NOTICE TO SHAREHOLDERS

Notice is hereby given that the **Thirty-Ninth Annual General Meeting ('AGM')** of the Members of Dynamatic Technologies Limited (the 'Company') will be held on **Thursday, the 14th (fourteenth) day of August 2014 (two thousand and fourteen) at 10:00 (ten) AM IST** at the Registered Office of the Company at Dynamatic Park, Peenya, Bangalore – 560 058, 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, 2014, 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 Messrs. B S R & Co., LLP, Chartered Accountants, Bangalore (LLP registration number AAB-8181) as Statutory Auditors of the Company to hold office for a term of five years from the conclusion of this AGM and to fix their remuneration by passing the following resolutions with or without modifications as an **ORDINARY RESOLUTION:**

   "RESOLVED THAT pursuant to the provisions of section 139 of the Companies Act, 2013 and the rules made thereunder, and pursuant to the recommendations of the Audit Committee of the Board of Directors, B S R & Co., LLP, Chartered Accountants (LLP registration number AAB-8181), be and are hereby appointed as the auditors of the Company, to hold office for a period of five years from the conclusion of this AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) in place of the retiring auditors, Messrs. B S R & Associates, LLP, who have opted not to be re-appointed as the statutory auditors of the Company by tendering their resignation to the Company suitably".

   "RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to fix such remuneration as may be recommended by the Audit Committee in consultation with Messrs. B S R & Co., LLP."

SPECIAL BUSINESS

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

   "RESOLVED THAT pursuant to sections 149(10) / (11), 152 and other applicable provisions of the Companies Act, 2013, and the rules made thereunder, read with schedule IV to the Companies Act, 2013, Mr. Vijai Kapur, in respect of whom the Company has received a notice in writing from a Member under section 160 of the Companies Act, 2013 signifying her intention to appoint Mr. Vijai Kapur as an Independent Director of the Company be and is hereby appointed as an Independent Director of the Company for a period of 3 (three) years from the conclusion of this AGM and shall not be liable to retire by rotation."

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

   "RESOLVED THAT pursuant to sections 149(10) / (11), 152 and other applicable provisions of the Companies Act, 2013, and the rules made thereunder, read with schedule IV to the Companies Act, 2013, Air Chief Marshal S. Krishnaswamy (Retd.), in respect of whom the Company has received a notice in writing from a Member under section 160 of the Companies Act, 2013 signifying her intention to appoint Air Chief Marshal S. Krishnaswamy (Retd.), as an Independent Director of the Company be and is hereby appointed as an Independent Director of the Company for a period of 3 (three) years from the conclusion of this AGM and shall not be liable to retire by rotation."

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

   "RESOLVED THAT pursuant to sections 149(10) / (11), 152 and other applicable provisions of the Companies Act, 2013, and the rules made thereunder, read with schedule IV to the Companies Act, 2013, Mr. Govind Mirchandani, in respect of whom the Company has received a notice in writing from a Member under section 160 of the Companies Act, 2013 signifying her intention to appoint Mr. Govind Mirchandani, as an Independent Director of the Company be and is hereby appointed as an Independent Director of the Company for a period of 4 (four) years from the conclusion of this AGM and shall not be liable to retire by rotation."

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

   "RESOLVED THAT pursuant to sections 149(10) / (11), 152 and other applicable provisions of the Companies Act, 2013, and the rules made thereunder, read with schedule IV to the Companies Act, 2013, Ms. Malavika Jayaram, in respect of whom the Company has received a notice in writing from a Member under section 160 of the Companies Act, 2013 signifying her intention to appoint Ms. Malavika Jayaram, as an Independent Director of the Company be and is hereby appointed as an Independent Director of the Company for a period of 4 (four) years from the conclusion of this AGM and shall not be liable to retire by rotation."

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

   "RESOLVED THAT pursuant to sections 149(10) / (11), 152 and other applicable provisions of the Companies Act, 2013, and the rules made thereunder, read with schedule IV to the Companies Act, 2013, Mr. Nalini Ranjan Mohanty, who was appointed as an Additional Director of the Company by the Board of Directors with effect from September 27, 2013 and who holds office until the date of this AGM in terms of section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a Member under section 160 of the Companies Act, 2013 signifying her intention to appoint Mr. Nalini Ranjan Mohanty as a candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) years from the conclusion of this AGM and shall not be liable to retire by rotation."

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

   "RESOLVED THAT pursuant to sections 149(10) / (11), 152 and other applicable provisions of the Companies Act, 2013, and the rules made thereunder, read with schedule IV to the Companies Act, 2013, Mr. Ramesh Venkataraman, who was appointed as an Additional Director of the Company by the Board of Directors with effect from November 08, 2013 and who holds office until the date of this AGM in terms of section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a Member under section 160 of the Companies Act, 2013 signifying her intention to appoint Mr. Ramesh Venkataraman as a candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) years from the conclusion of this AGM and shall not be liable to retire by rotation."

9. To consider and, if thought fit, to pass, with or without modifications, the following resolutions as a **SPECIAL RESOLUTION** under section 180(1)(a) of the Companies Act, 2013:

   "RESOLVED THAT in supercession of all earlier resolutions passed in this connection, the approval and consent of the Shareholders be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, for:

   - All and any mortgages and charges created or to be created on all the immovable and movable properties of the Company wherever situated (whether present or future); or on the whole of the undertaking/s of the Company and / or

   - taking over the management of the business and undertaking/s of the Company in certain events (whether such power is contained in the documents creating the mortgage/charge or otherwise) to or in favour of any Bank or Financial Institutions to secure repayment of any Term Loans, Subscription to Debenture or other monies lent or advanced by them from time to time together with interest at the agreed rates, compound interest, additional interest, commitment charges, premium on pre-payment or on redemption, costs, charges expenses and all other monies including any increase as a result of devaluation/revaluation/fluctuation in the rate exchange of foreign currencies involved payable by the company in terms of the respective loan agreements/heads of agreements/letters of sanction/ memorandum of terms and conditions entered into/ to be entered into by the Company, within the overall limits of **INR ₹500 Crores (Indian Rupees Five Hundred Crores only)**."

   "RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, usual or expedient for giving effect to the above resolution and also to make any alterations or amendments thereto from time to time as may be required by the respective bank or financial institution."

10. To consider and, if thought fit, to pass, with or without modifications, the following resolutions as a **SPECIAL RESOLUTION** under section 180(1)(c) of the Companies Act, 2013:

    "RESOLVED THAT in accordance with the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, and also subject to other approvals as may be required, the Board of Directors of the Company be and are hereby authorized to borrow monies for the purpose of the business of the Company, notwithstanding that the monies to be so borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose for the time being, provided that the total amount including the money/s already borrowed by the Company shall not exceed **INR ₹500 Crores (Indian Rupees Five Hundred Crores only)** at any one time."

