%	28%
Sourced directly from within the district and neighboring districts	NA	NA

#### LEADERSHIP INDICATORS:

- Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above) - Not Applicable
- Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

The Company puts sustainability and social development at the center of its CSR efforts. It is committed to the development of a sustainable future and actionable solutions to basic needs of the community pre-dominantly in and around its plants (and current locations do not fall under State/Aspirational districts) and projects are predominantly in and around communities close to manufacturing plants.

- Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No):

No. A common sourcing policy that is based on attributes, quality, costs, and capability is followed. This policy does not differentiate between sourcing groups and categories.

- From which marginalized /vulnerable groups do you procure? Not Applicable

- What percentage of total procurement (by value) does it constitute? Not Applicable

- Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge: Not Applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved - Not Applicable
6. Details of beneficiaries of CSR Projects:

Sl. No	CSR Project	No of persons benefitted from CSR projects annually	% of beneficiaries from vulnerable and marginalized groups
	The CSR amount spent during the year was towards ensuring Environmental Sustainability and Promoting Health Care. This initiative was benefitted by large number of people in the vicinity including vulnerable and marginalized groups, which is difficult to quantify		

**Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner.**

**Essential Indicators:**

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.  
The Company has a set process for the Customer Care Response Process, to address any customer issues with the Company's offering and service portfolio. Each customer concern is addressed with utmost care at all levels. DTL teams acknowledge, analyze the incidents, and develop an action plan to resolve them. The team engages with the customer, to validate the action plan and regularly updates customers about the progress of action taken. Any feedback from the customer is taken positively and action plans are refined to ensure utmost customer satisfaction.
2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about Environmental and social parameters relevant to the product, Safe and responsible usage, Recycling and/or safe disposal - Not Applicable
3. Number of consumer complaints in respect of data privacy, advertising, cybersecurity, delivery of essential services, restrictive trade practices, unfair trade practices.  
We do not have any consumer complaints in respect of data privacy, advertising, cybersecurity, delivery of essential services, restrictive trade practices, unfair trade practices.
4. Details of instances of product recalls on account of safety issues - Not Applicable
5. Does the entity have a framework /policy on cyber security and risks related to data privacy? (Yes/No) If available provide a web-link of the policy  
Yes. Web link: <https://dynamatics.net>
6. Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services cyber security and data privacy of customers re-occurrence of instances of product recalls penalty action taken by regulatory authorities on safety of products/services - NIL

**Leadership indicators**

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).  
Weblink: <https://www.dynamatics.net>
2. Steps taken to inform and educate consumers about safe and responsible usage of products and /or services.  
At DTL, sustainable innovation is a core part of the Company's DNA. The Company continues to work together and with our partners and customers to explore new ways to incorporate sustainable materials across our solutions and bring them to new markets including increased communications.
3. Mechanism in place to inform consumers of any risk of disruption/ discontinuation of essential services  
Issues that are bound to arise in any customer/supplier relationship, there is continual communication maintained with customers this help to identify problems before they become serious and allows both parties to work towards mutually beneficial solutions. The Company's teams focus on quality and customer service, continue to strengthen our relationship and position DTL as a trusted partner and have ongoing communication in all aspects.
4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief- Not Applicable
5. Provide the following information relating to data breaches:
  - a. Number of instances of data breaches along-with impact - Nil
  - b. Percentage of data breaches involving personally identifiable information of customers - Nil





# **CORPORATE GOVERNANCE**

## **REPORT**

# REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE FOR THE YEAR 2022-23

## Company's Philosophy on Code of Governance:

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 processes at Dynamatic Technologies Limited are appended here under:

SEBI with an objective to improve the standards of Corporate Governance in India and 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 framework within which business decisions are taken.

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Company has a strong legacy of fair, transparent and ethical governance practices and operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationships between itself and its stakeholders. It has set up a system which enables all its employees to voice their concerns openly and without any fear or inhibition.

The Corporate Governance practices followed by the Company are compatible with International Standards. Your Company has established systems to encourage and recognize employee participation and volunteering in environmental and social initiatives that contribute to Organizational Excellence, Sustainability, Human Resources Development and health of its employees and that of the neighbouring community etc. These actions have become an integral part of your Company's operating plans in discharging social responsibilities too.

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 is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015, as applicable, with regard to corporate governance.

## The Company's philosophy on Corporate Governance envisages enhancing overall Stakeholder'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 are as follows:

- Comprehensive Digital Compliance Management System:
- Board e-Portal:
- Paperless Board/Committee Meetings:
- Induction kit to Directors:
- Evaluation of the performance of Directors on Board:
- To ensure best governance, the Company has in place, Code of Business Conduct for 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. Ratish Tagde, Company Secretary in practice had conducted the Corporate Governance Audit for the year under review. The Annual Corporate Governance Audit Report on Corporate Governance was placed before the Board which is made part of this Annual Report.

## BOARD OF DIRECTORS:

As on 31<sup>st</sup> March 2023, the Company has nine Directors. Out of the nine Directors, Six are Non-Executive Directors out of which Four are Independent Directors. The profiles of Directors can be found in the "Directors and the KMP Profile" appearing in the "Overview Section" of this Annual Report. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.

None of the Directors on the Board holds directorships in more than ten public companies. None of the Independent Directors serves as an independent director on more than seven listed entities. Necessary disclosures regarding Committee positions in other public companies as on 31<sup>st</sup> March 2023, have been made by the Directors. None of the Directors are related to each other.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

Six board meetings were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on:

25<sup>th</sup> May 2022, 10<sup>th</sup> August 2022, 11<sup>th</sup> November 2022, 28<sup>th</sup> November 2022, 10<sup>th</sup> February 2023 and 20<sup>th</sup> March 2023. The necessary quorum was present for all the meetings.

The names and categories of the Directors on the Board, their attendance at board meetings held during the year under review and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on 31<sup>st</sup> March 2023, are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Act. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/ she is a director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

### A. Details of attendance of each Director at the Board Meetings and at the previous year Annual General Meeting

Name of the Directors	AGM	Date of Board Meetings						Percentage(%) of attendance
	9 <sup>th</sup> Sept 2022	25 <sup>th</sup> May 2022	10 <sup>th</sup> August 2022	11 <sup>th</sup> November 2022	28 <sup>th</sup> November 2022	10 <sup>th</sup> February 2023	20 <sup>th</sup> March 2023	
Govind Mirchandani DIN:00022583	Y	Y	Y	Y	Y	Y	Y	100 %
Malavika Jayaram DIN:02252302	Y	-	Y	Y	Y	Y	Y	83 %
Pierre de Bausset DIN:07178878	Y	Y	Y	Y	Y	Y	Y	100 %
Pradyumna Vyas DIN:02359563	Y	Y	Y	Y	Y	Y	Y	100 %
Deitmar Hahn DIN:06414463	Y	Y	Y	Y	Y	Y	Y	100 %
James Tucker DIN:07093258	Y	Y	Y	Y	Y	Y	Y	100 %
Arvind Mishra DIN:07892275	Y	Y	Y	Y	Y	Y	Y	100 %
P S Ramesh DIN:05205364	Y	Y	Y	Y	Y	Y	Y	100 %
Udayant Malhoutra DIN:00053714	Y	Y	Y	Y	Y	Y	Y	100 %

**B. COMPOSITION OF THE BOARD AND DIRECTORSHIPS / SHAREHOLDINGS IN THE COMPANY / MEMBERSHIP HELD BY DIRECTORS DURING THE YEAR 2022-23**

Name of the Director	Category	Other Public Companies excluding this Company	Committee Memberships held in public Company		Shareholding in Dynamatic	Directorship in other listed entity (Category of Directorship)
			As Chairman	As Member		
Mr. Govind Mirchandani DIN:00022583	Independent and Non- Executive Director	1. JKM Erla Automotive Limited	-	-	Nil	-
		2. Dynamatic Manufacturing Limited	-	-	Nil	
Ms. Malavika Jayaram DIN:02252302	Independent and Non- Executive Director	-	-	-	Nil	-
Mr. Pradyumna Vyas DIN:02359563	Independent and Non- Executive Director	1. Dynamatic Manufacturing Limited	-	-	Nil	1. Titan Company Limited (Independent Director)
		2. JKM Erla Automotive Limited	-	-	Nil	2. Kirlosker Brothers Limited (Independent Director)*
Mr. Pierre de Bausset DIN:07178878	Independent and Non-Executive Director	1. Eisenwerk Erla GmbH, Germany	-	-	Nil	-
		2. Dynamatic Limited, UK	-	-		
Mr. Dietmar Hahn DIN:06414463	Non-Executive and Non-Independent Director	-	-	-	Nil	-
Mr. James Tucker DIN:07093258	Non-Executive and Non-Independent Director	-	-	-	Nil	-
Mr. P S Ramesh DIN:05205364	Executive Director & Group Technical Services and Human Resource	1. JKM Automotive Limited	-	-	Nil	-
		2. JKM Erla Automotive Limited				
		3. JKM Research Farm Limited				
		4. Dynamatic Manufacturing Limited				
Mr. Arvind Mishra DIN:07892275	Executive Director and Global Chief Operating Officer- Hydraulics, Head of Homeland Security	1. JKM Automotive Limited	-	-	Nil	-
		2. JKM Research Farm Limited				



Mr. Udayant Malhoutra DIN:00053714	Promoter, CEO and Managing Director	1. Centrust Financial Limited	-	-	5,23,460	-
		2. Greenearth Biotechnologies Limited	-	-		
		3. SAN Engineering and Locomotive Company Limited	-	-		

\*Term of Independent directorship expired on 15<sup>th</sup> May 2022

#### **Familiarisation programme imparted to Independent Directors:**

All independent and non-executive directors inducted to the Board are introduced to our Company culture through orientation sessions. Executive Directors and Senior Management provide an overview of operations and familiarize the new directors on matters related to our values and commitments. They are also introduced to the organization structure, services, Group structure and subsidiaries, constitution, Board procedures, matters reserved for the Board, major risks and risk management strategy. The details of the familiarization program are also available on the Company's website, at [www.dynamics.com](http://www.dynamics.com)

During the Board Meeting dated 25<sup>th</sup> May 2022, all the Executive Directors including Independent Directors were invited to our Swindon facility in UK and were taken on a factory tour to both Aerospace and Hydraulics facilities and were apprised on various aspects of company's operations.

#### **Skills / Expertise / Competencies of the Board of Directors:**

The following is the list of core skills / expertise in competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

- I. Knowledge on Company's businesses (Hydraulics, Aerospace, Automobile and Metallurgy), policies and culture (including the Mission, Vision and Values), major risks / threats and potential opportunities and knowledge of the Industry in which the Company operates
- II. Behavioural Skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company
- III. Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making

- IV. Financial and Management Skills alongside Technical / Professional Skills and specialized knowledge in relation to Company's business
- V. Global Business Understanding, of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.
- VI. Strategy and Planning - Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
- VII. Governance - Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. Being a Hydraulics and Aerospace major, the Company's business runs across different industry verticals, geographical markets and is global in nature. The Directors so appointed are drawn from diverse backgrounds and possess special skills regarding the industries / fields from where they come.

Chart / matrix setting out the skills/expertise/competence of the Board of Directors

The Board of the Company is highly structured to ensure a high degree of diversity by age, education/qualifications, professional background, sector expertise and special skills.

**The following are the skills as identified by the Board.**

Sl. No	Core skills /expertise/ competencies identified by the Board of Directors as required in the context of its business(es) and sector(s)	Names of Directors who have such skills / expertise / competence
1	Finance, Law, Management, Administration, Sales & Marketing, Corporate Governance related to the Company's business	Mr. Pierre de Bausset Mr. Govind Mirchandani Ms. Malavika Jayaram
2	Technical Operations related to the Company, Design & Development, Information Technology, Knowledge on Production, Processing, Quality and Marketing of Aerospace, Hydraulics and Automobile	Mr. Pradyumna Vyas Mr. James Tucker Mr. Dietmar Hahn Mr. Arvind Mishra Mr. Udayant Malhoutra
3	Management, Strategy, Marketing, Administration, Industrial relations and Human Resources, Technical Operations related to the Company's business	Mr. Udayant Malhoutra Mr. P S Ramesh Mr. Arvind Mishra

**Responsibilities of the Chairman and Executive Directors:**

The Company presently has Mr. Govind Mirchandani, Independent Director as the Chairman of the Board.

Mr. P. S. Ramesh and Mr. Arvind Mishra are the Executive Directors of the Company along with Mr. Udayant Malhoutra, CEO & Managing Director, who is also a Promoter Director.

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 and all the Independent Directors possess the requisite qualifications and are experienced in diversified fields and the Independent Directors fulfils the conditions specified in the SEBI regulations and are independent of the Management.

The Independent Directors of the Company have been appointed in terms of the requirements of the Act and the Listing Regulations. Formal letters of appointment have been issued to the Independent Directors and the terms and conditions of their appointment are disclosed on the Company's website at [www.dynamatics.com](http://www.dynamatics.com). Separate meetings of Independent Directors of the Company without the presence of the Executive Directors & the Management Representatives were held on 9<sup>th</sup> February 2023, as required

under Schedule IV to the Act (Code for Independent Directors) and Regulation 25 (3) of the Listing Regulations. At the said meeting, the Independent Directors inter alia:

- reviewed the performance of Non-Independent Directors and the Board of Directors as a whole;
- reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- assessed the quality, quantity, and timeliness of flow of information between the management of the listed entity and the Board of Directors that is necessary for the Board of Directors to perform their duties effectively and reasonably. All the Independent Directors except Ms. Malavika Jayaram attended the Meeting of Independent Directors held on 9<sup>th</sup> February 2023. The Independent Directors expressed their satisfaction to the desired level on the governance of the Board.

**Term of Directors:**

Independent Directors term are governed by applicable provisions of the Companies Act 2013, which in any case does not exceed 2 consecutive terms of 5 years each.

Executive Directors are 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.

The criteria for Board Evaluation include inter-alia, structure of the Board, qualifications, experience and competency of Directors, diversity in Board and process of appointment; Meetings of the Board, including regularity and frequency, agenda, discussion and dissent recording of minutes and dissemination of information; information & functioning, Risk Management & Strategy, Corporate Social Responsibility, Organisational performance and structure, effectiveness of board processes, functions of the Board, including strategy and performance evaluation, corporate culture and values, governance and compliance, evaluation of risks, grievance redressal for investors, stakeholder value and responsibility, conflict of interest review of Board evaluation and facilitating Independent Directors to perform their role effectively; evaluation of management's performance and feedback, independence of management from the Board, access of Board and management to each other, succession plan and professional development and functioning and quality of relationship between the Board and Management etc.

Criteria for evaluation of Individual Directors include aspects such as professional qualifications, prior experience, especially experience relevant to the Company, knowledge and competency, fulfilment of functions, ability to function as a team, initiative, availability and attendance, commitment, contribution, integrity, independence and guidance / support to management outside Board/ Committee Meetings. Currently the Board is well composed with representation of experts from Finance, Legal, Engineering, Marketing Management, Aerospace and Defence, Scientific and Industrial Design etc.,

In addition, the Chairman is also evaluated on key aspects of his role, including effectiveness of leadership and ability to steer meetings, impartiality, ability to keep shareholders' interests in mind and effectiveness as Chairman.

Criteria for evaluation of the Committees of the Board include mandate of the Committee and composition; effectiveness of the Committee; structure of the Committee; regularity and frequency of meetings, agenda, discussion and dissent recording of minutes and dissemination of information; independence of the Committee from the Board; contribution to decisions of the Board; effectiveness of meetings and quality of relationship of the Committee with the Board and Management. The procedure followed for the performance evaluation of the Board, Committees and Directors is detailed in the Board's Report which forms part of the Annual Report. The Nomination and Remuneration Committee has also formulated criteria for determining qualifications, positive attributes and independence of Directors in terms of Section 178(3) of the Act and the Listing Regulations.

To ensure and drive down gender diversity across Dynamic group and ensure gender balance on the Board, the Nomination & Remuneration Committee emphasises having representation of more women Directors on the Board.

#### Board Continuity and Succession Planning:

The Nomination & Remuneration Committee of the Board is vested with the responsibility of ensuring continuity in the Board Management by recommending suitable candidates to the Board, beforehand, in place of those retiring.

As mentioned above, the Dynamic's Board is well represented with experts from various realms. While ensuring continuity in the Board Management, the Nomination & Remuneration Committee endeavours to fulfil the position of the retiring Director by choosing candidates, ideally, from the same realm as that of the retiring Director so as to ensure balanced representation of Directors on the Board at all times.

#### Compensation to Directors (CTC) for the year ended 31<sup>st</sup> March 2023 is as follows:

(in Rs)

Name of the Director	Remuneration		Total
	Sitting Fees	Salary	
Mr. Govind Mirchandani	15,50,000	-	15,50,000
Ms. Malavika Jayaram	4,50,000	-	4,50,000
Mr. Pradyumna Vyas	12,50,000	-	12,50,000
Mr. Pierre de Bausset	9,50,000	-	9,50,000
Mr. Dietmar Hahn	-	-	-
Mr. James David Tucker	-	-	-
Mr. P S Ramesh, Executive Director & Group Technical Services and Human Resource	-	1,16,59,976	1,16,59,976

Mr. Arvind Mishra, Executive Director and Global Chief Operating Officer-Hydraulics, Head of Homeland Security	-	1,16,59,976	1,16,59,976
Mr. Udayant Malhoutra, CEO & Managing Director	-	1,20,90,076	1,20,90,076

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 three 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 COMMITTEES:

##### Currently, the Board has Eight (8) Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Risk Management Committee
4. Stakeholders' Relationship Committee
5. Corporate Social Responsibility Committee
6. Technology & Strategy Development Committee
7. Finance Committee and
8. 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 shall be one-third of its total strength or three directors, whichever is higher, including at least one independent director. The participation of the directors by video conferencing or by other audio-visual means shall also be counted for the purposes of such quorum.

#### AUDIT COMMITTEE:

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 five times in the FY 2022-23 and not more than four months had elapsed between two meetings.

#### Objective:

The Audit committee assists the Board in its responsibility:

- To oversee the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliances with the legal and regulatory requirements.

- To oversee the audit of the Company's financial statements, appointment, independence and performance of Internal Auditors and the Company's risk management policy.

#### **Composition:**

The Audit Committee of the Board comprises the following 2 (Two) Independent Directors and 1 (One) Executive Director as on 31<sup>st</sup> March 2023:

- **Mr. Govind Mirchandani, Chairman**
- Mr. Pierre de Bausset
- Mr. P S Ramesh

Majority of the members of the Committee are Independent and all are 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 of the Listing Regulations.

#### **Extract Terms of reference (Duties, Responsibilities and Powers):**

The terms of reference of the Audit Committee covers all the matters specified in the areas mentioned in Section 177 of the Act and Regulation 18 read with Part C of Schedule II to the Listing Regulations. The terms of reference of the Audit Committee, inter-alia are as follows:

- Oversight of financial reporting process.
- Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval.
- Evaluation of internal financial controls and risk management systems.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the same.
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary and to consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- Reviewing with the management, the statement of uses/application of 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 utilization of proceeds of public issue or rights issue or preferential issue or qualified institutional placement, and making appropriate recommendations to the board to take up steps in this matter.
- Reviewing the utilisation of loans and/or advances from/investment by the holding company in subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments.

- To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- To consider matters with respect to the Dynamic Technologies Code of Conduct on Director and Senior Management.

#### **Other details:**

- Five meetings of the Audit Committee were held during the year.
- Committee invites such of the executives as it considers appropriate, representatives of the statutory auditors and internal auditors, to be present at its meetings.
- The Company Secretary acts as the Secretary to the Audit Committee.
- Shivaram V is the Compliance Officer to ensure compliance and effective implementation of the Insider Trading Code.
- Quarterly Reports are sent to the members of the Committee on matters relating to the Insider Trading Code.
- The previous Annual General Meeting (AGM) of the Company was held on 9<sup>th</sup> September 2022, and was attended by Mr. Govind Mirchandani, the Chairman of the Audit Committee.

The Company has adequate internal control and Internal Audit system commensurate with its size and nature of its business. The Internal Audit Plan is approved by the Audit Committee and the Internal Auditors directly present their report to the Audit Committee for their consideration.

#### **Attendance at Audit Committee Meetings held during the year 2022-23:**

Audit Committee meetings were held on

- 25<sup>th</sup> May 2022
- 10<sup>th</sup> August 2022
- 11<sup>th</sup> November 2022
- 28<sup>th</sup> November 2022
- 10<sup>th</sup> February 2023

The requisite quorum was present in above meetings.

<b>Name of the Member</b>	<b>No. of meetings attended</b>
Mr. Govind Mirchandani (Chairman of the Audit Committee)	5
Mr. Pierre de Bausset	5
Mr. P S Ramesh	5

The Internal Auditors, representatives of the Statutory Auditors, Chief Financial Officer and CEO & Managing Director of the Company attend as invitees and participate in the Committee meeting/s to review and discuss financial performance, disclosure practices, internal control systems, internal audit reports, feedback reports of management and financial policies of the Company so that the Committee



is able to oversee the financial reporting process, make appropriate financial disclosures and implement the terms of reference as mandated by the Board and the terms of the Listing Regulations. The Statutory Auditors and Internal Auditors actively participate and recommend the required policies and changes from time to time.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

During the year, the Audit Committee inter alia reviewed key audit findings covering Operational, Financial and Compliance areas affecting the Company which were presented to the Committee. The Chairman of the Audit Committee briefed the Board members on the significant discussions which took place at Audit Committee Meetings

Mr. Govind Mirchandani, Chairman of the Audit committee was present at the Annual General Meeting held on 9<sup>th</sup> September 2022.

#### **NOMINATION AND REMUNERATION COMMITTEE:**

The Nomination and Remuneration Committee has been constituted by the Board in compliance with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

#### **Extract of Terms of Reference:**

The terms of reference of the Nomination and Remuneration Committee (NRC) which covers the areas mentioned in Section 178 of the Act and Regulation 19 read with Part D (A) of Schedule II to the Listing Regulations.

The terms of reference of the NRC, inter-alia are as follows:

- Recommend to the Board the setup and composition of the Board and its committees.
- Recommend to the Board the appointment / re-appointment of Directors and Key Managerial Personnel.
- Evaluate the balance of skills, knowledge, and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director.
- Support the Board and Independent Directors in Evaluation of the performance of the Board, its committees, and individual Directors.
- Recommend to the Board the Remuneration Policy for Directors, Executive Team or Key Managerial Personnel as well as the Senior Management.
- Oversee familiarisation programs for Directors and devising a policy on diversity of Board of Directors.

#### **Other details:**

- Two Nomination and Remuneration Committee meetings were held during the year under review.
- The Company does not have any Employee Stock Option Scheme.
- Details of Performance Evaluation Criteria and Remuneration Policy are provided in the report.
- The previous AGM of the Company was held on 9<sup>th</sup> September 2022, and was attended by Mr. Pierre de Bausset, the Chairman of the Nomination and Remuneration Committee.

#### **Composition:**

The Committee comprises 3 (three) Independent Directors as on 31st March 2023:

- **Mr. Pierre de Bausset, Chairman**
- Mr. Govind Mirchandani
- Mr. Pradyumna Vyas

Mr. Pradyumna Vyas, an Independent Director, is the Alternate Chairman to Mr. Pierre de Bausset.

In terms of 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 2022-23:**

The Nomination and Remuneration Committee was constituted by the Board on 8<sup>th</sup> November 2013. During the FY2023, the Committee had 2 (Two) meetings.

Nomination and Remuneration Committee meeting were held on 28<sup>th</sup> October 2022 and 9<sup>th</sup> February 2023

Name of the Member	No. of meetings attended
Mr. Pierre de Bausset, Chairman	2
Mr. Govind Mirchandani	2
Mr. Pradyumna Vyas	2

#### **Performance Evaluation criteria for Directors:**

Pursuant to the provisions of the Companies Act, 2013 and the applicable provisions of the Listing Regulations, the Annual Performance Evaluation was carried out for the FY2023, by the Board in respect of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration, Risk Management, Stakeholders' Relationship and Corporate Social Responsibility Committees.

A structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance was prepared after taking into consideration the Guidance note issued by SEBI. The performance also included inputs from all the directors on the basis of criteria such as the board composition, board processes, information & functioning, risk management & strategy, corporate social responsibility, Organisational performance and structure, effectiveness of board processes, etc.

A separate exercise was carried out to evaluate the performance of individual directors including the Chairman of the Board who were evaluated on parameters such as guidance/ support to management outside Board/ Committee meetings, degree of fulfilment of key responsibilities, effectiveness of meetings etc. The performance evaluation criteria for independent directors are determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation was carried out includes participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity

and maintenance of confidentiality and independence of behaviour and judgment.

### Remuneration Policy:

The Company's philosophy for remuneration of Directors, Key Managerial Personnel and all other employees is based on the commitment of fostering a culture of leadership with trust. The Company has adopted a Policy for Remuneration of Directors, Key Managerial Personnel and other employees, which is aligned to this philosophy. The key factors considered in formulating the Policy are as under:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company does not have any Employee Stock Option Scheme.

### Remuneration of Directors:

The key principles governing the Company's Remuneration Policy are as follows:

#### (i) Independent Directors and Non-Independent Non-Executive Directors:

Independent Directors ('ID') are paid sitting fees for attending the Meetings of the Board and of Committees of which they are members. For Non-Independent and Non-Executive Directors, being employees of overseas subsidiary, no sitting fee is paid.

#### (ii) Managing Director ('MD')/ Executive Directors ('ED') / Key Managerial Personnel ('KMP')/ rest of the employees:

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence, remuneration should be market competitive, driven by the role played by the individual, reflective of the size of the Company, complexity of the Sector / Industry / Company's Operations and the Company's capacity to pay, consistent with recognized best practices and aligned to regulatory requirements.

Basic / Fixed Salary is provided to all employees to ensure that there is a steady income in line with their skills and experience. In addition, the Company provides employees with certain perquisites, allowances and benefits in accordance with terms of the Company policy.

The Remuneration and Nomination Policy is displayed on the Company's website [www.dynamatics.com](http://www.dynamatics.com)

The details of Remuneration/Sitting Fee paid to the Managing Director and Executive Directors along with Independent Directors during the Financial Year 2022-23 is as follows:

- During the year, there was no pecuniary relationship or transactions between the Company and any of its Independent Directors apart from sitting fees.

#### b. Non-Executive Directors' compensation and disclosures

The Independent Directors (except Non-Executive and Non-Independent) are paid Sitting fees for attending the meetings of the Board and Committees of the Board. In the Board Meeting dated 11<sup>th</sup> November 2022, the Board enhanced the sitting fees from Rs. 50,000/- to Rs. 1,00,000/- per meeting per person for all the Board and Committee Meetings. The Company also reimburses out of-pocket expenses incurred by the Directors for attending the meetings as on 31<sup>st</sup> March 2023.

Directors	Sitting Fees (in Rs)
Mr. Govind Mirchandani (Independent Director)	15,50,000
Ms. Malavika Jayaram (Woman Independent Director)	4,50,000
Mr. Pradyumna Vyas (Independent Director)	12,50,000
Mr. Pierre de Bausset (Independent Director)	9,50,000
Mr. Dietmar Hahn* (Non-Executive and Non-Independent Director)	Nil
Mr. James Tucker* (Non-Executive and Non-Independent Director)	Nil

\* Mr. Dietmar Hahn and Mr. James Tucker are not paid Sitting fees as they are full time employees of Subsidiaries.

\* No Commission is being paid to the Independent Directors

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**c) (i) & (ii) The Remuneration details of Managing Director / Executive Directors are mentioned below:**

Particulars	Mr. Udayant Malhoutra	Mr. P S Ramesh	Mr. Arvind Mishra
Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	1,05,00,796	1,01,93,140	1,01,93,140
Allowances and perquisites	9,24,000	4,41,000	4,41,000
Performance linked Incentive (One Time)	-	4,83,000	4,83,000
Contribution to Retrial Funds	-	-	-
Stock option	-	-	-
No. of Shares held	5,23,460	-	-
Terms of Service Contract	He is appointed for a term of 3 Years with effect from 1st October 2023 to 30 <sup>th</sup> September 2026, subject to members approval in the ensuing AGM/EGM	He is appointed for a term of 1 Year with effect from 14 <sup>th</sup> November 2023 to 13 <sup>th</sup> November 2024, subject to members approval in the ensuing AGM/EGM.	-
Notice period	3 Months		

(iii) The terms of appointment of the Managing and Executive Directors provide that the appointment may be terminated by either party by giving to the other party three months' notice of such termination or the Company paying three months' remuneration in lieu thereof.

Note: The resolutions appointing these directors do not provide for payment of severance fees.

(iv) Stock options: The Company has not granted Stock Option to any of its Directors

(v) Succession Plan: The Company believes that sound succession planning for the senior leadership is critical for developing bench strength to ensure growth, stability and a robust future for the Company. The NRC works along with the Head-Human Resources of the Company for a structured leadership succession plan.

(vi) Retirement Policy for Directors: As per the Company's policy.

### **RISK MANAGEMENT COMMITTEE**

Regulation 21 of the SEBI Listing Regulations mandates top 1000 listed entities, determined on the basis of market capitalisation as at the end of the immediate previous financial year, to constitute a Risk Management Committee ('RMC'). The primary role of the RMC is that of assisting the Board of Directors in overseeing the Company's risk management processes and controls. The RMC, through Enterprise Risk Management in the Company, seeks to minimise adverse impact on the business objectives and enhance stakeholder value. During the year under review, the Risk Management Policy and Terms of Reference of RMC were amended in line with the SEBI Listing Regulations for the functioning of the RMC.

### **Extract of terms of Reference**

The terms of reference of the RMC, as amended, inter alia, include:

- Formulate a detailed risk management policy that includes a framework for identification of internal and external risks specifically faced by listed entity, in particular including

financial, operational, sectoral, sustainability (particularly ESG related risks), information, cyber security risks or any other risk as may be determined by the committee.

- To ensure that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the company.
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
- The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by board of directors.
- Attend to such other matters and functions as may be prescribed from time to time

### **Other details**

- The RMC was constituted by the Board on 7<sup>th</sup> June 2021
- Three meetings of the Risk Management Committee were held during the year under review.

### **Composition:**

The Committee comprises 5 (Five) Directors as on 31<sup>st</sup> March 2023:

- Mr. Govind Mirchandani, Chairman**
- Ms. Malavika Jayaram
- Mr. Pierre de Bausset
- Mr. P S Ramesh
- Mr. Udayant Malhoutra

### Attendance at the Risk Management Committee Meetings (RMC) held during the year 2022-23:

RMC meeting were held on 24<sup>th</sup> May 2022, 11<sup>th</sup> November 2022 and 9<sup>th</sup> February 2023

Name of the Member	No. of meetings attended
Mr. Govind Mirchandani, Chairman	3
Ms. Malavika Jayaram	1
Mr. Pierre de Bausset	3
Mr. P S Ramesh	3
Mr. Udayant Malhoutra	3

- The gap between two RMC Meetings did not exceed 180 days. The necessary quorum was present for both the Meetings.
- The Company Secretary acts as the Secretary to the Committee.
- The Company has a well-defined risk management framework in place. Further, details on risk management are given in the Management Discussion & Analysis which forms part of this Integrated Annual Report.

### STAKEHOLDERS' RELATIONSHIP COMMITTEE:

#### Extract of Terms of reference:

The terms of reference of the Stakeholders Relationship Committee (SRC) covers the areas mentioned in Section 178 (5) of the Act and Regulation 20 read with Part D (B) of Schedule II to the Listing Regulations. The terms of reference of the SRC, inter-alia are as follows:

- Consider and resolve the grievances of security holders including complaints related to transfer/transmission of shares, non-receipt of declared dividends, issue of new/duplicate share certificates etc.
- Review of adherence to the service standards adopted by listed entity in respect of various services being rendered by Registrar & Share Transfer Agent.
- Review of various measures and initiatives taken by listed entity for reducing quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by shareholders of the company.

#### Other details

- Four meetings of the Stakeholders' Relationship Committee were held during the year under review.
- Details of Investor complaints and Compliance Officer are provided in the report.
- The previous AGM of the Company was held on 9<sup>th</sup> September 2022, and was attended by Mr. Pradyumna Vyas the Chairman of the Stakeholders' Relationship Committee.

The Composition of the Stakeholders Relationship Committee and the details of the meetings attended by its members during the financial year ended 31<sup>st</sup> March 2023 are as under:

The Stakeholders' Relationship Committee comprises 3 (three) Directors as on 31<sup>st</sup> March 2023. They are

- **Mr. Pradyumna Vyas, Chairman**

- Mr. Govind Mirchandani
- Mr. Udayant Malhoutra

The Chairman is heading the Committee.

Attendance at the Committee Meetings held during the year 2022-23:

- 25<sup>th</sup> May 2022
- 10<sup>th</sup> August 2022
- 11<sup>th</sup> November 2022
- 10<sup>th</sup> February 2023

Name of the Member	No. of meetings attended
Mr. Pradyumna Vyas	4
Mr. Govind Mirchandani	4
Mr. Udayant Malhoutra	4

#### Compliance Officer:

Mr. Shivaram V, Head - Legal, Compliance & Company Secretary is the Compliance Officer responsible for complying with the requirements of SEBI Regulations.

#### Investor Grievance report for the year 2022-23:

Details of complaints received and attended to during the financial year 2022-23 are given below:

Subject	
No. of complaints pending as on 1 <sup>st</sup> April 2022	Nil
No. of complaints received during the year	Nil
No. of complaints resolved during the year	Nil
No. of complaints pending as on 31 <sup>st</sup> March 2023	Nil
TOTAL	Nil

The Company has taken various investor-friendly activities viz. encouraging investors to register their email ids, option for registration of email address for the limited purpose of receiving Annual Report and e-Voting credentials for the e-AGM in view of the restrictions imposed by the Covid-19 pandemic, activities and initiatives during the e-AGM and preparation of the Digital Annual Report to enable a live feel of the Annual Report.

A communication has also been sent for updating bank account details and other details for payment of dividend and tax deducted at source related activity and communication of quarterly and half yearly financial results to the shareholders via email as some of the other investor friendly initiatives undertaken by the Company.

Pursuant to the SEBI Circulars dated November 3, 2021 and December 14, 2021 issued for common and simplified norms for processing investor's service request and norms for furnishing PAN, KYC details and Nomination details, the Company has sent individual letters to its shareholders holding shares in physical form for furnishing the KYC details to comply with the KYC requirements.



## Remuneration of Directors

The Company's Remuneration Policy is aligned with its philosophy for payment of remuneration to Directors, KMPs and all other employees based on the commitment of fostering a culture of leadership with trust.

The principles governing the Company's Remuneration Policy is provided in the Board's Report and the Policy is also uploaded on the website of the Company.

## 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.

## Dematerialization of Shares and Liquidity:

The equity shares of the Company are traded in dematerialized form. The process of conversion of shares from physical form to electronic form is known as dematerialization. For dematerializing the shares, the Shareholder must open a demat account with a Depository Participant (DP). The Shareholder is required to fill in a Demat Request Form and submit the same along with the Share Certificate(s) to the DP. The DP will allocate a demat request number and shall forward the request physically and electronically, through NSDL/CDSL to the R&T Agent. On receipt of the demat request both physically and electronically and after verification, the Shares are dematerialized, and an electronic credit of shares is given in the account of the Shareholder.

During FY2023, 41 demat requests for dematerialization comprising 2,734 shares and 2 requests for share transmissions/deletion of name comprising 139 shares were received and processed.

## Transfer of Unclaimed/Unpaid Amounts to the Investor Education and Protection Fund

As per Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") read with Section 124 of the Act, intimations have been sent to shareholders concerned, requesting them to encash their unclaimed dividends failing which the unclaimed dividends and the corresponding shares held by them shall be transferred to IEPF Authority.

As required under Section 124 of the Act read with the IEPF Rules as amended, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.

The following table gives information relating to outstanding dividend accounts and the dates when due for transfer to IEPF:

Financial Year Ended	Date of declaration of dividend	Last date for claiming unpaid Dividend	Due/ Transferred to IEPF fund due during
2018-19 (Interim Dividend)	10.08.2018	09.08.2025	09.09.2025
2022-23 (Interim Dividend)	10.08.2022	09.08.2029	09.08.2029

Shareholders are requested to get in touch with the RTA for encashing the Unclaimed Dividend amount, if any, standing to the credit of their account.

During the Financial Year 2022-23, there was no transfer of unclaimed dividend nor shares to Investor Education and Protection Fund Authority (IEPF).

Details of shares transferred have been uploaded on the Company's website at [www.dynamatics.com](http://www.dynamatics.com).

All requests/communications from Shareholders including request for annual reports, revalidation of dividend warrants, change of address, transmission of shares, deletion of name, Issue of duplicate share certificate, claim of dividend & shares from IEPF authorities etc., are received by Kfin Technologies Limited, Hyderabad, Registrars and Share Transfer Agents on behalf of the Company (RTA /Kfintech) 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.kfintech.com>.

A quarterly report of the same is submitted to the Committee for improving investor relations and services provided to them. Kfintech 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 reminder 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 IIFL Securities 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 124 and 125 of the Companies Act 2013 and rules made thereunder.

## 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; 11 Shareholders and 851 shares.

Number of Equity Shareholders approached the Company for transfer of shares from suspense account during the year: NIL

Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year: 11 Shareholders and number of shares were 851.

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

#### **Furnishing of PAN, KYC details and Nomination by holders of physical securities.**

SEBI Circular dated March 16, 2023 mandated furnishing of PAN, email address, mobile number, bank account details and nomination by holders of physical securities, and any service request and complaint shall be entertained only upon registration of the PAN, Bank details and nomination. Also, the SEBI has mandated to ensure that the members PAN be linked to Aadhar by March 31, 2023, or any other date as may be specified by the Central Board of Direct Taxes to avoid freezing of the shareholder's folio. Currently CBDT extended the date till September 30, 2023. In this context, the company had through M/s KFin Technologies Limited, sent communication dated 03.05.2023, to those shareholders holding physical shares, and whose PAN, KYC and Nomination details are not available with the Company.

Therefore, those shareholders who have not furnished some of the mandatory documents/details against their respective physical holdings are herewith requested to immediately furnish the aforesaid documents/details to M/s KFin Technologies Limited, the Registrar & Transfer Agents of the Company in the prescribed format or contact KFin Technologies Limited, Unit: Dynamatic Technologies Limited, Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, Email: einward.ris@kintech.com for further assistance on this matter.

#### **Freezing of Folios without PAN, KYC details and Nomination:**

Folios wherein any of the said document/details are not available on or after October 01, 2023, shall be frozen and the respective shareholder(s) will not be eligible to lodge grievance or avail service from the RTA. Further effective April 01, 2024, the respective shareholder(s) will not be eligible for receiving dividend in physical mode.

