

# DYNAMATIC TECHNOLOGIES LIMITED

Registered Office: Dynamatic Park, Peenya, Bangalore - 560 058

Corporate Identity Number: L72200KA1973PLC002308

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



## NOTICE CALLING THE 40TH ANNUAL GENERAL MEETING

Notice is hereby given that the **Fortieth Annual General Meeting ('AGM')** of the Members of Dynamatic Technologies Limited (the 'Company') will be held on **Friday, the 14th (fourteenth) day of August 2015 (two thousand and fifteen) at 10.00 (ten) AM IST** at the "Vivanta" by Taj, No. 2275, Tumkur Road, Yeshwantpur, Bangalore 560022, to transact with or without modifications, as may be permissible, the following businesses:

### ORDINARY BUSINESS

1. To consider, approve and adopt the Audited Balance Sheet of the Company, as at March 31, 2015, Profit and Loss Account for the year ended on that date, together with the reports of the Auditors and the Directors thereon.
2. To appoint a Director in place of Mr. Raymond Keith Lawton (DIN - 01687605), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To ratify the appointment of Statutory Auditors of the Company viz., Messrs. B S R & Co., LLP, Chartered Accountants, Bangalore (LLP registration number AAB-8181) and to fix their remuneration by passing the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of section 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, and pursuant to the recommendations of the Audit Committee of the Board of Directors and the resolutions passed by the Shareholders at their Annual General Meeting held on August 14, 2014, the appointment of M/s. B S R & Co., LLP, Chartered Accountants (LLP registration number AAB-8181) as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2019, be and is hereby ratified and that the Board of Directors be and are hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2016 as may be determined by the Audit Committee in consultation with the Statutory Auditors, and that such remuneration may be paid on progressive billing basis as may be agreed upon between the Statutory Auditors and the Board of Directors."

### SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** Mr. Rajendra Babu Subodh (DIN - 07077149), who was appointed as an Additional Director of the Company with effect from May 28, 2015 by the Board of Directors and who holds office upto the date of the Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the 'Act') but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company, and be liable to retire by rotation."

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

5. To consider and, if thought fit, to pass, with or without modification, the following resolution, as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** in further to the recommendation of the Nomination & Remuneration Committee of the Board and the Board of Directors of the Company, the approval of the Shareholders be and is hereby accorded to appoint Mr. Rajendra Babu Subodh (DIN- 07077149) as "Executive Director" of the Company, with designation styled as "Executive Director and Chief Operating Officer-Aerospace, India", under Section 197(4), 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) and rules thereunder for a period of three years with effect from May 28, 2015 subject to such other approvals as may be required, on the following terms:

### SALARY

Salary per month ₹3,89,063/-; in the scale of ₹3,50,000/- to ₹7,00,000/-.

### PERQUISITES

#### Category A

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

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

#### Category B

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

**"RESOLVED FURTHER THAT** in the event of any loss or inadequacy of profits in any financial year during the aforesaid period, the above terms of remuneration and perquisites will be admissible as the minimum remuneration payable to Mr. Rajendra Babu Subodh, subject to compliance with the provisions of Schedule V of the Companies Act, 2013."

**"RESOLVED FURTHER THAT** any further alteration, variation and modification of the terms of the said appointment/ remuneration including the salary, allowances and perquisites shall be in such a manner as may be agreed to between the Board of Directors and Mr. Rajendra Babu Subodh in accordance with and subject to the limits prescribed in

Schedule V of the Companies Act, 2013, or any amendment or any statutory modifications thereto and conditions, if any, as may be stipulated by the Central Government.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) and the Company Secretary of the Company, be and are hereby severally authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

6. To ratify the remuneration agreed to be paid to M/s. Rao, Murthy and Associates, Cost Auditors of the Company, for the financial year 2015-16 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of INR 4,00,000 (four lakhs only), excluding out of pocket expenses and applicable taxes, agreed to be paid to M/s. Rao Murthy and Associates, Cost Auditors appointed by the Board of Directors of the Company for the financial year 2015-16, be and is hereby ratified.”