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

    "RESOLVED THAT pursuant to the provisions of Articles of Association of the Company and Section 197 read with Schedule V and any other applicable provisions, if any, of the Companies Act, 2013, and subject to such other consents, approvals and permissions, if any, as may be required, the consent of the Shareholders be and is hereby accorded for the reappointment of Mr. Udayant Malhoutra as the CEO & Managing Director of the Company for a period of 3 (three) years with effect from October 1, 2014 on the terms and conditions hereinafter mentioned."

SALARY

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

PERQUISITES

Category A

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

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

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

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

Category B

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

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

Category C

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

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

"RESOLVED FURTHER THAT notwithstanding anything herein above stated where in any financial year closing on or after March 31, 2014, during the tenure of Mr. Udayant Malhoutra as the CEO & Managing Director of the Company, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Udayant Malhoutra the above remuneration by way of salary, bonus and other allowances as a minimum remuneration but not exceeding the limits specified under section II of part II of schedule V to the Companies Act, 2013, or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration."

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

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

12. To take on record, cessation of Ms. Claire Louise Tucker from the Directorship of the Company, who retires by rotation and has opted not to be re-appointed as a Director of the Company and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as an **ORDINARY RESOLUTION:**

    "RESOLVED THAT the vacancy caused by retirement of Ms. Claire Louise Tucker by rotation in accordance with section 152 of the Companies Act, 2013 and who does not seek re-appointment, be not filled-up".

13. To ratify the remuneration agreed to be paid to M/s. Rao, Murthy and Associates, Cost Auditors of the Company, for the financial year 2014-15 and in this regard to consider and if thought fit, to pass, with or without modifications, 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 ₹4,50,000 (four lakhs and fifty thousand only) 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 2014-15, 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 AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE AGM INSTEAD OF HIMSELF OR HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE THE PROXIES SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR HOLDING THE AGM.

2. Members / Proxies should bring the enclosed duly filled-in attendance slips to attend the AGM.

3. An Explanatory Statement in respect of item numbers 3 to 13 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.

4. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days, between 11.00 a.m. and 1.00 p.m. up to the date of AGM.

5. 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 **Thursday, August 7, 2014 to Thursday, August 14, 2014 (both days inclusive).**

6. Members are requested to quote their Folio Number / Client ID, in all correspondence and intimate any change in their address to the Share Transfer Agent / Depository Participant promptly.

7. The Register of Directors and Key Managerial Personnel and their shareholding, will be available for inspection by the Members at the AGM.

8. The Register of Contracts or Arrangements in which Directors are interested, will be available for inspection by the Members at the AGM.

9. We request the Shareholders to update their email addresses with your Depository Participant to enable us to send you the annual reports and other communications by email.

10. Copies of Annual Report 2014 are being sent by electronic mode only to all the Members whose email addresses are registered with the Company / Registrar & Transfer Agents / Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email addresses, physical copies of the Annual Report 2014 are being sent by the permitted mode.

11. **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 Wednesday, August 6, 2014.** 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.

    The e-voting facility would commence on **Wednesday, August 4, 2014 (9.00 am IST) and end on August 6, 2014 (5 pm IST).** The e-voting module shall be disabled by Karvy Computershare Private Limited, who would be managing the e-voting facility, after August 6, 2014, 5 p.m.

    Shareholders holding shares of the Company as **on Thursday, July 10, 2014 (the 'Cut-Off Date')** will be permitted to cast their vote electronically or by using the ballot form, at their convenience.

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

    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.

    Any Shareholder having any grievance on the e-voting can contact the Company / Registrar & Transfer Agent at the coordinates mentioned under the 'Investor Guide' of the instructions for e-voting. The Notice calling the 39th AGM, instructions for e-voting, attendance slip and proxy form along with ballot form is enclosed to the Notice of the AGM and 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.

12. Members who have not registered their email addresses, may please update their current residential addresses with the Company / Registrar & Transfer Agents / their respective Depository Participant(s).

13. Members may also note that, the Notice of AGM and the Annual Report 2014, will be available on the investor

portal of the Company's website at **www.dynamatics.com** The physical copies of the aforesaid documents will also be available at the Company's Registered Office at Dynamatic Park, Peenya, Bangalore – 560 058 for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at **investors@dynamatics.net**

14. Additional information pursuant to clause 49 of the Listing Agreements with the stock exchanges in respect of the Directors seeking appointment / re-appointment at the AGM are furnished and forms a part of the Corporate Governance Report. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.

15. Members desiring to dematerialize their physical shareholding in the Company may contact the investor relations team at **investors@dynamatics.net**

16. 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 2006-07, 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
DGM - Compliance, Legal and Company Secretary

Place : Bangalore
Date : May 28, 2014

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

Item number 3

The Company has received a notice from a Member under section 160 of the Companies Act, 2013, along with requisite amount of deposit, proposing the candidature of Mr. Vijai Kapur for the office of Independent Director under section 149 of the Companies Act, 2013.

The Company has received from Mr. Vijai Kapur:

a. Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014;

b. Intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of section 164 of the Companies Act, 2013, and

c. A declaration to the effect that, he meets the criteria of independence as provided under section 149(6) of the Companies Act, 2013.

The proposal at item number 3 of the notice calling the AGM, seeks the approval of Members for the appointment of Mr. Vijai Kapur as an Independent Director of the Company under section 149 of the Companies Act, 2013 read with other applicable provisions of the Companies Act, 2013, and rules made there under.

Mr. Vijai Kapur has accorded his consent for acting as an Independent Director of the Company and with this appointment (if approved), Mr. Vijai Kapur would not be liable to retire by rotation in accordance with the section 149 read with section 152 of the Companies Act, 2013 until conclusion of his tenure or resignation, whichever earlier. The appointment of Mr. Vijai Kapur has been reviewed by both Nomination & Remuneration Committee of the Board and also the Board of Directors. In accordance with part IV of schedule IV of the Companies Act, 2013, the Board opines that, Mr. Vijai Kapur who is proposed to be appointed as an Independent Director, fulfils the conditions specified in the Act / rules made thereunder and that, Mr. Vijai Kapur is independent of the management. Mr. Vijai Kapur does not hold any shares in the Company. Except Mr. Vijai Kapur no other Director, Key Managerial Personnel or their relatives, are concerned or interested in the proposal. The Board accordingly, recommends the resolution as set out in item number 3 of the Notice for approval of the Members.

The terms and conditions of appointment of Mr. Vijai Kapur as Independent Director of the Company is available for inspection by the Members at the Company's Registered Office during normal business hours on all working days.

Brief profile of the appointee:

Mr. Vijai Kapur has served as an Independent Director on the Board of the Company since, 1992. Apart from being a Director on the Board of the Company, Mr. Vijai Kapur is also the Chairman of Audit Committee of the Board and a Member of Nomination & Remuneration Committee of the Board. Mr. Vijai Kapur, had an illustrious career, heading GKW Limited as Deputy Managing Director, and was also past President – AIEI (now called CII).

Item number 4

The Company has received a notice from a Member under section 160 of the Companies Act, 2013, along with requisite amount of deposit, proposing the candidature of Air Chief Marshal S. Krishnaswamy (Retd.), for the office of Independent Director under section 149 of the Companies Act, 2013.