After December 31, 2025, the frozen folios shall be referred by RTA/Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and or Prevention of Money Laundering Act, 2002.

#### **Share Transfer Committee – A Sub Committee of Stakeholders' Relationship 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 31<sup>st</sup> March 2023:

- **Mr. Udayant Malhoutra, Chairman**
- Mr. Govind Mirchandani
- Mr. Shivaram V

The Committee is vested with the responsibility of approving cases which comply with the required provisions of the applicable laws of India relating to share transmissions, transpositions, duplicate share certificates, exchange, consolidations, etc. on a fortnightly basis. The status on complaints and share transfers is reported to the Stakeholders' 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.

#### **Technology & Strategy Development Committee:**

The Technology & Strategy Development Committee 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 Technology & Strategy Development Committee comprises 9 (Nine) Directors as on 31<sup>st</sup> March 2023.

The Committee comprises the following members:

- **Mr. Govind Mirchandani, Chairman**
- Ms. Malavika Jayaram
- Mr. Pierre de Bausset
- Mr. Pradyumna Vyas
- Mr. Arvind Mishra
- 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 5<sup>th</sup> February 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 6 (six) Directors as on 31<sup>st</sup> March 2023.

The Committee comprises the following members:

- **Mr. Govind Mirchandani, Chairman**
- Ms. Malavika Jayaram
- Mr. Pradyumna Vyas
- Mr. P S Ramesh
- Mr. Arvind Mishra
- Mr. Udayant Malhoutra

#### **Corporate Social Responsibility Committee:**

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in compliance with the requirements of Section 135 of the Act

#### **Terms of reference**

##### **The terms of reference of the CSR Committee are:**

- Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII to the Act.
- Recommend the amount to be spent on CSR activities.
- Monitor implementation and adherence to the CSR Policy of the Company from time to time.
- Such other activities as the Board of Directors determine as they may deem fit in line with CSR Policy.

The Board has adopted the CSR Policy as formulated and recommended by the Committee. The CSR Policy is available on the website of the Company at [www.dynamics.com](http://www.dynamics.com). The Annual Report on CSR activities for the financial year 2022-23 forms part of the Board's Report.

The composition of the CSR Committee and the details of the meetings attended by its members during the Financial Year ended 31<sup>st</sup> March 2023, are as under:

#### **Composition:**

- **Ms. Malavika Jayaram - Chairperson**
- Mr. Govind Mirchandani
- Mr. P S Ramesh

During the financial year 2022-23, the Committee had one (1) meeting on 24<sup>th</sup> May 2022.

#### **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. Govind Mirchandani - Lead Independent Director**
- Ms. Malavika Jayaram
- Mr. Pradyumna Vyas
- Mr. Pierre de Bausset

During the financial year 2022-23, the Committee had One (1) meeting on 9<sup>th</sup> February 2023.

#### **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 31<sup>st</sup> March 2023.

#### **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
2019-2020 Postal Ballot*	Postal Ballot	12 <sup>th</sup> June 2020	<ul style="list-style-type: none"> <li>Alter the Objective clause of Memorandum of Association of the Company</li> </ul>
2019-2020 AGM	through Audio/ Visual means	24 <sup>th</sup> September 2020	<ul style="list-style-type: none"> <li>Re-appointment of Mr. Udayant Malhoutra (DIN: 00053714) as CEO and Managing Director for the term of 3 years</li> <li>Re-appointment of Mr. P S Ramesh (DIN: 05205364) as Executive Director &amp; Group Technical service and Human resources for the term of 3 years.</li> <li>Re-appointment of Mr. Arvind Mishra (DIN: 07892275) as Executive Director and Global COO – Hydraulics &amp; Head of Homeland Security for the term of 3 years.</li> </ul>
2020-2021 AGM	through Audio/ Visual means	16 <sup>th</sup> September 2021	<ul style="list-style-type: none"> <li>There were no special resolution passed during the meeting under review.</li> </ul>
2021-2022 AGM	through Audio/ Visual means	9 <sup>th</sup> September 2022	<ul style="list-style-type: none"> <li>There were no special resolution passed during the meeting under review.</li> </ul>
2021-2022 EGM	through Audio/ Visual means	9 <sup>th</sup> March 2023	<ul style="list-style-type: none"> <li>To offer, issue and allot 4,50,000 Equity Shares of the Company to non-promoter persons on Preferential basis</li> </ul>

\* The Postal Ballot exercise was carried out by Mr. Pramod S M, designated Partner of BMP & Co.LLP, Company Secretary in Practice.

#### Postal Ballot:

For matters which are urgent and require shareholders' approval in the period between the AGMs, the Company seeks the approval of shareholders through postal ballot. In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company also provides electronic voting (e-voting) facility to all its members. For this purpose, the Company has engaged the services of Kfin Technologies limited. Mr. Pramod S M, designated partner of BMP & Co, LLP, Company Secretaries in practice, had acted as the scrutinizer for past postal ballots and e-voting. During the year, the Company did not pass any special resolution through postal ballot. The details of the previous postal ballots are available on the website, at [www.dynamatics.com](http://www.dynamatics.com).

#### Procedure for postal ballot:

Postal ballot notices and forms are dispatched, along with postage-prepaid business reply envelopes to registered members / beneficiaries. The same notice is sent by email to members who have opted to receive communication through the electronic mode. The Company also publishes a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable rules.

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 who want to exercise their votes by physical postal ballot are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Those using the e-voting option are requested to vote before the close of business hours on the last date of e-voting.

The scrutinizer completes his scrutiny and submits his report to the Chairman, and the consolidated results of the voting are announced by the Chairman / authorized officer.

The results are also displayed on the Company website, [www.dynamatics.com](http://www.dynamatics.com), besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The last date for the receipt of postal ballot forms or e-voting is the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.

#### Means of Communication:

The quarterly and annual financial results of the Company are uploaded on NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre in accordance with the requirements of Listing Regulations. The financial results are displayed on BSE and NSE websites. The financial results are also published in 'Business Standard' (English) and 'Sanje Vaani' (Kannada) newspapers and posted on the Company's website at [www.dynamatic.com](http://www.dynamatic.com). In terms of the Listing Regulations, the Company has a designated email ID for dealing with Investors' complaints viz., [investors.relations@dynamatics.net](mailto:investors.relations@dynamatics.net)

The official media releases and presentations made to Institutional Investors/Analysts and transcript/ audio recording of Analyst Calls are posted on the Company's website.

#### 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 JKM Plaza, Dynamatic Aerotropolis, 55, KIADB Aerospace Park, Devanahalli, Bangalore – 562110, Karnataka, India.

The equity shares of the Company are listed on both National Stock Exchange of India Limited (NSE - with a scrip code of DYNAMATECH) and Bombay Stock Exchange Limited (BSE - with a scrip code of 505242).

The Company has paid the listing fee for the year 2022-23 to the Stock Exchanges, where the shares of the Company are listed in India.



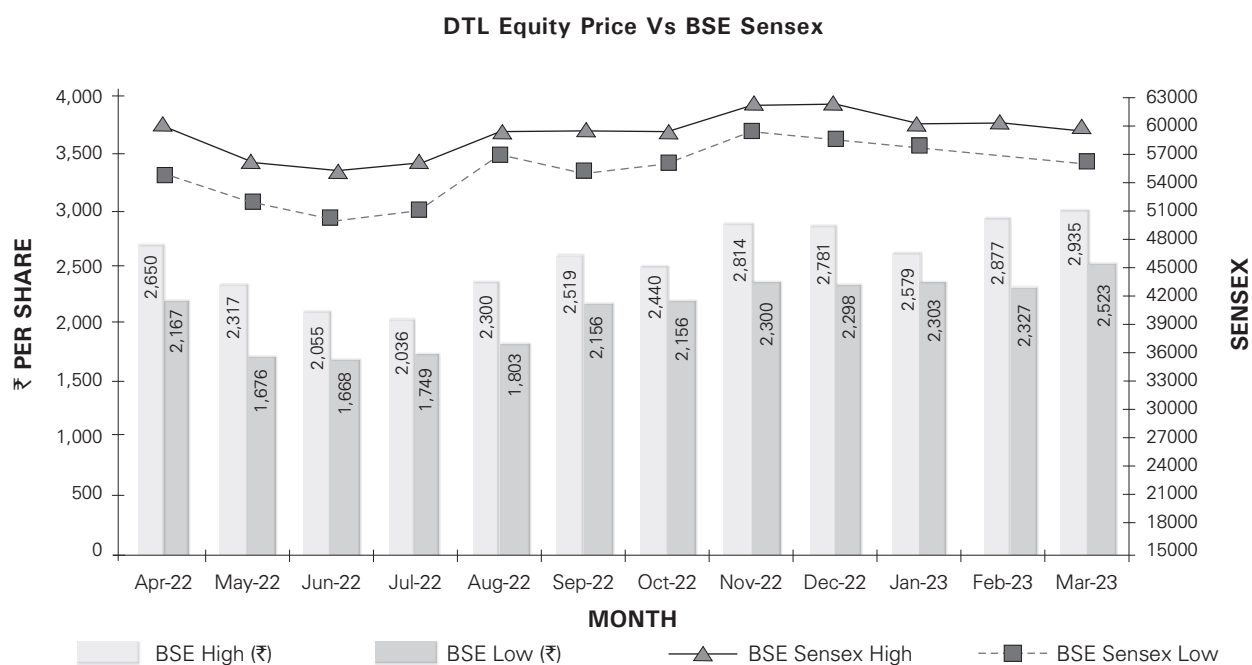
**ANNUAL GENERAL MEETING FOR THE YEAR 2022-23:**

<b>Date and time:</b>	22 <sup>nd</sup> September 2023, 11:00 AM	
<b>Venue:</b>	JKM Plaza, Dynamatic Aerotropolis 55, KIADB Aerospace Park, Devanahalli, Bangalore, Karnataka 562110	
<b>Financial calendar:</b>	Our tentative calendar for declaration of results for the Financial Year 2023-24 is given below:	
	<b>Calendar for Reporting:</b>	
	<b>Quarter ended</b>	<b>Release of results</b>
	30 <sup>th</sup> June 2023	On 9 <sup>th</sup> August 2023
	30 <sup>th</sup> September 2023	On or before 10 <sup>th</sup> November 2023
	31 <sup>st</sup> December 2023	On or before 9 <sup>th</sup> February 2024
	31 <sup>st</sup> March 2024	On or before 24 <sup>th</sup> May 2024
<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 16 <sup>th</sup> September 2023 to 22 <sup>nd</sup> September 2023 (both days inclusive).	
<b>Dividend payment date</b>	The Dividend, if declared at AGM, will be paid on from 28th September 2023, and before 21st October 2023.	
<b>Listing on Stock Exchanges and Stock Code</b>	BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Phones: (022) 22721233/4, 91-22-66545695 Fax: (022) 22721919 Scrip code:505242	National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai- 400 051 Tel No: (022) 26598100- 8114 Fax No: (022) 26598120 Scrip code: Dynamatech
<b>Registrar &amp; Transfer Agents</b>	Kfin Technologies Limited Selenium Tower B Plot 31 & 32 Financial District, Nanakramguda Serilingampally Mandal Hyderabad 500032 Telangana Toll Free Number: 1-800-309-4001 Email: einward.ris@kfintech.com Website: www.kfintech.com	

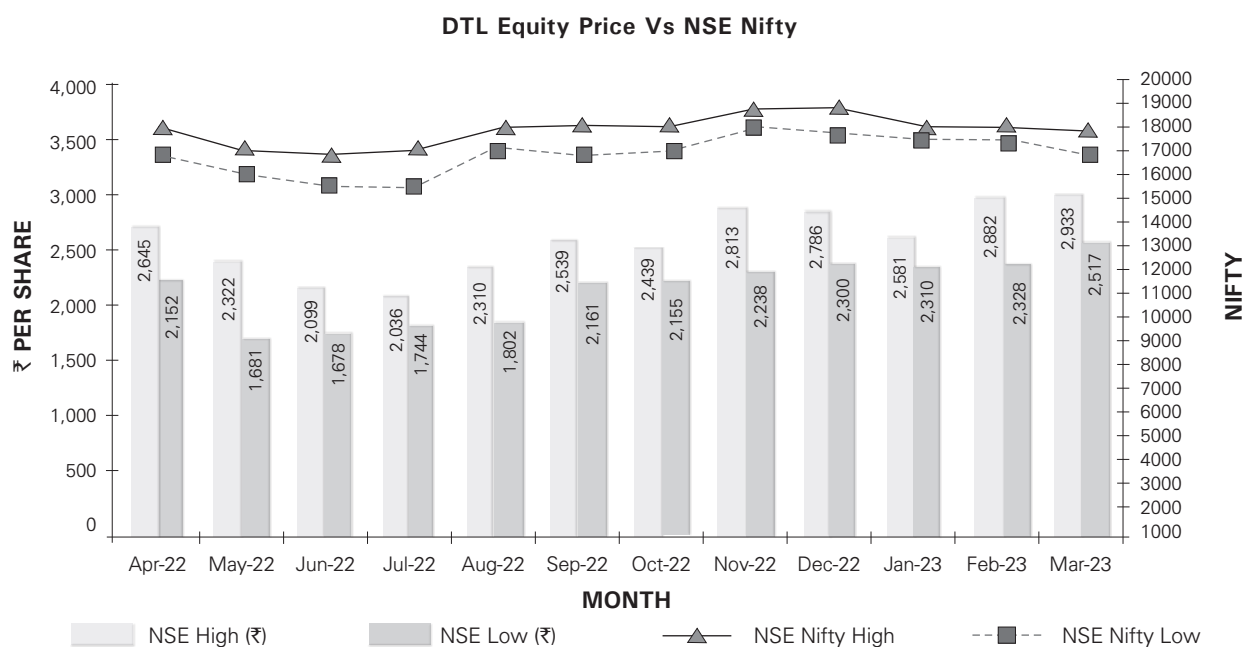
**Share market price data**
**The monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Limited and National Stock Exchange of India Limited for the year 2022-23**

Month	BSE			NSE		
	High (Rs)	Low (Rs)	Volume of shares traded	High (Rs)	Low (Rs)	Volume of shares traded
Apr-22	2,650.00	2,167.35	26,024	2,645.50	2,152.60	2,82,601
May-22	2,317.20	1,676.65	76,151	2,322.30	1,681.10	1,51,250
Jun-22	2,055.55	1,668.60	19,046	2,099.00	1,678.65	3,61,276
Jul-22	2,036.95	1,749.55	9,870	2,036.50	1,744.00	1,69,913
Aug-22	2,300.00	1,803.60	20,572	2,310.00	1,802.95	2,80,920
Sep-22	2,519.35	2,156.45	21,657	2,539.00	2,161.00	2,51,517
Oct-22	2,440.00	2,156.20	14,018	2,439.45	2,155.20	1,92,161
Nov-22	2,814.00	2,300.80	39,164	2,813.55	2,238.40	4,95,889
Dec-22	2,781.30	2,298.45	24,580	2,786.35	2,300.00	2,18,641
Jan-23	2,579.50	2,303.40	10,971	2,581.00	2,310.00	1,28,211
Feb-23	2,877.25	2,327.25	41,531	2,882.10	2,328.15	3,53,636
Mar-23	2,935.60	2,523.30	18,934	2,933.80	2,517.15	2,60,199

## COMPARISON OF COMPANY'S SHARE PRICE MOVEMENT WITH DTL Equity Price Vs BSE SENSEX



## COMPARISON OF COMPANY'S SHARE PRICE MOVEMENT WITH NSE NIFTY



## Share Transfer System

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. The Directors and certain Company officials (including Company Secretary) are authorised by the Board severally to approve transfers, which are noted at subsequent Board Meetings.

### Distribution of Shareholding as on 31<sup>st</sup> March 2023:

Sl. No.	Category	No. of Holders	% To Holders	Amount (Rs)	% To Amount
1	1-5000	13,100	96.09	59,20,650	8.72
2	5,001- 10,000	267	1.96	19,23,990	2.83
3	10,001- 20,000	116	0.85	16,99,450	2.50
4	20,001- 30,000	34	0.25	8,36,240	1.23
5	30,001- 40,000	25	0.18	8,93,300	1.32
6	40,001- 50,000	14	0.10	6,56,750	0.97
7	50,001- 10,00,00	33	0.24	23,74,510	3.50
8	10,00,01& Above	44	0.32	5,36,09,540	78.94
<b>TOTAL:</b>		<b>13,633</b>	<b>100</b>	<b>6,79,14,430</b>	<b>100</b>

### SHAREHOLDING PATTERN AS ON 31<sup>st</sup> MARCH 2023

Category	No. of Shares	% of shareholding
<b>PROMOTERS HOLDING:</b>		
<b>Indian Promoters:</b>		
JKM Holdings Private Limited	1,112,538	16.38
Udayant Malhoutra	5,23,460	7.71
Udayant Malhoutra and Company Private Limited	6,42,011	9.45
Wavell Investments Private Limited	0	0
JKM Offshore India Private Limited	4,42,071	6.51
Greenearth Biotechnologies Limited	22,927	0.34
Barota Malhoutra	4,938	0.07
Vita Private Limited	100	0.0
Christine Hoden (India) Private Limited	95,100	1.40
Primella Sanitary Products Private Limited	100	0.0
<b>TOTAL</b>	<b>28,43,245</b>	<b>41.87</b>
<b>NON-PROMOTERS HOLDING</b>		
Mutual Funds / UTI	4,13,691	6.09
Financial Institutions / Banks	383	0.01
Central Government / State Government (S)	0	0
Venture Capital Funds	0	0
Insurance Companies	0	0
Foreign Institutional Investors	11,37,784	16.75
<b>SUB TOTAL</b>	<b>15,51,858</b>	<b>22.85</b>
<b>OTHERS</b>		
Private Corporate Bodies	2,85,395	4.20
Indian Public	15,45,461	22.76
Clearing Agents	475	0.01
NBFC Registered with RBI	0	0
NRIs/OCBs	72,066	1.06
Trust	3,846	0.06
IEPF	48,572	0.72
HUF	1,73,820	2.56
Alternative Investment Fund	2,66,705	3.93
<b>SUB TOTAL</b>	<b>23,96,340</b>	<b>35.28</b>
<b>GRAND TOTAL</b>	<b>67,91,443</b>	<b>100</b>

## Status of Dematerialisation of shares

Particulars	31 <sup>st</sup> March 2022		31 <sup>st</sup> March 2023	
	No. of shares	% of total shares	No. of shares	% of total shares
National Securities Depository Limited	55,29,281	87.19	59,21,438	87.19
Central Depository Services (I) Limited	7,53,409	11.88	8,13,986	11.99
Total Dematerialized	62,82,690	99.07	67,35,424	99.18
Physical	58,753	0.93	56,019	0.82
<b>Grand Total</b>	<b>63,41,443</b>	<b>100%</b>	<b>67,91,443</b>	<b>100%</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 does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given. For a detailed discussion on foreign exchange risk and hedging activities, please refer to Management Discussion and Analysis Report.

### 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 48<sup>th</sup> 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.

### OTHER DISCLOSURES:

- All transactions entered into by the Company with related parties as defined under the Act and the Listing Regulations, during the Financial Year 2022-23 were in the ordinary course of business and on arm's length pricing basis and do not attract the provisions of Section 188 of the Act. There were no materially significant transactions with the related parties during the financial year which were in conflict with the interest of Company. Necessary disclosures as required under the Accounting Standards have been made in the Financial Statements. The Board has approved a policy on materiality of related party transactions and on dealing with related party transactions and the same is disclosed on the website of the Company at the link [www.dynamatics.com](http://www.dynamatics.com)
- The Company has complied with the requirements of the Stock Exchanges / SEBI and Statutory Authorities on all matters related to the capital markets during the last three years. No penalty or strictures were imposed on the Company by any of these authorities.
- The Company has adopted a Whistle Blower Policy and has established necessary Vigil Mechanism as required under Regulation 22 of the Listing Regulations for

Directors and Employees to report concerns about any unethical behaviour. No person has been denied access to the Chairman of the Audit Committee. The said policy has also been disclosed on the website of the Company at the link [www.dynamatics.com](http://www.dynamatics.com)

- The Company has adopted the Policy on determination of Materiality of Disclosures. The said policy has also been disclosed on the website of the Company at the link [www.dynamatics.com](http://www.dynamatics.com)
- The Company has formulated the Policy on archiving documents of the Company. The said policy has also been disclosed on the website of the Company at the link [www.dynamatics.com](http://www.dynamatics.com)
- The Company has complied with all the mandatory requirements of the Listing Regulations. The Company has also fulfilled the following discretionary requirements as provided in the Listing Regulations:
  - The Chairman of the Board is a Non-Executive and Independent Director and his position is separate from that of the Managing Director & CEO.
  - Internal auditors of the Company, make quarterly presentations to the Audit Committee on their reports.
  - The auditors' report on Financial Statements of the Company are unqualified.
- The Audit Committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the Board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company. The Company does not have any material unlisted subsidiary company. The Company has a policy for determining 'material subsidiaries' which is disclosed on its website. [www.dynamatics.com](http://www.dynamatics.com)
- The CEO & Managing Director and the Chief Financial Officer have certified to the Board in accordance with regulation 33 (2)(a) of the Listing Regulations pertaining to CEO/CFO certification for the financial year ended 31<sup>st</sup> March 2023. The CEO & MD and Chief Financial Officer have also issued compliance certificate to the Board pursuant to the provisions of Regulation 17(8) of the Listing Regulations certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs.



- i. Disclosure of Commodity price risks and Commodity hedging activity: Not applicable.
- j. The Company has managed the Foreign Exchange Risk with appropriate hedging activities in accordance with the policies of the Company. There were no materially uncovered exchange rate risks in the context of the Company's Foreign Exchange exposures.
- k. During the FY2023, the Board has accepted all the recommendations of its Committees.
- l. The Company has followed all relevant Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with Companies (Indian Accounting Standard) Rules (as amended from time to time) and other relevant provisions of the Act while preparing Financial Statements for FY2023.
- m. The Company has duly complied with the requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub regulation (2) of Regulation 46 of the Listing Regulations.
- n. Particulars of Directors seeking appointment / reappointment at the ensuing Annual General Meeting have been provided in the Notice of the Annual General Meeting.
- o. Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is given below:

Payment to Statutory Auditors	FY 2022-23 (Rs in lakhs)
Statutory audit fees	170
Certification	18
Out of pocket expenses	12
<b>Total</b>	<b>200</b>

- p. Disclosures under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Number of complaints filed during the financial year 2022-23

Number of complaints filed during the financial year 2022-23	-NIL-
Number of complaints disposed off during the financial year 2022-23	-NIL-
Number of complaints pending as on end of the financial year.	-NIL-

- q. Insider Trading Regulations: The Company has adopted the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices. This Code of Conduct is applicable to all Directors and such designated persons who are expected to have access to unpublished price sensitive information relating to the Company. Mr. Shivaram V, Head Legal, Compliance and Company Secretary of the Company, is the Compliance Officer for the purpose of this regulation.
- r. The Company has obtained Credit Ratings from India Rating and Research. During the relevant FY2023, India

Ratings & Research has affirmed the Company's long term issuer rating at IND BBB+. The Outlook is positive.

- s. Certificate on Corporate Governance: All the Directors of the Company have submitted a declaration stating that they are not debarred or disqualified by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority from being appointed or continuing as Directors of Companies.

Mr. Ratish Tagde, Practicing Company Secretary, has submitted a certificate to this effect.

A Compliance Certificate from Mr. Ratish Tagde, Practicing Company Secretary pursuant to the requirements of Schedule V to the Listing Regulations regarding compliance of conditions of Corporate Governance is attached.

- t. Details of utilisation of funds: Pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018 and other applicable rules/regulations/guidelines, the Company had issued and allotted 4,50,000 equity shares on preferential basis to non-promoters. In this context, a monitoring agency report in respect of utilisation of proceeds of preferential issue of the company was issued by India Ratings and Research, Monitoring Agency, for the quarter ended 31<sup>st</sup> March 2023, and the same is available in the company website, [www.dynamics.com](http://www.dynamics.com), besides being communicated to the stock exchanges.
- u. Loans and advances in the nature of loans to firms/ companies in which Directors are interested:

The Company and its subsidiaries have not given any loans or advances to any firm / company in which its directors are interested.

#### PLANT LOCATIONS:

1. Dynamic Park, Peenya, Bangalore 560 058, Karnataka, India\*
2. No. 1A/1, 1<sup>st</sup> Main Road, 1<sup>st</sup> Stage, 2nd Phase, Peenya Industrial Area, Bangalore 560 058, Karnataka, India
3. No. 28/A, 3rd Main, 1<sup>st</sup> Stage, 1<sup>st</sup> Phase, Peenya Industrial Area, Bangalore 560 058, Karnataka, India
4. No. K-12, 5<sup>th</sup> Cross, 1<sup>st</sup> Stage, Peenya Industrial Area, Bangalore 560 058, Karnataka, India
5. No. K-11, Between 5<sup>th</sup> & 6<sup>th</sup> Cross, 1<sup>st</sup> Stage, Peenya Industrial Area, Bangalore 560 058, Karnataka, India
6. JKM Plaza, Dynamic Aerotropolis, 55, KIADB Aerospace Park, Devanahalli, Bangalore – 562110, Karnataka, India
7. Cheney Manor, Swindon, Wiltshire, SN2 2PZ, United Kingdom
8. Jarvis Street, Barton Hill, Bristol, BS5 9TR, United Kingdom
9. Gießereistraße 1, 08340 Schwarzenberg/Erzgeb, Germany
10. Plot No. V 77-78, Industrial Estate, Peenya 2nd Stage, Bangalore 560 058, Karnataka, India

\*up to May 2023

# INVESTOR GUIDE

## Investor Contacts

For queries relating to financial statements / shares / dividends / complaints / Investor correspondence

### Mr. Shivaram V

Head - Legal, Compliance & Company Secretary  
Tel +91 80 2111 1223 +91 80 2204 0535  
Email id: investor.relations@dynamics.net

### Registrar and Share Transfer Agents

KFin Technologies Limited  
Selenium Tower B, Plot 31 & 32,  
Financial District, Nanakramguda,  
Serilingampally Mandal,  
Hyderabad - 500 032, Telangana.  
Toll free Number: 1-800-309-4001  
Email: shobha.anand@kfintech.com

## Depository for Equity shares

### National Securities Depository Limited

Trade World, A Wing, 4<sup>th</sup> Floor  
Kamala Mills Compound, Senapathi Bapat Marg,  
Lower Parel, Mumbai 400 051  
Tel: +91-22-24994200

### Central Depository Services (India) Limited

Phiroze Jeejeebhoy Towers  
17<sup>th</sup> 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 / email id / contact details
- 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:

Tel +91 80 2111 1223 +91 80 2204 0535 (Contact: Mr. J. Devaraj, Secretarial Dept.)  
Email: **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 31<sup>st</sup> March, 2023

Place : Bangalore  
Date : 29<sup>th</sup> May 2023



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

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Members

## **Dynatomic Technologies Limited**

JKM Plaza, Dynatomic Aerotropolis,  
55 KIADB Aerospace Park,  
Devanahalli Bangalore 562110

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Dynatomic Technologies Limited having **CIN : L72200KA1973PLC002308, and having Regd. Office at JKM Plaza, Dynatomic Aerotropolis 55, KIADB Aerospace Park Devanahalli, Bangalore – 562110** (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. I have conducted online verification and examination of records as facilitated by the Company for the purpose of issuing this Report.

In my opinion and to the best of my information and according to the verifications [including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)] as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No:	Name of the Director & DIN	Designation	Date of First Appointment in the Company
1	GOVIND MANIK MIRCHANDANI & 00022583	Independent director	27/06/2008
2	UDAYANT MALHOUTRA & 00053714	MD & CEO	01/10/1989
3	MALAVIKA JAYARAM & 02252302	Independent director	27/06/2008
4	PRADYUMNA RAMESHCHANDRA VYAS & 02359563	Independent Director	11/02/2019
5	RAMESH SHIVARAMAIAH POLENAHALLY & 05205364	Executive Director	14/11/2014
6	DIETMAR HAHN & 06414463	Non-Executive director	08/11/2012
7	JAMES DAVID TUCKER & 07093258	Non-Executive Director	14/02/2015
8	PIERRE ANTOINE JEAN MARIE ANNE DE BAUSSET ROQUEFORT DUCHAINE D & 07178878	Independent director	11/02/2019
9	ARVIND MISHRA & 07892275	Executive director	09/08/2017

Note: Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company

**For Ratish Tagde & Associates.**  
(Company Secretaries)



Mr. Ratish Tagde  
(Proprietor)  
CP.NO. 22018  
FCS NO. 6162

Place: Mumbai  
Date: 29<sup>th</sup> May 2023  
UDIN: F006162E000564104

# CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

The Members

**Dynamic Technologies Limited**

I have examined all the relevant records of Dynamic Technologies Limited ("the Company") for the purpose of certifying compliance with the conditions of the Corporate Governance under the SEBI (LODR) Regulations, 2015 for the financial year ended 31st March 2023. 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. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency 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, to the extent applicable, complied with the conditions of Corporate Governance as stipulated in the aforesaid Regulations, 2015.

**For Ratish Tagde & Associates.**

(Company Secretaries)



Mr. Ratish Tagde  
(Proprietor)

CP.NO. 22018

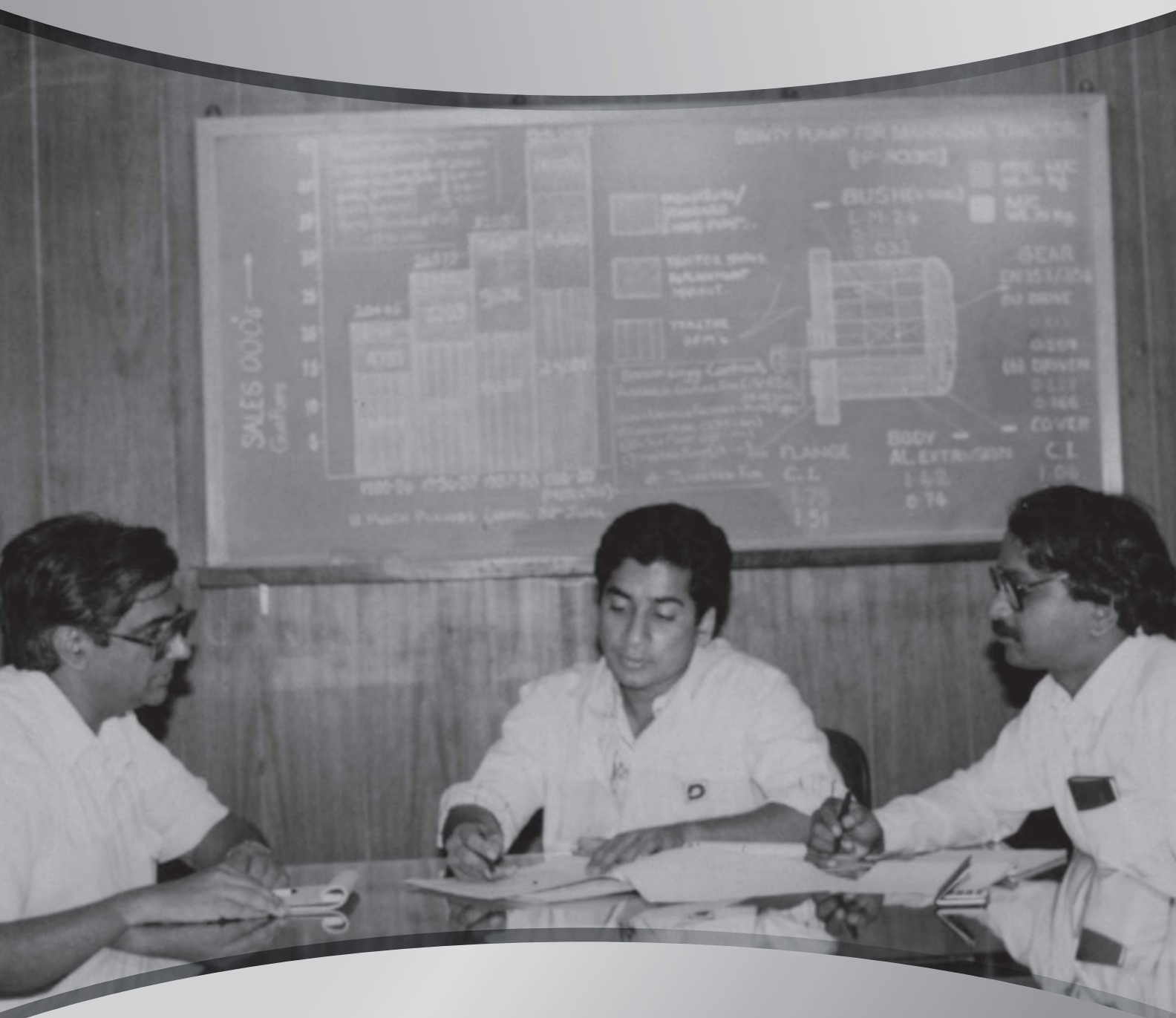
FCS NO. 6162

Place: Mumbai

Date: 29<sup>th</sup> May 2023

UDIN: F006162E000564181





# CONSOLIDATED

## FINANCIAL STATEMENTS

# INDEPENDENT AUDITORS' REPORT

## To the Members of Dynamatic Technologies Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Dynamatic Technologies Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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 the sub-paragraphs (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Impairment of Goodwill</b></p> <p>Note 1B(ii), 2iii(a) and 5 to the consolidated financial statements.</p> <p>In the consolidated financial statements of the Group, the gross carrying value of goodwill is INR 10,009 lakhs as at March 31, 2023.</p> <p>The management of the Group assess the impairment of goodwill annually for each cash generating unit (CGU).</p> <p>Determination of carrying value of the goodwill allocated to the CGU is a key audit matter as the amounts are significant to the consolidated financial statements and the determination of recoverable value and/ or impairment assessment involves significant management estimates and judgement.</p> <p>The key estimates and judgements used in the model for impairment assessment include future cash flows of the CGUs, the discount rate and the terminal growth rate used.</p> <p>The management has used the services of an expert in determining the recoverable value of goodwill and consequential impairments, if any.</p>	<p><b>Principal audit procedure performed:</b></p> <p>We assessed the Management's process for impairment assessment of goodwill allocated to CGU.</p> <p>Evaluated the design of the management's internal control around the impairment assessment process and tested its operating effectiveness.</p> <p>Evaluated the independence, competence, capabilities and objectivity of the management's expert.</p> <p>Understood the key assumptions considered in the management's estimates of future cash flows of the respective CGU.</p> <p>Involving our valuation specialists, we evaluated the growth rates including terminal growth rate, considered in the estimates of future cash flows and the discount rate used in the calculations.</p> <p>Compared the historical cash flows (including for current year) against past projections of the management for the same periods and gained understanding of the rationale for the changes.</p> <p>Performed sensitivity analysis on the key assumptions within the forecast cash flows and focused our attention on those assumptions we considered most sensitive to the changes; such as revenue growth during the forecast period, the terminal growth rate and the discount rate applied to the future cash flows. We ascertained the extent to which a change in these assumptions, both individually or in aggregate, would result in impairment, and considered the likelihood of such events occurring.</p> <p>We assessed the adequacy of the disclosures made in the consolidated financial statements for the year ended March 31, 2023.</p>

## Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Corporate Governance Report and Corporate Sustainability Report, (but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report and the Board's report which is expected to be made available to us after that date.
- Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.
- When we read the Board's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 "The Auditor's responsibilities Relating to Other Information".

## Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to

the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

## Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group

to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

- We did not audit the financial statements of seven subsidiaries whose financial statements reflect total assets of Rs. 91,461 lakhs as at March 31, 2023, total revenues of Rs. 76,059 lakhs and net cashflows amounting to Rs. 3,578 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and 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 our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
- We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of Rs. 5,592 lakhs as at March 31, 2023, total revenues of Rs. 143 lakhs and net cashflows amounting to Rs. 28 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements above 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

- As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:
  - 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.
  - 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, returns and the reports of the other auditors.
  - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity 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.
  - In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - On the basis of the written representations received from the directors of the Parent as on March 31, 2023 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 Group companies is disqualified as on March 31, 2023 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of subsidiary companies incorporated in India, the remuneration paid by the Parent and such subsidiary companies to their respective directors during the year is in accordance with the provisions of section 197 of the Act.
- h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 37 to the consolidated financial statements.
  - ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies, incorporated in India.
  - iv) (a) The respective Managements of the Parent and its subsidiaries, which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, no funds have been received by the Parent or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

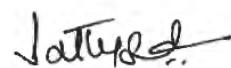
v) The Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have not declared or paid any dividend during the year and have not proposed final dividend for the year.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

for **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No. 117366W/W-100018



**SATHYA P Koushik**

Partner

(Membership No. 206920)

UDIN: 23206920BGYMFA4905

Bangalore, May 29, 2023

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

### **(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

#### **Report on the Internal Financial Controls Over Financial Reporting 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 Company as of and for the year ended March 31, 2023, we have audited the internal financial controls over financial reporting of Dynamatic Technologies Limited (hereinafter referred to as “the “Parent”) and its subsidiaries, which are companies incorporated in India, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the parent and its subsidiary companies, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 Consolidated 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 of the subsidiary companies, which are companies incorporated in India, 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 internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

#### **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 Consolidated 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 Consolidated 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 Consolidated 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, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent 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 March 31, 2023, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## Other Matters

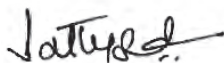
Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of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

Our opinion is not modified in respect of the above matters.

for **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No. 117366W/W-100018



**SATHYA P KOUSHIK**

Partner

(Membership No. 206920)

UDIN: 23206920BGYMFA4905

Bangalore, May 29, 2023

# CONSOLIDATED BALANCE SHEET

All amounts are in INR lakhs unless otherwise stated

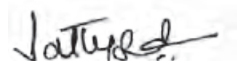
Particulars	Notes	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property plant and equipment	3	44,338	44,399
b) Intangible assets	3	2,449	2,488
c) Goodwill	4	10,473	10,099
d) Capital work in progress		7,852	1,454
e) Right-of-use assets	39	10,910	11,535
f) Financial assets			
(i) Investments	5	33	33
(ii) Other financial assets	6	735	1,109
g) Income tax asset (net)	7	593	730
h) Other non-current assets	8	648	907
<b>Total non - current assets</b>		<b>78,031</b>	<b>72,754</b>
<b>Current assets</b>			
a) Inventories	9	29,988	25,538
b) Financial assets			
(i) Trade receivables	10	25,766	21,061
(ii) Cash and cash equivalents	11	13,783	1,722
(iii) Bank balances other than cash and cash equivalents above	12	2,303	2,248
(iv) Loans	13	86	167
(v) Other financial assets	14	1,554	778
c) Other current assets	15	9,807	8,824
<b>Total current assets</b>		<b>83,287</b>	<b>60,338</b>
Assets classified as held for sale	52	5,562	5,562
<b>Total Assets</b>		<b>1,66,880</b>	<b>1,38,654</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	16	679	634
b) Other equity	17	53,518	37,507
<b>Total equity</b>		<b>54,197</b>	<b>38,141</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	18	22,529	29,850
(ii) Lease Liabilities	39	10,584	10,467
(iii) Other financial liabilities	19	500	175
b) Provisions	20	3,193	2,921
c) Deferred tax liabilities (net)	21	229	653
d) Other non-current liabilities	22	313	97
<b>Total non-current liabilities</b>		<b>37,348</b>	<b>44,163</b>
<b>Current liabilities</b>			
<b>a) Financial liabilities</b>			
(i) Borrowings	23	39,311	24,497
(ii) Trade Payables	24		
(a) total outstanding dues of micro enterprises and small enterprises		2,313	1,082
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		20,630	20,787
(iii) Other financial liabilities	25	6,530	4,584
(iv) Lease liabilities	39	2,930	3,856
b) Provisions	26	921	1,104
c) Current tax liabilities (net)	27	802	79
d) Other current liabilities	28	1,898	361
<b>Total current liabilities</b>		<b>75,335</b>	<b>56,350</b>
Liabilities directly associated with assets classified as held for sale	52	-	-
<b>Total liabilities</b>		<b>1,12,683</b>	<b>1,00,513</b>
<b>Total equity and liabilities</b>		<b>1,66,880</b>	<b>1,38,654</b>

See accompanying notes to the consolidated financial statements  
In terms of our report attached

for **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



**SATHYA P Koushik**

Partner

Membership No. 206920

Place: Bangalore

Date: 29 May 2023

for and on behalf of the Board of Directors of

**Dynamatic Technologies Limited**



**UDAYANT MALHOUTRA**

Chief Executive Officer &  
Managing Director

DIN : 00053714



**CHALAPATHI P**


Chief Financial Officer



**P S RAMESH**

Executive Director, Group Technical  
Services & Human Resource

DIN : 05205364



**SHIVARAM V**

Head - Legal, Compliance  
& Company Secretary

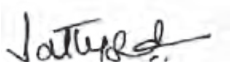


# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

All amounts are in INR lakhs unless otherwise stated except for earnings per share information

Particulars	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Continuing operations:</b>			
<b>Income</b>			
Revenue from operations	29	1,31,577	1,25,337
Other income	30	976	822
<b>Total income</b>		<b>1,32,553</b>	<b>1,26,159</b>
<b>Expenses</b>			
Cost of materials and components consumed	31	65,957	61,491
Change in inventory of finished goods and work-in-progress	32	(2,855)	13
Employee benefit expense	33	25,342	25,604
Finance costs	34	6,538	5,901
Depreciation and amortisation expenses	35	7,042	7,682
Other expenses	36	25,007	21,306
<b>Total expenses</b>		<b>1,27,031</b>	<b>1,21,997</b>
<b>Profit before tax from continuing operations</b>		<b>5,522</b>	<b>4,162</b>
Current tax	49	1,667	1,201
Deferred tax	49	(424)	(245)
<b>Income tax expense</b>		<b>1,243</b>	<b>956</b>
<b>Profit after tax from continuing operations</b>		<b>4,279</b>	<b>3,206</b>
<b>Discontinued operations</b>			
Loss for the year from discontinued operations	52		(1,659)
Tax credit of discontinued operations	49	-	-
<b>Loss after tax from discontinued operations</b>		<b>-</b>	<b>(1,659)</b>
<b>Profit for the year after tax from continuing and discontinued operations</b>		<b>4,279</b>	<b>1,547</b>
<b>Other Comprehensive Income</b>			
<i>Items that will not be reclassified subsequently to profit and loss</i>			
Remeasurement of defined benefit plans	42	(15)	(231)
Income tax relating to items that will not be reclassified to profit and loss		4	58
<i>Items that will be reclassified to profit or loss</i>			
Foreign currency fluctuations under a cash flow hedge - gain/(loss)		(324)	(28)
Exchange differences in translating financial statements of foreign operations		1,011	(81)
<b>Other comprehensive income for the year, net of tax</b>		<b>676</b>	<b>(282)</b>
<b>Total comprehensive income for the year</b>		<b>4,955</b>	<b>1,265</b>
<b>Earning per equity share (of INR 10 each) - Basic and diluted (in INR):</b>	47		
Continuing operations		67.32	50.57
Discontinued operations		-	(26.17)
Continuing and Discontinued operations		67.32	24.40
<b>Number of weighted average outstanding shares used in computing earnings per share</b>		<b>63,55,005</b>	<b>63,41,443</b>

See accompanying notes to the consolidated financial statements  
In terms of our report attached  
for **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**SATHYA P KOUSHIK**  
Partner  
Membership No. 206920  
Place: Bangalore  
Date: 29 May 2023

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

  
**UDAYANT MALHOUTRA**  
Chief Executive Officer &  
Managing Director  
DIN : 00053714

  
**CHALAPATHI P**  
Chief Financial Officer

  
**P S RAMESH**  
Executive Director, Group Technical  
Services & Human Resource  
DIN : 05205364

  
**SHIVARAM V**  
Head - Legal, Compliance  
& Company Secretary

# CONSOLIDATED STATEMENT OF CASH FLOWS

All amounts are in INR lakhs unless otherwise stated

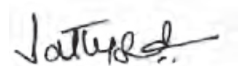
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Cash flow from operating activities</b>		
Profit/(loss) before tax		
- continuing operations	5,522	4,162
- discontinued operations	-	(1,659)
	<b>5,522</b>	<b>2,503</b>
<b>Adjustments:</b>		
Depreciation and amortisation on Property, plant and equipment and intangible assets	3,404	3,546
Amortisation on Right-of-use assets	3,638	4,136
Finance costs	5,556	4,852
Interest on Lease liabilities	862	901
Unrealised foreign exchange differences	868	684
Interest income	(231)	(258)
Loss allowance on financial assets (net)	204	295
Gain on sale of property, plant and equipment and intangible assets (net)	(30)	(20)
Unwinding of discount on dismantling liability	36	68
<b>Operating cash flow before working capital changes</b>	<b>19,829</b>	<b>16,707</b>
<b>Changes in operating assets and liabilities</b>		
Changes in inventories	(3,858)	(1,525)
Changes in trade receivables	(4,735)	(1,399)
Changes in loans	143	(73)
Changes in other financial assets	(402)	(86)
Changes in other assets	(940)	(2,721)
Changes in trade payables	519	1,374
Changes in other financial liabilities	1,509	(218)
Changes in provisions	89	315
Changes in other current liabilities	1,753	(255)
<b>Cash generated from operations</b>	<b>13,907</b>	<b>12,119</b>
Income taxes paid, net of refund	(807)	(1,386)
<b>Net cash generated from operating activities (A)</b>	<b>13,100</b>	<b>10,733</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangibles assets	(8,492)	(5,805)
Proceeds from sale of property, plant and equipment and intangible assets pertaining to discontinued operations	-	6,495
Change in Bank deposits (having original maturity of more than three months)	(55)	10
Interest received	251	238
<b>Net cash (used in) / generated from investing activities (B)</b>	<b>(8,296)</b>	<b>938</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares	11,291	-
Proceed from long term borrowings	4,770	-
Repayment of long term borrowings	(7,382)	(5,207)
Proceeds from short term borrowings (net)	8,854	1,458
Payment of Lease liabilities	(4,662)	(5,161)
Interest paid	(5,451)	(4,791)
Dividend paid	(190)	-
<b>Net cash generated from / (used in) financing activities (C)</b>	<b>7,230</b>	<b>(13,701)</b>
Net decrease in cash and cash equivalents (A + B + C)	12,034	(2,030)
Cash and cash equivalents at the beginning of the year	1,722	3,801
Effect of exchange rate changes on cash and cash equivalent	27	(49)
<b>Cash and cash equivalents at the end of the year (Refer Note 11)</b>	<b>13,783</b>	<b>1,722</b>

See accompanying notes to the consolidated financial statements  
In terms of our report attached

for **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



**SATHYA P KOUSHIK**

Partner

Membership No. 206920

Place: Bangalore

Date: 29 May 2023

for and on behalf of the Board of Directors of

**Dynamatic Technologies Limited**



**UDAYANT MALHOUTRA**

Chief Executive Officer &  
Managing Director

DIN : 00053714



**CHALAPATHI P**

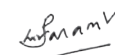
Chief Financial Officer



**P S RAMESH**

Executive Director, Group Technical  
Services & Human Resource

DIN : 05205364



**SHIVARAM V**

Head - Legal, Compliance  
& Company Secretary

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## (A) Equity share capital

Balance as at 1 April 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at 31 March 2023
634	-	-	45	679
Balance as at 1 April 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at 31 March 2022
634	-	-	-	634

## (B) Other equity

Particulars	Reserves and surplus						Other items of other comprehensive income			Total equity attributable to equity holders of the Company
	Capital Reserve	Capital Redemption reserve	Reserve on amalgamation	General reserve	Securities premium	Retained Earnings	Remeasurement of the net defined benefit liability/ asset	Cash Flow Hedge Reserve	Foreign currency translation reserve	
<b>Balance as at 1 April 2022</b>	<b>15</b>	<b>240</b>	<b>154</b>	<b>3,010</b>	<b>12,072</b>	<b>19,875</b>	-	(184)	2,325	<b>37,507</b>
Profit for the year	-	-	-	-	-	4,279	-	-	-	4,279
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	1,011	1,011
Other comprehensive income for the year	-	-	-	-	-	-	(11)	(324)	-	(335)
Transfer to retained earnings	-	-	-	-	-	(11)	11	-	-	-
Issue of equity shares	-	-	-	-	11,246	-	-	-	-	11,246
Dividend paid	-	-	-	-	-	(190)	-	-	-	(190)
<b>Balance as at 31 March 2023</b>	<b>15</b>	<b>240</b>	<b>154</b>	<b>3,010</b>	<b>23,318</b>	<b>23,953</b>	-	(508)	3,336	<b>53,518</b>
<b>Balance as at 1 April 2021</b>	<b>15</b>	<b>240</b>	<b>154</b>	<b>3,010</b>	<b>12,072</b>	<b>18,501</b>	-	(156)	2,406	<b>36,242</b>
Profit for the year	-	-	-	-	-	1,547	-	-	-	1,547
" Exchange difference on translation of foreign operations "	-	-	-	-	-	-	-	-	(81)	(81)
Other comprehensive income for the year	-	-	-	-	-	-	(173)	(28)	-	(201)
Transfer to retained earnings	-	-	-	-	-	(173)	173	-	-	-
Balance as at 31 March 2022	15	240	154	3,010	12,072	19,875	-	(184)	2,325	37,507
Dividend paid	-	-	-	(190)	-	-	-	(190)	-	-
<b>Balance as at 31 March 2023</b>	<b>154</b>	<b>3,010</b>	<b>23,318</b>	<b>23,953</b>	-	<b>(508)</b>	<b>3,336</b>	<b>53,518</b>		

for Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

  
**SATHYA P KOUSHIK**  
Partner  
Membership No. 206920

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

  
**UDAYANT MALHOUTRA**  
Chief Executive Officer &  
Managing Director  
DIN : 00053714

  
**P S RAMESH**  
Executive Director, Group Technical  
Services & Human Resource  
DIN : 05205364

  
**CHALAPATHI P**  
Chief Financial Officer  
Pan No : AMXPP4042L

  
**SHIVARAM V**  
Head Legal, Compliance  
& Company Secretary

Place: Bengaluru  
Date: 29 May 2023

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SIGNIFICANT ACCOUNTING POLICIES

### 1 Reporting entity

Dynamatic Technologies Limited ("the Company") together with its subsidiaries (including step subsidiaries) collectively referred to as ("the Group") is incorporated and domiciled in India. The Company was incorporated in 1973 as Dynamatic Hydraulics Limited under provisions of the Companies Act, 1956. In 1992, the name of the Company was changed to Dynamatic Technologies Limited. The Group is in the business of manufacturing automotive components, hydraulics components and aerospace components. The Company is listed in India with National Stock Exchange and Bombay Stock Exchange.

### 1A Basis of preparation

#### i Statement of compliance

These Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of the Companies Act 2013 ('the Act') and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to an existing Indian Accounting Standard requires a change in the accounting policy hitherto in use.

#### ii Functional and presentation currency

These Consolidated financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise mentioned.

#### iii Basis of Measurement

The Consolidated financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following:

- (a) Defined benefit and other long-term employee benefits where plan asset is measured at fair value less present value of defined benefit obligations.
- (b) Certain financial assets and liabilities that are qualified to be measured at fair value, and
- (c) Assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

#### iv Use of estimates and management judgments

The preparation of Consolidated financial statements is in conformity with Ind AS, management requires to make judgements, estimates and assumptions that affect the application of accounting policies and

the reported amounts of assets, liabilities, income and expenses. Accounting estimates could change from period to period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding to the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

### Significant Judgements, assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the current year is included in the following notes:

#### (a) Useful life of property, plant and equipment and intangible assets - Note 3:

The useful life of the assets are determined in accordance with Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that or is not prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance.

#### (b) Income taxes- Note 49:

In assessing the reliability of deferred tax assets, the Management considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the group will realize the benefits of those deductible differences. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.



**(c) Provisions and contingencies- Note 20, 26 and 37:**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may vary from the figure estimated at end of each reporting period.

**(d) Post-retirement benefit plans- Note 42:**

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions which include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at each financial year end on the government bonds.

**(e) Impairment of financial assets- Note 5, 6, 10, 13, 14 and 43:**

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**(f) Leases- Note 39:**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease period relating to the existing lease contracts

**(g) Non-current assets held for sale- Note 52:**

Assets held for sale are measured at the lower of carrying amount or fair value less costs to sell. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of the assets

held for sale has been estimated using valuation techniques (including income and market approach), which include unobservable inputs. Non-current assets and disposal group that ceases to be classified as "Held for Sale" shall be measured at the lower of carrying amount before the non-current asset and disposal group was classified as "Held for Sale" and its recoverable amount at the date of the subsequent decision not to sell. Recoverable amounts of assets reclassified from "Held for Sale" have been estimated using the Management's assumptions which consist of significant unobservable inputs.

**v Measurement of fair values**

Certain accounting policies and disclosures of the Group require the measurement of fair values, for both financial and non financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the note 43 of financial instruments.

**1B Basis of consolidation**

These consolidated financial statements include financial statements of the Company and all its subsidiaries as disclosed in Note 50. Subsidiaries are all entities over which the Group has control. The parent controls an entity when it is exposed to, or has rights to variable returns

from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date the Parent acquires control until the date the control ceases.

Inter-company transactions, balances and unrealised gains and losses on inter-company transactions between group companies are eliminated. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment losses from the Group perspective. Amounts reported in separate financial statements of subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest, if any. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Non-controlling interest are presented in the statement of financial position within equity, separately from the equity of the shareholders of the Group.

#### **i Business combinations**

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103 - Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations between entities under common control is accounted for at carrying value. Transaction costs that the Group incurred in connection with a business combination are expensed as incurred.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of each reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

The Group applies the anticipated acquisition method where it has the right and the obligation to purchase any remaining non-controlling interest (so-called put/call arrangements). Under the anticipated acquisition method, the interests of the non-controlling shareholder are derecognised when the Group's liability relating to the purchase of its shares is recognised. The recognition of the financial liability implies that the interests subject to the purchase are deemed to have been acquired already. Therefore, the corresponding interests are presented as already owned by the Group even though legally they are still non-controlling interest.

#### **ii Goodwill**

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interest in the acquiree, over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If the excess is a negative, a bargain purchase gain is recognised in capital reserve. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

### **2 Significant accounting policies**

#### **i Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation (which includes capitalised borrowing costs, if any) and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing an asset to working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Borrowing cost directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are capitalized to the extent they relate to the period till such assets are ready to be put to use.

#### ***Depreciation methods, estimated useful lives and residual value***

Depreciation is provided on a Straight Line Method ('SLM') over estimated useful life of the property, plant and equipment less their estimated residual value by the Management. Depreciation for assets purchased / sold during the year is proportionately charged. The Group's range of estimated useful lives of property, plant and equipment are as follows:

Category of assets	Useful life estimated by Management
Leasehold land	Over the period of lease tenure
Buildings	30 years
Plant and machinery*	10 years, 13 years and 21 years for 3 shifts, 2 shifts and 1 shift respectively
Measuring instruments*	10 years, 13 years and 21 years for 3 shifts, 2 shifts and 1 shift respectively
Electrical installations*	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	5 -10 years
Tools, dies and moulds	9 years
Vehicles*	10 years
Motor boat*	20 years

Assets taken on lease:	
- Leasehold improvements	Period of lease tenure or useful life of assets whichever is lower

Freehold land is not depreciated

\* The Management believes that the useful lives as given above best represent the period over which Management expects to use these assets based on an internal assessment and technical evaluation where necessary. 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.

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in statement of profit and loss within other gains / losses.

#### ***Derecognition of property, plant and equipment***

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / losses.

Advance paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date classified as capital advances under other non current assets and the cost of the assets not put to use before such date are disclosed under Capital work in progress.

## **ii Other Intangible assets**

#### ***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.

#### ***Internally generated intangible assets***

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

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

#### **Subsequent measurement**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including on internally generated software is recognized in the statement of profit and loss as and when incurred.

#### **Amortisation**

The Group amortizes intangible assets with a finite useful life using the straight-line method.

The estimated useful lives of intangibles are as follows:

Category of asset	Useful life
Application Software	4 years
Prototype development	10 years

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

### **iii Impairment**

#### **a) Goodwill**

Goodwill is tested for impairment on an annual basis and whenever there is an indication that

goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in the statement of profit and loss and is not reversed in the subsequent period.

#### **b) Financial assets**

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the statement of profit and loss.

#### **c) Non-financial assets**

##### **Property, plant and equipment and Intangible assets**

Property, plant and equipment and Intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.



If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

#### **iv Leases**

##### **a) The Group as a lessee:**

The Group's lease asset classes primarily consist of leases for land, buildings and plant and machinery. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (i) the contract involves the use of an identified asset,
- (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease, and
- (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Group changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

##### **Short-term leases and leases of low-value assets:**

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### **b) The Group as a lessor:**

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

#### **v Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price, costs of conversion and other costs incurred in bringing the inventories to their

present location and condition. In determining the cost, weighted average cost is used. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. The comparison of cost and net realizable value is made on an item-by-item basis.

Inventories are stated net of write down or allowances on account of obsolescence, damage or slow moving items. The method of determination of cost is as follows:

- Raw materials and components – on a weighted average basis
- Stores and spares – on a weighted average basis
- Work-in-progress – includes costs of conversion
- Finished goods – includes costs of conversion
- Goods in transit – at purchase cost

The net realizable value of work-in-progress is determined with reference to the net realizable 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 realizable value. Fixed production overheads are allocated on the basis of normal capacity of production facilities. The provision for inventory obsolescence is assessed periodically and is provided as considered necessary.

## **vi Revenue recognition**

Revenue is recognised upon transfer of control of promised goods or services to customers and is measured based on the consideration to which the Group expects to be entitled to in a contract with a customer and excludes trade discounts, volume rebates and amounts collected on behalf of government. For certain contracts that permits the customer to return an item, revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Where the Group's contracts with customers include promise to transfer multiple goods and services to a customer, the Company assesses the goods/services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation is made to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such goods, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc. to determine whether the performance obligation is satisfied at a point in time or over a period of time.

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.

Service income including management fees is measured based on transaction price and is recognized when an unconditional right to receive such income is established and on the performance of services.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned revenue ("contract liability") is recognised when there are billings in excess of revenue.

## **vii Other income**

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income is recognized in the statement of profit and loss when the right to receive payment is established, which is generally when the shareholders approves the dividend.

## **viii Financial instruments**

### **a) Financial assets**

#### **1) Recognition and initial measurement**

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the Group becomes a party to contractual provisions of the instrument. A financial asset or liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction cost that are directly attributable to its acquisition or issue.

#### **2) Classification and subsequent measurement**

##### **Financial assets**

On initial recognition, a financial instrument is classified and measured at

- amortised cost
- fair value through other comprehensive income (FVOCI) - debt instruments;
- fair value through other comprehensive income (FVOCI) - equity investments; or
- fair value through profit and loss (FVTPL)

Financial assets are not classified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets; and
- the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI- equity investment). This election is made on an investment-to-investment basis.

All financial assets not classified as amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mistake that would otherwise arise.

#### **Financial assets: Subsequent measurement and gains and losses**

##### ***Financial assets, at FVTPL:***

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognized in the statement of profit and loss.

##### ***Financial assets at amortised cost:***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by

impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit and loss. Any gain or loss on derecognition is recognized in the statement of profit and loss.

##### ***Debt investments at FVTOCI:***

These assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit and loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of profit and loss.

##### ***Equity investments at FVTOCI:***

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to the statement of profit and loss.

### **3) Impairment of financial assets**

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from initial recognition. For recognition of impairment loss on financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

#### 4) **Derecognition of financial assets**

A financial asset is derecognized only when:

- the Group has transferred the rights to receive cash flows from financial asset or
- retains the contractual rights to receive the cash flows from financial asset but assumed a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

#### **b) Financial liability**

##### **1) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortised cost.

All financial liabilities are recognized initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

##### **2) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

##### ***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss. The Group has not designated any financial liability as at fair value through profit or loss.

##### ***Amortised cost***

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

##### ***Financial guarantee contracts***

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

##### ***Derecognition***

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or



modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

### **Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### **Derivative financial instruments and Hedge Accounting**

In the ordinary course of business, the Group uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts, cross currency swaps, interest rate swaps and collars. The instruments are employed as hedges of transactions included in the financial statements or for highly probable forecast transactions/ firm contractual commitments. Derivatives are initially accounted for and measured at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The Group adopts hedge accounting for forward foreign exchange and interest rate contracts wherever possible. At inception of each hedge, there is a formal, documented designation of the hedging relationship. This documentation includes, inter alia, items such as identification of the hedged item and transaction and nature of the risk being hedged. At inception, each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at the inception and on an ongoing basis. The ineffective portion of designated hedges is recognised immediately in the statement of profit and loss.

The Group designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of its

forecasted cash flows. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in the Statement of Profit and Loss at the time of the hedge relationship rebalancing.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve, and is transferred to the Statement of Profit and Loss upon the occurrence of the related forecast transaction.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of profit and loss for the period.

In cases where hedge accounting is not applied, changes in the fair value of derivatives are recognised in the statement of profit and loss as and when they arise.

## **ix Employee benefits**

### **a) Defined benefit plans**

The Group's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of

obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on plan assets above or below the discount rate is recognized as part of remeasurement of net defined liability or asset through other comprehensive income.

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

The Group's gratuity scheme is administered through Life Insurance Corporation of India and the provision for the same is determined on the basis of actuarial valuation carried out by an independent actuary. Provision is made for the shortfall, if any, between the amounts required to be contributed to meet the accrued liability for gratuity as determined by actuarial valuation and the available corpus of the funds.

#### **b) Short term employee benefits**

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g. short term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the amount of obligation can be estimated reliably.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognized immediately in the statement of profit and loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### **c) Compensated absences**

The employees of the Group are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accumulating compensated absence and utilize it in future periods. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is measured on the basis of an independent actuarial valuation using the Projected Unit method as at the reporting date.

#### **d) Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Group makes specified monthly contributions towards employee Provident Fund to Government administered Provident Fund Scheme which is a defined contribution plan. The Group's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

#### **e) Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes cost of restructuring. If the benefits are not expected to be settled wholly within 12 months of reporting date, then they are discounted.

#### **x Foreign currency transactions and balances**

Foreign currency are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated into relevant functional currency at exchange rates in effect at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the statement of profit and loss.

Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss and are generally recognized in the statement of profit and loss, except exchange differences arising

from the translation of the following items which are recognized in OCI:

- equity investments at fair value through OCI (FVOCI)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

The assets and liabilities of foreign subsidiaries including goodwill are translated into INR, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the statement of profit and loss. However, when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

#### **xi Taxes**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current income tax for current and prior periods is recognized at the amount expected to be paid or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except for the cases mentioned below:

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or substantive enactment date.

##### **Deferred tax is not recognized for:**

- temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits or loss at the time of the transaction;

- temporary investments related to investment in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary difference arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Group recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profits will be available against which such deferred tax can be realized. Deferred tax assets, unrecognized or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realized.

The Group offsets, the current tax assets and liabilities (on a year on year basis) and deferred 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.

#### **xii Provisions (other than employee benefits)**

##### **a) General**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

##### **b) Onerous contract**

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that

an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

### **xiii Contingent liability**

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

### **xiv Cash and cash equivalents**

Cash and cash equivalent includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### **xv Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before taxes for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

### **xvi Earnings per share**

The basic earnings per share is computed by dividing the net profit attributable to the owners of the Group for the year by the weighted average number of equity shares outstanding during reporting period.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that is dilutive and which either reduces earnings per share or increase loss per share are included.

### **xvii Segment reporting**

Based on the "management approach" as defined in Ind AS 108, Operating Segments, the Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments viz. Hydraulics, Aerospace, Automotive and metallurgy and Others.

### **xviii 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.

### **xix Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods to which they relate. When the grant relates to an asset, it is treated as deferred income and recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

### **xx Discontinued operations and assets held for sale:**

#### **a) Discontinued operations:**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from those of the rest of the Group's business and which represents a separate major line of business or geographical area of operations and

- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations or
- is a subsidiary acquired exclusively with a view to re-sale

Classification as a discontinued operation occurs upon disposal or when the operations meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of profit and loss is re-presented as if the operations had been discontinued from the start of the comparative period.

#### **b) Assets held for sale:**

Non-current assets and disposal group are classified as "Held for Sale" if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of "Held for Sale" is met when the non-current asset or the disposal group is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as "Held for Sale". Non-current assets and disposal group held for sale are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets and disposal group that ceases to be classified as "Held for Sale" shall be measured at the lower of carrying amount before the non-current asset and disposal group was classified as "Held for Sale" adjusted for any depreciation/ amortization and its recoverable amount at the date when the disposal group no longer meets the "Held for sale" criteria.



## **xxi Standards Issued but Not Effective**

On 31 March 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into amendments in the following existing accounting standards which are applicable to the Group from 1 April 2023.

- i. Ind AS 101 – First time adoption of Ind AS
- ii. Ind AS 102 – Share-based payment
- iii. Ind AS 103 – Business Combination
- iv. Ind AS 107 – Financial Instruments: Disclosures
- v. Ind AS 109 – Financial Instruments
- vi. Ind AS 115 – Revenue from Contracts with

## **Customers**

- vii. Ind AS 1 – Presentation of Financial Statements
- viii. Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
- ix. Ind AS 12 – Income Taxes
- x. Ind AS 34 – Interim Financial Reporting

The Group is assessing the impact of the application of above amendments to the Company's financial statements.

**3 Property, plant and equipment and intangible assets**

(Rs in Lakhs)

**3.1 Property, plant and equipment**

Particulars	Owned												Leased	Total
	Freehold land	Buildings	Plant and Machinery	Measuring Instruments	Electrical Installations	Data Processing Equipment	Office Equipment	Furniture and Fixtures	Tools, Dies and Moulds	Vehicles	Motor Boat	Leasehold improvements	Land (Note i)	
<b>Gross carrying amount:</b>														
<b>Balance as at 1 April 2021</b>	3,440	13,821	24,320	1,119	933	1,827	2,966	961	4,899	483	402	994	12,705	<b>68,870</b>
Additions	-	6	2,943	47	113	98	44	82	152	65	-	201	-	<b>3,751</b>
Deletion/adjustments	-	-	(1,198)	-	-	(17)	(19)	-	-	-	-	-	-	<b>(1,234)</b>
Translation adjustment	(16)	(252)	(656)	-	(15)	-	(78)	(16)	(34)	(6)	-	(8)	-	<b>(1,081)</b>
Reclassification between assets class group (Refer Note (iii) below)	-	168	(745)	194	159	(10)	504	(19)	487	193	-	(296)	3	<b>638</b>
<b>Balance as at 31 March 2022</b>	<b>3,424</b>	<b>13,743</b>	<b>24,664</b>	<b>1,360</b>	<b>1,190</b>	<b>1,898</b>	<b>3,417</b>	<b>1,008</b>	<b>5,504</b>	<b>735</b>	<b>402</b>	<b>891</b>	<b>12,708</b>	<b>70,944</b>
<b>Balance as at 1 April 2022</b>	3,424	13,743	24,664	1,360	1,190	1,898	3,417	1,008	5,504	735	402	891	12,708	<b>70,944</b>
Additions	-	13	1,843	11	5	125	129	58	276	46	-	180	-	<b>2,686</b>
Deletion/adjustments	-	-	(1,234)	(2)	(16)	-	(201)	-	(16)	(22)	-	-	-	<b>(1,491)</b>
Translation adjustment	41	751	1,626	-	-	23	238	37	58	11	-	17	-	<b>2,802</b>
<b>Balance as at 31 March 2023</b>	<b>3,465</b>	<b>14,507</b>	<b>26,899</b>	<b>1,369</b>	<b>1,179</b>	<b>2,046</b>	<b>3,583</b>	<b>1,103</b>	<b>5,822</b>	<b>770</b>	<b>402</b>	<b>1,088</b>	<b>12,708</b>	<b>74,941</b>
<b>Accumulated depreciation:</b>														
<b>Balance as at 1 April 2021</b>	-	2,381	11,889	270	320	1,427	1,817	821	4,304	265	202	626	14	<b>24,336</b>
Depreciation for the year	-	424	1,739	59	129	147	339	118	363	30	18	76	-	<b>3,442</b>
Depreciation on deletion	-	-	(934)	-	-	(17)	(18)	-	-	-	-	-	-	<b>(969)</b>
Translation adjustment	-	(124)	(518)	-	(14)	-	(56)	(15)	(66)	(3)	-	(1)	-	<b>(797)</b>
Reclassification between assets class group (Refer Note (iii) below)	-	63	1,944	82	(278)	(192)	196	(47)	(1,080)	183	-	(324)	(14)	<b>533</b>
<b>Balance as at 31 March 2022</b>	<b>-</b>	<b>2,744</b>	<b>14,120</b>	<b>411</b>	<b>157</b>	<b>1,365</b>	<b>2,278</b>	<b>877</b>	<b>3,521</b>	<b>475</b>	<b>220</b>	<b>377</b>	<b>-</b>	<b>26,545</b>
<b>Balance as at 1 April 2022</b>	-	2,744	14,120	411	157	1,365	2,278	877	3,521	475	220	377	-	<b>26,545</b>
Depreciation for the year	-	414	1,679	60	32	192	231	74	399	36	18	62	-	<b>3,197</b>
Depreciation on deletion	-	-	(1,087)	-	(1)	-	(180)	-	(14)	(21)	-	-	-	<b>(1,303)</b>
Translation adjustment	-	383	1,507	-	-	22	170	30	41	8	-	3	-	<b>2,164</b>
<b>Balance as at 31 March 2023</b>	<b>-</b>	<b>3,541</b>	<b>16,219</b>	<b>471</b>	<b>188</b>	<b>1,579</b>	<b>2,499</b>	<b>981</b>	<b>3,947</b>	<b>498</b>	<b>238</b>	<b>442</b>	<b>-</b>	<b>30,603</b>
<b>Net carrying amount:</b>														
<b>Balance as at 31 March 2023</b>	<b>3,465</b>	<b>10,966</b>	<b>10,680</b>	<b>898</b>	<b>991</b>	<b>467</b>	<b>1,084</b>	<b>122</b>	<b>1,875</b>	<b>272</b>	<b>164</b>	<b>646</b>	<b>12,708</b>	<b>44,338</b>
<b>Balance as at 31 March 2022</b>	<b>3,424</b>	<b>10,999</b>	<b>10,544</b>	<b>949</b>	<b>1,033</b>	<b>533</b>	<b>1,139</b>	<b>131</b>	<b>1,983</b>	<b>260</b>	<b>182</b>	<b>514</b>	<b>12,708</b>	<b>44,399</b>

Note:

- (i) Leasehold land aggregating INR 12,708 represents land allotted by Karnataka Industrial Areas Development Board (KIADB) for a period of 10 years on lease. As per the lease agreement dated 21 August 2014 KIADB shall sell the land to the Company at any time during the tenure of the lease or on the expiry of the lease period at an additional consideration, if any to be decided at the time of entering into sale agreement. Accordingly, no depreciation has been charged on land taken on lease from KIADB. The Management believes that the condition require to be fulfilled to obtain the ownership of this land is administrative in nature.
- (ii) Dynamatic Limited, UK (DLUK) has entered into binding offer from a potential buyer to purchase 100 ordinary shares of Yew Tree Investments Limited (YITL), a 100% wholly owned subsidiary. The offer includes purchase of land and building held by YITL in Bristol which is subject to obtaining necessary permission from local planning authority by the potential buyer and DLUK has received an advance of GBP 0.86 Million during the year. The tentative timeframe for completion of aforesaid transaction is 2 year, in case the potential buyer fails to get necessary approvals/permission from the local authority, the advance will not be refunded to the potential buyer. The sale of shares and land and building will not be completed within one year and hence, the land and building do not meet the criteria of classification as Assets Held For Sale as per Ind AS 105.
- (iii) The Company implemented SAP in January 2022 and during the implementation process, the Company has evaluated the Fixed Assets register and accordingly performed the re-classification between classes of assets. Such re-classification does not have any impact on depreciation.

## 3.2 Intangible assets

Particulars	Owned intangible assets		Total
	Application Software	Prototype development	
<b>Gross carrying amount:</b>			
<b>Balance as at 1 April 2021</b>	1,222	2,912	<b>4,134</b>
Additions	384	-	<b>384</b>
Translation adjustment	(12)	(38)	<b>(50)</b>
Reclassification between assets class group (Refer Note (i) below)	(473)	(119)	<b>(592)</b>
<b>Balance as at 31 March 2022</b>	<b>1,121</b>	<b>2,755</b>	<b>3,876</b>
<b>Balance as at 1 April 2022</b>	1,121	2,755	<b>3,876</b>
Additions	107	20	<b>127</b>
Translation adjustment	38	55	<b>93</b>
<b>Balance as at 31 March 2023</b>	<b>1,266</b>	<b>2,830</b>	<b>4,096</b>
<b>Accumulated amortization:</b>			
<b>Balance as at 1 April 2021</b>	1,119	693	<b>1,812</b>
Amortisation for the year	36	68	<b>104</b>
Translation adjustment	(15)	(8)	<b>(23)</b>
Reclassification between assets class group (Refer Note (i) below)	(460)	(45)	<b>(505)</b>
<b>Balance as at 31 March 2022</b>	<b>680</b>	<b>708</b>	<b>1,388</b>
<b>Balance as at 1 April 2022</b>	680	708	<b>1,388</b>
Amortisation for the year	99	108	<b>207</b>
Translation adjustment	31	21	<b>52</b>
<b>Balance as at 31 March 2023</b>	<b>810</b>	<b>837</b>	<b>1,647</b>
<b>Net carrying amount:</b>			
<b>Balance as at 31 March 2023</b>	<b>456</b>	<b>1,993</b>	<b>2,449</b>
<b>Balance as at 31 March 2022</b>	<b>441</b>	<b>2,047</b>	<b>2,488</b>

Note:

- (i) The Company has implemented SAP in January 2022 and during the implementation process, the Company has evaluated the Fixed Assets register and accordingly performed the re-classification between classes of assets. Such re-classification does not have any impact on amortisation.

## 4 Goodwill

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Carrying value at the beginning of the year</b>	10,099	10,259
Translation differences	374	(160)
<b>Carrying value at the end of the year</b>	<b>10,473</b>	<b>10,099</b>

Goodwill represents the excess of purchase consideration over net assets value of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are any indicators for impairment.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating unit (CGU) or groups of CGUs, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGUs.

The goodwill on acquisition of entities has been allocated to operating segments as follows:

Entity acquired	Allocated operating segment
Dynamatic Limited, UK	Hydraulics and Aerospace
JKM Erla Holdings GmbH, Germany (consolidated) [Also Refer Note 55]	Metallurgy

The carrying value of goodwill, net of translation differences are as follows:

Entity acquired	Allocated operating segment	As at 31 March 2023	As at 31 March 2022
Dynamatic Limited, UK	Hydraulics and Aerospace	5,476	5,373
JKM Erla Holdings GmbH, Germany (consolidated)	Metallurgy	4,997	4,726
<b>Total Carrying value at the end of the year</b>		<b>10,473</b>	<b>10,099</b>

The recoverable amount of a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. For the purpose of impairment test, recoverable amount of the CGUs has been determined based on value in use which is based on specific calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and the range of each assumption mentioned below:

Particulars	As at 31 March 2023	As at 31 March 2022
Discount rate*	18.50% to 19%	12.5% to 16%
Terminal growth rate **	2%	2%

\*These discount rate(s) are based on the Weighted Average Cost of Capital (WACC) of the Company.

\*\* The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

As at 31 March 2023 and 31 March 2022, the estimated recoverable amount of each of the CGUs exceeded its carrying amount, hence impairment is not triggered. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of the CGUs is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

## 5 Non-current investments

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Unquoted equity shares</b>		
<b>Investment carried at fair value through statement of Profit and Loss</b>		
332,000 equity shares (31 March 2022 : 332,000 equity shares) of face value of INR 10 each fully paid of Kamachi Industries Limited	33	33
	<b>33</b>	<b>33</b>
Aggregate value of unquoted investments	33	33
Aggregate amount of impairment in value of investments	-	-

## 6 Other non-current financial assets

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Unsecured, considered good</i>		
Security deposits	735	1,109
	<b>735</b>	<b>1,109</b>



**7 Income tax assets (net)**

Particulars	As at 31 March 2023	As at 31 March 2022
Advance income tax and tax deducted at source, net of provision	593	730
	593	730

**8 Other non-current assets**

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Unsecured, considered good</i>		
Capital advances	648	907
	<b>648</b>	<b>907</b>

**9 Inventories (Valued at lower of cost and net realizable value)**

Particulars	As at 31 March 2023	As at 31 March 2022
Work-in-progress	14,644	11,974
Raw materials and components	9,934	9,822
Finished goods	4,195	2,746
Stores and spares	1,215	996
	<b>29,988</b>	<b>25,538</b>

**10 Trade receivables**

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Unsecured, considered good</i>		
Trade receivable	26,737	21,844
Less: Allowances for credit losses	(971)	(783)
<b>Net trade receivables</b>	<b>25,766</b>	<b>21,061</b>

All trade receivables are 'current'.