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

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND THE AGM INSTEAD OF HIMSELF OR HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE THE PROXY FORMS SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR HOLDING THE AGM. A person can act as a proxy on behalf of not exceeding 50 (fifty) members and holding in aggregate not more than 10 (ten) percent of the total share capital of the Company.
2. Members / Proxies should bring the enclosed duly filled-in attendance slips to attend the AGM.
3. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the AGM.
4. Shareholders are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall. The Shareholders are also requested to produce valid identity proof such as PAN card, passport, AADHAR card or driving license along with the attendance slip to enter the AGM hall.
5. An Explanatory Statement in respect of item numbers 4 to 6 of the aforesaid Notice is annexed hereto in pursuance of Section 102 of the Companies Act, 2013. Further, as required under clause 49(IV)(G)(i) of the Listing Agreements with the Stock Exchanges, brief particulars of all the Directors form part of the Corporate Governance Report.
6. Additional information, pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, in respect of the

Directors seeking appointment / re-appointment at the AGM is furnished as annexure to the Notice. The Directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the rules made thereunder.

7. Pursuant to the provisions of Section 91 of the Companies Act, 1956 and Clause 16 of the Listing Agreements with Stock Exchanges, the Register of Members and Share Transfer Books of the Company will be closed from **Saturday, August 8, 2015 to Friday, August 14, 2015 (both days inclusive)**.
8. Members may also note that, the Notice of AGM, instructions for e-voting, attendance slip, proxy form and copy of Annual Report 2015, will be available on the investor portal of the Company's website at [www.dynamics.net](http://www.dynamics.net). The physical copies of the aforesaid documents will also be available at the Company's Registered Office at Dynamic Park, Peenya, Bangalore – 560 058 between 11.00 a.m. and 1.00 p.m. on all working days up to the date of AGM.
9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under section 170 of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
10. The Register of Contracts or Arrangements in which Directors are interested, maintained under section 189 of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
11. Members are requested to quote their Folio Number / Client ID, in all correspondence and intimate any change in their residential addresses address to the Share Transfer Agent / Depository Participant promptly.
12. Members who have not registered their email addresses, may please update their current email addresses with the Company / Registrar & Transfer Agents / their respective Depository Participant(s).
13. Any Shareholder having any grievance on the e-voting or any other matter in relation to the AGM, can contact the Company / Registrar & Transfer Agent at the coordinates mentioned under the 'Investor Guide' of the general instructions for e-voting.
14. The Notice calling the 40th AGM, instructions for e-voting, attendance slip and proxy form along with ballot form and copy of the Annual Report 2015 is being sent by electronic mode to all Members whose email addresses are registered with the Company / Registrar & Transfer Agents / the Depository Participant(s) unless a Member has requested for a hard copy of the same. For Members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by permitted mode. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at [investor.relations@dynamics.net](mailto:investor.relations@dynamics.net) or contact the Company / Registrar & Transfer Agent at the coordinates mentioned under the 'Investor Guide' of the general instructions for e-voting.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in dematerialised form are therefore requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Company.
16. **E-voting**

Pursuant to provisions of section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the Members to cast their votes electronically on all resolutions set forth in the Notice convening the AGM. To encourage participation of the Shareholders who are unable to use the e-voting facility, the Company has enclosed a ballot form to the Notice calling the AGM, which may be used by the Shareholders to cast their vote and have the same posted to the Company's address using the enclosed business reply envelope, so as to reach the Company **on or before Thursday, August 13, 2015**. Shareholders who have not cast their votes through e-voting or ballot method, may cast their vote at the AGM at the polling booths stationed for this purpose, at the AGM venue.

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

Notice and Annual Report has been posted / dispatched by post / email to those persons whose names are registered in the register of Members of the Company as a Member **as on June 30, 2015**. Shareholders holding shares of the Company **as on August 7, 2015 (the 'Cut-off Date')** will be permitted to attend the AGM, cast their vote electronically or through ballot form or vote at the AGM venue, as per their convenience. Persons who have become Members of the Company between July 1, 2015 and August 7, 2015 (both days inclusive), can contact the Company, at the coordinates mentioned under the 'Investor Guide' of the general instructions for e-voting, for copy of the Notice calling the AGM, instructions for e-voting, attendance slip and proxy form along with ballot form and copy of the Annual Report 2015 OR download the said documents from the investor portal of the Company's website at [www.dynamatics.com](http://www.dynamatics.com). The said persons who became Members between July 1, 2015 and August 7, 2015 are requested to approach the persons mentioned under the 'Investor Guide' of the general instructions for e-voting, for the e-voting details.

Persons who are not Members of the Company as on the Cut-off Date should treat this Notice calling the 40th AGM for information purposes only.

The e-voting facility would commence **on Monday, August 10, 2015, 9.00 a.m. and end on Thursday, August 13, 2015, 5 p.m.** The e-voting module shall be disabled by Karvy Computershare Private Limited, who would be managing the e-voting facility, after August 13, 2015, 5 p.m.