The Company has received from Air Chief Marshal S. Krishnaswamy (Retd.):

a. Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014;

b. Intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of section 164 of the Companies Act, 2013, and

c. A declaration to the effect that, he meets the criteria of independence as provided under section 149(6) of the Companies Act, 2013.

The proposal at item number 4 of the notice calling the AGM, seeks the approval of Members for the appointment of Air Chief Marshal S. Krishnaswamy (Retd.), as an Independent Director of the Company under section 149 of the Companies Act, 2013 read with other applicable provisions of the Companies Act, 2013, and rules made there under.

Air Chief Marshal S. Krishnaswamy (Retd.), has accorded his consent for acting as an Independent Director of the Company and with this appointment (if approved), Air Chief Marshal S. Krishnaswamy (Retd.), would not be liable to retire by rotation in accordance with the section 149 read with section 152 of the Companies Act, 2013 until conclusion of his tenure or resignation, whichever earlier. The appointment of Air Chief Marshal S. Krishnaswamy (Retd.), has been reviewed by both Nomination & Remuneration Committee of the Board and also the Board of Directors. In accordance with part IV of schedule IV of the Companies Act, 2013, the Board opines that, Air Chief Marshal S. Krishnaswamy (Retd.), who is proposed to be appointed as an Independent Director, fulfils the conditions specified in the Act / rules made thereunder and that, Air Chief Marshal S. Krishnaswamy (Retd.), is independent of the management. Air Chief Marshal S. Krishnaswamy (Retd.), holds 69 equity shares in the Company. Except Air Chief Marshal S. Krishnaswamy (Retd.), no other Director, Key Managerial Personnel or their relatives, are concerned or interested in the proposal. The Board accordingly recommends the resolution as set out in item number 4 of the Notice for approval of the Members.

The terms and conditions of appointment of Air Chief Marshal S. Krishnaswamy (Retd.), as Independent Director of the Company is available for inspection by the Members at the Company's Registered Office during normal business hours on all working days.

Brief profile of the appointee:

Air Chief Marshal S. Krishnaswamy (Retd.), has served as an Independent Director on the Board of the Company since, 2005. Apart from being a Director on the Board of the Company, Air Chief Marshal S. Krishnaswamy (Retd.), is also the Chairman of Shareholders Committee and Nomination & Remuneration Committee and is also a Member of Technology Development Committee and Audit Committee of the Board. Air Chief Marshal S. Krishnaswamy (Retd.), is credited with bringing focus towards indigenous capabilities as additional strategic dimensions of National Security Policy. He retired as the Commander of India's Defence forces in the Capacity of Chairman, Chief of Staff Committee 2004, in addition to serving as Chief of Air Staff, Indian Air Force 2002–04.

Item number 5

The Company has received a notice from a Member under section 160 of the Companies Act, 2013, along with requisite amount of deposit, proposing the candidature of Mr. Govind Mirchandani for the office of Independent Director under section 149 of the Companies Act, 2013.

The Company has received from Mr. Govind Mirchandani:

a. Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014;

b. Intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of section 164 of the Companies Act, 2013, and

c. A declaration to the effect that, he meets the criteria of independence as provided under section 149(6) of the Companies Act, 2013.

The proposal at item number 5 of the notice calling the AGM, seeks the approval of Members for the appointment of Mr. Govind Mirchandani as an Independent Director of the Company under section 149 of the Companies Act, 2013 read with other applicable provisions of the Companies Act, 2013, and rules made there under.

Mr. Govind Mirchandani has accorded his consent for acting as an Independent Director of the Company and with this appointment (if approved), Mr. Govind Mirchandani would not be liable to retire by rotation in accordance with the section 149 read with section 152 of the Companies Act, 2013 until conclusion of his tenure or resignation, whichever earlier. The appointment of Mr. Govind Mirchandani has been reviewed by both Nomination & Remuneration Committee of the Board and also the Board of Directors. In accordance with part IV of schedule IV of the Companies Act, 2013, the Board opines that, Mr. Govind Mirchandani who is proposed to be appointed as an Independent Director, fulfils the conditions specified in the Act / rules made thereunder and that, Mr. Govind Mirchandani is independent of the management. Mr. Govind Mirchandani does not hold any shares in the Company. Except Mr. Govind Mirchandani no other Director, Key Managerial Personnel or their relatives, are concerned or interested in the proposal.

The Board accordingly recommends the resolution as set out in item number 5 of the Notice for approval of the Members.

The terms and conditions of appointment of Mr. Govind Mirchandani as Independent Director of the Company is available for inspection by the Members at the Company's Registered Office during normal business hours on all working days.

Brief profile of the appointee:

Mr. Govind Mirchandani has served as an Independent Director on the Board of the Company since, 2008. Apart from being a Director on the Board of the Company, Mr. Govind Mirchandani is also the Chairman of Corporate Social Responsibility Committee of the Board and Member of Nomination & Remuneration Committee, Shareholders' Committee and Audit Committee of the Board. Mr. Govind Mirchandani, has vast experience in developing and building leading brand in India. He has had a distinguished career which includes the positions of Executive Director & CEO of Reid and Taylor; Director of Brandhouse Retails Limited; CEO & Director of Arvind Mills Limited; President of Denim Division and President & CEO of Personality Limited.

Item number 6

The Company has received a notice from a Member under section 160 of the Companies Act, 2013, along with requisite amount of deposit, proposing the candidature of Ms. Malavika Jayaram, for the office of Independent Director under section 149 of the Companies Act, 2013.

The Company has received from Ms. Malavika Jayaram:

a. Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014;

b. Intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under sub-section (2) of section 164 of the Companies Act, 2013, and

c. A declaration to the effect that, she meets the criteria of independence as provided under section 149(6) of the Companies Act, 2013.

The proposal at item number 6 of the notice calling the AGM, seeks the approval of Members for the appointment of Ms. Malavika Jayaram, as an Independent Director of the Company under section 149 of the Companies Act, 2013 read with other applicable provisions of the Companies Act, 2013, and rules made there under.

Ms. Malavika Jayaram, has accorded her consent for acting as an Independent Director of the Company and with this appointment (if approved), Ms. Malavika Jayaram, would not be liable to retire by rotation in accordance with the section 149 read with section 152 of the Companies Act, 2013 until conclusion of her tenure or resignation, whichever earlier. The appointment of Ms. Malavika Jayaram, has been reviewed by both Nomination & Remuneration Committee of the Board and also the Board of Directors. In accordance with part IV of schedule IV of the Companies Act, 2013, the Board opines that, Ms. Malavika Jayaram, who is proposed to be appointed as an Independent Director, fulfils the conditions specified in the Act / rules made thereunder and that, Ms. Malavika Jayaram, is independent of the management. Ms. Malavika Jayaram, does not hold any shares in the Company. Except Ms. Malavika Jayaram no other Director, Key Managerial Personnel or their relatives, are concerned or interested in the proposal. The Board accordingly recommends the resolution as set out in item number 6 of the Notice for approval of the Members.