**Trade Receivables ageing schedule as at 31 March 2023:**

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	17,072	7,835	685	233	381	531	26,737
Less: Allowances for credit loss							(971)
<b>Net trade receivables</b>							<b>25,766</b>

**Trade Receivables ageing schedule as at 31 March 2022:**

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	17,351	3,110	494	272	150	467	21,844
Less: Allowances for credit loss							(783)
<b>Net trade receivables</b>							<b>21,061</b>

Note: There are no disputed trade receivables as at 31 March 2023 and 31 March 2022.

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 44.

**11 Cash and cash equivalents**

Particulars	As at 31 March 2023	As at 31 March 2022
Cash on hand	15	14
Balance with banks		
- in current accounts	13,768	1,708
	<b>13,783</b>	<b>1,722</b>

Cash and cash equivalents as defined in Ind AS 7 "Statements of Cash Flows"

**12 Bank balances other than cash and cash equivalents above**

Particulars	As at 31 March 2023	As at 31 March 2022
In deposit accounts (due to mature within 12 months from the reporting date)*	2,301	2,247
Unpaid dividend	2	1
	<b>2,303</b>	<b>2,248</b>

\*Balances in margin money deposits represents deposits made for non-fund based limits with banks, which are available for use to settle a liability for not more than 12 months from the balance sheet date.

**13 Current Loans**

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Unsecured, considered good</i>		
Loans to employees	86	167
	<b>86</b>	<b>167</b>

**14 Other current financial assets**

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Unsecured, considered good</i>		
Accrued interest	-	20
Security deposit	1,554	758
	<b>1,554</b>	<b>778</b>

**15 Other current assets**

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Unsecured, considered good</i>		
Advance for supply of goods	2,646	2,034
Advance for supply of goods to related parties (Refer Note 46)	1,060	1,017
Unbilled revenue - Refer note below	280	535
Prepaid expenses	2,398	2,291
Balances with government authorities	3,423	2,947
	<b>9,807</b>	<b>8,824</b>

**Unbilled revenue ageing schedule as at 31 March 2023:**

Particulars	Outstanding for following periods from date of transaction						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Unbilled revenue	156	0	79	45	-	-	280

**Unbilled revenue ageing schedule as at 31 March 2022:**

Particulars	Outstanding for following periods from date of transaction						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Unbilled revenue	490	45	-	-	-	-	535

**16 Equity share capital**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Authorised</b>		
<b>Equity shares</b>		
20,000,000 equity shares (31 March 2022: 20,000,000 equity shares) of par value of INR 10 each	2,000	2,000
<b>Preference shares</b>		
500,000 redeemable cumulative preference shares (31 March 2022: 500,000 shares) of par value of INR 100 each	500	500
	<b>2,500</b>	<b>2,500</b>
<b>Issued, subscribed and fully paid up</b>		
<b>Equity shares</b>		
6,791,443 equity shares (31 March 2022: 6,341,443 equity shares) of par value of INR 10 each	679	634
	<b>679</b>	<b>634</b>

**i. Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

Particulars	31 March 2023		31 March 2022	
	Number of shares	Amount (INR in lakhs)	Number of shares	Amount (INR in lakhs)
Shares outstanding at the beginning of the year	63,41,443	634	63,41,443	634
Shares issued during the year*	4,50,000	45	-	-
Shares outstanding at the end of the year	67,91,443	679	63,41,443	634

\*The Board of Directors subsequent to members approval dated 9 March 2023, allotted 450,000 equity shares to non-promoter persons on preferential basis for an amount of INR 1,129,050,000, in accordance with Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI (ICDR) Regulations"), as amended from time to time. As on the Board meeting date 29 May 2023, the proceeds of the preferential allotment has been utilized towards prepayment of debt and for general corporate purposes.

**ii. 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.

The Company has not allotted any fully paid equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

## iii. Details of shareholders holding more than 5% of equity shares in the Company

Particulars	31 March 2023		31 March 2022	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of INR 10 each fully paid-up held by				
i) Udayant Malhoutra	5,23,460	7.71%	5,23,460	8.25%
ii) JKM Holdings Private Limited	11,12,538	16.38%	11,12,538	17.54%
iii) Udayant Malhoutra and Company Private Limited	6,42,011	9.45%	6,42,011	10.12%
iv) JKM Offshore India Private Limited	4,42,071	6.51%	4,42,071	6.97%
v) Samena Special Situations Mauritius	5,55,754	8.18%	5,55,754	8.76%
vi) HDFC Trustee Company Limited	4,13,594	6.09%	4,34,439	6.85%

## iv Disclosure of Shareholding of Promoters

## Disclosure of shareholding of promoters as at 31 March 2023 is as follows:

Sr. No	Shares held by promoters	As at 31 March 2023		As at 31 March 2022		% Change during the year
	Promoter name	No of Shares	% of total shares	No of Shares	% of total shares	
1	Udayant Malhoutra	5,23,460	7.71%	5,23,460	8.25%	0.00%
2	JKM Holdings Private Limited	11,12,538	16.38%	11,12,538	17.54%	0.00%
3	Udayant Malhoutra and Company Private Limited	6,42,011	9.45%	6,42,011	10.12%	0.00%
4	JKM Offshore India Private Limited	4,42,071	6.51%	4,42,071	6.97%	0.00%
5	Wavell Investments Private Limited	-	0.00%	95,000	1.50%	-1.50%
6	Greenearth Biotechnologies Limited	22,927	0.34%	22,927	0.36%	0.00%
7	Barota Malhoutra	4,938	0.07%	4,938	0.08%	0.00%
8	Vita Private Limited	100	0.00%	100	0.00%	0.00%
9	Christine Hoden (India) Private Limited	95,100	1.40%	100	0.00%	1.50%
10	Primella Sanitary Products Private Limited	100	0.00%	100	0.00%	0.00%
		<b>28,43,245</b>	<b>41.88%</b>	<b>28,43,245</b>	<b>44.83%</b>	<b>0.00%</b>

## Disclosure of shareholding of promoters as at 31 March 2022 is as follows:

Sr. No	Shares held by promoters	As at 31 March 2022		As at 31 March 2021		% Change during the year
	Promoter name	No of Shares	% of total shares	No of Shares	% of total shares	
1	Udayant Malhoutra	5,23,460	8.25%	6,20,179	9.78%	-1.53%
2	JKM Holdings Private Limited	11,12,538	17.54%	9,12,538	14.39%	3.15%
3	Udayant Malhoutra and Company Private Limited	6,42,011	10.12%	6,42,011	10.12%	-
4	JKM Offshore India Private Limited	4,42,071	6.97%	4,42,071	6.97%	-
5	Wavell Investments Private Limited	95,000	1.50%	4,48,281	7.07%	-5.57%
6	Greenearth Biotechnologies Limited	22,927	0.36%	22,927	0.36%	-
7	Barota Malhoutra	4,938	0.08%	4,938	0.08%	-
8	Vita Private Limited	100	0.00%	100	0.00%	-
9	Christine Hoden (India) Private Limited	100	0.00%	100	0.00%	-
10	Primella Sanitary Products Private Limited	100	0.00%	100	0.00%	-
		<b>28,43,245</b>	<b>44.83%</b>	<b>30,93,245</b>	<b>48.78%</b>	<b>-3.94%</b>



**17 Other equity\***

Particulars	As at 31 March 2023	As at 31 March 2022
Capital reserves	15	15
Capital redemption reserve	240	240
Reserve on amalgamation	154	154
General reserve	3,010	3,010
Securities premium	23,318	12,072
Retained earnings	23,953	19,875
Foreign currency translation reserve	3,336	2,325
Cash flow hedge reserve - Currency Basis Spread	(508)	(184)
	<b>53,518</b>	<b>37,507</b>

\* Refer Statement of Changes for detailed movement of each component of Other Equity.

**(i) Capital reserve :**

Capital reserve was created on account of subsidy received during the year ended 31 March 2005 and is not freely available for dividend distribution.

**(ii) Capital Redemption Reserve :**

During the year ended 31 March 2005, an amount of INR 240 was transferred to capital redemption reserve upon redemption of preference share, in accordance with the Companies Act, 1956. It is not freely available for distribution.

**(iii) Reserve on amalgamation :**

Reserve on amalgamation was created pursuant to the scheme of amalgamation of JKM Daerim Automotive Limited (JDAL) during the year ended 31 March 2008. It is not freely available for dividend distribution.

**(iv) General Reserve :**

General Reserve is used from time to time to transfer profits from retained earnings for appropriation purpose.

**(v) Securities Premium :**

Securities premium reserve is used to record the premium received on issue of shares by the Company. The reserve can be utilised in accordance with provisions of the Act.

**(vi) Retained Earnings :**

The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the statement of profit and loss to the retained earnings.

**(vii) Foreign currency translation reserve :**

This reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations to functional currency.

**(viii) Cash flow hedge reserve:**

The Company has designated certain foreign currency swaps as cash flow hedges in respect of foreign exchange receivables. The cumulative effective portion of gains or losses arising from changes in fair value of hedging instruments designated as cash flow hedges are recognised in cash flow hedge reserve. Such changes recognised are reclassified to the statement of profit and loss when the hedged item affects the profit or loss or are included as an adjustment to the cost of the related non-financial hedged item. The Company has designated certain foreign currency swaps as cash flow hedges in respect of foreign currency trade receivables and highly probable future forecasted transactions.

**18 Non-current borrowings**

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Secured</i>		
<b>Term loans</b>		
- from banks [refer footnote (i)]	24,850	30,107
- Financial institutions [refer footnote (ii)]	8,697	5,861
Financial lease obligation [refer footnote (iii)]	1,666	1,838
<i>Unsecured loans</i>		
<b>Term loans</b>		
- from financial institutions [Refer footnote (ii)]	909	-
<b>Total Borrowings</b>	<b>36,122</b>	<b>37,806</b>
Less: Current Maturities of long term borrowings from banks (Secured)	(10,675)	(6,317)
Less: Current Maturities of long term borrowings from financial institutions (Secured)	(2,112)	(1,213)
Less: Current Maturities of financial lease obligation (Secured)	(423)	(426)
Less: Current Maturities of long term borrowings from financial institutions (Unsecured)	(383)	-
<b>Net non-current borrowings</b>	<b>22,529</b>	<b>29,850</b>

Information about the Company's exposure to interest rate, currency and liquidity risk are disclosed in note 44.

(i)	<b>From banks (Including current maturities of the non-current borrowings shown under Current Borrowing)</b>	
	<b>Details of repayment terms, interest and maturity</b>	<b>Nature of security</b>
	Term loan from bank aggregating to INR 16,187 (31 March 2022: INR 19,034) repayable in 32 quarterly instalments. First instalment starting from 15 October 2018 with interest rate ranging from 10.05% to 10.30% per annum (31 March 2022: interest rate ranging from 9.50% to 10.55% per annum) for Rupee Term Loans and 5.06% per annum (31 March 2022: 5.06% per annum) for Foreign Currency Loan.	First pari passu charge on the entire movable and immovable fixed assets of the Company, present and future. Second pari passu charge on the entire current assets of the Company. Pledge of the shares of subsidiaries and personal guarantee issued by the promoter.
	Working Capital Term loan under Guaranteed Emergency Credit Line from bank aggregating to INR 4,010 (31 March 2022: 5,384) repayable in 48 monthly instalments. First instalment starting from March 2022 with interest rate ranging from 8.25% to 9.15% per annum (31 March 2022: 8.30% to 9.15% per annum).	Second pari passu charge on the entire movable and immovable fixed assets of the Company, present and future. Second pari passu charge on the entire current assets of the Company, present and future. Second charge over pledge of 100% shares of the subsidiaries, second charge over designated accounts and second charge over Debt Service Reserve Account (DSRA).
	Term loan from bank aggregating to INR 2,949 (31 March 2022 : INR 3,455) repayable in 15 quarterly instalments. The rate of interest is 6.69% per annum (31 March 2022: EURIBOR plus 3% per annum).	Secured by movable and immovable fixed assets of Eisenwerk Erla GmbH, Germany subsidiary.
	Term loan from bank aggregating to INR 684 (31 March 2022 : INR 674) repayable in 32 quarterly instalments. First instalment starting from Sep 2022. The rate of interest is at 3.00% per annum (31 March 2022: 3% per annum).	Loan availed by Eisenwerk Erla GmbH, Germany secured by 100% Guarantee from Government to the Bank.
	Term loan from bank aggregating INR 302 (31 March 2022 : INR 607) repayable in 33 monthly instalments with rate of interest Base Rate plus 2.5% per annum (31 March 2022: Base Rate plus 2.5% per annum).	Secured by way of charge over assets of Yew Tree Investments Limited and by way of corporate guarantee given by Yew Tree Investments Limited.
	Term loan from bank aggregating INR 211 (31 March 2022 : INR 456) repayable in 24 monthly instalments. First instalment starting from Feb 2022. Term loan from bank aggregating INR 507 (31 March 2022 : INR 497) repayable as bullet payment in January 2024. The rate of interest Base Rate plus 1.58% per annum for both loans (31 March 2022: Base Rate plus 1.58% per annum).	Loan availed by Dynamatic Limited UK, secured by way of guarantee from UK Government.

- (ii) **From financial institutions (Including current maturities of the long term borrowings shown under Current Borrowing)**
- | Details of repayment terms, interest and maturity  | Nature of security   |
|--|--|
| Term Loan from financial institutions aggregating to INR 5,040 (31 March 2022: INR 5,861) repayable in 32 quarterly instalments first instalment starting from 15 October 2018 with interest rate of Overnight SOFR + 5.15% per annum (31 March 2022: 6m LIBOR + 4.75% per annum). | First pari passu charge on movable and immovable fixed assets of the Company, present and future. Second pari passu charge on all current assets of the Company. Pledge of the shares of subsidiaries and personal guarantee issued by the promoter.               |
| Term Loan from financial institutions aggregating to INR 3,657 (31 March 2022: Nil) repayable in 36 quarterly instalments first instalment starting from 30 June 2023 with interest rate of 9.75% per annum (31 March 2022: 10.50% per annum).                                     | First pari passu charge on movable and immovable fixed assets of the Company, present and future. Second pari passu charge on all current assets of the Company. First charge over Debt Service Reserve Account (DSRA). Personal guarantee issued by the promoter. |
| Term Loan from financial institutions aggregating to INR 444 (31 March 2022: Nil) repayable in 24 monthly instalments with interest rate of 12.25% per annum.  | Un-secured Loan  |
| Term Loan from financial institutions aggregating to INR 173 (31 March 2022: Nil) repayable in 60 monthly instalments with interest rate of 11.00% per annum.  | Un-secured Loan  |
| Term Loan from financial institutions aggregating to INR 292 (31 March 2022: Nil) repayable in 30 monthly instalments with interest rate of 13.25% per annum.  | Un-secured Loan  |
- (iii) Leasing Finance / HP from banks aggregating INR 1,666 (31 March 2022: INR 1,838) repayable in maximum 48 monthly instalments. The Leasing facility is secured by way of exclusive charge on assets financed by them and partly by corporate guarantee.

## 19 Other non-current financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Derivatives liability	500	175
	<b>500</b>	<b>175</b>

## 20 Non-current provisions

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Provision for employee benefits:</b>		
Provision for gratuity (Refer Note 42)	2,217	1,996
Provision for compensated absences	449	411
<b>Other provisions</b>		
Provision for decommissioning costs (Refer Note 40(b))	527	514
	<b>3,193</b>	<b>2,921</b>

## 21 Deferred tax liabilities (net) (Refer Note 49)

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Deferred tax liabilities</b>		
Property, plant and equipment and intangible assets	1,805	2,563
<b>Total deferred tax liabilities (A)</b>	<b>1,805</b>	<b>2,563</b>
<b>Deferred tax assets</b>		
Right-of-use assets and Lease liabilities	658	705
Provision for gratuity and compensated absences	593	702
Provision for loss allowance	78	197
Provision for warranty	89	93
Others	158	213
<b>Total deferred tax assets (B)</b>	<b>1,576</b>	<b>1,910</b>
<b>Net deferred tax liability (A - B)</b>	<b>229</b>	<b>653</b>

**22 Other non-current liabilities**

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred government grant	277	62
Others	36	35
	<b>313</b>	<b>97</b>

**23 Current borrowings**

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Secured Loans</i>		
<b>Loans from banks repayable on demand</b>		
Cash credit and working capital demand loans*	18,546	12,973
<i>Unsecured Loans</i>		
<b>From banks</b>		
Bill discounting facility from banks ##	7,172	3,568
Current maturities of long-term borrowings (Refer Note 18)	13,593	7,956
	<b>39,311</b>	<b>24,497</b>

\*Cash credit and working capital demand loans from banks carry interest ranging between 10.65% - 12.65% per annum (31 March 2022 : 9.25% - 11% per annum), computed on a monthly basis on the actual amount utilized, and are repayable on demand. Packing Credit & Working Capital Demand loans in Foreign Currency from banks carry interest ranging between 6m Secured Overnight Financing Rate (SOFR) +3.00% and Sterling Over Night Index Average (SONIA) +4.00% per annum (31 March 2022 : 6m SOFR+4.00% and SONIA+4.25% per annum). 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 and immovable fixed assets of the Company.

## The Group has taken receivable invoice discounting facility from banks which carry interest rate of 2.5% per annum and is payable within 90 days from the date of bill discounted.

Information about the Group's exposure to interest rate, currency and liquidity risk are disclosed in Note 44.

**24 Trade payables**

Particulars	As at 31 March 2023	As at 31 March 2022
Dues of micro and small and medium enterprises	2,313	1,082
Other trade payables	20,630	20,787
	<b>22,943</b>	<b>21,869</b>

**Trade Payables ageing schedule as at 31 March 2023:**

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	1,373	940	-	-	-	2,313
Others	8,908	10,969	537	97	119	20,630
<b>Total</b>						<b>22,943</b>

**Trade Payables ageing schedule as at 31 March 2022:**

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	1,082	-	-	-	1,082
Others	12,404	7,771	256	202	154	20,787
<b>Total</b>						<b>21,869</b>

All trade payables are current and there are no disputed traded payables.

The Company's exposure to currency and liquidity risk are disclosed in note 44.



**25 Other current financial liabilities**

Particulars	As at 31 March 2023	As at 31 March 2022
Accrued expenses	6,022	4,369
Capital creditors	252	64
Security deposits	57	58
Interest accrued but not due	197	92
Unpaid dividend	2	1
	<b>6,530</b>	<b>4,584</b>

The Company's exposure to currency and liquidity risk are disclosed in Note 44.

**26 Current provisions**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Provision for employee benefits:</b>		
Provision for gratuity (Refer Note 42)	335	338
Provision for compensated absences	67	66
<b>Other provisions</b>		
Provision for warranties (Refer Note 40(a))	352	368
Others (Refer Note 40(c))	167	332
	<b>921</b>	<b>1,104</b>

**27 Current tax liabilities (net)**

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for income tax (net of advance tax and TDS)	802	79
	<b>802</b>	<b>79</b>

**28 Other current liabilities**

Particulars	As at 31 March 2023	As at 31 March 2022
Advance received from customers	906	3
Statutory liabilities	992	358
	<b>1,898</b>	<b>361</b>

**29 Revenue from operations**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>(A) Sale of products</b>		
Revenue from sale of products	1,30,001	1,24,037
<b>Total revenue from sale of products (A)</b>	<b>1,30,001</b>	<b>1,24,037</b>
<b>(B) Other operating revenue</b>		
Export incentives	17	22
Scrap sales	1,559	1,278
<b>Total other operating revenue (B)</b>	<b>1,576</b>	<b>1,300</b>
<b>Total revenue from operations (A+B)</b>	<b>1,31,577</b>	<b>1,25,337</b>

**30 Other income**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income on financial assets carried at amortised cost	231	258
Net gain on foreign currency transactions and translation	322	83
Gain on sale of Property, plant and equipment and intangible assets	30	20
Miscellaneous income	393	461
	<b>976</b>	<b>822</b>

**31 Cost of materials and components consumed**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Inventory of materials and components at the beginning of the year	9,822	7,268
Add: Purchases of materials and components	66,069	64,045
Less: Inventory of materials and components at the end of the year	(9,934)	(9,822)
	<b>65,957</b>	<b>61,491</b>

**32 Changes in inventory of finished goods and work-in-progress**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening stock		
- Finished goods	2,746	1,621
- Work-in-progress	11,974	12,731
	<b>14,720</b>	<b>14,352</b>
Closing stock		
- Finished goods	(4,195)	(2,746)
- Work-in-progress	(14,644)	(11,974)
	<b>(18,839)</b>	<b>(14,720)</b>
Add: Foreign currency translation adjustments	1,264	381
	<b>(2,855)</b>	<b>13</b>

**33 Employee benefits expense**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, wages and bonus	21,569	22,071
Contribution to provident fund and other funds	964	869
Gratuity expense (Refer Note 42)	312	268
Expenses related to compensated absence	79	54
Staff welfare expenses	2,418	2,342
	<b>25,342</b>	<b>25,604</b>

**34 Finance costs**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest expense on financial liabilities at amortised cost*	5,042	4,590
Interest expense on lease liabilities (Refer Note 39)	862	901
Unwinding of discount on dismantling cost	36	68
Interest on delayed payment of taxes	84	80
Other borrowing cost	514	262
	<b>6,538</b>	<b>5,901</b>

\* Interest expense consists of realised & unrealised Forex exchange loss of INR 191 Lakhs (31 March 2022: INR 338 Lakhs) on re-statement of foreign currency loans.

**35 Depreciation and amortisation expense**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation on property, plant and equipment (Refer Note 3.1)	3,197	3,442
Depreciation of Right-of-use assets (Refer Note 39)	3,638	4,136
Amortization of intangible assets (Refer Note 3.2)	207	104
	<b>7,042</b>	<b>7,682</b>

**36 Other expense**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Power and fuel	7,045	5,863
Subcontractor charges	4,369	4,145
Consumption of stores, loose tools and spare parts	2,966	1,985
Legal and professional fees	1,581	1,268
Repairs and maintenance:		
- plant and machinery	1,662	1,419
- buildings	154	230
- others	691	775
Insurance	939	769
Freight outward	934	806
Travelling and conveyance	912	520
Rent	838	557
Security charges	437	383
Packing expenses	430	479
Rates and taxes	306	308
Loss allowance on financial assets, net	204	295
Membership and subscriptions	268	207
Bank charges	248	284
Printing and stationery	171	177
Communication	135	120
Corporate social responsibility expenses	105	175
Net loss on foreign currency transactions and translation	56	-
Directors sitting fees	42	21
Miscellaneous	514	520
	<b>25,007</b>	<b>21,306</b>

**37 Contingent Liabilities**

Particulars	As at 31 March 2023	As at 31 March 2022
Claims against the Group not acknowledged as debts#		
Income tax	1,722	1,722
Indirect tax	878	592

# Outflow, if any, arising out of the said claim including interest, if any, would depend on the outcome of the decision of the Appellate Authority and the Group's right for future appeal before the judiciary.

**38 Capital and Other commitments**

Particulars	As at 31 March 2023	As at 31 March 2022
Capital Commitment		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	985	2,549

There are no other material commitments.

**39 Leases****(i) Following are the change in the carrying value of Right-of-use of assets for the year ended 31 March 2023:**

Particulars	Category of ROU assets			Total
	Plant & Machinery	Building	Vehicles	
Balance as at 1 April 2022	5,819	5,611	105	11,535
Addition/Modification	1,220	1,563	-	2,783
Amortisation for the year	(2,572)	(986)	(80)	(3,638)
Translation adjustment	78	151	1	230
<b>Balance as at 31 March 2023</b>	<b>4,545</b>	<b>6,339</b>	<b>26</b>	<b>10,910</b>

**(i) Following are the change in the carrying value of Right-of-use assets for the year ended 31 March 2022:**

Particulars	Category of ROU assets			Total
	Plant & Machinery	Building	Vehicles	
Balance as at 1 April 2021	6,781	6,846	75	13,702
Addition/Modification	1,752	340	79	2,171
Amortisation for the year	(2,590)	(1,501)	(45)	(4,136)
Translation adjustment	(124)	(74)	(4)	(202)
<b>Balance as at 31 March 2022</b>	<b>5,819</b>	<b>5,611</b>	<b>105</b>	<b>11,535</b>

**(ii) The following is the break up of current & non-current lease liabilities:**

Particulars	As at 31 March 2023	As at 31 March 2022
Non-current lease liabilities	10,584	10,467
Current lease liabilities	2,930	3,856
	<b>13,514</b>	<b>14,323</b>



## (iii) The following is the movement of lease liabilities during the year ended:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance at the beginning of the year	14,323	16,645
Addition/Modification	2,783	2,171
Finance cost during the year	862	901
Lease payment/adjustment during the year	(4,662)	(5,161)
Translation adjustment	208	(233)
<b>Total</b>	<b>13,514</b>	<b>14,323</b>

## (iv) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at 31 March 2023	As at 31 March 2022
Payable within 1 year	3,679	4,676
Payable between 1-5 years	6,887	7,872
Payable later than 5 years	5,584	4,889
<b>Total</b>	<b>16,150</b>	<b>17,437</b>

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases for the year is INR 838 (31 March 2022: INR 557).

## 40 The disclosure requirement as per Ind AS 37 with respect to the movement of provisions is as follows:

## (a) Provision for warranties

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	368	253
Provisions recognised and (utilized) during the year (Net)*	(16)	115
<b>Closing balance</b>	<b>352</b>	<b>368</b>

## (b) Provision for asset decommissioning

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	514	489
Utilised during the year	(23)	(43)
Unwinding of discount	36	68
<b>Closing balance</b>	<b>527</b>	<b>514</b>

## (c) Other provision

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	332	377
Provisions recognised and (utilized) during the year (Net)*	(165)	(45)
<b>Closing balance</b>	<b>167</b>	<b>332</b>

\* includes foreign currency translation adjustments

**41 Segment reporting**

The Chief Executive Officer and the Managing Director of the Group has been identified as the Chief Operating Decision Maker ("CODM") as defined by Ind AS 108, Operating Segments. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by the products portfolio and segment information has been presented accordingly.

**Operating segment**

The Group's business is concentrated in manufacturing of hydraulic products, automotive & aluminium castings, aerospace and others. And accordingly, primary segment information is presented based on the following :

**Reportable segment**

· Hydraulics	Engaged in the activity of manufacturing hydraulic pumps, hand pumps, lift assemblies, valves and power packs.
· Aerospace	Engaged in the activity of manufacturing airframe structures and precision aerospace components.
· Metallurgy	Engaged in the activity of manufacturing case front, intake manifolds and exhaust manifold.
· Others	Comprising Homeland division and Medical division which offers cutting edge security products, technologies and manufacturing of medical kit respectively and Wind farm division which is into generation of power through wind energy (Land relating to wind farm division has been classified as held for sale).

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole. The Group has a corporate centre, which provides various accounting and administrative support functions. Segment information for this activity has been aggregated under "Unallocated". Revenue identifiable to business segments have been disclosed under the respective business segment. Segment costs include employee benefit expenses, cost of material consumed, depreciation and other operating expenses that can be allocated on a reasonable basis to respective segments. Assets and liabilities in relation to segments are categorized based on items that are individually identifiable to that segment. Certain assets and liabilities are not specifically allocable to individual segments as these are used interchangeably. The Group therefore believes that it is not practicable to provide segment disclosures relating to such assets and liabilities and accordingly, these are separately disclosed as 'unallocated'.

**A Operating segment information for the year ended 31 March 2023 and 31 March 2022 is as follows:**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Segment revenue</b>		
a) Hydraulics	46,166	42,366
b) Aerospace	43,737	36,014
c) Metallurgy	41,661	46,501
d) Others	13	456
<b>Revenue from operations (continuing operations)</b>	<b>1,31,577</b>	<b>1,25,337</b>
e) From discontinued operations (Refer Note 52)	-	2,011
<b>Total revenue from operations (continuing and discontinued operations)</b>	<b>1,31,577</b>	<b>1,27,348</b>
<b>Segment results (profit/ (loss) before finance costs, other income and tax from each segment)</b>		
a) Hydraulics	7,502	6,057
b) Aerospace	7,905	5,645
c) Metallurgy	(42)	407
d) Others	(1,336)	(997)
e) Unallocated	(2,945)	(1,871)
<b>Total (continuing operations)</b>	<b>11,084</b>	<b>9,241</b>
e) From discontinued operations (Refer Note 52)	-	(1,659)
<b>Total (continuing and discontinued operations)</b>	<b>11,084</b>	<b>7,582</b>
<b>Unallocable</b>		
- Finance costs	(6,538)	(5,901)
- Other income	976	822
<b>Profit before tax (continuing and discontinued operations)</b>	<b>5,522</b>	<b>2,503</b>

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Segment assets</b>		
a) Hydraulics	41,510	36,344
b) Aerospace	66,775	59,643
c) Metallurgy	29,959	27,294
d) Others	5,520	3,752
e) Unallocated	17,554	6,059
<b>Segment assets from continuing operations</b>	<b>1,61,318</b>	<b>1,33,092</b>
f) Other assets classified as held for sale (Refer Note 52)	5,562	5,562
<b>Segment assets (continuing and discontinued operations)</b>	<b>1,66,880</b>	<b>1,38,654</b>
<b>Segment liabilities</b>		
a) Hydraulics	22,553	19,698
b) Aerospace	11,844	13,403
c) Metallurgy	11,857	10,555
d) Others	2,588	859
e) Unallocated	63,841	55,998
<b>Segment liabilities</b>	<b>1,12,683</b>	<b>1,00,513</b>

**Information about reportable segments for the period from 1 April 2022 to 31 March 2023 is as follows:**

Particulars	Hydraulics	Aerospace	Metallurgy	Others	Unallocated	Total
Depreciation and amortisation expense	1,246	3,777	1,764	116	139	7,042
Capital expenditure	748	7,205	462	711	85	9,211

**Information about reportable segments for the period from 1 April 2021 to 31 March 2022 is as follows:**

Particulars	Hydraulics	Aerospace	Metallurgy	Others	Unallocated	Total
Depreciation and amortisation expense	1,261	4,254	1,991	97	79	7,682
Capital expenditure	1,159	2,292	201	60	423	4,135

**B Geographic information:**

The geographical information analyses the Group's revenue and non-current assets by the Group's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the customer and segment assets which have been based on the geographical location of the assets.

Particulars	Revenue from Operations For the year ended		Non current assets* As at	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
India #	30,856	32,434	33,684	27,268
Europe (other than UK)	48,457	58,178	17,537	17,654
United Kingdom	25,213	16,854	26,042	25,403
United States	15,108	11,504	-	-
Canada	5,299	4,512	-	-
Rest of the world	6,644	3,866	-	-
<b>Total</b>	<b>1,31,577</b>	<b>1,27,348</b>	<b>77,263</b>	<b>70,325</b>

\*Non-current assets excludes financial assets.

# Includes revenue from discontinued operations of INR Nil ( 31 March 2022: INR 2,011)

**C Major customer**

**Revenue from transactions with the external customer amounting to 10% or more of the Company's revenues is as follows:**

Particulars	31 March 2023	31 March 2022
Customer 1*	-	-

\*None of the customers of the Group has revenue which is more than 10% of Group total revenue in current financial year.

**42 Assets and liabilities relating to employee benefits**

Particulars	As at 31 March 2023	As at 31 March 2022
Net defined benefit liability, gratuity plan*	2,552	2,334
Liability for compensated absences	516	477
<b>Total employee benefit liability</b>	<b>3,068</b>	<b>2,811</b>
<b>Gratuity</b>		
Non-current	2,217	1,996
Current	335	338
	<b>2,552</b>	<b>2,334</b>
<b>Compensated absences</b>		
Non-current	449	411
Current	67	66
	<b>516</b>	<b>477</b>

The Group operates the following post-employment defined benefit plan.

**Defined benefit plan**

The Group operates post-employment defined benefit plan that provide gratuity, governed by the Payment of Gratuity Act, 1972. Employee's who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service or part thereof in excess of six months. The gratuity plan is a funded plan. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments. These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

**A Funding**

The Group expects to pay INR 140 in contributions to its defined benefit plans in financial year 2023-24.

**B Reconciliation of net defined benefit liability**

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/ assets and its components:

**(i) Reconciliation of present value of defined benefit obligation**

Particulars	As at 31 March 2023	As at 31 March 2022
Obligation at the beginning of the year	2,424	2,036
Interest cost	167	140
Current service cost	145	134
Benefits paid	(151)	(109)
Actuarial (Gains)/Losses on Obligations recognised in Other Comprehensive Income (OCI)		
- Changes in demographic assumptions	-	(1)
- Changes in financial assumptions	(43)	(54)
- Experience adjustments	60	278
<b>Obligation at the end of the year</b>	<b>2,602</b>	<b>2,424</b>

**(ii) Reconciliation of present value of plan assets**

Particulars	As at 31 March 2023	As at 31 March 2022
Plan assets at the beginning of the year, at fair value	90	85
Interest income on plan assets	6	6
Contributions	103	116
Benefits paid	(151)	(109)
Return on plan assets, excluding interest income recognised in OCI	2	(8)
<b>Plan assets at the end of the year, at fair value</b>	<b>50</b>	<b>90</b>
<b>Net defined benefit liability</b>	<b>2,552</b>	<b>2,334</b>



**C (i) Expense recognized in Statement of profit and loss**

Particulars	For the year ended	
	31 March 2023	31 March 2022
Current service cost	145	134
Interest cost	167	134
<b>Net gratuity cost</b>	<b>312</b>	<b>268</b>

**(ii) Remeasurement recognized in other comprehensive income**

Particulars	For the year ended	
	31 March 2023	31 March 2022
Actuarial loss/(gain) on defined benefit obligation	17	223
Return on plan assets, excluding interest income	(2)	8
<b>Total loss/(gain) recognised in other comprehensive income</b>	<b>15</b>	<b>231</b>

**D Plan assets**

Particulars	As at 31 March 2023	As at 31 March 2022
Insurance fund	50	90
	<b>50</b>	<b>90</b>

**E Defined benefit obligation****(i) Actuarial assumptions**

Particulars	For the year ended	
	31 March 2023	31 March 2022
Rate of return on planned assets	7.47% - 7.50%	7.15%
Discounting rate	7.47% - 7.50%	7.15%
Future salary growth	6.00%	6.00%
Attrition rate	5.00%	5.00%
Mortality Rate	Indian Assured Lives Mortality (2012-14) Urban	Indian Assured Lives Mortality (2012-14) Urban
Weighted average duration of defined benefit obligation (in years)	8 - 11	9
Average Expected Future Service	11 - 12	11
Retirement age	60	60

**Notes:**

- (i) The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.
- (ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Group's policy for plan asset management.
- (iii) The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- (iv) **Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant would have affected defined benefit obligation by amounts shown below:

Particulars	As at 31 March 2023	As at 31 March 2022
Projected Benefit Obligation on Current Assumptions (Gross)	2,602	2,424
Impact of change in discount rate by +1%	(174)	(167)
Impact of change in discount rate by -1%	199	191
Impact of change in salary rate by +1%	190	184
Impact of change in salary rate by -1%	(170)	(164)
Impact of change in employee turnover rate by +1%	22	16
Impact of change in employee turnover rate by -1%	(25)	(18)

**Defined contribution plan**

The Group's contribution to Provident Fund aggregating to INR 577 (31 March 2022: INR 499 ) has been recognised in the Statement of Profit and Loss under the head employee benefit expense. The above includes contribution to provident fund of INR Nil (31 March 2022: INR 15) pertaining to discontinued operations.

**43 Financial instruments - fair value and risk management****Accounting classification and fair value**

The following table shows the carrying amount and fair value of financial assets and financial liabilities including their level in fair value hierarchy:

**Fair value hierarchy**

The section explains the judgment and estimates made in determining the fair values of the financial instruments that are:

- recognized and measured at fair value
- measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard.

Particulars	Carrying amount	Fair value			
	31 March 2023	Level 1	Level 2	Level 3	Total
<b>Financial assets not measured at fair value</b>					
Loans (Non-current and Current)	86	-	-	-	-
Trade receivables, net of loss allowance	25,766	-	-	-	-
Cash and cash equivalents	13,783	-	-	-	-
Bank balances other than cash and cash equivalents	2,303	-	-	-	-
Other financial assets (Non-current and Current)	2,289	-	-	-	-
<b>Financial assets measured at fair value</b>					
Investments in equity shares	33	-	-	33	33
<b>Total financial assets</b>	<b>44,260</b>	<b>-</b>	<b>-</b>	<b>33</b>	<b>33</b>
<b>Financial liabilities not measured at fair value</b>					
Borrowings (Non-current and Current)	61,840	-	-	-	-
Lease Liabilities (Non-current and Current)	13,514	-	-	-	-
Trade payables	22,943	-	-	-	-
Other financial liabilities (Non-current and Current)	7,030	-	500	-	500
<b>Total financial liabilities</b>	<b>1,05,327</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>500</b>

Particulars	Carrying amount	Fair value			
	31 March 2022	Level 1	Level 2	Level 3	Total
<b>Financial assets not measured at fair value</b>					
Loans (Non-current and Current)	167	-	-	-	-
Trade receivables, net of loss allowance	21,061	-	-	-	-
Cash and cash equivalents	1,722	-	-	-	-
Bank balances other than cash and cash equivalents	2,248	-	-	-	-
Other financial assets (Non-current and Current)	1,887	-	-	-	-
<b>Financial assets measured at fair value</b>					
Investments in equity shares	33	-	-	33	33
<b>Total financial assets</b>	<b>27,118</b>	<b>-</b>	<b>-</b>	<b>33</b>	<b>33</b>
<b>Financial liabilities not measured at fair value</b>					
Borrowings (Non-current and Current)	54,347	-	-	-	-
Lease Liabilities (Non-current and Current)	14,323	-	-	-	-
Trade payables	21,869	-	-	-	-
Other financial liabilities (Non-current and Current)	4,759	-	175	-	175
<b>Total financial liabilities</b>	<b>95,298</b>	<b>-</b>	<b>175</b>	<b>-</b>	<b>175</b>

**Fair value hierarchy**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes investment in equity, preference securities, mutual funds and debentures that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment in equity shares included in level 3.

#### Fair valuation method

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

#### Financial Assets:

Fair value of all these financial assets are measured at balance sheet date value, as most of them are settled within a short period and so their fair value are assumed to be almost equal to the balance sheet date value.

#### Financial Liabilities:

**(i) Borrowings:** It includes loans taken from banks and financial institution, cash credit and bill discounting facilities. Borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on the loans is reset on a monthly / quarterly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

**(ii) Trade payables and other liabilities:** Fair values of trade and other liabilities are measured at balance sheet value, as most of them are settled within a short period and so their fair values are assumed to be almost equal to the balance sheet values.