Mr. Vijay Kumar, Practising Company Secretary (membership number FCS 6418), has been appointed as the Scrutiniser to scrutinize the e-voting process in a fair and transparent manner.

After counting the votes cast at the AGM, the Scrutiniser shall unlock the votes in the presence of at least two witnesses, not in the employment of the Company. The Scrutiniser shall upon unlocking the votes shall also make out a Scrutiniser's Report including therein the votes casted in favour or against each of the proposals, forthwith to the Chairman of the Company.

The results of the AGM resolutions will be declared on Monday, August 17, 2015, at 9:30 am at Dynamatic Park,

Peenya, Bangalore 560 058

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

17. Members desiring to dematerialise their physical shareholding in the Company may contact the investor relations team at [investor.relations@dynamatics.net](mailto:investor.relations@dynamatics.net).
18. The details of unclaimed dividend have been made part of the Corporate Governance Report of the Annual Report. Such shareholders who have not claimed their dividends for the financial years 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 are advised to claim the same. Before transferring any amount to IEPF, the Company has been giving individual intimation to the Shareholders in respect of whose unclaimed dividend, the amount is being transferred, at least six months before the due date for such transfer.

By Order of the Board

  
Naveen Chandra P

Head – Legal, Compliance and Company Secretary

Place : Bangalore

Date : May 28, 2015

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## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

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### Item numbers 4 & 5

#### Brief profile of the Mr. R Subodh, appointee

Mr. Rajendra Babu Subodh, aged 41, is a graduate in mechanical engineering and holds a Master degree in Product Design from the Indian Institute of Science, Bangalore. He has close to 15 years' experience in the Automotive and Aerospace Industries and has been a part of the Company's automotive and aerospace teams. He joined the Company in 2000 in the business and product development team of JKM Daerim Automotive Limited (currently a division of Dynamatic Technologies Limited), where he was actively involved in developing engine products for Ford, Cummins, TATA Motors and Honeywell.

Mr. Rajendra Babu Subodh was appointed as an Additional Director by the Board of Directors of the Company ('Board') under section 161 of the Companies Act, 2013, with effect from May 28, 2015. Pursuant to section 161 of the Companies Act, 2013, Mr. Rajendra Babu Subodh will hold office up to the date of the ensuing AGM. The Company has received a notice from a Member under section 160(1) of the Companies Act, 2013, along with requisite amount of deposit, proposing the candidature of Mr. Rajendra Babu Subodh for the office of Director under the provisions of the Companies Act, 2013.

The Company has received written consent from Mr. Rajendra Babu Subodh to act as Director of the Company and with this appointment (if approved), Mr. Rajendra Babu Subodh would be liable to retire by rotation in accordance with the section 152 of the Companies Act, 2013.

## I. General Information:

### 1. Nature of industry

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

### 2. Date or expected date of commencement of commercial production

The Company commenced its commercial production in the year 1973.

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

Not applicable.

### 4. Financial performance based on given indicators

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

(₹ in lakhs)

Financial Year	Net Sales	Profits before tax	Net Profits after tax	EBITDA
2011-12	44,369	233	165	5,943
2012-13	40,622	143	30	6,835
2013-14	40,559	31	31	7,481
2014-15	43,447	2978	2105	6,701

### 5. Foreign investments or collaborations, if any.

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

## II. Information about the appointee:

### 1. Background details

Mr. Rajendra Babu Subodh, aged 41, is a graduate in mechanical engineering and holds a Master degree in Product Design from the Indian Institute of Science, Bangalore. He has close to 15 years' experience in the Automotive and Aerospace Industries and has been a part of Dynamatic's automotive and aerospace teams. He joined the Company in 2000 in the business and product development team of JKM Daerim Automotive Limited (currently a division of Dynamatic Technologies Limited), where he was actively involved in developing engine products for Ford, Cummins, TATA Motors and Honeywell.

Subsequently, he headed the business and product

development activities of the Company prior to his shift to the Aerospace business in 2007. In this current role as Chief Operating Officer, Mr. Subodh has been involved in the globalization of Dynamatic's Aerospace business through the introduction of best in class manufacturing work practices derived from his Automotive experience as well as broad-basing of products and customer portfolios.

### 2. Past remuneration

The past remuneration of Mr. Rajendra Babu Subodh effective November 1, 2014 was ₹46,68,752/- per annum.