The terms and conditions of appointment of Ms. Malavika Jayaram as Independent Director of the Company is available for inspection by the Members at the Company's Registered Office during normal business hours on all working days.

Brief profile of the appointee:

Ms. Malavika Jayaram, has served as an Independent Director on the Board of the Company since, 2008. Apart from being a Director on the Board of the Company, Ms. Malavika Jayaram, is also a Member of Corporate Social Responsibility Committee, Technology Development Committee and Finance Committee of the Board. Ms. Malavika Jayaram, partner of Jayaram & Jayaram Associates is an expert on Intellectual Property Rights, International Business Transactions and EU Law. She has spent almost a decade practising law in Europe with Allen & Overy, London and Citigroup, London where she was Vice President & Technology Law Counsel, before returning to India.

Item number 7

Mr. Nalini Ranjan Mohanty 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 September 27, 2013. Pursuant to section 161 of the Companies Act, 2013, Mr. Nalini Ranjan Mohanty will hold office up to the date of the ensuing AGM. The Company has received a notice from a Member under section 160 of the Companies Act, 2013, along with requisite amount of deposit, proposing the candidature of Mr. Nalini Ranjan Mohanty for the office of Independent Director under section 149 of the Companies Act, 2013.

The Company has received from Mr. Nalini Ranjan Mohanty:

a. Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014;

b. Intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of section 164 of the Companies Act, 2013, and

c. A declaration to the effect that, he meets the criteria of independence as provided under section 149(6) of the Companies Act, 2013.

The proposal at item number 7 of the notice calling the AGM, seeks the approval of members for the appointment of Mr. Nalini Ranjan Mohanty as an Independent Director of the Company under section 149 of the Companies Act, 2013 read with other applicable provisions of the Companies Act, 2013, and rules made there under.

Mr. Nalini Ranjan Mohanty has accorded his consent for acting as an Independent Director of the Company and with this appointment (if approved), Mr. Nalini Ranjan Mohanty would not be liable to retire by rotation in accordance with the section 149 read with section 152 of the Companies Act, 2013 until conclusion of his tenure or resignation, whichever earlier. The appointment of Mr. Nalini Ranjan Mohanty has been reviewed by both Nomination & Remuneration Committee of the Board and also the Board of Directors. In accordance with part IV of schedule IV of the Companies Act, 2013, the Board opines that, Mr. Nalini Ranjan Mohanty who is proposed to be appointed as an Independent Director, fulfils the conditions specified in the Act / rules made thereunder and that, Mr. Nalini Ranjan Mohanty is independent of the management. Mr. Nalini Ranjan Mohanty does not hold any shares in the Company. Except Mr. Nalini Ranjan Mohanty no other Director, Key Managerial Personnel or their relatives, are concerned or interested in the proposal. The Board accordingly recommends the resolution as set out in item number 7 of the Notice for approval of the Members.

The terms and conditions of appointment of Mr. Nalini Ranjan Mohanty as Independent Director of the Company is available for inspection by the Members at the Company's Registered Office during normal business hours on all working days.

Brief profile of the appointee:

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

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

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

Item number 8

Mr. Ramesh Venkataraman 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 November 08, 2013. Pursuant to section 161 of the Companies Act, 2013, Mr. Ramesh Venkataraman will hold office up to the date of the ensuing AGM. The Company has received a notice from a Member under section 160 of the Companies Act, 2013, along with requisite amount of deposit, proposing the candidature of Mr. Ramesh Venkataraman for the office of Independent Director under section 149 of the Companies Act, 2013.

The Company has received from Mr. Ramesh Venkataraman:

a. Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014;

b. Intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of section 164 of the Companies Act, 2013, and

c. A declaration to the effect that, he meets the criteria of independence as provided under section 149(6) of the Companies Act, 2013.

The proposal at item number 8 of the notice calling the AGM, seeks the approval of Members for the appointment of Mr. Ramesh Venkataraman as an Independent Director of the Company under section 149 of the Companies Act, 2013 read with other applicable provisions of the Companies Act, 2013, and rules made there under.

Mr. Ramesh Venkataraman has accorded his consent for acting as an Independent Director of the Company and with this appointment (if approved), Mr. Ramesh Venkataraman would not be liable to retire by rotation in accordance with the section 149 read with section 152 of the Companies Act, 2013 until conclusion of his tenure or resignation, whichever earlier. The appointment of Mr. Ramesh Venkataraman has been reviewed by both Nomination & Remuneration Committee of the Board and also the Board of Directors. In accordance with part IV of schedule IV of the Companies Act, 2013, the Board opines that, Mr. Ramesh Venkataraman who is proposed to be appointed as an Independent Director, fulfils the conditions specified in the Act / rules made thereunder and that, Mr. Ramesh Venkataraman is independent of the management. Mr. Ramesh Venkataraman does not hold any shares in the Company. Except Mr. Ramesh Venkataraman, no other Director, Key Managerial Personnel or their relatives, are concerned or interested in the proposal. The Board accordingly recommends the proposal as set out in item number 8 of the Notice for approval of the Members.

The terms and conditions of appointment of Mr. Ramesh Venkataraman as Independent Director of the Company is available for inspection by the Members at the Company's Registered Office during normal business hours on all working days.

Brief profile of the appointee:

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

Mr. Ramesh Venkataraman is the author of several articles on strategy and various aspects of software services, telecommunications, and e-commerce. He is also a regular speaker at business and technology forums and has been frequently quoted in the press including by the *Financial Times, Wall Street Journal* and *Businessweek*. In 2005, Mr. Venkataraman was chosen for the prestigious Young Achiever award by the Indo-American society. Mr. Ramesh Venkataraman, is presently a Senior Partner & Executive Director of Samena Capital and Co-Head of Special Situations and Direct Investments. Previously, he was co-founder and Managing Partner of Avest, an Asian direct investments platform.

Item number 9

Under section 293(1)(a) of the erstwhile Companies Act, 1956, it was necessary to seek approval of Shareholders by Ordinary Resolution for mortgaging / creating charges on properties of company to secure the loans availed by companies. Accordingly, the Shareholders at their meeting, held on March 28, 1995, had approved mortgaging properties of the Company up to a limit of INR ₹500 (five hundred) crores by passing an Ordinary Resolution.

Section 180(1)(a) of the Companies Act, 2013, requires consent of the Shareholders to be obtained by passing Special Resolution for the purpose of mortgaging / creating charges on properties of company to secure the loans availed by companies. By the aforesaid proposal, the approval of the Shareholders is requested for mortgaging / creating charges on properties of company to secure the loans availed by the Company by Special Resolution up to a limit of INR ₹500 (five hundred) crores. The contents of the approval sought from the Shareholders during March 28, 1995 and the proposal mentioned in the Notice calling the meeting does not differ in any manner.

None of the Directors of the Company being interested in the resolution, the Board recommends the proposal for approval of the Shareholders by Special Resolution.