#### (iii) Derivative financial instruments:

Derivative instruments used by the Company include forward exchange contracts, interest rate swaps, currency swaps, options and interest rate caps and collars. These financial instruments are utilised to hedge future transactions and cash flows and are subject to hedge accounting under Ind AS 109 "Financial Instruments" wherever possible. The Company does not hold or issue derivative financial instruments for trading purposes. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

The following table sets out the exposure and the fair value of derivatives held by the Company as at the end of each reporting period:

Particulars	31 March 2023		
	Exposure in INR	Fair Value - Assets	Fair Value - Liabilities
<b>Derivatives designated as cashflow hedges</b>			
Currency Swaps for receivables including firm commitments and highly probable forecasted transactions	5,650	-	500

Particulars	31 March 2022		
	Exposure in INR	Fair Value - Assets	Fair Value - Liabilities
<b>Derivatives designated as cashflow hedges</b>			
Currency Swaps for receivables including firm commitments and highly probable forecasted transactions	6,659	-	175

#### 44 Financial risk management

The Group's activities expose it to financial risks: credit risk, liquidity risk and market risk.

#### Risk management framework

The Board of Directors of the Holding Company have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Holding Company oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by internal auditor. Internal Audit function includes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**i) Credit risk**

Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represents the maximum credit exposure.

**Trade and other receivables**

The maximum exposure to credit risk at the reporting date is primarily from trade receivables. However, the management also considers the factors that may influence the credit risk of its customer base. Customers of the Group are spread across diverse industries and geographical areas. The Group limits its exposure to credit risk from trade receivables by establishing a maximum credit period and takes appropriate measures to mitigate the risk of financial loss from defaults. Recurring credit evaluation of credit worthiness is performed based on the financial condition of respective customers.

**Expected credit loss assessment for trade receivables as at 31 March 2023 and 31 March 2022 are as follows:**

The Group establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables as at 31 March 2023 amounting to INR 25,766 (31 March 2022: INR 21,061). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows.

Particulars	As at 31 March 2023	As at 31 March 2022
Balance as at the beginning of the year	783	1,270
Amounts written off	(16)	(782)
Net measurement of loss allowance	204	295
<b>Balance as at the end of the year</b>	<b>971</b>	<b>783</b>

**ii) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligation as they become due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management monitors rolling forecast of the Group's liquidity position and cash and bank balances on the basis of expected cash flows. This is generally carried out by the Management in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

**A) Financing arrangement****The Group maintains the following line of credit:**

- (a) Terms loans taken from bank aggregating to INR 24,850 (31 March 2022: INR 30,107) out of which, INR 16,187 (31 March 2022: INR 19,034 ) is repayable in 32 quarterly instalments first instalment starting from 15 October 2018 with interest rate ranging from 10.05% to 10.30% per annum, Working Capital Term loan under Guaranteed Emergency Credit Line from bank aggregating to INR 4,010 (31 March 2022: INR 5,384) repayable in 48 monthly instalments. First instalment starting from March 2022 with interest rate ranging from 8.25% to 9.15% per annum. INR 2,949 (31 March 2022: INR 3,455) is repayable in 3 quarterly instalments at 6.69% per annum, Term loan from bank aggregating to INR 684 (31 March 2022 : INR 674) repayable in 20 quarterly instalments. First instalment starting from Sep 2022. The rate of interest is at 3.00% per annum, INR 302 (31 March 2022: INR 607) is repayable in 21 monthly instalments at base rate plus 2.50% per annum, Term loan from bank aggregating INR 211 (31 March 2022 : INR 456) repayable in 12 monthly instalments, Term loan from bank aggregating INR 507 (31 March 2022 :INR 497) repayable as bullet payment in January 2024. The rate of interest Base Rate plus 1.58% per annum for both loans.

Term Loan from financial institutions aggregating to INR 9,606 (31 March 2022: INR 5,861) out of which INR 5,040 (31 March 2022: INR 5,861) is repayable in 32 quarterly instalments first instalment starting from 15 October 2018 with interest rate of Overnight SOFR+5.15% per annum, INR 3,657 (31 March 2022: INR Nil) is repayable in 20 quarterly instalments first instalment starting from 30 June 2023 with interest rate of 9.75% per annum, INR 444 (31 March 2022: INR Nil) repayable in 24 monthly instalments with interest rate of 12.25% per annum, INR 173 (31 March 2022: INR Nil) repayable in 60 monthly instalments with interest rate of 11.00% per annum. INR 292 (31 March 2022: INR Nil) repayable in 30 monthly instalments with interest rate of 13.25% per annum.



These are secured by first pari passu charge on the entire movable and immovable fixed assets of the Group, present and future (other than those exclusively charged/un-secured). Second pari passu charge on the entire current assets of the Group, present and future.

- (b) Leasing finance from banks aggregating INR 1,666 (31 March 2022: INR 1,838) repayable in maximum 54 monthly instalments secured by way of exclusive charge on fixed assets and partly by way of corporate guarantee.
- (c) Cash credit and working capital demand loans from banks carry interest ranging between 10.65% - 12.65% 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 Group and second pari passu charge on the movable and immovable fixed assets of the Group.
- (d) The Group has availed revolving packing credit facility in foreign currency, which carry interest ranging between 6m SOFR+3.00% and SONIA+4.00% per annum for period ranging 120 days to 180 days. The overdraft facility from the bank carries interest at base rate plus 2% per annum.
- (e) The Group has taken receivable bill discounting facility from banks which carry interest rate of 2.5% per annum and is payable within 90 days from the date of bill discounted.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2023 and 31 March 2022. The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

**As at 31 March 2023**

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Borrowings*	61,840	61,840	38,737	22,974	129
Lease liabilities	13,514	16,150	3,679	6,887	5,584
Trade payables	22,943	22,943	22,943	-	-
Derivatives	500	578	70	508	-
Other financial liabilities (Non-current & Current)	6,530	6,530	6,530	-	-
<b>Total</b>	<b>1,05,327</b>	<b>1,08,041</b>	<b>71,959</b>	<b>30,369</b>	<b>5,713</b>

**As at 31 March 2022**

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Borrowings*	54,347	54,347	24,495	29,662	190
Lease liabilities	14,323	17,437	4,676	7,872	4,889
Trade payables	21,869	20,460	20,460	-	-
Derivatives	175	(247)	148	(395)	-
Other financial liabilities (Non-current & Current)	4,584	4,584	4,584	-	-
<b>Total</b>	<b>95,298</b>	<b>96,581</b>	<b>54,363</b>	<b>37,139</b>	<b>5,079</b>

\* Including current maturities of long term borrowings.

As disclosed in note 18 and 23, the Group has secured bank loan that contains loan covenants. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table. Except for these financial liabilities, it is not expected that cash flows included in maturity analysis could occur significantly earlier.

**iii) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**A) Currency risk**

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Group companies. The functional currency of the Holding Company is primarily INR. The currencies in which these transactions are primarily denominated are USD, GBP, Euro and CAD etc. Management monitors the movement in foreign currency and the Group's exposure in each of the foreign currency. Based on the analysis and study of movement in foreign currency, the Group decides to exchange its foreign currency

**Exposure to currency risk**

The summary quantitative data about the Group's exposure to currency risk as reported to management is as follows:

Particulars	Currency	As at 31 March 2023		As at 31 March 2021	
		Amount in foreign currency in Lakhs	Amount in INR	Amount in foreign currency in Lakhs	Amount in INR
Trade receivables	USD	120	9,893	126	9,454
	EURO	0.80	71.00	1	86
	GBP	37	3,780	20	1,954
Other current financial assets	EURO	1	94	-	-
	USD	5	528	7	536
Trade payables	USD	21	1,690	18	1,344
	EURO	3	310	2	211
	GBP	2	216	2	194
	CAD	1	56	-	-
Current borrowings	GBP	20	2,000	3	308
	USD	127	10,445	171	12,947
	EURO	5	422	5	419
Other financial liabilities	USD	69	5,650	88	6,659

The following significant exchange rates have been applied:

Currency	Year end spot rate	
	31 March 2023	31 March 2022
USD/INR	82.17	75.79
EURO/INR	89.05	85.78
GBP/INR	101.33	99.42
CAD/INR	60.78	60.48

**Sensitivity analysis**

A reasonably possible strengthening/ (weakening) of the USD, EURO and GBP against INR at 31 March 2023 and 31 March 2022 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit and loss		Impact on other component of Equity		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2023</b>						
USD (3% movement)	(57)	57	(170)	170	(170)	170
EURO (3% movement)	(16)	16	-	-	(12)	12
GBP (3% movement)	46	(46)	-	-	34	(34)
CAD (3% movement)	(2)	2	-	-	(1)	1
<b>31 March 2022</b>						
USD (3% movement)	(127)	127	(200)	200	(245)	245
EURO (3% movement)	(15)	15	-	-	(11)	11
GBP (3% movement)	45	(45)	-	-	34	(34)

**B) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

**(a) Interest rate risk exposure**

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at	
	31 March 2023	31 March 2022
<b>Financial Assets - Fixed rate instruments</b>		
Bank Deposits	2,303	2,248
<b>Total</b>	<b>2,303</b>	<b>2,248</b>
<b>Financial Liabilities</b>		
Variable rate borrowings (including current maturities of long term borrowings)	55,493	49,384
Fixed rate borrowings (including current maturities of long term borrowings)	6,347	4,963
<b>Total borrowings</b>	<b>61,840</b>	<b>54,347</b>

**(b) Sensitivity**

Particulars	Profit and loss		Equity, net of tax	
	1% increase	1% decrease	1% increase	1% decrease
<b>31 March 2023</b>				
Variable rate borrowings	(555)	555	(415)	415
<b>31 March 2022</b>				
Variable rate borrowings	(494)	494	(370)	370

**45 Capital management**

The Group's policy is to maintain a stable and strong capital base structure with a focus on total equity so as to maintain investor, creditor and market confidence and to sustain future development and growth of the business. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value and safeguard its ability to continue as a going concern.

The Group monitors capital using a ratio of 'adjusted net debt' to 'equity'. For the purpose of Group's capital management, adjusted net debt is defined as aggregate on Non-current borrowing, current borrowing and current maturities of long-term borrowings less cash and cash equivalents and total equity includes issued capital and all other equity reserves.

The Group's adjusted net debt equity ratio were as follows:

Particulars	As at	
	31 March 2023	31 March 2022
Borrowings (Non-current and Current)	61,840	54,347
Less: Cash and cash equivalents	(13,783)	(1,722)
Adjusted net debt	48,057	52,625
Total equity	54,197	38,141
Net debt to equity ratio	0.89	1.38

**46 Related party disclosures****(i) Name of related parties and description of relationship:**

Name of the related party	Description of relationship
JKM Holdings Private Limited	Entities over which key executive management personnel or relatives of such personnel are able to exercise significant influence and have transactions during the year.
Wavell Investments Private Limited	
Mr. Vivek Malani	Relative of Promoter Group
Ms. Ahilya Malhoutra	Daughter of Mr. Udayant Malhoutra (Promoter) (Joined with effective from 06 September 2021)

Key executive management personnel	Designation
Udayant Malhoutra	Chief Executive Officer and Managing Director
P.S. Ramesh	Executive Director, Group Technical Services and Human Resource
Arvind Mishra	Executive Director and Global Chief Operating Officer - Hydraulics & Head - Homeland Security
Chalapathi P	Chief Financial Officer
Shivaram V	Head Legal, Compliance & Company Secretary

(ii) **List of subsidiaries (including step-down subsidiaries)**

Name of the entity	Subsidiary/ Step Subsidiary	Country of domicile	Holding as at	
			31 March 2023	31 March 2022
JKM Erla Automotive Limited ("JEAL")	Subsidiary	India	99.99%	99.99%
JKM Research Farm Limited ("JRFL")	Subsidiary	India	99.99%	99.99%
JKM Global Pte Limited ("JGPL")	Subsidiary	Singapore	100%	100%
Dynamic Manufacturing Limited (formerly known as JKM Ferrotech Limited) ("DML")	Step Subsidiary	India	99.99%	99.99%
Dynamic Limited ("DLUK")	Step Subsidiary	United Kingdom	100%	100%
Yew Tree Investments Limited ("YTIL")	Step Subsidiary	United Kingdom	100%	100%
Dynamic US, LLC ("DUS")	Step Subsidiary	United States of America	100%	100%
JKM Erla Holdings GmbH ("JEHG")	Step Subsidiary	Germany	100%	100%
Eisenwerk Erla GmbH ("EEG")	Step Subsidiary	Germany	100%	100%
JKM Automotive Limited ("JAL")	Step Subsidiary	India	100%	100%

(iii) **Related party transactions during the year**

Particulars	Related Parties	For the year ended	
		31 March 2023	31 March 2022
Purchase of raw materials	Wavell Investments Private Limited	462	577
Rent expense	JKM Holdings Private Limited	4	4
	Mr. Vivek Malani	22	10
Trade advances given	Wavell Investments Private Limited	42	250
Security Deposits	Mr. Vivek Malani	-	17
Remuneration	Ms. Ahilya Malhoutra	12	4

(iv) **Balance receivable from and payable to related parties as at the balance sheet date:**

Particulars	Related Parties	As at 31 March 2023	As at 31 March 2022
Trade advance receivable	Wavell Investments Private Limited	1,060	1,017
Trade payables	Wavell Investments Private Limited	356	296
Rent Payable	Mr. Vivek Malani	2	2
Security deposits provided	JKM Holding Private Limited	35	35
	Mr. Vivek Malani	17	17



**(v) Compensation of key managerial personnel\***

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Udayant Malhoutra	121	105
P.S. Ramesh	117	101
Arvind Mishra	117	101
Chalapathi P	103	81
Shivaram V	51	40
	<b>509</b>	<b>428</b>

\*Managerial remuneration does not include cost of employee benefits such as gratuity and compensated absences since, provision for these are based on an actuarial valuation carried out for the Group as a whole.

**Terms and conditions**

All transactions with these related parties are priced at arm's length basis and resulting outstanding balances are to be settled in cash within six months to one year of reporting date. None of the balances are secured.

**47 Earnings per share**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Net profit for the year attributable to equity shareholders:</b>		
From continuing operations	4,279	3,206
From discontinued operations	-	(1,659)
<b>Total profit/(loss) for the year</b>	<b>4,279</b>	<b>1,547</b>

**Reconciliation of basic and diluted shares used in computing earnings per share:**

Particulars	As at 31 March 2023	As at 31 March 2022
Weighted average number of equity shares outstanding at the beginning of the year	63,41,443	63,41,443
Add: Weighted average number for equity shares issued during the year	13,562	-
Weighted average number of equity shares outstanding at the end of the year	63,55,005	63,41,443

**Earnings per share**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Basic and Diluted earnings per share:</b>		
From continuing operations	67.32	50.57
From discontinued operations	-	(26.17)
<b>Total basic and diluted earnings per share</b>	<b>67.32</b>	<b>24.40</b>

**48 Transfer pricing**

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 Group is in the process of updating the documentation for the international 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 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.

**A Amount recognized in statement of profit and loss**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Current income tax:</b>		
Current income tax charge- continuing operations	1,667	1,201
Current income tax charge- discontinued operations	-	-
	<b>1,667</b>	<b>1,201</b>
<b>Deferred tax:</b>		
<i>Attributable to-</i>		
Origination and reversal of temporary differences- continuing operations	(424)	(245)
Origination and reversal of temporary differences- discontinued operations	-	-
	<b>(424)</b>	<b>(245)</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>1,243</b>	<b>956</b>

**B Income tax recognized in other comprehensive income**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Net gain / (loss) on remeasurement of defined benefit liability / (assets)	(15)	(231)
Foreign currency fluctuations under a cash flow hedge - gain/(loss)	(324)	(28)
<b>Income tax expense/ (credit) to OCI</b>	<b>4</b>	<b>58</b>

**C Reconciliation of effective tax rate**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit before income tax	5,522	2,503
Tax using the Holding Company's domestic tax rate 25.17% (31 March 2022: 25.17%)	1,390	630
Impact of non - deductible expenses for tax purposes	(147)	326
<b>Income tax expense</b>	<b>1,243</b>	<b>956</b>

**D Deferred tax**

Deferred tax relates to the following:

Particulars	As at 1 April 2022	Recognized in profit or loss	Recognized in OCI	As at 31 March 2023
Property, plant and equipment and intangible assets	(2,563)	758	-	(1,805)
Right-of-use assets & Lease liabilities	705	(47)	-	658
Provision for gratuity and compensated absences	702	(105)	(4)	593
Provision for loss allowance	197	(119)	-	78
Provision for warranty	93	(4)	-	89
Others	213	(55)	-	158
<b>Deferred tax assets / (liabilities)</b>	<b>(653)</b>	<b>428</b>	<b>(4)</b>	<b>(229)</b>

Particulars	As at 1 April 2021	Recognized in profit or loss	Recognized in OCI	As at 31 March 2022
Property, plant and equipment and intangible assets	(2,825)	262	-	(2,563)
Right-of-use assets & Lease liabilities	741	(36)	-	705
Provision for gratuity and compensated absences	613	147	(58)	702
Provision for loss allowance	320	(123)	-	197
Provision for warranty	64	29	-	93
Others	247	(34)	-	213
<b>Deferred tax assets / (liabilities)</b>	<b>(840)</b>	<b>245</b>	<b>(58)</b>	<b>(653)</b>

\*movement includes foreign currency translation adjustment

## E Unrecognized deferred tax assets

Deferred tax assets have not been recognised in respect of the following items for one of the subsidiary, as it is not probable that future taxable profit will be available against which the subsidiary can use the benefits therefrom.

Particulars	31 March 2023	31 March 2022
Carry forwards of business loss	2,130	1,934
Carry forward of unabsorbed depreciation	6,312	6,478
Carry forwards of long term capital loss ('LTCL')	9,552	9,552
Potential tax benefits on carry forward of business loss and unabsorbed depreciation @ 25.17% (31 March 2022: 25.17%)	2,125	2,117
Potential tax benefits on carry forward of LTCL @ 20% (31 March 2022: 20%)	1,910	1,910
<b>Unrecognised deferred tax asset</b>	<b>4,035</b>	<b>4,027</b>

\*The business losses expire in 2024-31. The deductible temporary differences do not expire under current tax legislation.

## 50 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements:

31 March 2023

Name of the Subsidiary	Consolidated net assets		Consolidated profit or loss		Consolidated OCI		Consolidated total Comprehensive income	
	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount
Dynatomic Technologies Limited (Standalone)	94%	51,033	69%	2,965	81%	(335)	68%	2,630
<b>Foreign Subsidiaries:</b>								
Dynatomic Limited UK*	34%	18,156	52%	2,236	-	-	58%	2,236
Eisenwerk Erla GmbH #	34%	18,179	9%	388	-	-	10%	388
JKM Global Pte Limited, Singapore	10%	5,572	1%	39	-	-	1%	39
<b>Indian Subsidiaries:</b>								
JKM Erla Automotive Limited	24%	13,243	0%	(8)	-	-	0%	(8)
Dynatomic Manufacturing Limited (formerly known as JKM Ferrotech Limited)	2%	828	-20%	(875)	-	-	-23%	(875)
JKM Research Farm Limited	5%	2,638	1%	35	-	-	1%	35
JKM Automotive Limited	-	-	-	-	-	-	-	-
Consolidated adjustments	-103%	(55,452)	-12%	(501)	19%	(81)	-15%	(582)
<b>Total</b>	<b>100%</b>	<b>54,197</b>	<b>100%</b>	<b>4,279</b>	<b>100%</b>	<b>(416)</b>	<b>100%</b>	<b>3,863</b>

31 March 2022

Name of the Subsidiary	Consolidated net assets		Consolidated profit or loss		Consolidated OCI		Consolidated total Comprehensive income	
	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount
Dynumatic Technologies Limited (Standalone)	96%	36,734	256%	3,965	71%	(201)	298%	3,764
<b>Foreign Subsidiaries:</b>								
Dynumatic Limited UK*	41%	15,558	-32%	(493)	-	-	-39%	(493)
Eisenwerk Erla GmbH #	45%	17,119	8%	118	-	-	9%	118
JKM Global Pte Limited, Singapore	12%	4,593	4%	57	-	-	5%	57
<b>Indian Subsidiaries:</b>								
JKM Erla Automotive Limited	35%	13,252	0%	(5)	-	-	0%	(5)
Dynumatic Manufacturing Limited (formerly known as JKM Ferrotech Limited)	4%	1,710	348%	5,382	-	-	425%	5,382
JKM Research Farm Limited	7%	2,603	2%	27	-	-	2%	27
JKM Automotive Limited	0%	-	0%	-	-	-	0%	-
Consolidated adjustments	-140%	(53,428)	-486%	(7,504)	29%	(81)	-600%	(7,585)
<b>Total</b>	<b>100%</b>	<b>38,141</b>	<b>100%</b>	<b>1,547</b>	<b>100%</b>	<b>(282)</b>	<b>100%</b>	<b>1,265</b>

\* includes results of Yew Tree Investments Limited, UK and Dynumatic US LLC

# includes results of JKM Erla Holdings GmbH, Germany

## 51 Revenue from contracts with customers

### A. Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the year ended 31 March 2023 and 31 March 2022 by market or type of customers, timing of revenue recognition, contract-type and geography.

The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

#### For the year ended 31 March 2023

Particulars	Hydraulics	Aerospace	Metallurgy	Others	Total	Discontinued operation	Grand Total
<b>Market or type of customer</b>							
Government	130	685	-	-	815	-	815
Non-government	46,036	43,052	41,661	13	1,30,762	-	1,30,762
<b>Total revenue from contract with customers#</b>	<b>46,166</b>	<b>43,737</b>	<b>41,661</b>	<b>13</b>	<b>1,31,577</b>	<b>-</b>	<b>1,31,577</b>
<b>Timing of revenue recognition</b>							
Goods or services transferred at point in time	46,166	43,737	41,661	13	1,31,577	-	1,31,577
<b>Total revenue from contract with customers#</b>	<b>46,166</b>	<b>43,737</b>	<b>41,661</b>	<b>13</b>	<b>1,31,577</b>	<b>-</b>	<b>1,31,577</b>



**For the year ended 31 March 2022**

Particulars	Hydraulics	Aerospace	Metallurgy	Others	Total	Discontinued operation	Grand Total
<b>Market or type of customer</b>							
Government	153	712	-	-	865	-	865
Non-government	42,213	35,302	46,501	456	1,24,472	2,011	1,26,483
<b>Total revenue from contract with customers#</b>	<b>42,366</b>	<b>36,014</b>	<b>46,501</b>	<b>456</b>	<b>1,25,337</b>	<b>2,011</b>	<b>1,27,348</b>
<b>Timing of revenue recognition</b>							
Goods or services transferred at point in time	42,366	36,014	46,501	456	1,25,337	2,011	1,27,348
<b>Total revenue from contract with customers#</b>	<b>42,366</b>	<b>36,014</b>	<b>46,501</b>	<b>456</b>	<b>1,25,337</b>	<b>2,011</b>	<b>1,27,348</b>

# Represents revenue from sale of products included in revenue from operations.

\* The Group does not have any revenue from sale of goods and services where the performance obligation is satisfied over time.

Refer to geographic information section under Note 41 - Segment Reporting for more details on the analysis of segment revenue.

**Reconciling the amount of revenue recognised with contract and reportable segment:**

Particulars	31 March 2023	31 March 2022
Revenue from contract with customers (Continued and discontinued operations)	1,30,001	1,26,048
<b>Other operating revenue</b>		
Export incentive	17	22
Scrap sales	1,559	1,278
<b>Revenue from reportable segment (Refer Note 41)</b>	<b>1,31,577</b>	<b>1,27,348</b>

**B. Contract balances**

The Group does not have any contract balances.

**C. Remaining performance obligations**

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as the end of the reporting period and an explanation as to when the Group expects to recognise these amount in revenue. Unsatisfied or partially satisfied performance obligations are subject to variability due to several factors such as termination changes in contract scope, re-validation of estimates and economic factors.

Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognised corresponds directly with the value to the customer of the Group's performance completed to date, typically those contracts where invoicing is on time and material, unit price basis.

**52 Discontinued operations and assets held for sale**

- a) The management is actively pursuing its plan to dispose the Windfarm land admeasuring 364 acres, situated at Varapatti Village, Sulur Taluk, Coimbatore to the Government of Tamil Nadu, for setting up the proposed Southern Defence Industrial Corridor. During the year, the Company had received Notification bearing No. 18189/2021, issued by the District Collector Office, Coimbatore, for acquiring the Company's Wind Farm lands admeasuring 364 acres, and the private negotiations in respect to the same has been concluded. The company is awaiting formal communication in this regard for the closure of the transaction.

Based on the management's current strategy, the aforesaid Windfarm Land has been presented in the balance sheet at 31 March 2023 and 31 March 2022 as Assets classified held for sale.

**Carrying value of assets and liabilities classified as held for sale:**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Assets classified as held for sale</b>		
Property plant & equipment	5,562	5,562
<b>Assets of disposal group held for sale</b>	<b>5,562</b>	<b>5,562</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	-	-
<b>Liabilities of disposal group held for sale</b>	-	-

- b) The Board of Directors of Dynamatic Manufacturing Limited (formerly known as JKM Ferrotech Limited) ('DML'), a wholly owned subsidiary of the Company had approved the term sheet and plan for sale of its foundry business, situated at SIPCOT Industrial Complex, Gumidipoondi, Thiruvallur, Tamil Nadu to Danblock Brakes India Private Limited (DBIPL). Subsequently the Company and DBIPL executed Assets Purchase Agreement in April 2021. All closing conditions had been met and the agreement was concluded. The results of the aforesaid discontinued operations (of the foundry business of DML, which represents the Indian operations of the "Automotive and Metallurgy" segment) are as under:

**(i) Results of assets classified as discontinued operations**

The results of discontinued operations included in the profit for the year are set out below.

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue	-	2,011
Expenses	-	3,670
<b>Loss before tax</b>	-	<b>(1,659)</b>
Income tax credit	-	-
<b>Loss from discontinued operations after tax</b>	-	<b>(1,659)</b>

**(ii) Cash flows from/ (used in) discontinued operations**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Net cash used in operating activities	-	(4,649)
Net cash from investing activities	-	5,764
Net cash from financing activities	-	(1,063)
<b>Net cash flow for the year</b>	-	<b>52</b>

The published figures for the prior periods have been recast pursuant to the business referred to in Note 52(b) classified as discontinued operations in line with the requirements of Ind AS 105.

**c) Disclosures relating to Discontinued operations and Disposal groups**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(i) Net Loss from discontinued operations and disposal group disclosed in the Statement of Profit and Loss:		
Losses relating to the foundry business [refer Note 52(b)(iii)]	-	(1,659)
(ii) Assets and liabilities held for disposal		
Assets relating to the business [refer Note 52(a)] - Windfarm land	5,562	5,562
Assets relating to the foundry business [refer Note 52(b)(i)]	-	-
Liabilities relating to the foundry business [refer Note 52(b)(i)]	-	-

53 In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows'. These amendments are in accordance with the amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows'. The below disclosure is in line with such amendments suggested:

Particulars	1 April 2022	Cash flows	Non Cash Changes		31 March 2023
			Interest Expense	Foreign exchange movement	
<b>1 Non- Current Borrowings</b>					
<b>i) Secured</b>					
a) Term loan from banks*	30,107	(5,538)	-	281	24,850
b) Term loan from financial institutions*	5,861	2,189	-	647	8,697
c) Finance lease obligation *	1,838	(172)	-	-	1,666
<b>i) Unsecured</b>					
a) Term loan from financial institutions*	-	909	-	-	909
<b>2 Current Borrowings</b>					
<b>i) Secured</b>					
a) Cash credit and working capital demand loans	12,973	5,250	-	323	18,546
<b>ii) Unsecured</b>					
a) Bill discounting facility from banks	3,568	3,604	-	-	7,172
b) Interest accrued but not due on borrowings	92	(5,451)	5,556	-	197
	<b>54,439</b>	<b>791</b>	<b>5,556</b>	<b>1,251</b>	<b>62,037</b>

Particulars	1 April 2021	Cash flows	Non Cash Changes		31 March 2022
			Interest Expense	Foreign exchange movement	
<b>1 Non- Current Borrowings</b>					
<b>i) Secured</b>					
a) Term loan from banks*	35,541	(5,760)	-	326	30,107
b) Term loan from financial institutions*	6,829	(968)	-	-	5,861
c) Finance lease obligation *	317	1,521	-	-	1,838
<b>2 Current Borrowings</b>					
<b>i) Secured</b>					
a) Cash credit and working capital demand loans	13,185	(241)	-	29	12,973
<b>ii) Unsecured</b>					
a) Bill discounting facility from banks	1,869	1,699	-	-	3,568
b) Interest accrued but not due on borrowings	31	(4,791)	4,852	-	92
<b>Total liabilities from financing activities</b>	<b>57,772</b>	<b>(8,540)</b>	<b>4,852</b>	<b>355</b>	<b>54,439</b>

\* includes current maturities of long term borrowings

#### 54 Additional regulatory information not disclosed elsewhere in the financial statements

- (i) As per section 248 of the Companies Act, 2013, there are no balances outstanding or transactions with struck off companies.
- (ii) The Group has not traded / invested in Crypto currency or virtual currency.
- (iii) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (iv) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall,
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (v) The Group has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (vi) The Group has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, except as disclosed in the financial statements.
- (vii) The Group is not a declared wilful defaulter by any bank or financial institution or other lender.
- (viii) The Group does not have any Capital-work-in progress whose completion is overdue or has exceeded its cost compared to its original plan



- 55** The Company's step-down subsidiary Eisenwerk Erla GmbH, Germany ("EEG") (a step down wholly owned subsidiary of the Company) is in the process of transformation from automotive/foundry-focus to aerospace business. Considering the various challenges viz.; supply chain crisis at OEMs; current inflation in Europe; steep and unpredictable increase in the cost of gas and electricity being faced by corporations across Europe, EEG undertook corporate restructuring measures through "Protective Shield process by self-administration" under the applicable German Laws vide application dated 29 November 2022. As at 31 March 2023, the corporate restructuring is in process and as at the said date, EEG's application for the restructuring has been accepted by the regulatory authorities, and reorganisation plan with customers has been completed and contemporaneously, the restructuring plan is being worked out with bankers and vendors for new terms and conditions benefiting the business operations. The corporate restructuring process is carried out under the control of the management of EEG. Under this process, Federal Employment Agency shall disburse 3 months employee payroll as a grant, and as on 31 March 2023, an amount of Euros 1,521,822 (Rs. 127,269,974) of such grants has been recognised in the consolidated financial statements.
- 56** On 10 August 2022, the Board of Directors of the Company declared an interim dividend of Rs.3 per equity share (30%) for the financial year 2022-23. The same has been paid to the shareholders during the quarter ended 30 September 2022. The Board of Directors of the Company in their meeting dated 29 May 2023, have, subject to approval of shareholders, declared final dividend of Rs. 7 per equity share (70%) for the financial year 2022-23 and the same will be disbursed to shareholders after ensuing Annual General Meeting.
- 57** The Code on Wages, 2019 and Code on Social Security, 2020 ("the Codes") relating to employee compensation and post-employment benefits that received Presidential assent have not been notified. Further, the related rules for quantifying the financial impact have not been notified. The Company will assess the impact of the Codes when the rules are notified and will record any related impact in the period the Codes become effective.
- 58** The consolidated financial statements were approved for issue by the Board of Directors on 29 May 2023.

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



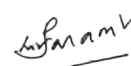
**UDAYANT MALHOUTRA**  
 Chief Executive Officer &  
 Managing Director  
 DIN : 00053714



**P S RAMESH**  
 Executive Director, Group Technical  
 Services & Human Resource  
 DIN : 05205364



**CHALAPATHI P**  
 Chief Financial Officer

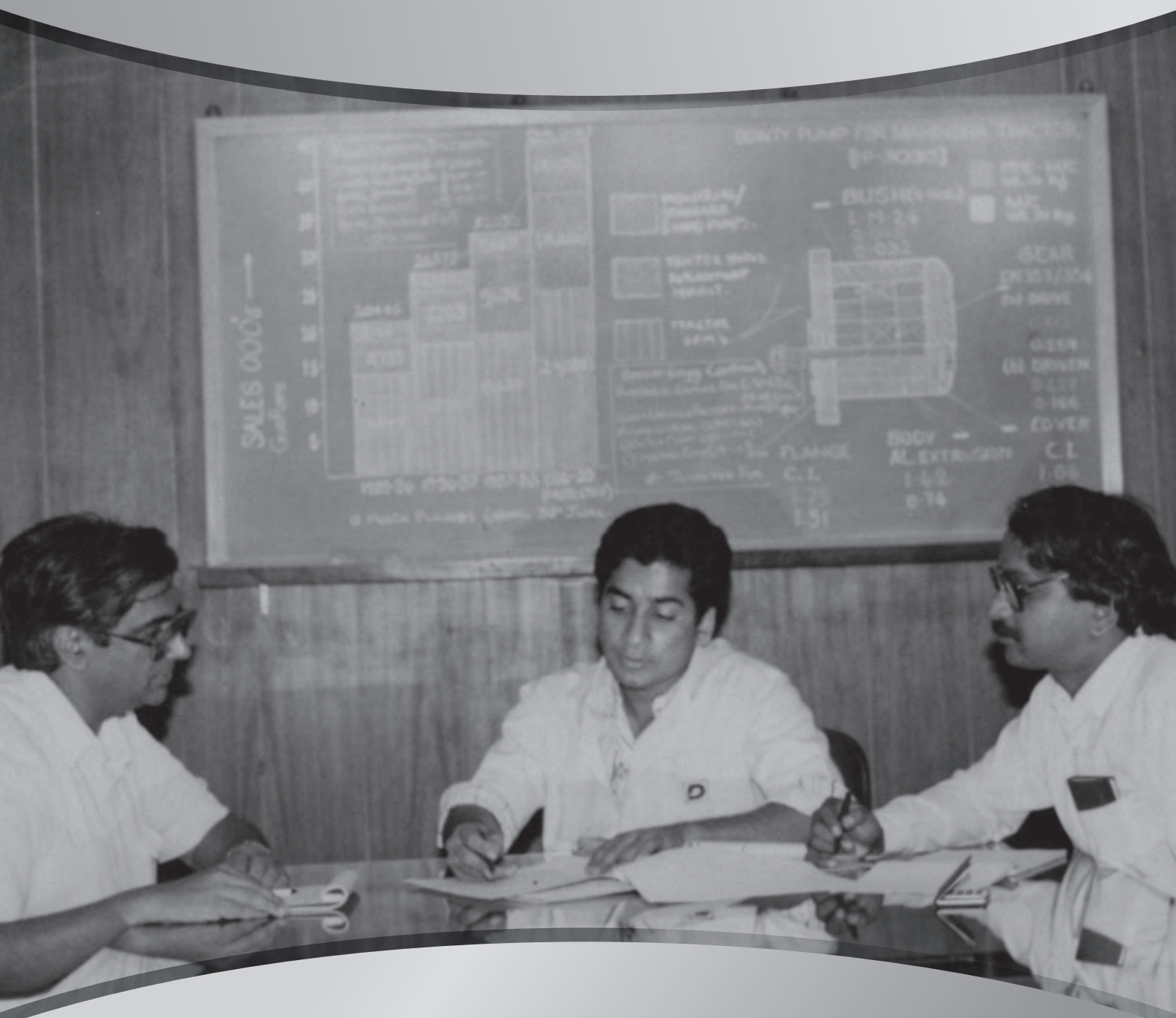


**SHIVARAM V**  
 Head - Legal, Compliance  
 & Company Secretary

Place: Bangalore

Date: 29 May 2023

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# STANDALONE

FINANCIAL STATEMENTS

# INDEPENDENT AUDITORS' REPORT

## To the Members of Dynamatic Technologies Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **Dynamatic Technologies Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the [Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of accordance the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Impairment of investments in subsidiaries</b></p> <p>Refer Note 2(m) and 4 to the standalone financial statements of the Company.</p> <p>In the standalone financial statements of the Company, the carrying value of investments in subsidiaries is INR 34,834 lakhs net of cumulative impairment provision of INR 14,948 lakhs as at March 31, 2023.</p> <p>Determination of carrying value of investments in subsidiaries is a key audit matter as the amounts are significant to the standalone financial statements and the determination of recoverable value and/ or impairment assessment involves significant management estimates and judgement.</p> <p>The key estimates and judgements used in the model for impairment assessment include future cash flows of the respective subsidiaries, the discount rate and the terminal growth rate used.</p> <p>The management has used the services of an expert in determining the recoverable value of investments in subsidiaries and consequential impairments, if any.</p>	<p><b>Principal audit procedures performed:</b></p> <ul style="list-style-type: none"> <li>We assessed the Management's process for identifying the impairment indicators and impairment assessment of investments in subsidiaries.</li> <li>Evaluated the design of the management's internal control around the impairment assessment process and tested its operating effectiveness.</li> <li>Evaluated the independence, competence, capabilities and objectivity of the management's expert.</li> <li>Understood the key assumptions considered in the management's estimates of future cash flows of the respective subsidiaries.</li> <li>Involving our valuation specialists, we evaluated the growth rates including terminal growth rate, considered in the estimates of future cash flows and the discount rate used in the calculations.</li> <li>Compared the historical cash flows (including for current year) against past projections of the management for the same periods and gained understanding of the rationale for the changes.</li> <li>Performed sensitivity analysis on the key assumptions within the forecast cash flows and focused our attention on those assumptions we considered most sensitive to the changes; such as –revenue growth during the forecast period, the terminal growth rate and the discount rate applied to the future cash flows. We ascertained the extent to which a change in these assumptions, both individually or in aggregate, would result in impairment, and considered the likelihood of such events occurring.</li> <li>We assessed the adequacy of the disclosures made in the standalone financial statements for the year ended March 31, 2023.</li> </ul>



## Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Corporate Governance Report and Corporate Sustainability Report, (but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and the Board's report which is expected to be made available to us after that date.
- Our opinion on the standalone financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.
- When we read the Board's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 "The Auditor's responsibilities Relating to Other 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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the

Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, 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 including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) 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, as amended 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 35 to the standalone financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 57, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in Note 57, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. The interim dividend declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

As stated in note 58 to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.

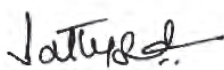
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

for **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No. 117366W/W-100018



**SATHYA P KOUSHIK**

Partner

(Membership No. 206920)

UDIN: 23206920BGYMEZ3662

Bangalore, May 29, 2023

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting 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 **DYNAMIC TECHNOLOGIES LIMITED** ("the Company") as of March 31, 2023 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 issued by the Institute of Chartered Accountants of India. 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 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 Companies Act, 2013.

### **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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 standalone 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 standalone 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 standalone 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 standalone 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.