### 3. Recognition or awards

Nil

### 4. Job profile and his suitability

Mr. Rajendra Babu Subodh is associated with the organization for the past 1.5 decades and has grown to the position of Chief Operating Officer, Aerospace-India. He shoulders the responsibility of the overall operations of Aerospace business in India. With his rich experience and matured thought process, he is most suitable to act as an Executive Director on the Board of the Company.

### 5. Remuneration proposed

The remuneration proposed to Mr. Rajendra Babu Subodh is as mentioned in the resolution.

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

The remuneration sought to be paid to Mr. Rajendra Babu Subodh (morefully detailed in the resolution at item number 5 of the Notice calling the AGM) is commensurate to the experience and responsibilities of Mr. Rajendra Babu Subodh in the capacity as Executive Director and COO – Aerospace, India.

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

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

## III. Other information:

### 1. Reasons of loss or inadequate profits

The financial performance of the company has been adversely affected by overall downtrend in Indian economic environment especially in Automotive sector. The Company's top line declined in Automotive due to slow down in overall automotive industry in India. However revenue in Aerospace segment grew as compared to the previous year and Hydraulics posted moderate growth which helped the Company to maintain revenues which were slightly greater than that of previous year.

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

Due to economic downturn, the Company has



undertaken several cost saving initiatives including right sizing the capacity, optimising the manpower, product rationalization and price increase with customers which has helped the Company to maintain its operating margin despite lower top line. Rationalization of banking facilities by replacing high cost debt with much lesser cost of debt, pre-payment of debt by sale of non-core assets and judicial spend on capex are some of the significant initiatives taken by the Company for improvement.

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

Aerospace segment has managed to bag new orders from Airbus, Bell and Boeing. Automotive segment will be benefitted by initiatives such as cost cutting, price increase etc. and the new orders from some renowned companies in the automotive segment, during the year, are expected to improve the Company's margin.

#### IV. Disclosures:

1. Apart from Mr. Rajendra Babu Subodh, Mr. P S Ramesh, Executive Director and COO - Hydraulics - India, Mr. Hanuman Kumar Sharma, Executive Director and CFO and Mr. Udayant Malhoutra, CEO & Managing Director are entitled to remuneration. As at March 31, 2015, Mr. Udayant Malhoutra drew annual remuneration of about ₹46 lakhs, Mr. Hanuman Kumar Sharma drew annual remuneration of about ₹70 lakhs and Mr. P S Ramesh drew annual remuneration of about ₹55 lakhs.
2. The above remuneration of the Directors are exclusive of performance linked incentive that the Directors may be entitled to.
3. None of the Directors are entitled to any severance fees or compensation for loss of office.
4. As on date, the Company has not implemented any stock option schemes for Directors.
5. As on date, Rajendra Babu Subodh does not hold directorship and membership of Committees of the Board of any other Company, other than the Board of Dynamatic Technologies Limited where he is a Director, Member of Finance Committee and also a Member of Technology Development Committee of the Board.
6. He does not have any inter-se relationships with any Directors of the Company.

Considering the contribution of Mr. Rajendra Babu Subodh in the Company's Aerospace business development and as recommended by both Nomination & Remuneration Committee of the Board and the Board of Directors, the Board recommends the resolution as set out in item number 4 and 5 of the Notice for appointment of Mr. Rajendra Babu Subodh as Executive Director for approval of the Members by passing Ordinary and Special resolutions respectively.

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

The terms and conditions of appointment of Mr. Rajendra Babu Subodh as Executive Director of the Company is available for inspection by the Members at the Company's Registered Office between 11.00 a.m. and 1.00 p.m. on all working days and will also be made available at the AGM venue on the date of AGM.

#### Item number 6

The Board, on the recommendation of the Audit Committee, had approved appointment of M/s. Rao, Murthy and Associates as the Cost Auditors of the Company for the financial year 2015-16 at a remuneration of ₹4,00,000 (four lakhs), excluding out of pocket expenses and applicable taxes.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the Members is sought for ratification of the remuneration payable to the Cost Auditors for financial year 2015-16 as an Ordinary Resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way concerned or interested, financially or otherwise, in the resolution set out at item number 6 of the Notice.

The Board recommends the Ordinary Resolution set out at item number 6 of the Notice for approval by the Shareholders.

By Order of the Board

  
Naveen Chandra P

Head – Legal, Compliance and Company Secretary

Place : Bangalore

Date : May 28, 2015

## ROUTE MAP TO THE VENUE OF AGM 2015