Item number 10

Under section 293(1)(d) of the Companies Act, 1956, it was necessary to seek approval of Shareholders by Ordinary Resolution for borrowing monies, where the monies borrowed together with the monies already borrowed, exceeds the aggregate of its paid-up capital and free reserves. Accordingly, the Shareholders, at their meeting held on August 13, 2011, had approved availing secured loans to the extent of INR ₹500 (five hundred) crores by passing an Ordinary Resolution.

Under section 180(1)(c) of the Companies Act, 2013, it is necessary to seek the approval of Shareholders by Special Resolution for borrowing monies, where the monies borrowed together with the monies already borrowed, exceeds the aggregate of its paid-up capital and free reserves. By the aforesaid proposal, the approval of the Shareholders is requested for availing secured loans to the extent of INR ₹500 (five hundred) crores by Special Resolution. The contents of the approval given by the Shareholders during August 13, 2011 and the proposal mentioned in the Notice calling the meeting does not differ in any manner.

None of the Directors of the Company being interested in the resolution, the Board recommends the proposal for approval of the Shareholders by Special Resolution.

Item number 11

Pursuant to provisions of section 198, 309 read with schedule XIII and other applicable provisions of the Companies Act, 1956, Mr. Udayant Malhoutra, was re-appointed as the CEO & Managing Director of the Company for a period of five years with effect from October 1, 2009, as approved by the Members at their Annual General Meeting held on August 25, 2009. The revisions to the terms of remuneration of Mr. Udayant Malhoutra was considered and approved by the Members at the Annual General Meeting held on August 13, 2011.

Mr. Udayant Malhoutra has been the CEO & Managing Director of the Company since 2006 and the Non-Executive Chairman of the Company's subsidiaries in India and overseas. Over the years, the Company has grown organically and inorganically across multiple geographies and has diversified into multiple businesses with the long term visions of securing market leadership, technological competence and enhancing its brand equity as a global leader.

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

Considering the involvement of Mr. Udayant Malhoutra in the Company's global business development, the Board strongly recommends the re-appointment of Mr. Udayant Malhoutra as the CEO & Managing Director of the Company and remuneration payable to him. The details of terms of re-appointment and remuneration proposed to be paid to Mr. Udayant Malhoutra have already been detailed at item number 11 of the resolution.

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

I. General Information:

1. Nature of industry

   The Company is involved in the business of inter-alia manufacturing, designing, selling all types of hydraulic equipments, machineries, components, automobile compressor housings, components, castings and 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. Your Company's operation are located at Chennai, Bangalore, Nasik, United Kingdom and Germany.

2. Date or expected date of commencement of commercial production

   The Company has commenced commercial production in 1975.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus Not applicable.

4. Financial performance based on given indicators

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

(₹ in 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

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

   He was formerly a Member, Board of Governors, IIT Kanpur (1997-2001), Co-Chairman, Task Force on DRDO - Industry Partnership along with Dr. K. Santhanam, Ministry of Defence, Government of India (1998-99), Member, Working Group for formulation of 10th five year plan (2001) and Chairman, Sub-Group on Minerals, Metals, Materials & Manufacturing sector for formulation of 10th five year plan, Council of Scientific Industrial Research (CSIR) / Department of Scientific Industrial Research (DSIR), Government of India, (2001), Member, CII National Council (2001-2003) and Chairman, CII National Committee on Technology (2002-2003). He was President, Fluid Power Society of India, (2004-06), (2006-08). He was on the International Board of the World Presidents' Organization and the Young Presidents' Organization (2005-2008).

   He is presently the Chairman of CII National Committee on Design (2010-2012) and Member, CII National Council (2010-2012).

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

2. Past remuneration

   The details of past remuneration as approved by the Shareholders at the meeting held on August 13, 2011 have been appended here below:

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

PERQUISITES

Category A

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

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

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

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

Category B

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

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

Category C

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

3. Recognition or awards

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

4. Job profile and his suitability

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

   Almost 23 years after that, Mr. Malhoutra has metamorphosed the company into a INR ₹1,500 crore revenue generating business with focus on diverse sectors including automotive, aerospace, metallurgy as the CEO & Managing Director of the Company. Under the leadership of Mr. Udayant Malhoutra, the Company has expanded its manufacturing capabilities overseas in UK and is catering to well-known names in the sectors like John Deere, Boeing, Tata Motors and Hyundai among others. The Company's business has increased manifold ever since, Mr. Udayant Malhoutra has taken over the business of the Company. The Company has also expanded its operations in Germany through its subsidiary Eisenwerk Erla, GmbH. The Company also has a subsidiary in Singapore.

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

5. Remuneration proposed

   Mr. Udayant Malhoutra will continue his association with the Company as CEO & Managing Director under the same terms of remuneration that were approved by the Shareholders at their meeting held on August 13, 2011 and the same have been mentioned here above. There will be no change in the proposed remuneration sought to be paid to Mr. Udayant Malhoutra.

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. Udayant Malhoutra when compared with the peers in the same industry is much lesser.

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

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

III. Other information:

1. Reasons of loss or inadequate profits

   The 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 by INR ₹33 crores (18%) in Automotive due to slow down in overall automotive industry in India. However revenue in Aerospace segment grew by 38% (INR ₹25 crores) and Hydraulics posted moderate growth by INR ₹10 crores helped us to maintain revenues at similar level that of previous year. Increase in interest cost by INR ₹16 crores due to increase in overall rate of interest also had a marked impact on the profits of the Company.

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, optimizing the manpower, product rationalisation and price increase with customers which helped the Company to maintain its operating margin despite lower top line. Rationalization of banking facilities by replacing high cost debt, pre-payment of debt by sale of non-core assets and judicial spend on capex.

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

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

IV. Disclosures:

The following disclosures have been made under the heading 'Corporate Governance' of the Directors Report, attached to the financial statement:

(i) all elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;

(ii) details of fixed component and performance linked incentives along with the performance criteria;

(iii) service contracts, notice period, severance fees;

(iv) stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

Item number 12

Ms. Claire Louise Tucker is a Non-Executive Director of the Company. She joined the Board of Directors of the Company in 2011. Ms. Claire Louise Tucker retires by rotation under section 152 of the Companies Act, 2013, at the ensuing AGM and does not seek re-appointment owing to personal commitments. The Board has decided not to fill the vacancy caused due to retirement of Ms. Claire Louise Tucker. No Director or Key Managerial Personnel of the Company or their relatives, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item number 12 for approval of the Members.

Item number 13

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 2014-15 at a remuneration of INR ₹4,50,000 (four lakhs and fifty thousand).

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 passing an Ordinary Resolution as set out at item number 13 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2014-2015.

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 13 of the Notice.

The Board recommends the Ordinary Resolution set out at item number 13 of the Notice for approval by the Shareholders.

By Order of the Board

Naveen Chandra P
DGM - Compliance, Legal and Company Secretary

Place : Bangalore
Date : May 28, 2014

ANNUAL REPORT 2013-2014

DYNAMATIC TECHNOLOGIES LIMITED

resilience.
endurance.
regrowth.