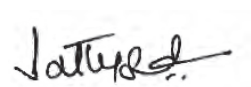
### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, 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 March 31, 2023, based on the criteria for internal financial control over financial reporting 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 issued by the Institute of Chartered Accountants of India.

for **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No. 117366W/W-100018



**SATHYA P KOUSHIK**

Partner

(Membership No. 206920)

UDIN: 23206920BGYMEZ3662

Bangalore, May 29, 2023



## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

### (Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ Section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i)
  - a.
    - A. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, capital-work-in-progress, and relevant details of right-of-use assets.
    - B. The Company has maintained proper records showing full particulars of intangible assets.
  - b. The Company has a program of verification of property, plant and equipment, capital work-in-progress and right-of-use assets so to cover all the items once every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, no such assets were due for physical verification during the year. Since no physical verification of property, plant and equipment was due during the year the question of reporting on material discrepancies noted on verification does not arise.
  - c. Based on our examination of the title deeds and approved building plan provided to us, we report that the title deeds of all the immovable properties of freehold land and buildings disclosed in the financial statements included in property, plant and equipment and capital work in progress are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for guarantees, are held in the name of the Company based on the pledge documents. In respect of immovable properties of building constructed on leased land, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
  - d. The Company has not revalued any of its property, plant and equipment (including right-of-use assets) and intangible assets during the year.
  - e. No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii)
  - a. The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with the books of account.
  - b. According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs.5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising stock statements and book debt statements filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.
- (iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.
- (iv) The Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) In respect of statutory dues:
  - a. Undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees’ State Insurance, Income-tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities in all cases during the year. There were no undisputed amounts payable in respect of Goods and Services tax, Provident Fund, Employees’ State Insurance, Income-tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

- b. Details of statutory dues referred to in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2023 on account of disputes are given

Name of the Statute	Nature of the Dues	Amount (Rs. Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	32	AY 2017-18	The Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	361	AY 2018-19	The Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	12	AY 2019-20	Assessing Officer
Customs Act, 1962	Customs Duty	16	FY 2013-14	The Commissioner of Customs (Appeals)
Customs Act, 1962	Customs Duty	207	July 2017 – August 2018	The Customs Excise and Service Tax Appellate Tribunal (Appeals)
Central Goods & Service Tax Act, 2017	Service Tax	1	October 2009 – March 2011	The Commissioner of Central Excise (Appeals)
Central Goods & Service Tax Act, 2017	Excise Duty	3	FY 2010-11 and FY 2011-12	The Customs Excise and Service Tax Appellate Tribunal (Appeals)
Central Goods & Service Tax Act, 2017	Excise Duty	57	FY 2012-13 and FY 2013-14	The Customs Excise and Service Tax Appellate Tribunal (Appeals)
Central Goods & Service Tax Act, 2017	Excise Duty	0.4	FY 2001-02	The Commissioner of Central Excise (Appeals)
Central Goods & Service Tax Act, 2017	Excise Duty	1	FY 2009-10	The Commissioner of Central Excise (Appeals)
Central Goods & Service Tax Act, 2017	GST	259	FY 2017-18	The Commissioner of Central Excise (Appeals)
Central Goods & Service Tax Act, 2017	GST	79	FY 2018-19	The Commissioner of Central Excise (Appeals)

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix)

- Loans amounting to Rs. 14,884 lakhs outstanding as at March 31, 2023 are repayable on demand and terms and conditions for payment of interest thereon have not been stipulated. According to the information and explanations given to us, such loans and interest thereon have not been demanded for repayment during the financial year. Considering the above, in our opinion, the Company has not defaulted in the repayment of loans or other borrowings, or in the payment of interest thereon to any lender during the year.
- The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- To the best of our knowledge and belief, in our opinion, term loans availed by the Company were applied by the Company during the year for the purposes of which the loans were obtained.
- On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the financial year for long-term purposes by the Company.

e. The Company has not made any investment in or given any new loan or advances to its subsidiaries during the year and hence, reporting under clauses (ix)(e) of the Order is not applicable. The Company does not have any associates or joint ventures.

f. The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. The Company does not have any associates or joint ventures.

(x)

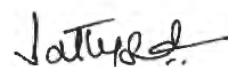
- The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- The Company has made preferential allotment of shares during the year. For such allotment of shares, the Company has complied with the requirements of Section 42 and 62 of the Companies Act, 2013, and the funds raised have been, prima facie, applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application. The Company has not made any preferential allotment or private placement of (fully or partly or optionally) convertible debentures during the year.

- (xi)
- a. To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
  - b. To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
  - c. As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable not applicable to the Company.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv)
- a. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
  - b. We have considered, the internal audit reports issued to the Company during the year and covering the period upto December 2022 and the final internal audit reports where issued after the balance sheet date covering the period of January to March 2023 for the period under audit.
- (xv) In our opinion, during the year the Company has not entered into any non-cash transactions with its directors or directors of its Holding Company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi)
- a. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
  - b. The Group does not have any CIC as part of the group and accordingly, reporting under clause (xvi) (d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

for **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No. 117366W/W-100018



**SATHYA P KOUSHIK**

Partner

(Membership No. 206920)

UDIN: 23206920BGYMEZ3662

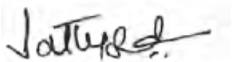
Bangalore, May 29, 2023

# STANDALONE BALANCE SHEET

All amounts are in INR lakhs unless otherwise stated

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	3	20,224	21,004
b) Intangible assets	3	280	372
c) Capital work in progress	3	7,097	1,138
d) Right-of-use assets	38	978	2,097
e) Financial assets			
(i) Investments	4	34,834	33,809
(ii) Other financial assets	5	149	758
f) Income tax assets (net)	6	380	645
g) Other non-current assets	7	643	899
<b>Total non-current assets</b>		<b>64,585</b>	<b>60,722</b>
<b>Current assets</b>			
a) Inventories	8	10,898	10,160
b) Financial assets			
(i) Trade receivables	9	16,263	14,222
(ii) Cash and cash equivalents	10	9,505	667
(iii) Bank balances other than cash and cash equivalents above	11	2,303	2,248
(iv) Loans	12	76	90
(v) Other financial assets	13	1,803	1,538
c) Other current assets	14	6,010	5,465
<b>Total current assets</b>		<b>46,858</b>	<b>34,390</b>
d) Assets classified as held for sale	52	5,562	5,562
<b>Total Assets</b>		<b>1,17,005</b>	<b>1,00,674</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	15	679	634
b) Other equity	16	50,304	36,668
<b>Total equity</b>		<b>50,983</b>	<b>37,302</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	17	21,075	24,546
(ii) Lease liabilities	38	550	1,171
(iii) Other financial liabilities	18	500	175
b) Provisions	19	2,536	2,921
c) Deferred tax liabilities (net)	20	3,778	3,897
<b>Total non-current liabilities</b>		<b>28,439</b>	<b>32,710</b>
<b>Current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	21	23,612	17,719
(ii) Trade Payables	22		
(a) total outstanding dues of micro enterprises and small enterprises		2,307	1,082
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		7,997	7,849
(iii) Lease liabilities	38	723	1,451
(iv) Other financial liabilities	23	1,596	1,327
b) Provisions	24	321	381
c) Current income tax liabilities (net)	25	800	639
d) Other current liabilities	26	227	214
<b>Total current liabilities</b>		<b>37,583</b>	<b>30,662</b>
<b>Total Liabilities</b>		<b>66,022</b>	<b>63,372</b>
<b>Total Equity and Liabilities</b>		<b>1,17,005</b>	<b>1,00,674</b>

See accompanying notes to the standalone financial statements  
In terms of our report attached  
for **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366VW/W-100018)



**SATHYA P KOUSHIK**  
Partner  
Membership No. 206920  
Place: Bangalore  
Date: 29 May 2023

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

  
**UDAYANT MALHOUTRA**  
Chief Executive Officer &  
Managing Director  
DIN : 00053714

  
**CHALAPATHI P**  
Chief Financial Officer

  
**P S RAMESH**  
Executive Director, Group Technical  
Services & Human Resource  
DIN : 05205364

  
**SHIVARAM V**  
Head - Legal, Compliance  
& Company Secretary



# STANDALONE STATEMENT OF PROFIT AND LOSS

All amounts are in INR lakhs unless otherwise stated except for earnings per share information

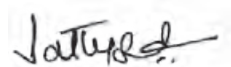
Particulars	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Income</b>			
Revenue from operations	27	58,112	54,897
Other income	28	536	1,124
<b>Total Income</b>		<b>58,648</b>	<b>56,021</b>
<b>Expenses</b>			
Cost of materials and components consumed	29	27,207	23,625
Change in inventory of finished goods and work-in-progress	30	(189)	1,417
Employee benefits expense	31	9,218	9,130
Finance costs	32	5,158	4,734
Depreciation and amortisation expense	33	2,419	3,032
Other expenses	34	10,453	8,787
<b>Total expenses</b>		<b>54,266</b>	<b>50,725</b>
<b>Profit before tax</b>		<b>4,382</b>	<b>5,296</b>
Current tax	50	1,582	1,342
Deferred tax	50	(115)	(11)
<b>Income tax expense</b>		<b>1,467</b>	<b>1,331</b>
<b>Profit for the year after tax</b>		<b>2,915</b>	<b>3,965</b>
<b>Other Comprehensive Income</b>			
<i>Items that will not to be reclassified subsequently to profit and loss</i>			
Remeasurement of defined benefit plans		(15)	(231)
Income tax relating to items that will not be reclassified to profit and loss		4	58
<i>Items that will be reclassified subsequently to profit and loss</i>			
Foreign currency fluctuations under a cash flow hedge - gain/(loss), (net of tax)		(324)	(28)
<b>Other comprehensive income for the year, net of income tax</b>		<b>(335)</b>	<b>(201)</b>
<b>Total comprehensive income for the year</b>		<b>2,580</b>	<b>3,764</b>
<b>Earning per equity share</b>			
<b>Basic and diluted (in INR):</b>	47	45.86	62.54
<b>Number of weighted average outstanding shares used in computing earnings per share</b>		67,91,443	63,41,443

See accompanying notes to the standalone financial statements  
In terms of our report attached

for **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



**SATHYA P KOUSHIK**

Partner

Membership No. 206920

Place: Bangalore

Date: 29 May 2023

for and on behalf of the Board of Directors of

**Dynamatic Technologies Limited**



**UDAYANT MALHOUTRA**

Chief Executive Officer &  
Managing Director

DIN : 00053714



**CHALAPATHI P**

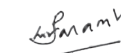
Chief Financial Officer



**P S RAMESH**

Executive Director, Group Technical  
Services & Human Resource

DIN : 05205364



**SHIVARAM V**

Head - Legal, Compliance  
& Company Secretary

# STANDALONE STATEMENT OF CASH FLOWS

All amounts are in INR lakhs unless otherwise stated

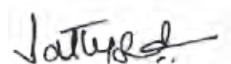
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit before tax	4,382	5,296
<b>Adjustments:</b>		
Finance costs	4,747	3,907
Interest on lease liabilities	291	417
Loss arising out of Capital reduction approved by NCLT in respect of Investments in Dynamatic Manufacturing Limited (DML) [formerly know as JKM Ferrotech Limited]	-	5,593
Reversal of provision for impairment for Dynamatic Manufacturing Limited (DML) [formerly know as JKM Ferrotech Limited]	-	(5,593)
Depreciation and amortisation on Property, plant & equipment and intangible assets	1,341	1,450
Amortisation of Right-of-use assets	1,078	1,582
Unrealised foreign exchange differences	793	264
Interest income	(228)	(227)
Gain on sale of property, plant and equipment and intangible assets, net	(30)	(576)
Unwinding of discount on dismantling liability	36	68
Loss allowance on financial assets, net	136	288
Interest on loans/advance given to related parties	-	(62)
Financial guarantee obligation income	-	(4)
<b>Operating cash flow before working capital changes</b>	<b>12,546</b>	<b>12,403</b>
<b>Changes in operating assets and liabilities</b>		
Changes in inventories	(738)	228
Changes in trade receivables	(2,106)	(1,278)
Changes in loans	14	977
Changes in other financial assets	324	434
Changes in other assets	(561)	(889)
Changes in trade payables	1,373	2,637
Changes in other financial liabilities	165	(12)
Changes in provisions	(445)	183
Changes in other current liabilities	13	64
<b>Cash generated from operations</b>	<b>10,585</b>	<b>14,747</b>
Income taxes paid, net of refund	(1,156)	(928)
<b>Net cash generated from operating activities (A)</b>	<b>9,429</b>	<b>13,819</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangibles assets	(6,182)	(2,769)
Proceeds from sale of property, plant and equipment and intangible assets	-	668
Additional investment in equity share of subsidiary Company	(1,025)	-
Proceeds from sale of subsidiaries investment	-	1
Change in Bank deposits (having original maturity of more than three months), net	(55)	(44)
Interest received	248	207
<b>Net cash used in investing activities (B)</b>	<b>(7,014)</b>	<b>(1,937)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares	11,291	-
Proceed from long term borrowings	4,645	-
Repayment of long term borrowings	(5,937)	(5,600)
Proceeds/(Repayment) from short term borrowings	2,664	(2)
Payment of Lease liabilities	(1,598)	(2,114)
Interest paid	(4,452)	(3,846)
Dividend paid	(190)	-
<b>Net cash from / (used in) financing activities (C)</b>	<b>6,423</b>	<b>(11,562)</b>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	8,838	320
Cash and cash equivalents at the beginning of the year	667	347
<b>Cash and cash equivalents at the end of the year (Refer note 10)</b>	<b>9,505</b>	<b>667</b>

See accompanying notes to the standalone financial statements  
In terms of our report attached

for **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



**SATHYA P KOUSHIK**

Partner

Membership No. 206920

Place: Bangalore

Date: 29 May 2023


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



**UDAYANT MALHOUTRA**

Chief Executive Officer &  
Managing Director

DIN : 00053714



**CHALAPATHI P**

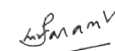
Chief Financial Officer



**P S RAMESH**

Executive Director, Group Technical  
Services & Human Resource

DIN : 05205364



**SHIVARAM V**

Head - Legal, Compliance  
& Company Secretary

# STANDALONE STATEMENT OF CHANGES IN EQUITY

All amounts are in INR lakhs unless otherwise stated

## (A) Equity Share Capital

Balance as at 1 April 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at 31 March 2023
634	-	-	45	679

Balance as at 1 April 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at 31 March 2022
634	-	-	-	634

## (B) Other Equity

Particulars	Reserves and Surplus						Other items of other comprehensive income		Total equity attributable to equity holders of the Company
	Capital Reserve	Capital Redemption reserve	Reserve on amalgamation	General reserve	Securities premium	Retained Earnings	Remeasurement of the net defined benefit liability/asset	Cash Flow Hedge Reserve	
<b>Balance as at 01 April 2022</b>	<b>15</b>	<b>240</b>	<b>154</b>	<b>3,138</b>	<b>17,410</b>	<b>15,895</b>	-	(184)	<b>36,668</b>
Profit for the year	-	-	-	-	-	2,915	-	-	2,915
Other comprehensive income for the year	-	-	-	-	-	-	(11)	(324)	(335)
Transfer to retained earnings	-	-	-	-	-	(11)	11	-	-
Issue of equity shares	-	-	-	-	11,246	-	-	-	11,246
Interim Dividend	-	-	-	-	-	(190)	-	-	(190)
<b>Balance as at 31 March 2023</b>	<b>15</b>	<b>240</b>	<b>154</b>	<b>3,138</b>	<b>28,656</b>	<b>18,609</b>	-	(508)	<b>50,304</b>
<b>Balance as at 01 April 2021</b>	<b>15</b>	<b>240</b>	<b>154</b>	<b>3,138</b>	<b>17,410</b>	<b>12,103</b>	-	(156)	<b>32,904</b>
Profit for the year	-	-	-	-	-	3,965	-	-	3,965
Other comprehensive income for the year	-	-	-	-	-	-	(173)	(28)	(201)
Transfer to retained earnings	-	-	-	-	-	(173)	173	-	-
<b>Balance as at 31 March 2022</b>	<b>15</b>	<b>240</b>	<b>154</b>	<b>3,138</b>	<b>17,410</b>	<b>15,895</b>	-	(184)	<b>36,668</b>

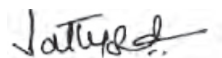
See accompanying notes to the standalone financial statements

In terms of our report attached

for Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



**SATHYA P KOUSHIK**  
Partner

Membership No. 206920

Place: Bangalore

Date: 29 May 2023

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

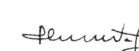


**UDAYANT MALHOUTRA**  
Chief Executive Officer &  
Managing Director  
DIN : 00053714



**P S RAMESH**  
Executive Director, Group Technical  
Services & Human Resource

DIN : 05205364



**CHALAPATHI P**  
Chief Financial Officer



**SHIVARAM V**  
Head Legal, Compliance  
& Company Secretary

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## 1 Reporting entity

Dynamatic Technologies Limited ("the Company") was incorporated in 1973 as Dynamatic Hydraulics Limited under provisions of the Companies Act, 1956. In 1992, the name of the Company was changed to Dynamatic Technologies Limited. The Company is in the business of manufacturing highly engineered products for the Aerospace, Automotive and Hydraulic industries. The Company is listed in India with National Stock Exchange and Bombay Stock Exchange.

## 2 Significant accounting policies

### a Statement of compliance

These Standalone annual financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act 2013 ('the Act') read with Companies (Indian Accounting Standard) Rules (as amended from time to time) and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to an existing Indian Accounting Standard requires a change in the accounting policy hitherto in use.

### b Functional and presentation currency

These Standalone financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise mentioned.

### c Basis of Preparation

The Standalone financial statements have been prepared on the historical cost convention and on an accrual basis of accounting, except for the following assets and liabilities which have been accounted as follows:

- (i) Defined benefit and other long-term employee benefits where plan asset is measured at fair value less present value of defined benefit obligations.
- (ii) Certain financial assets and liabilities that are qualified to be measured at fair value, and
- (iii) Assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

### d Use of estimates and management judgments

The preparation of Standalone financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent liabilities and assets on

the date of the Standalone financial statements and the reported amount of revenue and expenses for the year. Accounting estimates could change from period to period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

### Assumptions and estimation uncertainties

The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these standalone financial statements have been disclosed in the following notes:

#### (i) Useful life of property, plant and equipment and intangible assets - Note 3:

The useful life of the assets are determined in accordance with Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that or is not prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance.

#### (ii) Income taxes- Note 50:

In assessing the realisability of deferred tax assets, the Management considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.



**(iii) Provisions and contingencies- Note 19, 24 and 35:**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

**(iv) Post-retirement benefit plans- Note 42 :**

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions which include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at each financial year end on the government bonds.

**(v) Impairment of financial assets- Note 4, 5, 9, 12, 13 and 43 :**

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**(vi) Leases- Note 38:**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts

**(vii) Non-current assets held for sale- Note 52:**

Assets held for sale are measured at the lower of carrying amount or fair value less costs to sell. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of the assets held for sale has been estimated using valuation techniques (including income and market

approach), which include unobservable inputs. Non-current assets and disposal group that ceases to be classified as "Held for Sale" shall be measured at the lower of carrying amount before the non-current asset and disposal group was classified as "Held for Sale" and its recoverable amount at the date of the subsequent decision not to sell. Recoverable amounts of assets reclassified from "Held for Sale" have been estimated using the Management's assumptions which consist of significant unobservable inputs."

**e Measurement of fair values**

Certain accounting policies and disclosures of the Company requires use of valuation techniques in measuring the fair value of some of the company's financial assets and liabilities where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. The measurement of fair values, for both financial and non financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 43: financial instruments.

## f Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation (which includes capitalised borrowing costs, if any) and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing an asset to working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Borrowing cost directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are capitalized to the extent they relate to the period till such assets are ready to be put to use.

### **Depreciation methods, estimated useful lives and residual value**

Depreciation is provided on a Straight Line Method ('SLM') over estimated useful life of the property, plant and equipment less their estimated residual value as defined by the Management. Depreciation for assets purchased / sold during the year is proportionately charged.

Category of assets	Useful life estimated by Management
Leasehold land	Over the period of lease
Buildings	30 years

Plant and machinery*	10 years, 13 years and 21 years for 3 shifts, 2 shifts and 1 shift respectively
Measuring instruments*	10 years, 13 years and 21 years for 3 shifts, 2 shifts and 1 shift respectively
Electrical installations*	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	5 -10 years
Tools, dies and moulds	9 years
Vehicles*	10 years
Motor boat*	20 years
Assets taken on lease: - Leasehold improvements	Period of lease tenure or useful life of assets whichever is lower

Freehold land is not depreciated.

\* The Management believes that the useful lives as given above best represent the period over which management expects to use these assets based on an internal assessment and technical evaluation where necessary. 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.

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### **Derecognition of property, plant and equipment**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / losses.

Advance paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date classified as capital advances under other non current assets and the cost of the assets not put to use before such date are disclosed under Capital work in progress.

## g Intangible assets

### **Acquired intangible assets**

Intangible assets that are acquired by the Company, which have finite useful lives, 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.

### **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.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

### **Subsequent measurement**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including on internally generated software is recognized in profit and loss as and when incurred.

### **Amortisation**

The Company amortizes intangible assets with a finite useful life using the straight-line method over the estimated useful lives.

The estimated useful lives of intangibles are as follows:

Category of asset	Useful life
Application Software	4 years
Prototype development	10 years

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

## h Impairment

### **(i) Financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from initial recognition. For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

### **(ii) Non-financial assets**

#### **Intangible assets and property, plant and equipment**

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

## **i Leases**

### **(i) The Company as a lessee :**

The Company's lease asset classes primarily consist of leases for land, buildings and plant and machinery. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether :

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### **Short-term leases and leases of low-value assets:**

The Company has elected not to recognise right-of use assets and lease liabilities for leases of low value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### **(ii) The Company as a lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.



## **j Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost is used. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. The comparison of cost and net realizable value is made on an item-by-item basis. Inventories are stated net of write down or allowances on account of obsolescence, damage or slow moving items.

The method of determination of cost is as follows:

- Raw materials and components – on a weighted average basis
- Stores and spares – on a weighted average basis
- Work-in-progress – includes costs of conversion
- Finished goods – includes costs of conversion
- Goods in transit – at purchase cost

The net realizable value of work-in-progress is determined with reference to the net realizable 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 realizable value. Fixed production overheads are allocated on the basis of normal capacity of production facilities. The provision for inventory obsolescence is assessed periodically and is provided as considered necessary.

## **k Revenue recognition**

Revenue is recognised upon transfer of control of promised goods or services to customers and is measured based on the consideration to which the Company expects to be entitled to in a contract with a customer and excludes trade discounts, volume rebates and amounts collected on behalf of government. For certain contracts that permits the customer to return an item, revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Where the Company's contracts with customers include promise to transfer multiple goods and services to a customer, the Company assesses the goods/services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation is made to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such goods, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc. to determine whether the performance obligation is satisfied at a point in time or over a period of time.

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.

Service income including management fees is measured based on transaction price and is recognized when an unconditional right to receive such income is established and on the performance of services.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned revenue ("contract liability") is recognised when there are billings in excess of revenue.

## **l Other income**

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

## **m Investments in subsidiaries**

Investment in equity shares in subsidiaries is carried at deemed cost less impairments if any in the financial statements.

## **n Financial Instruments**

### **i) Financial assets**

#### **1) Recognition and initial measurement**

Financial assets are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

## 2) Classification and subsequent measurement

### Financial assets

On initial recognition, a financial instrument is classified and measured at

- amortised cost
- fair value through other comprehensive income (FVOCI) - debt instruments; or
- fair value through other comprehensive income (FVOCI) - equity investments; or
- fair value through profit and loss (FVTPL)

Financial assets are not classified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets; and
- the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI- equity investment). This election is made on an investment-to-investment basis.

All financial assets not classified as amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mistake that would otherwise arise.

### Financial assets: Subsequent measurement and gains and losses

#### Financial assets, at FVTPL:

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognized in profit or loss.

#### Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

#### Debt investments at FVTOCI:

These assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

#### Equity investments at FVTOCI:

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

## 3) Derecognition of financial assets

A financial asset is derecognized only when:

- the Company has transferred the rights to receive cash flows from financial asset or
- retains the contractual rights to receive the cash flows from financial asset but assumed a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

## **ii) Financial liability**

### **1) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortised cost. All financial liabilities are recognized initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

### **2) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit or loss.

#### **Amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

#### **Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

#### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

#### **Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### **Derivative financial instruments and Hedge Accounting**

In the ordinary course of business, the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts, cross currency swaps, interest rate swaps and collars. The instruments are employed as hedges of transactions included in the financial statements or for highly probable forecast transactions/ firm contractual commitments. Derivatives are initially accounted for and measured at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The Company adopts hedge accounting for forward foreign exchange and interest rate contracts wherever possible. At inception of each hedge, there is a formal, documented designation of the hedging relationship. This documentation includes, inter alia, items such as identification of the hedged item and transaction and nature of the risk being hedged. At inception, each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at the inception and on an ongoing basis. The ineffective portion of designated hedges is recognised immediately in the statement of profit and loss.

The Company designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of its forecasted cash flows. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in the Statement of Profit and Loss at the time of the hedge relationship rebalancing.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve, and is transferred to the Statement of Profit and Loss upon the occurrence of the related forecast transaction.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of profit and loss for the period. In cases where hedge accounting is not applied, changes in the fair value of derivatives are recognised in the statement of profit and loss as and when they arise.

## o Employee benefits

### (i) Defined benefit plans

The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on plan assets above or below the discount rate is recognized as part of remeasurement of net defined liability or asset through other comprehensive income. Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

The Company's gratuity scheme is administered through Life Insurance Corporation of India and the provision for the same is determined on the basis of actuarial valuation carried out by an independent actuary. Provision is made for the shortfall, if any, between the amounts required to be contributed to meet the accrued liability for gratuity as determined by actuarial valuation and the available corpus of the funds.

### (ii) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g. short term performance incentive, if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the amount of obligation can be estimated reliably.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### (iii) Compensated absences

The employees of the Company are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accumulating compensated absence and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is measured on the basis of an independent actuarial valuation using the Projected Unit method as at the reporting date. Actuarial gains / losses are immediately taken to the Standalone statement of profit and loss and Other comprehensive income.



#### (iv) Defined contribution plan

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.

#### (v) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes cost of restructuring. If the benefits are not expected to be settled wholly within 12 months of reporting date, then they are discounted.

#### p Foreign currency transactions and balances

Foreign currency are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated into relevant functional currency at exchange rates in effect at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in profit or loss.

Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss and are recognized in profit and loss, except exchange differences arising from the translation of the following items which are recognized in OCI:

- equity investments at fair value through OCI (FVOCI)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

#### q Taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current income tax for current and prior periods is recognized at the amount expected to be paid or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except for the cases mentioned below:

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or substantive enactment date.

Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits or loss at the time of the transaction;
- temporary investments related to investment in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the forcible future; and
- taxable temporary difference arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profits will be available against which such deferred tax can be realized. Deferred tax assets, unrecognized or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realized.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realized.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred

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 Discontinued operations and assets held for sale:**

**(i) Discontinued operations:**

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from those of the rest of the Company's business and which represents a separate major line of business or geographical area of operations and

- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs upon disposal or when the operations meets the criteria to be classified as held for sale, if earlier. When a operation is classified as a discontinued operation, the comparative statement of profit and loss is re-presented as if the operations had been discontinued from the start of the comparative period.

**(ii) Assets held for sale:**

Non-current assets and disposal group are classified as "Held for Sale" if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of "Held for Sale" is met when the non-current asset or the disposal group is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as "Held for Sale". Non-current assets and disposal group held for sale are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets and disposal group that ceases to be classified as "Held for Sale" shall be measured at the lower of carrying amount before the non-current asset and disposal group was classified as "Held for Sale" adjusted for any depreciation/amortization and its recoverable amount at the date when the disposal group no longer meets the "Held for sale" criteria.

**s Provisions (other than employee benefits)**

**(i) General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**(ii) Onerous contract:**

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

**t Contingent Liability**

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation arising from the past events that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

**u Cash and cash equivalents**

Cash and cash equivalent includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

**v Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before taxes for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**w Earnings per share**

The basic earnings per share is computed by dividing the net profit attributable to the owners of the Company for the year by the weighted average number of equity shares outstanding during reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that is dilutive and which either reduces earnings per share or increase loss per share are included.

**x Segment reporting**

Based on the “management approach” as defined in Ind AS 108, Operating Segments, the Chief Operating Decision Maker evaluates the Company’s performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments viz. Hydraulics, Aerospace, Automotive and aluminium castings (Discontinued operations) and Others.

**y 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.

**z Cash dividend to equity holders of the Company**

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company’s Board of Directors.

**aa Exceptional items**

An item of income or expense which by its size, type, nature or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the notes to accounts.

**ab Standards Issued but Not Effective**

On 31 March 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into amendments in the following existing accounting standards which are applicable to the Company from 1 April 2023.

- i. Ind AS 101 – First time adoption of Ind AS
- ii. Ind AS 102 – Share-based payment
- iii. Ind AS 103 – Business Combination
- iv. Ind AS 107 – Financial Instruments: Disclosures
- v. Ind AS 109 – Financial Instruments
- vi. Ind AS 115 – Revenue from Contracts with Customers
- vii. Ind AS 1 – Presentation of Financial Statements
- viii. Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
- ix. Ind AS 12 – Income Taxes
- x. Ind AS 34 – Interim Financial Reporting

The Company is assessing the impact of the application of above amendments to the Company’s financial statements.

### 3 Property, plant and equipment and Intangible assets

#### 3.1 Property, plant and equipment

(Rs in Lakhs)

Particulars	Owned											Leased	Total
	Buildings	Plant and Machinery	Measuring Instruments	Electrical Installations	Data Processing Equipment	Office Equipment	Furniture and Fixtures	Tools, Dies and Moulds	Vehicles	Motor Boat	Leasehold improvements	Land (Refer Note (i) below)	
<b>Gross carrying amount:</b>													
<b>Balance as at 1 April 2021</b>	<b>2,102</b>	<b>7,749</b>	<b>1,119</b>	<b>426</b>	<b>858</b>	<b>387</b>	<b>193</b>	<b>2,449</b>	<b>176</b>	<b>402</b>	<b>799</b>	<b>12,705</b>	<b>29,365</b>
Additions	-	410	47	58	98	23	50	94	20	-	10	-	810
Deletion	-	(622)	-	-	(17)	(16)	-	-	-	-	-	-	(655)
Reclassification between assets class group (Refer Note (ii) below)	168	(745)	194	159	(10)	504	(19)	487	193	-	(296)	3	638
<b>Balance as at 31 March 2022</b>	<b>2,270</b>	<b>6,792</b>	<b>1,360</b>	<b>643</b>	<b>929</b>	<b>898</b>	<b>224</b>	<b>3,030</b>	<b>389</b>	<b>402</b>	<b>513</b>	<b>12,708</b>	<b>30,158</b>
<b>Balance as at 1 April 2022</b>	2,270	6,792	1,360	643	929	898	224	3,030	389	402	513	12,708	30,158
Additions	13	378	10	5	78	23	11	58	44	-	1	-	621
Deletion	-	(456)	(2)	(16)	-	(197)	-	(16)	(22)	-	-	-	(709)
<b>Balance as at 31 March 2023</b>	<b>2,283</b>	<b>6,714</b>	<b>1,368</b>	<b>632</b>	<b>1,007</b>	<b>724</b>	<b>235</b>	<b>3,072</b>	<b>411</b>	<b>402</b>	<b>514</b>	<b>12,708</b>	<b>30,070</b>
<b>Accumulated depreciation:</b>													
<b>Balance as at 1 April 2021</b>	235	2,393	271	377	676	293	112	2,329	139	201	569	-	7,595
Depreciation for the year	71	598	59	32	147	120	27	293	5	18	62	-	1,432
Depreciation on deletion	-	(374)	-	-	(17)	(15)	-	-	-	-	-	-	(406)
Reclassification between assets class group (Refer Note (ii) below)	63	1,930	82	(278)	(192)	196	(47)	(1,080)	183		(324)	-	533
<b>Balance as at 31 March 2022</b>	<b>369</b>	<b>4,547</b>	<b>412</b>	<b>131</b>	<b>614</b>	<b>594</b>	<b>92</b>	<b>1,542</b>	<b>327</b>	<b>219</b>	<b>307</b>	<b>-</b>	<b>9,154</b>
<b>Balance as at 1 April 2022</b>	369	4,547	412	131	614	594	92	1,542	327	219	307	-	9,154
Depreciation for the year	75	466	60	32	120	85	35	285	7	18	62	-	1,245
Depreciation on deletion	-	(341)	-	(1)	-	(176)	-	(14)	(21)	-	-	-	(553)
<b>Balance as at 31 March 2023</b>	<b>444</b>	<b>4,672</b>	<b>472</b>	<b>162</b>	<b>734</b>	<b>503</b>	<b>127</b>	<b>1,813</b>	<b>313</b>	<b>237</b>	<b>369</b>	<b>-</b>	<b>9,846</b>
<b>Net carrying amount:</b>													
<b>As at 31 March 2023</b>	<b>1,839</b>	<b>2,042</b>	<b>896</b>	<b>470</b>	<b>273</b>	<b>221</b>	<b>108</b>	<b>1,259</b>	<b>98</b>	<b>165</b>	<b>145</b>	<b>12,708</b>	<b>20,224</b>
<b>As at 31 March 2022</b>	<b>1,901</b>	<b>2,245</b>	<b>948</b>	<b>512</b>	<b>315</b>	<b>304</b>	<b>132</b>	<b>1,488</b>	<b>62</b>	<b>183</b>	<b>206</b>	<b>12,708</b>	<b>21,004</b>

#### Notes:

- (i) Leasehold land aggregating INR 12,708 represents land allotted by Karnataka Industrial Areas Development Board (KIADB) for a period of 10 years on lease. As per the lease agreement dated 21 August 2014 KIADB shall sell the land to the Company at any time during the tenure of the lease or on the expiry of the lease period at an additional consideration, if any to be decided at the time of entering into sale agreement. Accordingly, no depreciation has been charged on land taken on lease from KIADB. The Management believes that the condition require to be fulfilled to obtain the ownership of this land is administrative in nature.
- (ii) The Company implemented SAP in January 2022 and during the implementation process, the Company has evaluated the Fixed Assets register and accordingly performed the re-classification between classes of assets. Such re-classification does not have any impact on depreciation.



### 3.2 Intangible assets

(Rs in Lakhs)

Particulars	Application Software	Prototype development	Total
<b>Gross carrying amount:</b>			
<b>Balance as at 1 April 2021</b>	530	119	<b>649</b>
Additions	384	-	<b>384</b>
Deletion	-	-	-
Reclassification between assets class group (Refer Note (i) below)	(473)	(119)	<b>(592)</b>
<b>Balance as at 31 March 2022</b>	<b>441</b>	-	<b>441</b>
<b>Balance as at 1 April 2022</b>	441	-	<b>441</b>
Additions	4	-	<b>4</b>
Deletion	-	-	-
<b>Balance as at 31 March 2023</b>	<b>445</b>	-	<b>445</b>
<b>Accumulated amortisation:</b>			
<b>Balance as at 1 April 2021</b>	511	45	<b>556</b>
Amortisation for the year	18	-	<b>18</b>
Amortisation on deletion	-	-	-
Reclassification between assets class group (Refer Note (i) below)	(460)	(45)	<b>(505)</b>
<b>Balance as at 31 March 2022</b>	<b>69</b>	-	<b>69</b>
<b>Balance as at 1 April 2022</b>	69	-	<b>69</b>
Amortisation for the year	96	-	<b>96</b>
Amortisation on deletion	-	-	-
<b>Balance as at 31 March 2023</b>	<b>165</b>	-	<b>165</b>
<b>Net carrying amount:</b>			
<b>As at 31 March 2023</b>	<b>280</b>	-	<b>280</b>
<b>As at 31 March 2022</b>	<b>372</b>	-	<b>372</b>

- i) The Company has implemented SAP in January 2022 and during the implementation process, the Company has evaluated the Fixed Assets register and accordingly performed the re-classification between classes of assets. Such re-classification does not have any impact on amortisation.

### 3.3 Capital work-in-progress

Ageing for capital work-in-progress as at 31 March 2023 is as follows:

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 year	Total
Building expansion at Aerotropolis	5,959	1,138		-	7,097

Ageing for capital work-in-progress as at 31 March 2022 is as follows:

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 year	Total
Building expansion at Aerotropolis	1,138	-	-	-	1,138

## 4 Non-current investments

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Unquoted equity shares</i>		
<b>Investment in subsidiaries carried at cost less provision for other than temporary diminution in value</b>		
i) 4,999,930 equity shares (31 March 2022: 4,999,930 equity shares) of face value of INR 10 each fully paid up of JKM Research Farm Limited	2,448	2,448
ii) 1,441,328 equity shares (31 March 2022: 825,761 equity shares) of face value of INR 10 each fully paid up of Dynamatic Manufacturing Limited (formerly known as JKM Ferrotech Limited) ('DML') [Refer note (a) below]	144	83
iii) 19,322,937 equity shares (31 March 2022: 17,652,937 equity shares) of face value of SGD 1 each fully paid up of JKM Global Pte Limited, Singapore [Refer note (c) below]	20,969	20,005
Less: Provision for impairment	1,900	1,900
	19,069	18,105
iv) 107,914,994 equity shares (31 March 2022: 107,914,994 equity shares) of face value of INR 10 each fully paid of JKM Erla Automotive Limited [Refer note (c) below]	26,221	26,221
Less: Provision for impairment	13,048	13,048
	13,173	13,173
	<b>34,834</b>	<b>33,809</b>
Aggregate value of unquoted investments	49,782	48,757
Aggregate amount of impairment in value of investments	14,948	14,948
a. Pursuant to a capital reduction approved by the NCLT vide its order dated 6 April 2021, the number of equity shares held in the entity had reduced from 55,000,000 to 825,761 equity shares. Further, pursuant to the above, the provision of INR 5,593 lakhs carried against the investment in DML had been set off against the gross value of the investment in the year ended 31 March 2022.		
Pursuant to an internal restructuring approved by the Board of directors, the Company had entered into an agreement with Eisenwerk Erla GmbH ("EEG") (a step down wholly owned subsidiary of the Company) to purchase equity interest of 24.62% held by EEG in Dynamatic Manufacturing Limited (DML), another subsidiary of the Company. As on 31 March 2023, the shareholdings of 24.62% have been transferred from EEG to the Company after following requisite procedures. After the restructuring, the Company holds 100% shareholdings of DML (57.65% shareholding directly and the balance 42.35% through its Wholly Owned Subsidiary JKM Erla Automotive Limited).		
b. Includes INR 191 and INR 800 towards guarantee given on behalf of Dynamatic Limited, UK (wholly owned subsidiary of JKM Global Pte Limited) and JKM Global Pte Limited, Singapore.		
c. The Company's step-down subsidiary Eisenwerk Erla GmbH, Germany ("EEG") (a step down wholly owned subsidiary of the Company) is in the process of transformation from automotive/foundry-focus to aerospace business. Considering the various challenges viz.; supply chain crisis at OEMs; current inflation in Europe; steep and unpredictable increase in the cost of gas and electricity being faced by corporations across Europe, EEG undertook corporate restructuring measures through "Protective Shield process by self-administration" under the applicable German Laws vide application dated 29 November 2022. The application has been accepted by the regulatory authorities, and reorganisation plan with customer has been completed and simultaneously the plan is being worked out with bankers and vendors for new terms and conditions benefiting the business operations. Under this process, Federal Employment Agency shall disburse 3 months employee payroll, and as on 31 March 2023, EEG has recognised grant of EURO 1,521,822.		