"Storms make the oak grow deeper roots."

- George Herbert

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 2013-14.

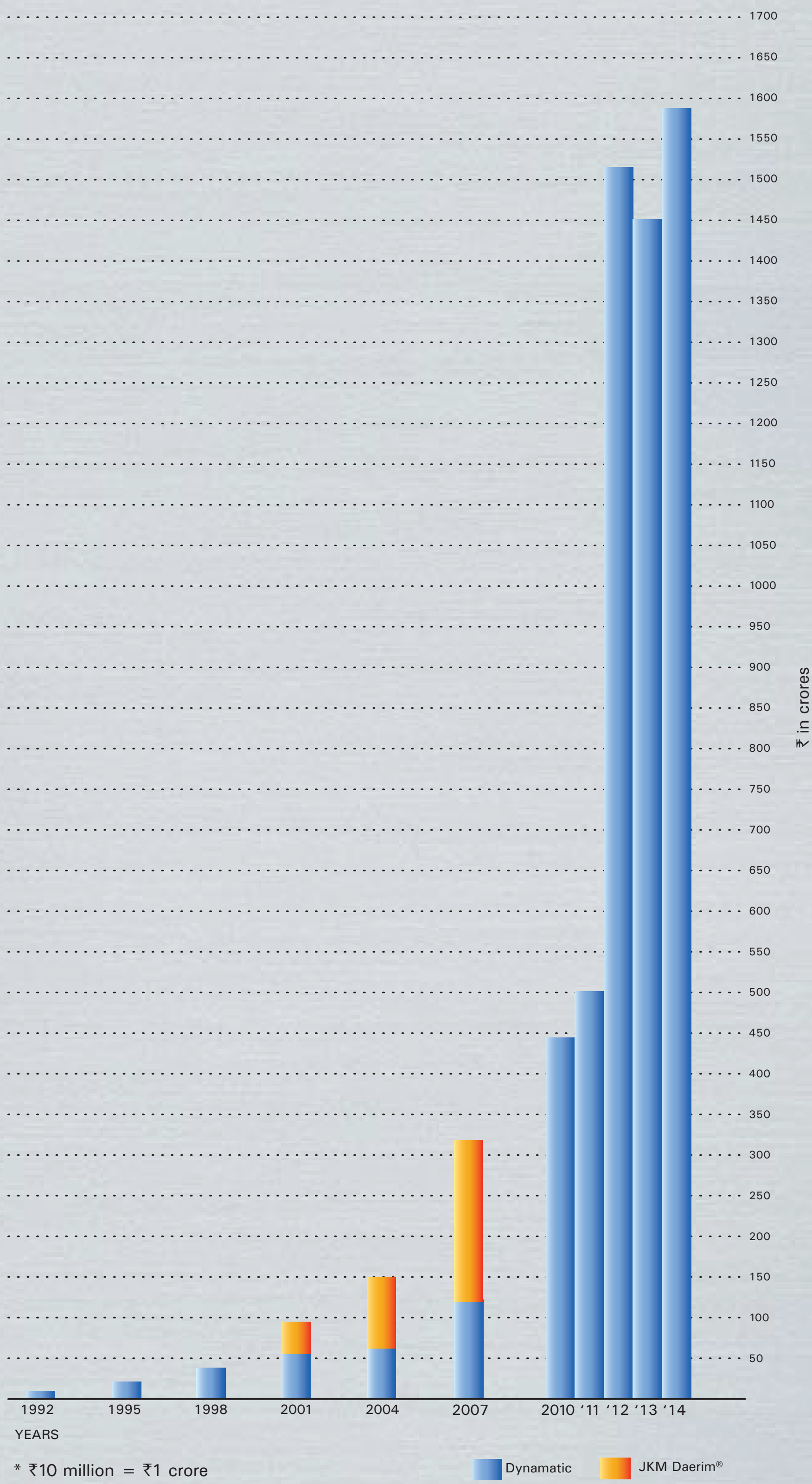
During the year under review, your company along with its subsidiaries recorded a growth rate of 9% in Aggregate Sales. Gross Sales recorded ₹15,875 million (aggregated with subsidiaries) with consolidated EBIDTA of ₹1,629 million & Net Profit Before Tax of ₹258 million.

The graph on the right shows your company's growth over the past 23 years.

The economic uncertainties and the negative sentiments of the previous year continued to prevail through 2013-14, making recovery fragile. Your company has responded to the shift in business context with corrective initiatives, including monetization of non-core assets to reduce overall debt and improve the balance sheet. These initiatives are aligned to the company's asset-light growth strategy and are expected to create a more profitable, flexible business model that improves the Return on Capital Employed and increases operational competitiveness.

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

Dynamatic Hydraulics™ is one of the world's leading producers of high pressure Hydraulic Gear Pumps for agricultural and construction equipment and industrial applications. Your company is a preferred supplier to leading OEMS across the world, serving customers on six continents through its manufacturing facilities in Swindon, UK, and Bangalore, India.



In the earlier years, JKM Daerim® has been identified separately on the bar chart above. With effect from 2007-08, the merged identity is shown as a single bar. The aggregated sales for 2013-14 also includes the turnover recorded by your company's wholly owned subsidiaries as well as Inter-Division/Company Sales of ₹146 crores from Dynametal®, Dynamatic Hydraulics™, Dynamatic Wind Farm, Eisenwerk Erla GmbH, Germany, JKM Ferrotech Limited, India and Dynamatic Limited, UK.

During the year under review, your company's Hydraulic business in the UK has grown by 10%, from ₹1,284 million in FY 2013 to ₹1,414 million in FY 2014, where as Dynamatic Hydraulics™, India, recorded growth of 6%, from ₹1,591 million in FY 2013 to ₹1,684 million in FY 2014.

To enhance its competitive edge, your company has restructured its Hydraulics operations in India, transforming a large manufacturing entity into a networked group of three leaner industrial units, each geared to cater to the market demand for specific products. Your company completed the decentralisation of its Indian Hydraulics operations and effected the transfer of operations to the new locations in record time with minimal impact on production. Each of these units have been leased on a long-term basis to minimize investment in fixed capital.

Dynamatic Hydraulics™ at its new location

New Hydraulics shop floor

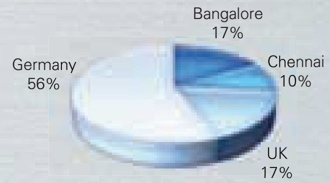
"It's not enough that we do our best; sometimes we have to do what's required."

- Sir Winston Churchill

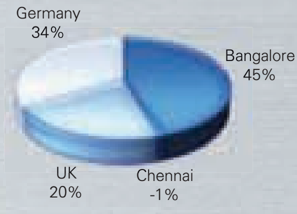
For close to 2 years, your company's Automotive and Casting units located around Chennai had struggled with disrupted production and interrupted casting supplies due to power scarcity in Tamil Nadu and inflationary pressures exerted by a depreciating Indian currency. This had severely impacted the profitability of your company's Automotive business in India.

In order to correct this business, your company has rationalized its product mix, re-focused its attention to export markets and released capital by monetizing spare land and buildings at its Irrugattukottai complex.

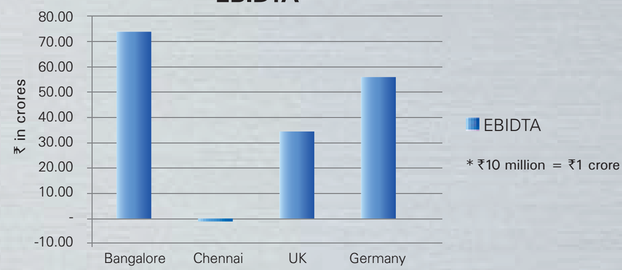
NET SALES



EBIDTA



EBIDTA



Lanchester Housing for Mercedes-Benz

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

Exhaust Manifold Castings for BMW

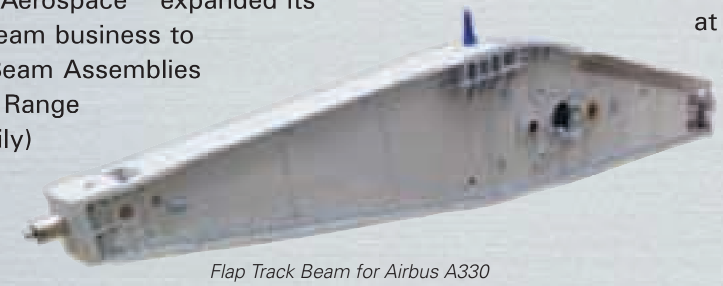
Eisenwerk Erla GmbH commenced Main Turbine Housing projects for the Volkswagen engines, and was successful in completing three Stainless Steel prototype projects for Audi, Daimler and Mitsubishi. With rising demand for Stainless Steel Castings from the global petrol engine turbo charger market, your company will focus on building Stainless Steel Casting capabilities in Germany, while JKM Ferrotech™ will continue to ramp up exports of high value Iron castings through Eisenwerk Erla to its customers.

Eisenwerk Erla GmbH, Germany, will focus its future on stainless steel castings

"Your own positive future begins in this moment. All you have is right now. Every goal is possible from here."

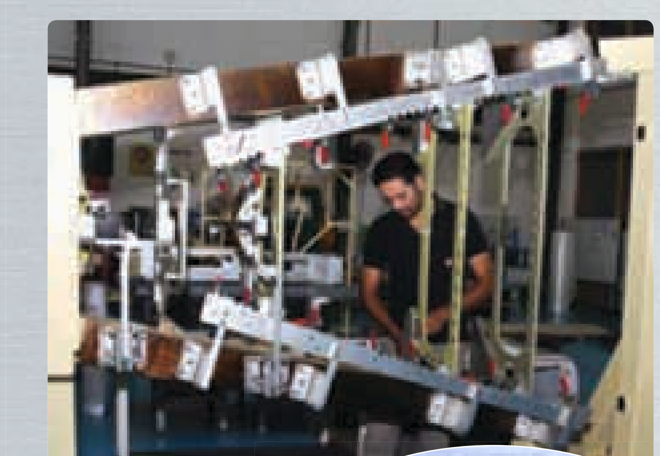
- Lao Tzu

Your company has been producing Flap Track Beam Assemblies for the Airbus Single Aisle (A320) Aircraft Family on a global single source basis since 2008 as a Tier II supplier to Airbus. During the year under review, Dynamatic-Oldland Aerospace™ expanded its Airbus Flap Track Beam business to include Flap Track Beam Assemblies for the Airbus Long Range Aircraft (A330 Family) variants. The new business award from Airbus will establish Dynamatic-Oldland Aerospace™ as a Center of Excellence for the production of Flap Track Beams. It also makes your company the first in the Indian private sector to become a Global Tier One supplier to Airbus, Boeing and Bell Helicopter.



Flap Track Beam for Airbus A330 Assembly scheduled to commence in 2015 at Bangalore

Dynamatic-Oldland Aerospace™, UK, recorded sales growth of 23%, from ₹1,067 million in FY 2013 to ₹1,314 million in FY 2014. With the expansion of operations into the Swindon site to support its robust order books, your company's Aerospace business in UK is well set to continue on its steady growth path.



JIG Assembly for Bell 407 at Dynamatic Park, Bangalore

Bell 407 Photo Courtesy: Bell Helicopter

Your company's Aerospace business in India recorded 40% growth during the year under review, from ₹657 million in FY 2013 to ₹920 million in FY 2014.

Dynamatic-Oldland Aerospace™ has commenced trial production of detail parts for the Aft Pylon and Cargo Ramp Assemblies for the Boeing Chinook CH-47 and expects to commence delivery of assemblies by early 2015.

Your company has also completed the First Article Inspection of detail parts for the Aft Fuselage of the Bell 407 and has commenced production at 5 sets per month. Dynamatic-Oldland Aerospace™ recently signed a Memorandum of Understanding with Bell Helicopters which establishes your company as a single source supplier for major assemblies on the Cabin for Bell 407 (GX & AN variants) over the next ten years.

Riding on the back of new business orders received from Boeing Military for the CH-47F Chinook and from Bell Helicopter for the Bell 407, your company has commenced expansion of its Indian Aeronautic manufacturing facilities by re-appropriating the spare capacity made available by the decentralization and relocation of the Hydraulics business.