**5 Other non-current financial assets**

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Unsecured, considered good</i>		
Security deposits	149	758
	<b>149</b>	<b>758</b>

**6 Income tax assets (net)**

Particulars	As at 31 March 2023	As at 31 March 2022
Advance income tax and tax deducted at source, net of provision	380	645
	<b>380</b>	<b>645</b>

**7 Other non-current assets**

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Unsecured, considered good</i>		
Capital advances	643	899
	<b>643</b>	<b>899</b>

**8 Inventories (Valued at lower of cost and net realizable value)**

Particulars	As at 31 March 2023	As at 31 March 2022
Raw materials and components	4,907	4,577
Work-in-progress	4,175	3,886
Finished goods	601	701
Stores and spares	1,215	996
	<b>10,898</b>	<b>10,160</b>

**9 Trade receivables**

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Unsecured, considered good</i>		
Trade receivable	16,540	14,379
Less: Allowance for credit loss	(277)	(157)
<b>Total trade receivables</b>	<b>16,263</b>	<b>14,222</b>

(i) All trade receivables are 'current'.

Of the above, trade receivables from related parties are as below:

Particulars	As at 31 March 2023	As at 31 March 2022
Trade receivables from related parties (Refer Note 46)	2,073	727
<b>Net trade receivables</b>	<b>2,073</b>	<b>727</b>

**Trade Receivables ageing schedule as at 31 March 2023:**

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	8,242	7,213	700	162	145	78	16,540
Less: Allowances for credit loss							(277)
<b>Total Trade receivable</b>							<b>16,263</b>

**Trade Receivables ageing schedule as at 31 March 2022:**

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	10,827	2,950	318	89	120	75	14,379
Less: Allowances for credit loss							(157)
<b>Total Trade receivable</b>							<b>14,222</b>

Note: There are no disputed trade receivables as at 31 March 2023 and 31 March 2022.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 44.

**10 Cash and cash equivalents**

Particulars	As at 31 March 2023	As at 31 March 2022
Cash on hand	5	1
Balance with banks		
- in current accounts	9,500	666
	<b>9,505</b>	<b>667</b>
Cash and cash equivalents as defined in Ind AS 7 "Statements of Cash Flows"	<b>9,505</b>	<b>667</b>

**11 Bank balances other than cash and cash equivalents above**

Particulars	As at 31 March 2023	As at 31 March 2022
In deposit accounts-held as margin money (due to mature within 12 months from the reporting date)*	2,301	2,247
Unpaid dividend	2	1
	<b>2,303</b>	<b>2,248</b>

\*Balances in margin money deposits represents deposits made for non-fund based limits with banks, which are available for use to settle a liability for not more than 12 months from the balance sheet date.

**12 Current Loans**

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Unsecured, considered good</i>		
Loans to employees	76	90
	<b>76</b>	<b>90</b>



**13 Other current financial assets**

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Unsecured, considered good</i>		
Management fee receivable from related parties (Refer Note 46)	528	1,016
Security deposits	1,275	502
Accrued interest	-	20
	<b>1,803</b>	<b>1,538</b>

**14 Other current assets**

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Unsecured, considered good</i>		
Advances for supply of goods	867	1,498
Unbilled revenue	457	310
Trade advance to related parties (Refer Note 46)	1,736	1,017
Prepaid expense	191	175
Balances with government authorities	2,759	2,465
	<b>6,010</b>	<b>5,465</b>

**Unbilled revenue ageing schedule as at 31 March 2023:**

Particulars	Outstanding for following periods from date of transaction						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Unbilled revenue	156	-	256	45	-	-	457

**Unbilled revenue ageing schedule as at 31 March 2022:**

Particulars	Outstanding for following periods from date of transaction						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Unbilled revenue	265	45	-	-	-	-	310

**15 Equity share capital**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Authorised</b>		
<b>Equity shares</b>		
20,000,000 equity shares (31 March 2022: 20,000,000 equity shares) of par value of INR 10 each	2,000	2,000
<b>Preference shares</b>		
500,000 redeemable cumulative preference shares (31 March 2022: 500,000 shares) of par value of INR 100 each	500	500
	<b>2,500</b>	<b>2,500</b>
<b>Issued, subscribed and fully paid up</b>		
<b>Equity shares</b>		
6,791,443 equity shares (31 March 2022: 6,341,443 equity shares) of par value of INR 10 each	679	634
	<b>679</b>	<b>634</b>

**i. Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

Particulars	31 March 2023		31 March 2022	
	Number of shares	Amount (INR in lakhs)	Number of shares	Amount (INR in lakhs)
Shares outstanding at the beginning of the year	63,41,443	634	63,41,443	634
Shares issued during the year*	4,50,000	45	-	-
Shares outstanding at the end of the year	67,91,443	679	63,41,443	634

\*The Board of Directors subsequent to members approval dated 9 March 2023, allotted 450,000 equity shares to non-promoter persons on preferential basis for an amount of INR 1,129,050,000, in accordance with Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI (ICDR) Regulations"), as amended from time to time. As on the Board meeting date 29 May 2023, the proceeds of the preferential allotment has been utilized towards prepayment of debt and for general corporate purposes.

**ii. 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.

The Company has not allotted any fully paid equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

**iii. Details of shareholders holding more than 5% of equity shares in the Company**

Particulars	31 March 2023		31 March 2022	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of INR 10 each fully paid-up held by				
i) Udayant Malhoutra	5,23,460	7.71%	5,23,460	8.25%
ii) JKM Holdings Private Limited	11,12,538	16.38%	11,12,538	17.54%
iii) Udayant Malhoutra and Company Private Limited	6,42,011	9.45%	6,42,011	10.12%
iv) JKM Offshore India Private Limited	4,42,071	6.51%	4,42,071	6.97%
v) Samena Special Situations Mauritius	5,55,754	8.18%	5,55,754	8.76%
vi) HDFC Trustee Company Limited	4,13,594	6.09%	4,34,439	6.85%

## iv Disclosure of Shareholding of Promoters

Disclosure of shareholding of promoters as at 31 March 2023 is as follows:

Sr. No	Shares held by promoters Promoter name	As at 31 March 2023		As at 31 March 2022		% Change during the year
		No of Shares	% of total shares	No of Shares	% of total shares	
1	Udayant Malhoutra	5,23,460	7.71%	5,23,460	8.25%	0.00%
2	JKM Holdings Private Limited	11,12,538	16.38%	11,12,538	17.54%	0.00%
3	Udayant Malhoutra and Company Private Limited	6,42,011	9.45%	6,42,011	10.12%	0.00%
4	JKM Offshore India Private Limited	4,42,071	6.51%	4,42,071	6.97%	0.00%
5	Wavell Investments Private Limited	-	0.00%	95,000	1.50%	-1.50%
6	Greeneearth Biotechnologies Limited	22,927	0.34%	22,927	0.36%	0.00%
7	Barota Malhoutra	4,938	0.07%	4,938	0.08%	0.00%
8	Vita Private Limited	100	0.00%	100	0.00%	0.00%
9	Christine Hoden (India) Private Limited	95,100	1.40%	100	0.00%	1.50%
10	Primella Sanitary Products Private Limited	100	0.00%	100	0.00%	0.00%
		<b>28,43,245</b>	<b>41.87%</b>	<b>28,43,245</b>	<b>44.84%</b>	<b>0.00%</b>

Disclosure of shareholding of promoters as at 31 March 2022 is as follows:

Sr. No	Shares held by promoters Promoter name	As at 31 March 2022		As at 31 March 2021		% Change during the year
		No of Shares	% of total shares	No of Shares	% of total shares	
1	Udayant Malhoutra	5,23,460	8.25%	6,20,179	9.78%	-1.53%
2	JKM Holdings Private Limited	11,12,538	17.54%	9,12,538	14.39%	3.15%
3	Udayant Malhoutra and Company Private Limited	6,42,011	10.12%	6,42,011	10.12%	0.00%
4	JKM Offshore India Private Limited	4,42,071	6.97%	4,42,071	6.97%	0.00%
5	Wavell Investments Private Limited	95,000	1.50%	4,48,281	7.07%	-5.57%
6	Greeneearth Biotechnologies Limited	22,927	0.36%	22,927	0.36%	0.00%
7	Barota Malhoutra	4,938	0.08%	4,938	0.08%	0.00%
8	Vita Private Limited	100	0.00%	100	0.00%	0.00%
9	Christine Hoden (India) Private Limited	100	0.00%	100	0.00%	0.00%
10	Primella Sanitary Products Private Limited	100	0.00%	100	0.00%	0.00%
		<b>28,43,245</b>	<b>44.84%</b>	<b>30,93,245</b>	<b>48.78%</b>	<b>-3.94%</b>

## 16 Other equity\*

Particulars	As at 31 March 2023	As at 31 March 2022
Capital reserves	15	15
Capital redemption reserve	240	240
Reserve on amalgamation	154	154
General reserve	3,138	3,138
Securities premium	28,656	17,410
Retained earnings	18,609	15,895
Cash flow hedge reserve - Currency Basis Spread	(508)	(184)
<b>Total other equity</b>	<b>50,304</b>	<b>36,668</b>

\* Refer Statement of Changes in Equity for detailed movement of each component of Other Equity.

**(i) Capital reserve:**

Capital reserve was created on account of subsidy received during the year ended 31 March 2005 and is not freely available for dividend distribution.

**(ii) Capital redemption reserve:**

During the year ended 31 March 2005, an amount of INR 240 lakhs was transferred to Capital redemption reserve upon redemption of preference share, in accordance with Section 69 of the Companies Act, 1956. It is not freely available for dividend distribution.

**(iii) Reserve on amalgamation:**

Reserve on amalgamation was created pursuant to the scheme of amalgamation of JKM Daerim Automotive Limited (JDAL) during the year ended 31 March 2008. It is not freely available for dividend distribution.

**(iv) General reserve:**

General reserve is used from time to time to transfer profits from retained earnings for appropriation purpose.

**(v) Securities premium:**

Securities premium reserve is used to record the premium received on issue of shares by the Company. The reserve can be utilised in accordance with the provision of the Act.

**(vi) Retained earnings:**

The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the statement of profit and loss to the retained earning.

**(v) Cash flow hedge reserve:**

The cumulative effective portion of gains or losses arising from changes in fair value of hedging instruments designated as cash flow hedges are recognised in cash flow hedge reserve. Such changes recognised are reclassified to the statement of profit and loss when the hedged item affects the profit or loss or are included as an adjustment to the cost of the related non-financial hedged item. The Company has designated certain foreign currency swaps as cash flow hedges in respect of foreign currency trade receivables.

**17 Non-current borrowings**

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Secured loans</i>		
Term loans		
- from banks [Refer footnote (ii)]	20,197	24,418
- from financial institutions [Refer footnote (ii)]	8,697	5,861
<i>Unsecured loans</i>		
<b>Term loans</b>		
- from financial institutions [Refer footnote (ii)]	909	-
<b>Total borrowings</b>	<b>29,803</b>	<b>30,279</b>
Less: Current maturities of long term borrowing (Secured)	(6,233)	(4,520)
Less: Current Maturities of long term borrowings from financial institutions (Secured)	(2,112)	(1,213)
Less: Current Maturities of long term borrowings from financial institutions (Unsecured)	(383)	-
	<b>21,075</b>	<b>24,546</b>

Information about the Company's exposure to interest rate, currency and liquidity risk are disclosed in note 44.

(i) **From banks (including current maturities of non - current borrowings shown under current borrowing):**

Details of repayment terms, interest and maturity	Nature of Security
Term loan from bank aggregating to INR 16,187 (31 March 2022: INR 19,034) repayable in 32 quarterly instalments. First instalment starting from 15 October 2018 with interest rate ranging from 10.05% to 10.30% per annum (31 March 2022: 9.50% to 10.55% per annum) for Rupee Term Loans and 5.06% per annum (31 March 2022: 5.06% per annum) for Foreign Currency Loan.	First pari passu charge on the entire movable and immovable fixed assets of the Company, present and future. Second pari passu charge on the entire current assets of the Company. Pledge of the shares of subsidiaries and personal guarantee issued by the promoter.
Working Capital Term loan under Guaranteed Emergency Credit Line from bank aggregating to INR 4,010 (31 March 2022: 5,384) repayable in 48 monthly instalments. First instalment starting from March 2022 with interest rate ranging from 8.25% to 9.15% per annum (31 March 2022: 8.30% to 9.15% per annum).	Second pari passu charge on the entire movable and immovable fixed assets of the Company, present and future. Second pari passu charge on the entire current assets of the Company, present and future. Second charge over pledge of 100% shares of the subsidiaries, second charge over designated accounts and second charge over Debt Service Reserve Account (DSRA).

(ii) **From financial institutions (including current maturities of non - current borrowings shown under other current borrowing):**

Details of repayment terms, interest and maturity	Nature of Security
Term Loan from financial institutions aggregating to INR 5,040 (31 March 2022: INR 5,861) repayable in 32 quarterly instalments first instalment starting from 15 October 2018 with interest rate of Secured Overnight Financing Rate ('SOFR') + 5.15% per annum (31 March 2022: 6 m LIBOR + 4.75% per annum).	First pari passu charge on movable and immovable fixed assets of the Company, present and future. Second pari passu charge on all current assets of the Company. Pledge of the shares of subsidiaries and personal guarantee issued by the promoter.
Term Loan from financial institutions aggregating to INR 3,657 (31 March 2022: Nil) repayable in 20 quarterly instalments first instalment starting from 30 June 2023 with interest rate of 9.75% per annum.	First pari passu charge on movable and immovable fixed assets of the Company, present and future. Second pari passu charge on all current assets of the Company. First charge over Debt Service Reserve Account (DSRA). Personal guarantee issued by the promoter.
Term Loan from financial institutions aggregating to INR 444 (31 March 2022: Nil) repayable in 24 monthly instalments with interest rate of 12.25% per annum.	Un-secured Loan
Term Loan from financial institutions aggregating to INR 173 (31 March 2022: Nil) repayable in 60 monthly instalments with interest rate of 11.00% per annum.	Un-secured Loan
Term Loan from financial institutions aggregating to INR 292 (31 March 2022: Nil) repayable in 30 monthly instalments with interest rate of 13.25% per annum.	Un-secured Loan

**18 Other non-current financial liabilities**

Particulars	As at 31 March 2023	As at 31 March 2022
Derivatives	500	175
	<b>500</b>	<b>175</b>

**19 Non-current provisions**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Provision for employee benefits</b>		
Provision for gratuity (Refer Note 42)	1,661	1,996
Provision for compensated absences	348	411
<b>Other provisions</b>		
Provision for decommissioning costs (Refer Note 39(b))	527	514
	<b>2,536</b>	<b>2,921</b>



**20 Deferred tax liabilities (net) (Refer Note 50)**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Deferred tax liabilities</b>		
Property, plant and equipment's and intangible assets	1,525	1,752
Fair value impact on investment in subsidiaries (Refer Note 4)	3,141	3,232
<b>Total deferred tax liabilities (A)</b>	<b>4,666</b>	<b>4,984</b>
<b>Deferred tax assets</b>		
Provision for gratuity and compensated absences	586	702
Right of Use Assets & Lease Liabilities	74	132
Provision for loss allowance	70	40
Others	158	213
<b>Total deferred tax assets (B)</b>	<b>888</b>	<b>1,087</b>
<b>Net deferred tax liability (A - B)</b>	<b>3,778</b>	<b>3,897</b>

**21 Current borrowings**

Particulars	As at 31 March 2023	As at 31 March 2022
<i>Secured Loans</i>		
<b>Loans from banks repayable on demand</b>		
- Cash credit and working capital demand loans*	14,884	11,986
Current maturities of long-term borrowings (Refer Note 17)	8,728	5,733
	<b>23,612</b>	<b>17,719</b>

\* Cash credit and working capital demand loans from banks carry interest ranging between 10.65% - 12.65% per annum (31 March 2022: 9.25% to 11% per annum), computed on a monthly basis on the actual amount utilized, and are repayable on demand. Packing Credit & Working Capital Demand loans in Foreign Currency from banks carry interest ranging between 6m SOFR+3.00% and Sterling Over Night Index Average ('SONIA') +4.00% per annum (31 March 2022: LIBOR +4.00% and LIBOR +4.25% per annum). 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 and immovable fixed assets of the Company.

Information about the Company's exposure to interest rate, currency and liquidity risk are disclosed in note 44.

**22 Trade payables**

Particulars	As at 31 March 2023	As at 31 March 2022
Dues of micro, small and medium enterprises (Refer Note 41)	2,307	1,082
Dues to creditors other than micro and small enterprises	7,997	7,849
	<b>10,304</b>	<b>8,931</b>

**Trade Payables ageing schedule as at 31 March 2023:**

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	1,373	934	-	-	-	2,307
Others	3,595	3,923	351	58	70	7,997
<b>Total</b>						<b>10,304</b>

**Trade Payables ageing schedule as at 31 March 2022:**

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	1,082	-	-	-	1,082
Others	4,698	2,559	255	201	136	7,849
<b>Total</b>						<b>8,931</b>

All trade payables are current.

The Company's exposure to currency and liquidity risk are disclosed in note 44.

Related party balance are disclosed in note 46.

**23 Other current financial liabilities**

Particulars	As at 31 March 2023	As at 31 March 2022
Accrued expenses	1,104	1,122
Security deposits	57	58
Interest accrued but not due	197	92
Capital creditors	236	54
Unpaid dividend	2	1
	<b>1,596</b>	<b>1,327</b>

The Company's exposure to currency and liquidity risk are disclosed in note 44.

**24 Current provisions**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Provision for employee benefits:</b>		
Provision for gratuity (Refer Note 42)	284	338
Provision for compensated absences (Refer Note 42)	37	43
	<b>321</b>	<b>381</b>

**25 Current tax liabilities (net)**

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for income tax (net of advance tax and TDS)	800	639
	<b>800</b>	<b>639</b>

**26 Other current liabilities**

Particulars	As at 31 March 2023	As at 31 March 2022
Advance from customers	39	3
Statutory liabilities	188	211
	<b>227</b>	<b>214</b>

**27 Revenue from operations**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Sale of products</b>		
Revenue from sale of products (Refer Note 51)	57,480	54,302
<b>Total revenue from sale of products (A)</b>	<b>57,480</b>	<b>54,302</b>
<b>Other Operating revenue</b>		
Management fees (Refer Note 46 and 51)*	-	7
Export Incentive	17	22
Scrap sales	615	566
<b>Total other operating revenue (B)</b>	<b>632</b>	<b>595</b>
<b>Total revenue from operations (A+B)</b>	<b>58,112</b>	<b>54,897</b>

\* It represents the cost with an agreed mark-up for rendering executive management, finance accounting, human resources services and other miscellaneous services to its certain overseas subsidiaries.

**28 Other income**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income on financial assets carried at amortised cost	228	227
Gain on sale of Property, plant and equipment	30	576
Interest on trade advance/ loan to related party (Refer Note 46)	-	62
Net gain on foreign currency transaction and translation	-	172
Corporate guarantee income	-	4
Miscellaneous income	278	83
	<b>536</b>	<b>1,124</b>

**29 Cost of materials and components consumed**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Inventory of materials and components at the beginning of the year	4,577	3,604
Add: Purchases of materials and components	27,537	24,598
Less: Inventory of materials and components at the end of the year	(4,907)	(4,577)
	<b>27,207</b>	<b>23,625</b>

**30 Changes in inventory of finished goods and work-in-progress**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Opening stock</b>		
- Finished goods	701	494
- Work-in-progress	3,886	5,510
	<b>4,587</b>	<b>6,004</b>
<b>Closing stock</b>		
- Finished goods	(601)	(701)
- Work-in-progress	(4,175)	(3,886)
	<b>(4,776)</b>	<b>(4,587)</b>
	<b>(189)</b>	<b>1,417</b>

**31 Employee benefits expense**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, wages and bonus	7,648	7,787
Contribution to provident fund and other funds	528	499
Gratuity expense (Refer Note 42)	311	268
Expenses related to compensated absence	79	54
Staff welfare expenses	652	522
	<b>9,218</b>	<b>9,130</b>

**32 Finance costs**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest expense on financial liabilities at amortised cost*	4,233	3,907
Interest expense on lease liabilities (Refer Note 38)	291	417
Unwinding of discount on dismantling liability	36	68
Other borrowing cost	514	262
Interest on delayed payment of taxes	84	80
	<b>5,158</b>	<b>4,734</b>

\* Interest expense consists of realised & unrealised Forex exchange loss of INR 191 Lakhs (31 March 2022: INR 338 Lakhs) on re-statement of foreign currency loans.

**33 Depreciation and amortisation expense**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation on property, plant and equipment (Refer Note 3.1)	1,245	1,432
Amortisation of Right-of-use assets (Refer Note 38)	1,078	1,582
Amortisation of intangible assets (Refer Note 3.2)	96	18
	<b>2,419</b>	<b>3,032</b>

**34 Other expenses**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Subcontractor charges	2,578	2,269
Consumption of stores, loose tools and spare parts	1,839	1,328
Power and fuel	904	897
Legal and professional fees	778	751
Payment to Auditors (Refer Note 37)	100	103
Travelling and conveyance expenses	677	351
Rent	569	187
Packing expenses	430	479
Repairs and maintenance:		
- buildings	10	24
- plant and machinery	507	304
- others	355	428
Freight outward	324	261
Security charges	297	256
Rates and taxes	140	137
Reversal of provision for impairment for Dynamatic Manufacturing Limited (DML) [formerly known as JKM Ferrotech Limited] (Refer Note 4)	-	(5,593)
Loss arising out of capital reduction approved by NCLT in respect of Investment in Dynamatic Manufacturing Limited (DML) (Refer Note 4)	-	5,593
Loss allowance on financial assets, net	136	288
Management fee written off	-	134
Insurance	191	185
Subscription and advertisement	191	131
Printing and stationery	45	53
Communication expenses	40	36
Directors sitting fees	42	21
Bank charges	84	33
Exchange loss	56	-
Corporate social responsibility expenses (Refer Note 53)	20	33
Miscellaneous expenses	140	98
	<b>10,453</b>	<b>8,787</b>

**35 Contingent Liabilities**

Particulars	As at 31 March 2023	As at 31 March 2022
Corporate guarantee given as security for loans taken by related parties*	-	272
Claims against the Company not acknowledged as debts #		
Income tax	405	405
Indirect tax	624	338

# Outflow, if any, arising out of the said claim including interest, if any, would depend on the outcome of the decision of the Appellate Authority and the Company's right for future appeal before the judiciary.

**\* Corporate guarantee**

The Company has given guarantee to banks for loans given to related parties to make good of any default made its related parties in payment to banks on the loan availed by those related parties.

**Movement of Corporate guarantee given to lender for the loan facilities availed by related parties during the year is as follows:**

Related parties	As at 31 March 2022	Given during the financial year	Settled /expired during the financial year	As at 31 March 2023
Dynatomic Limited, UK	272	-	(272)	-
<b>Total</b>	<b>272</b>	<b>-</b>	<b>(272)</b>	<b>-</b>

Movement of Corporate guarantee given to lender for the loan facilities availed by related parties during the previous year is as follows:

Related parties	As at 31 March 2021	Given during the financial year	Settled /expired during the financial year	As at 31 March 2022
Dynatomic Limited, UK	576	-	(304)	272
Dynatomic Manufacturing Limited (formerly known as JKM Ferrotech Limited) ('DML')	155	-	(155)	-
<b>Total</b>	<b>731</b>	<b>-</b>	<b>(459)</b>	<b>272</b>

**36 Capital commitments**

Particulars	As at 31 March 2023	As at 31 March 2022
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	985	2,549
There are no other material commitments.		

**37 Payment to statutory auditors (excluding goods and service tax) :**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Statutory audit fees of standalone and consolidated financial statements (including quarterly limited reviews)	78	78
Certification services	17	20
Out of pocket expenses	5	5
<b>Total</b>	<b>100</b>	<b>103</b>

**38 Leases****(i) Following are the change in the carrying value of right to use of assets for the year ended 31 March 2023:**

Particulars	Category of ROU assets		
	Plant & Machinery	Land and building	Total
Opening Balance as at 1 April 2022	1,311	786	2,097
Addition/Modification (net)	9	(50)	(41)
Amortisation	(484)	(594)	(1,078)
<b>Balance as at 31 March 2023</b>	<b>836</b>	<b>142</b>	<b>978</b>

**Following are the change in the carrying value of right to use of assets for the year ended 31 March 2022:**

Particulars	Category of ROU assets		
	Plant & Machinery	Land and building	Total
Opening Balance as at 1 April 2021	1,793	1,549	3,342
Addition/Modification (net)	(3)	340	337
Amortisation	(479)	(1,103)	(1,582)
<b>Balance as at 31 March 2022</b>	<b>1,311</b>	<b>786</b>	<b>2,097</b>



## (ii) The following is the break up of current &amp; non-current lease liabilities:

Particulars	As at 31 March 2023	As at 31 March 2022
Non- Current	550	1,171
Current	723	1,451
	<b>1,273</b>	<b>2,622</b>

## (iii) The following is the movement of lease liabilities:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance at the beginning of the year	2,622	3,982
Addition/Modification	(41)	337
Finance cost during the year	291	417
Lease payment during the year	(1,598)	(2,114)
	<b>1,274</b>	<b>2,622</b>

## (iv) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at 31 March 2023	As at 31 March 2022
Payable within 1 year	832	1,637
Payable between 1-5 years	554	1,327
Payable later than 5 years	25	42
<b>Total</b>	<b>1,411</b>	<b>3,006</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases for the current financial year was INR 569 (31 March 2022: INR 187).

**39 The disclosure requirement as per Ind AS 37 with respect to the movement of provisions is as follows:**

## (a) Provision for warranties

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Opening balance</b>	-	20
Reversals/ utilizations during the year	-	(20)
<b>Closing balance</b>	-	-

## (b) Provision for asset decommissioning

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	514	489
Utilised during the year	(23)	(43)
Unwinding of discount for the year	36	68
<b>Closing balance</b>	<b>527</b>	<b>514</b>

**40 Segment reporting**

The Chief Executive Officer and Managing Director of the Company has been identified as the Chief Operating Decision Maker ('CODM') as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by the products portfolio and segment information has been presented accordingly.

**Operating segment**

The Company's business is concentrated in manufacturing of hydraulic products, and aerospace related items and others. And accordingly, primary segment information is presented based on the followings:

**Reportable segment**

Hydraulics	Engaged in the activity of manufacturing hydraulic pumps, hand pumps, lift assemblies, valves and power packs.
Aerospace	Engaged in the activity of manufacturing airframe structures and precision aerospace components.
Others	Comprising Homeland division and Medical division which offers cutting edge security products, technologies and manufacturing of medical kit respectively and Wind farm division which is into generation of power through wind energy (Land relating to wind farm division has been classified as held for sale).

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole. The Company has a corporate centre, which provides various accounting and administrative support functions. Segment information for this activity has been aggregated under 'Unallocated'. Revenue identifiable to business segments have been disclosed under the respective business segment. Segment costs include employee benefit expenses, cost of material consumed, depreciation and other operating expenses that can be allocated on a reasonable basis to respective segments. Assets and liabilities in relation to segments are categorized based on items that are individually identifiable to that segment. Certain expenses, assets and liabilities are not specifically allocable to individual segments as these are used interchangeably. The Company therefore believes that it is not practicable to provide segment disclosures relating to such assets and liabilities and accordingly, these are separately disclosed as 'unallocated'.

**A Operating segment information is as follows:**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Segment revenue</b>		
a) Hydraulics	33,544	30,621
b) Aerospace	24,558	24,235
c) Others	10	41
<b>Revenue from operations</b>	<b>58,112</b>	<b>54,897</b>
<b>Segment results (profit/ (loss) before finance costs, other income and tax from each segment)</b>		
a) Hydraulics	6,738	5,634
b) Aerospace	5,743	6,002
c) Others	(541)	(859)
d) Unallocated	(2,936)	(1,871)
<b>Total</b>	<b>9,004</b>	<b>8,906</b>
<b>Unallocable</b>		
- Finance costs	(5,158)	(4,734)
- Other income	536	1,124
<b>Profit before tax</b>	<b>4,382</b>	<b>5,296</b>

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Segment assets</b>		
a) Hydraulics	17,274	16,586
b) Aerospace	45,046	38,294
c) Others	628	546
d) Unallocated	48,495	39,686
<b>Segment assets</b>	<b>1,11,443</b>	<b>95,112</b>
e) Assets classified as held for sale ( Refer Note 52)	5,562	5,562
<b>Total assets</b>	<b>1,17,005</b>	<b>1,00,674</b>
<b>Segment liabilities</b>		
a) Hydraulics	10,263	10,094
b) Aerospace	4,555	5,157
c) Others	712	630
d) Unallocated	50,492	47,491
<b>Segment liabilities</b>	<b>66,022</b>	<b>63,372</b>

**Information about reportable segments for the period from 1 April 2022 to 31 March 2023 is as follow**

Particulars	Hydraulics	Aerospace	Others	Unallocated	Total
Depreciation and amortisation expense	783	1,469	28	139	2,419
Capital expenditure	275	6,194	30	85	6,584

**Information about reportable segments for the period from 1 April 2021 to 31 March 2022 is as follow**

Particulars	Hydraulics	Aerospace	Others	Unallocated	Total
Depreciation and amortisation expense	846	2,009	98	79	3,032
Capital expenditure	456	255	60	423	1,194

**B Geographic information:**

The geographical information analyses the Company's revenue and non- current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the customer and segment assets which have been based on the geographical location of the assets.

Particulars	Revenue For the year ended		Non current assets* As at	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
India	30,691	28,522	29,602	26,155
United States	7,238	10,939	-	-
Canada	4,969	3,103	-	-
United Kingdom	9,568	7,003	-	-
Europe (other than UK)	5,299	4,512	-	-
Rest of world	347	818	-	-
<b>Total</b>	<b>58,112</b>	<b>54,897</b>	<b>29,602</b>	<b>26,155</b>

\*Non-current assets excludes financial assets.

**C Major customer**

Revenue from transactions with the external customer amounting to 10% or more of the Company's revenues is as follows:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Customer 1	9,604	8,333
Customer 2	6,783	10,572
Customer 3	6,123	5,347

**41 Dues to micro, small and medium enterprises**

Total outstanding dues of micro, small and medium enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter refer to as "the MSMED Act") are given below:

Particulars	31 March 2023	31 March 2022
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;		
Principal	2,307	1,082
Interest	60	45
(b) the amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year, and	60	45
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	60	45
<b>Total</b>	<b>2,367</b>	<b>1,127</b>

**42 Assets and liabilities relating to employee benefits**

Particulars	As at 31 March 2023	As at 31 March 2022
Net defined benefit liability, gratuity plan *	1,945	2,334
Liability for compensated absences *	385	454
<b>Total employee benefit liability</b>	<b>2,330</b>	<b>2,788</b>
<b>a) Gratuity</b>		
Non-current	1,661	1,996
Current	284	338
	<b>1,945</b>	<b>2,334</b>
<b>b) Compensated absences</b>		
Non-current	348	411
Current	37	43
	<b>385</b>	<b>454</b>

The Company operates the following post-employment defined benefit plan.

**Defined benefit plan**

The Company operates post-employment defined benefit plan that provide gratuity, governed by the Payment of Gratuity Act, 1972. Employee's who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service or part thereof in excess of six months. The gratuity plan is a funded plan. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

**A Funding**

The Company expects to pay INR 120 in contributions to its defined benefit plans in financial year 2023-2024.

**B Reconciliation of net defined benefit liability**

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/ assets and its components:

**(i) Reconciliation of present value of defined benefit obligation**

Particulars	As at 31 March 2023	As at 31 March 2022
Obligation at the beginning of the year	2,424	2,036
Interest cost	173	140
Current service cost	145	134
Benefit paid	(151)	(109)
Liabilities transferred to Dynamatic Manufacturing Limited (Refer Note 54)	(612)	-
Actuarial (Gains)/Losses on Obligations recognised in Other Comprehensive Income (OCI)		
- Changes in demographic assumptions	-	(1)
- Changes in financial assumptions	(43)	(54)
- Experience adjustments	60	278
<b>Obligation at the end of the year</b>	<b>1,996</b>	<b>2,424</b>

**(ii) Reconciliation of present value of plan assets**

Plan assets at the beginning of the year, at fair value	90	85
Interest income on plan assets	6	6
Contributions	103	116
Benefits paid	(151)	(109)
Return on plan assets, excluding interest income recognised in OCI	3	(8)
<b>Plan assets at the end of the year, at fair value</b>	<b>51</b>	<b>90</b>
<b>Net defined benefit liability</b>	<b>1,945</b>	<b>2,334</b>

**C (i) Expense recognised in the Statement of profit and loss**

Particulars	For the year ended	
	31 March 2023	31 March 2022
Current service cost	145	134
Interest cost	167	134
<b>Net gratuity cost</b>	<b>312</b>	<b>268</b>



(ii) **Remeasurement recognised in other comprehensive income**

Particulars	For the year ended	
	31 March 2023	31 March 2022
Actuarial (gain)/ loss on defined benefit obligation	18	223
Return on plan assets, excluding interest income	(3)	8
<b>Total (gain)/ loss recognised in other comprehensive income</b>	<b>15</b>	<b>231</b>

**D Plan assets**

Particulars	As at 31 March 2023	As at 31 March 2022
Insurance fund	51	90
	<b>51</b>	<b>90</b>

**E Defined benefit obligation**(i) **Actuarial assumptions**

Particulars	For the year ended	
	31 March 2023	31 March 2022
Rate of return on planned assets	7.47%	7.15%
Discounting rate	7.47%	7.15%
Future salary growth	6.00%	6.00%
Attrition rate	5.00%	5.00%
Mortality Rate	Indian Assured Lives Mortality (2012-14) Urban	Indian Assured Lives Mortality (2012-14) Urban
Weighted average duration of defined benefit obligation (in years)	8	9
Average Expected Future Service	11	11
Retirement age	60	60

Notes:

- (i) The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.
- (ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.
- (iii) The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

(ii) **Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant would have affected defined benefit obligation by amounts shown below:

Particulars	As at 31 March 2023	As at 31 March 2022
Projected Benefit Obligation on Current Assumptions (Gross)	1,996	2,424
Impact of change in discount rate by +1%	(122)	(167)
Impact of change in discount rate by -1%	39	191
Impact of change in salary rate by +1%	124	184
Impact of change in salary rate by -1%	(118)	(164)
Impact of change in employee turnover rate by +1%	15	16
Impact of change in employee turnover rate by -1%	(17)	(18)

**Defined contribution plan**

The Company's contribution to Provident Fund aggregating to INR 528 (31 March 2022: INR 499) has been recognised in the Statement of Profit and Loss under the head employee benefit expense.

#### 43 Financial instruments - fair value and risk management

##### Accounting classification and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities including their levels in fair value hierarchy:

The section explains the judgement and estimates made in determining the fair values of the financial instruments that are:

- recognised and measured at fair value.
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard.

Particulars	Carrying amount	Fair value			
	31 March 2023	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at amortised cost</b>					
Loans (Non-current & current)	76	-	-	-	-
Trade receivables, net of loss allowance	16,263	-	-	-	-
Cash and cash equivalents	9,505	-	-	-	-
Bank balances other than cash and cash equivalents	2,303	-	-	-	-
Other financial assets (Non-current & current)	1,952	-	-	-	-
<b>Total financial assets</b>	<b>30,099</b>	-	-	-	-
<b>Financial liabilities measured at amortised cost</b>					
Borrowings (Non-current & current)	44,687	-	-	-	-
Lease liabilities (Non-current & current)	1,273	-	-	-	-
Trade payables	10,304	-	-	-	-
Other financial liabilities (Non-current & current)	2,096	-	500	-	500
<b>Total financial liabilities</b>	<b>58,360</b>	-	<b>500</b>	-	<b>500</b>

Particulars	Carrying amount	Fair value			
	31 March 2022	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at amortised cost</b>					
Loans (Non-current & current)	90	-	-	-	-
Trade receivables, net of loss allowance	14,222	-	-	-	-
Cash and cash equivalents	667	-	-	-	-
Bank balances other than cash and cash equivalents	2,248	-	-	-	-
Other financial assets (Non-current & current)	2,296	-	-	-	-
<b>Total financial assets</b>	<b>19,523</b>	-	-	-	-
<b>Financial liabilities measured at amortised cost</b>					
Borrowings (Non-current & current)	42,265	-	-	-	-
Lease liabilities (Non-current & current)	2,622	-	-	-	-
Trade payables	8,931	-	-	-	-
Other financial liabilities (Non-current & current)	1,502	-	175	-	175
<b>Total financial liabilities</b>	<b>55,320</b>	-	<b>175</b>	-	<b>175</b>

Investment in equity shares of subsidiaries are not appearing as financial asset in the table above being investment in

subsidiaries accounted under Ind AS 27, Separate Financial Statements which is scoped out under Ind AS 109.

### Fair value hierarchy

**Level 1:** It includes financial instruments measured using quoted prices. This includes investment in equity, preference securities, mutual funds and debentures that have quoted price.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unquoted equity securities.

### Fair Valuation Method

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

#### A Financial Assets:

Fair value of all the above financial assets except investments are measured at balance sheet date value, as most of them are settled within a short period and so their fair value are assumed to be almost equal to the balance sheet date value.

#### B Financial Liabilities:

(i) **Borrowings:** It includes loans taken from banks and financial institution, cash credit and bill discounting facilities. Borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on loans is reset on yearly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

(ii) **Trade payables and other financial liabilities:** Fair values of trade payables and other financial liabilities are measured at balance sheet date value, as most of them are settled within a short period and so their fair values are assumed almost equal to the balance sheet date values.

(iii) **Derivative financial instruments:** Derivative instruments used by the Company include forward exchange contracts, interest rate swaps, currency swaps, options and interest rate caps and collars. These financial instruments are utilised to hedge future transactions and cash flows and are subject to hedge accounting under Ind AS 109 "Financial Instruments" wherever possible. The Company does not hold or issue derivative financial instruments for trading purposes. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

The following table sets out the exposure and the fair value of derivatives held by the Company as at the end of each reporting period:

Particulars	31 March 2023		
	Exposure in INR	Fair Value - Assets	Fair Value - Liabilities
Derivatives designated as cashflow hedges			
Currency Swaps for receivables including firm commitments and highly probable forecasted transactions	5,650	-	500

Particulars	31 March 2022		
	Exposure in INR	Fair Value - Assets	Fair Value - Liabilities
Derivatives designated as cashflow hedges			
Currency Swaps for receivables including firm commitments and highly probable forecasted transactions	6,659	-	175

## 44 Financial risk management

The Company's activities expose to financial risks: credit risk, liquidity risk and market risk.

### Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal auditor. Internal Audit function includes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

#### i) Credit risk

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represent the maximum credit exposure.

#### Trade and other receivables

The maximum exposure to credit risk at the reporting date is primarily from trade receivables. However, the management also considers the factors that may influence the credit risk of its customer base. Customers of the Company are spread across diverse industries and geographical areas. The Company limits its exposure to credit risk from trade receivables by establishing a maximum credit period and takes appropriate measures to mitigate the risk of financial loss from defaults. Recurring credit evaluation of credit worthiness is performed based on the financial condition of respective customers.

#### **Expected credit loss assessment for Trade Receivables as at 31 March 2023 and 31 March 2022 are as follows:**

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables as at 31 March 2023 amounting to INR 16,263 (31 March 2022: INR 14,222). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows

#### ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as the become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecast of the Company's liquidity position and cash and bank balances on the basis of expected cash flows. This is generally carried out by the Management of the Company in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

#### i) Financing arrangement

The Company maintains the following line of credit:

(i) Term loan from bank aggregating to INR 16,187 (31 March 2022: INR 19,034) repayable in 32 quarterly instalments. First instalment starting from 15 October 2018 with interest rate ranging from 10.05% to 10.30% per annum for Rupee Term Loans and 5.06% per annum for Foreign Currency Loan.

Term Loan from financial institutions aggregating to INR 5,040 (31 March 2022: INR 5,861) repayable in 32 quarterly instalments first instalment starting from 15 October 2018 with interest rate of Overnight SOFR + 5.15% per annum. Term Loan from financial institutions aggregating to INR 3,657 (31 March 2022: Nil) repayable in 20 quarterly instalments first instalment starting from 30 June 2023 with interest rate of 9.75% per annum.

These are secured by first pari passu charge on the entire movable and immovable fixed assets of the Company, present and future. Second pari passu charge on the entire current assets of the Company, present and future. Pledge of the shares of subsidiaries and personal guarantee issued by the promoter.

(ii) Working Capital Term loan under Guaranteed Emergency Credit Line from bank aggregating to INR 4,010 (31 March 2022: INR 5,384) repayable in 48 monthly instalments. First instalment starting from March 2022 with interest rate ranging from 8.25% to 9.15% per annum. Second pari passu charge on the entire movable and immovable fixed assets of the Company, present and future. Second pari passu charge on the entire current assets of the Company, present and future. Second charge over pledge of 100% shares of the subsidiaries, second charge over designated accounts and second charge over DSRA.

(iii) Term Loan from financial institutions aggregating to INR 444 (31 March 2022: Nil) repayable in 24 monthly instalments with interest rate of 12.25% per annum. Term Loan from financial institutions aggregating to INR 173 (31 March 2022: Nil) repayable in 60 monthly instalments with interest rate of 11.00% per annum. Term Loan from financial institutions aggregating to INR 292 (31 March 2022: Nil) repayable in 30 monthly instalments with interest rate of 13.25% per annum.

(iv) Cash credit and working capital demand loans from banks carry interest ranging between 10.65% - 12.65% per annum, computed on a monthly basis on the actual amount utilized, and are repayable on demand. Packing Credit & Working Capital Demand loans in Foreign Currency from banks carry interest ranging between 6m SOFR+3.00% and SONIA+4.00% per annum. 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 and immovable fixed assets of the Company.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2023 and 31 March 2022. The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

#### As at 31 March 2023

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Borrowings*	44,687	44,686	23,611	20,282	793
Lease liabilities	1,274	1,411	832	554	25
Trade payables	10,304	10,304	10,304	-	-
Derivatives	500	578	70	508	-
Other financial liabilities (non - current and current)	1,596	1,596	1,596	-	-
<b>Total</b>	<b>58,361</b>	<b>58,575</b>	<b>36,413</b>	<b>21,344</b>	<b>818</b>

#### As at 31 March 2022

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Borrowings*	42,265	42,265	17,719	24,546	-
Lease liabilities	2,622	3,006	1,637	1,327	42
Trade payables	8,931	8,931	8,931	-	-
Derivatives	175	(247)	148	(395)	-
Other financial liabilities (non - current and current)	1,327	1,327	1,327	-	-
<b>Total</b>	<b>55,320</b>	<b>55,282</b>	<b>29,762</b>	<b>25,478</b>	<b>42</b>

\* Includes current maturities of long term borrowings.

As disclosed in note 17 and 21, the Company has secured bank loan that contains loan covenants. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table. Except for these financial liabilities, it is not expected that cash flows included in maturity analysis could occur significantly earlier.



**iii) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**a) Currency risk**

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Company. The functional currency of the Company is INR. The currencies in which these transactions are primarily denominated are USD, GBP, Euro & CAD etc. Management monitors the movement in foreign currency and the Company's exposure in each of the foreign currency. Based on the analysis and study of movement in foreign currency, the Company decides to exchange its foreign currency.

**Exposure to currency risk**

The summary quantitative data about the Company's exposure to currency risk as reported to management is as follows:

Particulars	Currency	As at 31 March 2023		As at 31 March 2022	
		Amount in foreign currency in lakhs	Amount in INR Lakhs	Amount in foreign currency in lakhs	Amount in INR Lakhs
Trade receivables	USD	107	8,827	108	8,218
	EURO	0.06	6	0.89	75
	GBP	37	3,780	20	1,954
Other current financial assets	GBP	5	528	10	1,016
Trade payables	EURO	1	65	0.06	5
	USD	14	1,147	15	1,127
	GBP	2	216	2	194
	CAD	1	56	-	-
Borrowings	GBP	20	2,000	3	308
	USD	127	10,445	171	12,947
Other financial liabilities	USD	69	5,650	88	6,659

The following significant exchange rates have been applied :

Currency	Year end spot rate	
	31 March 2023	31 March 2022
USD/INR	82.17	75.79
EURO/INR	89.05	84.20
GBP/INR	101.33	99.42
CAD/INR	60.78	60.48

**Sensitivity analysis**

A reasonably possible strengthening /(weakening) of the USD, EURO, GBP, SGD and CAD against INR as at 31 March 2023 and 31 March 2022 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit and loss		Impact on other component of Equity		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2023</b>						
USD (3% movement)	(83)	83	(170)	170	(189)	189
EURO (3% movement)	(2)	2	-	-	(1)	1
GBP (3% movement)	62	(62)	-	-	46	(46)
CAD (3% movement)	(2)	2	-	-	(1)	1
<b>31 March 2022</b>						
USD (3% movement)	(176)	176	(200)	200	(281)	281
EURO (3% movement)	2	(2)	-	-	2	(2)
GBP (3% movement)	74	(74)	-	-	56	(56)

**b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

**(a) Interest rate risk exposure**

The exposure of the Company's financial assets and financial liabilities to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Financial Assets</b>		
Fixed rate instruments		
Bank deposits	2,301	2247
<b>Total</b>	<b>2,301</b>	<b>2,247</b>
<b>Financial Liabilities</b>		
Variable rate borrowings (including current maturities of long term debts)	40,690	37,302
Fixed rate borrowings (including current maturities of long term debts)	3,997	4,963
<b>Total</b>	<b>44,687</b>	<b>42,265</b>

**(b) Sensitivity**

Particulars	Profit and loss		Equity, net of tax	
	1% increase	1% decrease	1% increase	1% decrease
31 March 2023				
Variable rate borrowings	(407)	407	(304)	304
31 March 2022				
Variable rate borrowings	(373)	373	(279)	279

**45 Capital management**

The Company's policy is to maintain a stable and strong capital base structure with a focus on total equity so as to maintain investor, creditor and market confidence and to sustain future development and growth of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value and safeguard its ability to continue as a going concern.

The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For the purpose of Company's capital management, adjusted net debt is defined as aggregate on non-current borrowing, current borrowing and current maturities of long-term borrowings less cash and cash equivalents and total equity includes issued capital and all other equity reserves.

The Company's adjusted net debt equity ratio were as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Borrowings (non-current and current)	44,687	42,265
Less: Cash and cash equivalents	(9,505)	(667)
<b>Adjusted net debt</b>	<b>35,182</b>	<b>41,598</b>
Total equity	50,983	37,302
<b>Net debt to equity ratio</b>	<b>0.69</b>	<b>1.12</b>

#### 46 Related Party Transaction

##### (i) Name of related parties and description of relationship:

Name of related party	Description of relationship
JKM Global Pte Limited, Singapore	Wholly owned subsidiaries (including step subsidiaries)
JKM Research Farm Limited, India	
JKM Erla Automotive Limited, India	
JKM Automotive Limited, India	
Dynamatic Limited, UK	
Yew Tree Investment Limited, UK	
JKM Erla Holdings GmbH, Germany	
Eisenwerk Erla GmbH, Germany	
Dynamatic Manufacturing Limited (formerly known as JKM Ferrotech Limited), India	
Dynamatic US, LLC	
JKM Holdings Private Limited	Entities over which key executive management personnel or relatives of such personnel are able to exercise significant influence
Wavell Investments Private Limited	
Mr. Vivek Malani	Relative of Promoter Group
Ms. Ahilya Malhoutra	Daughter of Mr. Udayant Malhoutra (Promoter) (Joined with effective from 06 September 2021)

Key executive management personnel	Designation
Udayant Malhoutra	Chief Executive Officer and Managing Director
P.S. Ramesh	Executive Director, Group Technical Services and Human Resource
Arvind Mishra	Executive Director and Global Chief Operating Officer - Hydraulics & Head - Homeland Security
Chalapathi P	Chief Financial Officer
Shivaram V	Head Legal, Compliance & Company Secretary

##### (ii) Related party transactions during the current year and previous year as follow:

Nature of transactions	Related Parties	For the year ended	
		31 March 2023	31 March 2022
Revenue from operations	Dynamatic Limited, UK	2,367	617
	Dynamatic Manufacturing Limited	222	-

Purchase of raw materials	Dynamatic Limited, UK	-	303
	Dynamatic Manufacturing Limited	48	-
	Wavell Investments Private Limited	462	577
Management fees income	Dynamatic Limited, UK	-	7
Management fees received	Eisenwerk Erla GmbH, Germany	-	465
Rent expense	JKM Research Farm Limited	48	48
	JKM Holdings Private Limited	4	4
	Dynamatic Limited, UK	424	310
	Mr. Vivek Malani	22	10
Investment made	JKM Global Pte Limited	964	-
Investment made	Equity shares of Dynamatic Manufacturing Limited purchased from Eisenwerk Erla GmbH, Germany	61	-
Interest income	Dynamatic Manufacturing Limited	-	62
Trade advances given	Dynamatic Manufacturing Limited	551	-
	Wavell Investments Private Limited	42	250
Loan provided	Dynamatic Manufacturing Limited	-	795
Assets purchase agreement consideration receivable from / (payable to) (Refer Note 54)	Dynamatic Manufacturing limited	(236)	-
Loss on capital reduction pursuant to NCLT Order. Refer sub-note (a) under Note 4	Dynamatic Manufacturing Limited	-	5,593
Security Deposits	Mr. Vivek Malani	-	17
Remuneration	Ms. Ahilya Malhoutra	12	4
Reimbursement of Capital and Revenue expenses	Dynamatic Manufacturing Limited	598	107
	Dynamatic Limited, UK	-	35
Corporate guarantee released/ (settled), net	Dynamatic Limited, UK	(272)	(304)
	Dynamatic Manufacturing Limited	-	(155)

**(iii) Balance receivable from and payable to related parties as at the balance sheet date:**

Particulars	Related Parties	As at 31 March 2023	As at 31 March 2022
Trade receivables	Dynamatic Limited, UK	2,073	727
Trade payables	Dynamatic Limited, UK	74	51
	Wavell Investments Private Limited	356	296
	JKM Research Farm Limited	212	172
Security deposits provided	JKM Holding Private Limited	35	35
	Mr. Vivek Malani	17	17
Unbilled revenue	Dynamatic Manufacturing Limited	177	-
Management Fee Receivable	Dynamatic Limited, UK	528	1,016
Rent Payable	Mr. Vivek Malani	2	2
Trade advance receivable	Dynamatic Manufacturing Limited	676	-
	Wavell Investments Private Limited	1,060	1,017
Corporate guarantee	Dynamatic Limited, UK	-	272

**(iv) Compensation of key managerial personnel\***

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Short-term benefits:</b>		
Udayant Malhoutra	121	105
P.S. Ramesh	117	101
Arvind Mishra	117	101
Chalapathi P	103	81
Shivaram V	51	40
	<b>509</b>	<b>428</b>

\*Managerial remuneration does not include cost of employee benefits such as gratuity and compensated absences since, provision for these are based on an actuarial valuation carried out for the Company as a whole.

**Terms and conditions**

All transactions with these related parties are priced at arm's length basis and resulting outstanding balances are to be settled in cash within six months to one year of reporting date. None of the balances are secured.

**47 Earnings per share**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Net profit for the year attributable to equity shareholders	2,915	3,965

**Reconciliation of basic and diluted shares used in computing earnings per share:**

Particulars	As at 31 March 2023	As at 31 March 2022
Number of equity shares outstanding at the beginning of the year	63,41,443	63,41,443
Add: Weighted average number for equity shares issued during the year	13,562	-
Weighted average number of equity shares outstanding during the year	63,55,005	63,41,443

**Earnings per share**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Basic and Diluted earnings per share	45.86	62.54

**48 Details of non-current investments purchased and sold during the current and previous year under Section 186(4) of the Act:****Investments in equity instruments**

Subsidiaries	Face value per unit	As at 1 April 2022	Purchased during the year	Sold during the year	As at 31 March 2023
i) JKM Research Farm Limited	INR 10	2,448	-	-	2,448
		(49,99,930)*	-	-	(49,99,930)*
ii) Dynamatic Manufacturing Limited (formerly known as JKM Ferrotech Limited)	INR 10	83	61	-	83
		(8,25,750)*	(6,15,578)*	-	(14,41,328)*
iii) JKM Global Pte Limited, Singapore	SGD 1	20,005	964	-	20,969
		(1,76,52,937)*	(1,670,000)*	-	(19,322,937)*
iv) JKM Erla Automotive Limited	INR 10	26,221	-	-	26,221
		(10,79,14,994)*	-	-	(10,79,14,994)*
<b>Total</b>		<b>48,757</b>	<b>1,025</b>	<b>-</b>	<b>49,721</b>



Subsidiaries	Face value per unit	As at 1 April 2021	Purchased during the year	Sold during the year	As at 31 March 2022
i) JKM Research Farm Limited	INR 10	2,448 (49,99,930)*	- -	- -	2,448 (49,99,930)*
ii) Dynamatic Manufacturing Limited (formerly known as JKM Ferrotech Limited)	INR 10	5,676 (5,50,00,000)*	- -	5,593 (5,41,74,250)*	83 (8,25,750)*
iii) JKM Global Pte Limited, Singapore	SGD 1	20,005 (1,76,52,937)*	- -	- -	20,005 (1,76,52,937)*
iv) JKM Erla Automotive Limited	INR 10	26,221 (10,79,14,994)*	- -	- -	26,221 (10,79,14,994)*
<b>Total</b>		<b>54,350</b>	<b>-</b>	<b>5,593</b>	<b>48,757</b>

\* The amounts in parenthesis represents number of shares

#### 49 Transfer pricing

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, 1961 ('the 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 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 transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

#### 50 Income tax

##### A Amount recognised in statement of profit and loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax	1,582	1,342
Deferred tax	(115)	(11)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>1,467</b>	<b>1,331</b>

##### B Income tax recognised in other comprehensive income

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Net gain/(loss) on remeasurement of defined benefit liability/(assets)	4	58
Foreign currency fluctuations under a cash flow hedge - gain/(loss)	-	-
<b>Income tax expense/ (credit) to OCI</b>	<b>4</b>	<b>58</b>

##### C Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Accounting profit before income tax	4,382	5,296
Tax using the Company's domestic tax rate 25.17% (31 March 2022: 25.17%)	1,103	1,333
Impact of non - deductible expenses for tax purposes	355	56
<b>Income tax expense</b>	<b>1,458</b>	<b>1,389</b>

**D Deferred tax**

Deferred tax relates to the following:

Particulars	As at 31 March 2022	Recognised in profit and loss	Recognised in OCI	As at 31 March 2023
<b>Deferred tax assets / (liabilities)</b>				
Property, plant and equipment's and intangible assets	(1,752)	227	-	(1,525)
Fair value impact on investment in subsidiaries	(3,232)	91	-	(3,141)
Provision for gratuity and compensated absences	702	(120)	4	586
Provision for loss allowance	40	30	-	70
Leases	132	(58)	-	74
Others	213	(55)	-	158
<b>Deferred tax assets / (liabilities)</b>	<b>(3,897)</b>	<b>115</b>	<b>4</b>	<b>(3,778)</b>

Particulars	As at 31 March 2021	Recognised in profit and loss	Recognised in OCI	As at 31 March 2022
<b>Deferred tax assets / (liabilities)</b>				
Property, plant and equipment's and intangible assets	(1,863)	(111)	-	(1,752)
Fair value impact on investment in subsidiaries	(3,332)	(100)	-	(3,232)
Provision for gratuity and compensated absences	600	(44)	(58)	702
Provision for loss allowance	159	119	-	40
Leases	161	29	-	132
Others	309	96	-	213
<b>Deferred tax assets / (liabilities)</b>	<b>(3,966)</b>	<b>(11)</b>	<b>(58)</b>	<b>(3,897)</b>

**51 Revenue from contracts with customers****A. Disaggregate revenue information**

The table below presents disaggregated revenues from contracts with customers for the year ended 31 March 2023 and 31 March 2022 by market or type of customers, timing of revenue recognition, contract-type and geography.

The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

**For the year ended 31 March 2023**

Particulars	Hydraulics	Aerospace	Others	Grand Total
<b>Market or type of customer</b>				
Government	130	685	-	815
Non-government	33,414	23,873	10	57,297
<b>Total revenue from contract with customers#</b>	<b>33,544</b>	<b>24,558</b>	<b>10</b>	<b>58,112</b>
<b>Timing of revenue recognition*</b>				
Goods or services transferred at point in time	33,544	24,558	10	58,112
<b>Total revenue from contract with customers#</b>	<b>33,544</b>	<b>24,558</b>	<b>10</b>	<b>58,112</b>

**For the year ended 31 March 2022**

Particulars	Hydraulics	Aerospace	Others	Grand Total
<b>Market or type of customer</b>				
Government	172	742	-	914
Non-government	30,449	23,493	41	53,983
<b>Total revenue from contract with customers#</b>	<b>30,621</b>	<b>24,235</b>	<b>41</b>	<b>54,897</b>
<b>Timing of revenue recognition*</b>				
Goods or services transferred at point in time	30,621	24,235	41	54,897
<b>Total revenue from contract with customers#</b>	<b>30,621</b>	<b>24,235</b>	<b>41</b>	<b>54,897</b>

# Represents revenue from sale of products included in revenue from operations.

\* The Company does not have any revenue from sale of goods and services where the performance obligation satisfied over time.

Refer to geographic information section under Note 40 - Segment Reporting for more details on the analysis of segment revenue.

**Reconciling the amount of revenue recognised with contract and reportable segment:**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from contract with customers	57,480	54,302
<b>Other Operating revenue</b>		
Management fees	-	7
Export incentive	17	22
Scrap sales	615	566
<b>Revenue from reportable segment (Refer Note 41)</b>	<b>58,112</b>	<b>54,897</b>

**B. Contract balances**

The Company does not have any contract balances.

**C. Remaining performance obligations**

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as the end of the reporting period and an explanation as to when the Company expects to recognise these amount in revenue. Unsatisfied or partially satisfied performance obligations are subject to variability due to several factors such as termination changes in contract scope, re-validation of estimates and economic factors.

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognised corresponds directly with the value to the customer of the Company's performance completed to date, typically those contracts where invoicing is on time and material, unit price basis.

**52 Discontinued operations and assets held for sale**

The management is actively pursuing its plan to dispose the Windfarm land admeasuring 364 acres, situated at Varapatti Village, Suler Taluk, Coimbatore to the Government of Tamil Nadu, for setting up the proposed Southern Defence Industrial Corridor. During the year, the Company had received Notification bearing No. 18189/2021, issued by the District Collector Office, Coimbatore, for acquiring the Company's Wind Farm lands admeasuring 364 acres, and the private negotiations in respect to the same has been concluded. The company is awaiting formal communication in this regard for the closure of the transaction.

Based on the management's current strategy, the aforesaid Windfarm Land has been presented in the balance sheet at 31 March 2023 and 31 March 2022 as "Assets classified held for sale"

**Carrying value of assets and liabilities classified as held for sale:**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Assets classified as held for sale</b>		
Property, plant and equipment and Intangible assets	5,562	5,562
<b>Assets of disposal group held for sale</b>	<b>5,562</b>	<b>5,562</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>-</b>	<b>-</b>
<b>Liabilities of disposal group held for sale</b>	<b>-</b>	<b>-</b>

- 53** As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the company as per the Act. The amount required to be spent and actual amount spent on the areas for CSR activities which are specified in Schedule VII of the Companies Act, 2013 is as follows:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
a) Gross amount required to be spent by the Company during the year	19.74	22.74
b) Advance provided during year for environmental activities	-	-
c) Amount of expenditure incurred on purpose other than construction / acquisition of any asset	21.11	28.08
d) Excess spend of prior years set off during the year	-	-
e) Shortfall at the end of the year [(e)=(a)-(b)-(c)-(d)]	-	-
f) Reason for shortfall	NA	NA

- 54** Dynamatic Manufacturing Limited (Formerly known as JKM Ferrotech Limited) ('DML'), a wholly owned subsidiary of the Company, entered into an Assets Purchase agreement ('APA') with the Company during the year. Based on this agreement, the Company has transferred identified plant and machinery together with identified employees to DML. Below is the summary of transaction carried out:

Particulars	As at 31 March 2023
Sale of property plant and equipment	204
Assembled work force cost (Intangible assets)	275
Gratuity and Compensated absences liability related to transferred Employee	(715)
<b>Consideration (payable to)/receivable from DML</b>	<b>(236)</b>

- 55** In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows'. These amendments are in accordance with the amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows'. The below disclosure is in line with such amendments suggested:

Particulars	1 April 2022	Net Cash flows	Non Cash Changes		31 March 2023
			Interest Expense	Foreign exchange movement	
<b>Non- Current Borrowings - Secured</b>					
- Term loan from banks*	24,418	(4,502)	-	281	20,197
- Term loan from financial institutions*	5,861	2,301	-	535	8,697
<b>Non- Current Borrowings - Unsecured</b>					
- Term loan from financial institutions*	-	909	-	-	909
<b>Current Borrowings - Secured</b>					
"Cash credit and working capital demand loans"	11,986	2,664	-	234	14,884
Interest accrued but not due on borrowings	92	(4,452)	4,747	190	197
Dividend paid out of unclaimed dividend	1	1	-	-	2
<b>Total liabilities from financing activities</b>	<b>42,358</b>	<b>(3,079)</b>	<b>4,747</b>	<b>1,240</b>	<b>44,886</b>

Particulars	1 April 2021	Net Cash flows	Non Cash Changes		31 March 2022
			Interest Expense	Foreign exchange movement	
<b>Non- Current Borrowings - Secured</b>					
- Term loan from banks*	28,724	(4,572)	-	266	24,418
- Term loan from financial institutions*	6,829	(1,028)	-	60	5,861
<b>Current Borrowings - Secured</b>					
"Cash credit and working capital demand loans"	11,959	(2)	-	29	11,986
<b>Current Borrowings - Unsecured</b>					
Interest accrued but not due on borrowings	31	(4,108)	4,169	-	92
Dividend paid out of unclaimed dividend	1	-	-	-	1
<b>Total liabilities from financing activities</b>	<b>47,544</b>	<b>(9,710)</b>	<b>4,169</b>	<b>355</b>	<b>42,358</b>

\* includes current maturities of long term borrowings

## 56 Ratios

The following are analytical ratios for the year ended 31 March 2023 and 31 March 2022

Particulars	Numerator	Denominator	31 March 2023	31 March 2022	Variance
Current ratio	Total current assets	Total Current Liabilities	1.25	1.12	11%
Debt-equity ratio @	Total Debt inclusive of lease liabilities	Total Equity	0.90	1.20	-25%
Debt service coverage ratio	Earning for debt service = Net profit after tax + Depreciation + Interest	Debt Service = Interest + Lease payment + Principal payment	1.28	1.08	18%
Return on equity ratio @	Profit after tax	Average total equity	6.60%	11.50%	-43%
Inventory Turnover ration	Cost of Goods sold	Average Inventory	2.58	2.30	12%
Trade receivables turnover ratio	Revenue from Operation	Average trade receivable	3.81	4.02	-5%
Trade payable turnover ratio	Cost of Goods sold+Change in inventories	Average trade Payable	2.83	3.23	-13%
Net Capital turnover ratio	Revenue from Operation	Average working capital	8.94	11.42	-22%
Net profit ratio\$	Profit after tax	Revenue from Operations	5.02%	7.22%	-31%
Return on capital employed	Profit before tax and finance cost	Capital employed = Net worth + Lease liabilities + Deferred tax liabilities	9.47%	11.65%	-19%
Return on Investment*	Income generated from Investments	Time weighted average investment	NA	NA	NA

Notes:

EBIT = Earnings before interest and taxes.

PAT = Profit after tax

Working capital = Current assets less current liabilities

Capital employed = Total equity

\* The Company has not received any income from investment during current and previous financial year.

@The decrease in debt service coverage and return on equity is on account of additional share capital been issued during the year.

\$ The decrease in net profit ratio is on account decrease in other income and increase in operating cost.



**57 Additional regulatory information not disclosed elsewhere in the financial statements**

- (i) As per section 248 of the Companies Act, 2013, there are no balances outstanding or transactions with struck off companies.
- (ii) The Company has not traded / invested in Crypto currency or virtual currency.
- (iii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (iv) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (v) The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (vi) The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, except as disclosed in the financial statements.
- (vii) The Company is not a declared wilful defaulter by any bank or financial institution or other lender.
- (viii) The Company does not have any Capital-work-in progress whose completion is overdue or has exceeded its cost compared to its original plan.

**58** On 10 August 2022, the Board of Directors of the Company declared an interim dividend of Rs.3 per equity share (30%) for the financial year 2022-23. The same has been paid to the shareholders during the quarter ended 30 September 2022. The Board of Directors of the Company in their meeting dated 29 May 2023, have, subject to approval of shareholders, declared final dividend of Rs. 7 per equity share (70%) for the financial year 2022-23 and the same will be disbursed to shareholders after ensuing Annual General Meeting.


**59** The Code on Wages, 2019 and Code on Social Security, 2020 ("the Codes") relating to employee compensation and post-employment benefits that received Presidential assent have not been notified. Further, the related rules for quantifying the financial impact have not been notified. The Company will assess the impact of the Codes when the rules are notified and will record any related impact in the period the Codes become effective.

**60** The standalone financial statements were approved for issue by the board of directors on 29 May 2023.

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

  
**UDAYANT MALHOUTRA**  
Chief Executive Officer &  
Managing Director  
DIN : 00053714

  
**CHALAPATHI P**  
Chief Financial Officer

  
**P S RAMESH**  
Executive Director, Group Technical  
Services & Human Resource  
DIN : 05205364

  
**SHIVARAM V**  
Head - Legal, Compliance  
& Company Secretary

Place: Bangalore  
Date: 29 May 2023

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# BUSINESS REVIEW REPORT

## 2022-23



**DYNAMATIC LIMITED**  
UNITED KINGDOM



# DYNAMATIC LIMITED, UK

## DIRECTORS

Mr. Udayant Malhoutra	- Chairman
Mr. Michael John Handley	- Director
Mr. Arvind Mishra*	- Managing Director, Hydraulics Division
Mr. James Tucker	- Managing Director, Aerospace Division
Mrs. Pramila Udayant Malhoutra	- Director
Mr. Steve Hayes	- Technical Director, Aerospace Division
Mr. Geoff Dore	- Director
Mr. Pierre de Bausset	- Director

\* Resigned w.e.f 8th August 2023

## 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

## FINANCE HEAD

Mr. Geoff Dore

## AUDITORS

TC Group

Statutory Auditors

## FINANCIAL RESULTS

Particulars	Year ended 31.03.2023. INR in Lakhs*	Year ended 31.03.2022 INR in Lakhs*
Sales	34,390	24,355
EBITDA	5,697	711
Interest	834	752
Depreciation	2,771	2,659
Profit / (Loss) before Tax	2,363	(775)
Tax Charge/(Credit)	127	286
Profit / (Loss) after Tax	2,236	(489)

\*Numbers restated as per IND AS





Dynamatic Hydraulics®, Swindon, UK, witnessed top line and bottom-line growth with revenue of £15.3 Mn which is a healthy 26% growth YoY. This growth was driven largely by the revenues from new projects which moved from limited to full scale production, improved tractor market in US and improved supply chain.

The supply chain situation in Europe and UK have improved significantly compared to covid and post covid period. However, inflation is on all-time high. The subsidy on power surcharge has been lifted w.e.f April 1st and that will put tremendous pressure on margins across industries.

Dynamatic has continued its cost optimisation and risk mitigation initiatives which is reflected in the overall performance.

## Future Outlook

Looking forward, 2023 promises to be a good year with healthy order book. The company is doing its very best to off-set inflationary pressures by pivoting a larger percentage of its supply chain to India.

Additionally, the company is developing new products and exploring new markets (applications) which will further broad base our profile w.r.t. product, customer and geographical spread.

**Arvind Mishra**

Managing Director & COO

Dynamatic Hydraulics®, UK







*Dynamatic Hydraulics®, UK Team*



Dynamatic-Oldland Aerospace® division in the UK continues to prosper with a good mix of business across a varied range of aircraft in commercial & military markets. This includes Airbus Flaptrack parts for A318, A319, A320, A321 & A330. Airbus - flaps, landing gear, wing structural items for A400M & A330. C130J Engine structural parts, plus the Boeing Chinook pylon and ramp monolithic machined components.

This year we achieved sales of £20.2 mn compared to £11.9 mn in the prior year as global aerospace market sector returned to levels of activity last seen prior to the pandemic. During this financial year we have invested in new technology, enhanced the skill-set of our people through targeted training activities and recruited additional highly skilled staff.

## Future Outlook

The outlook for Dynamatic-Oldland Aerospace® is extremely positive with well established positions on several growing aircraft platforms. We are very well positioned to take advantage of growth in existing programme demand and of new opportunities. Material availability continues to be a challenge that we expect to continue in the foreseeable future as demand expands but supply is impacted by macro conditions such as the Ukraine War in Europe.

The focus of our business remains one of new technology development which emphasises delivery of customer satisfaction and this in turn enhances the unique partnerships we have built with our clients.

Our state-of-the-art robotic manufacturing cells and our robust internal processes enable us to continually deliver high standards of quality and embrace an 'industry 4.0' methodology within our machining factories.

We have demonstrated new standards of machining by manufacturing new structural prototype parts and we have several new opportunities being pursued which give us our consistent strategy of making regular investments to remain at the leading edge of technical advancements.

Dynamatic has a unique strategy of offering their customers a complete engineering solution end to end. The Group is offering an Indian / UK Aerospace business mix.

Already we have seen the benefits of collaboration and close alignment of the aerospace team, regardless of geography, will be at the Centre of furthering leading technical solutions to our customers and improving financial performance.

**James Tucker**

Global Chief Operating Officer  
Dynamatic-Oldland Aerospace®





*Dynatomic-Oldland Aerospace®, UK Team*



# BUSINESS REVIEW REPORT

## 2022-23



**EISENWERK ERLA GmbH**  
GERMANY



# EISENWERK ERLA GmbH, GERMANY

## DIRECTORS

Mr. Udayant Malhoutra	- Chairman
Mr. Enrico Fischer	- Managing Director
Mr. Dietmar Hahn	- Executive Director
Mr. Geoff Dore	- Director
Mr. Pierre de Basset	- Director

## FINANCE HEAD AND COMPANY SECRETARY

Mr. Christoph Kakoschke

## LAWYER

Dr. Hans-Hein Thomas

## AUDITORS

Deloitte GmbH, Germany

## BANKERS

Commerzbank, Germany

LBBW, 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 31.03.2023 INR in Lakhs*	Year ended 31.03.2022 INR in Lakhs*
Sales	41,669	46,501
EBITDA	1,714	2,032
Interest	469	477
Depreciation	1,578	1,806
Profit / (Loss) before Tax	19	17
Tax Charge/(Credit)	(370)	(98)
Profit / (Loss) after Tax	389	115

\*Numbers restated as per IND AS

Our turnover at €49.8 mn for the period April 2022 to March 2023 was lower by €3.9 mn as compared to the previous financial year due to the ongoing Ukraine conflict, which had triggered inflation, supply chain disruptions for OEMs and unpredictable surge in gas and electricity costs for corporations across Europe, particularly in Germany.

However, the German Government's protective policies and support for industry has helped the company to minimise the impact and at the end, the situation showed improvement in revenue due to successful negotiations for price increase from all customers.

Eisenwerk is currently in the process of transformation from an automotive/foundry-focus to the aerospace business. Considering the various challenges viz.; supply chain crisis at OEMs; current inflation in Europe; steep and unpredictable increase in the cost of gas and electricity being faced by corporations across Europe, Eisenwerk undertook corporate restructuring measures through 'Protective Shield process by self-administration' under the applicable German Laws.

Subsequently, Eisenwerk had submitted a financial resolution plan to the court, based on which a creditors meeting was convened by the Chemnitz court on 28th June 2023, in which the aforesaid resolution plan was voted and approved by the creditors in favour of Eisenwerk based on which the local court at Chemnitz, vide its final decision/order dated 27th July 2023, ended the protective shield by self-administration proceedings with effect from 1st August 2023, by accepting the legally binding confirmation of the financial resolution plan submitted by Eisenwerk. With this all-creditor balances have been adjusted and proceedings closed.





*Eisenwerk Erla GmbH, Germany*



## Future Outlook

- Increase of productivity inside the foundry processes for saving costs and improving the quality level.
- Focus on high margin product mix, ramp-up of existing products, customer diversification and capacity utilization
- Expanding the machining capabilities to improve the margins and have a positive impact on the market position.
- Diversify into aerospace forging products in collaboration with our parent company Dynamatic Technologies Limited.

Notwithstanding the above, the economic environment should improve after a transformation process from the automotive sector into general industry and aerospace sector.



**Dietmar Hahn**  
Executive Director  
Eisenwerk Erla GmbH





# BUSINESS REVIEW REPORT 2022-23



**DYNAMATIC MANUFACTURING LIMITED**

BANGALORE, INDIA



# DYNAMATIC MANUFACTURING LIMITED, INDIA

## DIRECTORS

Mr. Govind Mirchandani - Independent Director  
Ms. Junia Sebastian - Independent Director  
Mr. Pradyumna Vyas - Independent Director  
Mr. P S Ramesh - Director  
Mr. Chalapathi P - Director  
Mr. Ravichander V - Director

## AUDITORS

M/s. Deloitte Haskins & Sells LLP  
Chartered Accountants, Bangalore

## BANKERS

ICICI Bank, Bangalore  
Bank of India, Chennai

## REGISTERED OFFICE

Plot No. V-77, 78, Industrial Estate, Peenya II Stage,  
Bangalore 560058, India

Dynamatic Manufacturing Limited, India (DML) (formerly known as JKM Ferrotech Limited) is wholly owned subsidiary of Dynamatic Technologies Limited (DTL).

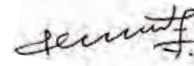
In the year under review, DTL and Eisenwerk Erla GmbH (EEG) reached an agreement for the purchase of a 24.62% ownership stake in DML held by EEG because of an internal reorganisation. Following the necessary steps, the shareholding of 24.62% had been transferred from EEG to DTL as of March 31, 2023. DTL currently owns 100% of the shares in DML (direct ownership of 57.65% shares and wholly owned subsidiary JKM Erla Automotive Limited for the remaining 42.35%).

As per the Asset purchase and employee transfer agreement, some plant and equipment, as well as specific employees and workers were transferred from DTL over the review period.

The Company as a part of its new vision and mission has diversified its business operations into manufacturing activities viz. sheet metal operations, heat treatment, surface treatment, metal forming, metal coating alongside other ancillary operations.

The Company, is a Centre of Excellence for detail parts, and is involved in engineering, manufacturing and delivering components for different aircraft parts.

During the year under review, the Company has made an income of Rs. 43 lakhs and incurred loss Rs. 875 lakhs.



**Chalapathi P**  
Director  
DIN : 08087615





# **BUSINESS REVIEW REPORT**

## **2022-23**



**JKM RESEARCH FARM LIMITED**

BANGALORE, INDIA







## **JKM RESEARCH FARM LIMITED BANGALORE, INDIA**

JKM Research Farm Limited (JRFL), a farm Equipment performance and optimisation 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.

Currently Organic Farming of Guava, Lime plantations, Avacado, and Corn are being carried out by the Company.

During the year under review, JRFL has made an income of Rs. 68 Lakhs. The profit after tax for the year amounted to Rs. 36 Lakhs.

### **DIRECTORS**

Mr. P S Ramesh - Director

Mr. Arvind Mishra - Director

Ms. Pramilla Malhoutra - Director

### **AUDITORS**

M/s. Prasad & Kumar

Chartered Accountants, Bangalore

### **REGISTERED OFFICE**

C/o. Dynamatic Hydraulics  
Plot No.1A/1, 1st Main Road,2nd Phase  
1st Stage, Peenya Industrial Estate  
Bangalore 560 058, Karnataka, India

### **FARM LOCATION**

Kalludevanahalli Village, Kadanur Post  
Doddaballapura District, Bangalore Rural 561 204  
Karnataka India

**P S RAMESH**

Director

DIN : 05205364





DYNAMIC  
TECHNOLOGIES



*Dynamatic Corporate Team*





JKM Football Cup







## **DYNAMATIC TECHNOLOGIES LIMITED**

JKM Plaza Dynamatic Aerotropolis  
55 KIADB Aerospace Park Devanahalli Bangalore 562 110  
Tel: +91 80 2111 1223 / +91 80 2204 0535



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