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

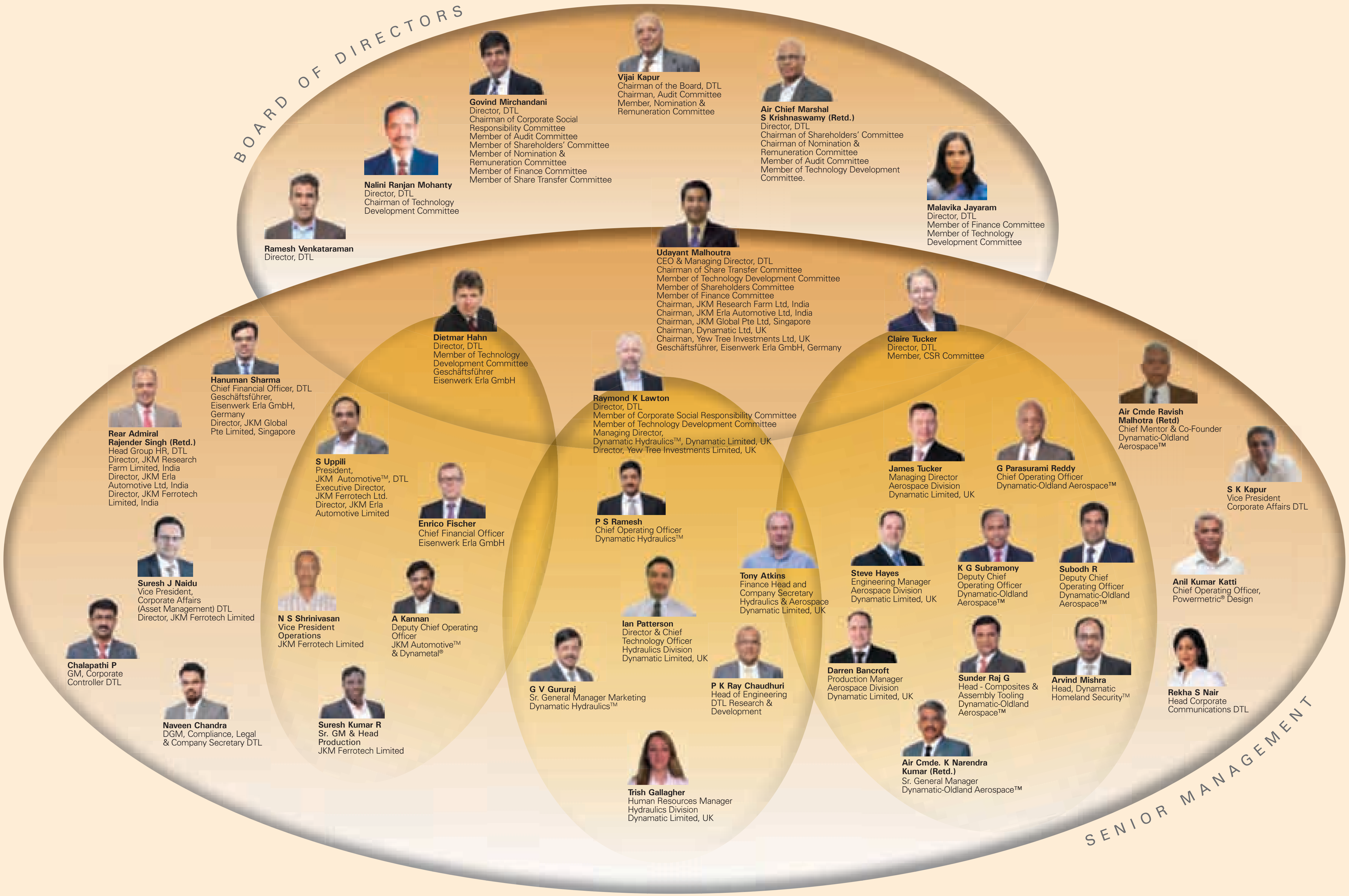
The leadership team at Dynamatic is committed to securing the company's market leadership, technological competence and brand equity through these difficult times and remains confident in its abilities to continue on its existing high growth curves.

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

Udayant Malhoutra

Chief Executive Officer and Managing Director

CORPORATE STRUCTURE



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.

DYNAMATIC LIMITED, UK
Chairman
Mr. Udayant Malhoutra
Director
Mr. Michael John Handley
Managing Director, Dynamatic Hydraulics™, Dynamatic Limited, UK
Mr. Raymond Keith Lawton
Director & Chief Technology Officer, Dynamatic Hydraulics™, Dynamatic Limited, UK
Mr. Ian Patterson
Managing Director, Aerospace Division, Dynamatic Limited, UK
Mr. James Tucker
Auditors
KPMG LLP, Bristol, UK
Chartered Accountants and Statutory Auditors

EISENWERK ERLA GmbH, GERMANY
Chairman
Mr. Udayant Malhoutra
Managing Director
Mr. Dietmar Hahn
Director
Mr. Hanuman Sharma
Auditors
KMPG AG, Germany

JKM ERLA AUTOMOTIVE LIMITED
Chairman
Mr. Udayant Malhoutra
Director
Mr. S. Uppili
Director
Rear Admiral Rajender Singh (Retd.)
Auditors
B S R & Associates, LLP
Chartered Accountants, Bangalore

JKM ERLA HOLDINGS GmbH, GERMANY
Chairman
Mr. Udayant Malhoutra
Director
Mr. Dietmar Hahn
Auditors
KMPG AG, Germany

JKM GLOBAL PTE LIMITED, SINGAPORE
Chairman
Mr. Udayant Malhoutra
Director
Mr. Hanuman Sharma
Director
Mr. Chai Chung Hoong
Auditors
KPMG LLP, Bristol

JKM RESEARCH FARM LIMITED
Chairman
Mr. Udayant Malhoutra
Director
Ms. Pramilla Malhoutra
Director
Rear Admiral Rajender Singh (Retd.)
Auditors
M/s Prasad & Kumar
Chartered Accountants, Bangalore

JKM FERROTECH LIMITED
Chairman
Rear Admiral Rajender Singh (Retd.)
Whole-time Director
Mr. S. Uppili
Director
Mr. Suresh Jayapal Naidu
Auditors
B S R & Associates, LLP
Chartered Accountants, Bangalore

YEW TREE INVESTMENTS LIMITED, UK
Chairman
Mr. Udayant Malhoutra
Director
Mr. Raymond Keith Lawton
Auditors
KPMG LLP, Bristol

D Y N A M A T I C   T E C H N O L O G I E S   L I M I T E D

Chairman
Mr. Vijai Kapur
Management Consultant
During an illustrious career, he was heading GKW Limited as Dy. Managing Director, and was also past President – AIEI (now called CII)

Director
Air Chief Marshal S. Krishnaswamy (Retd.)
Distinguished Former Head of Indian Defence Services
He is credited with bringing focus towards indigenous capabilities as additional strategic dimensions of National Security Policy. He retired as the Commander of India's Defence forces in the Capacity of Chairman, Chiefs of Staff Committee 2004, in addition to serving as Chief of Air Staff, Indian Air Force 2002–04.

Director
Mr. Govind Mirchandani
Management Consultant
He has vast experience in developing and building leading brands in India. He has had a distinguished career which includes the positions of Executive Director & CEO, Reid and Taylor. Director, Brandhouse Retails Ltd, CEO & Director, Arvind Mills Ltd., President, Denim Division, Arvind Mills Ltd, and President & CEO, Personality Ltd.

Director
Ms. Malavika Jayaram
Lawyer
An expert on Intellectual Property Rights, International Business Transactions and EU Law, she is a partner of Jayaram & Jayaram Associates. She has spent almost a decade practising law in Europe with Allen & Overy, London and Citigroup, London where she was Vice President & Technology Law Counsel, before returning to India.

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

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

Director
Mr. Raymond Keith Lawton
Company Executive
Formerly the Executive Chairman, Sauer Danfoss (Swindon Unit), he is credited with the transformation of the Swindon unit into a state-of-the-art facility. He is the Managing Director, Dynamatic Hydraulics™, Dynamatic Limited, UK.

Director
Mr. Dietmar Hahn
Company Executive
He has over two decades of rich experience in operations, sales and development, having worked in positions of seniority at Eisenwerk Erla GmbH. He is the Geschäftsführer, Eisenwerk Erla GmbH, Germany.

Chief Executive Officer & Managing Director
Mr. Udayant Malhoutra
Industrialist
He is credited with successfully initiating nurturing, and scaling to industrial size, various technologies associated with all three sciences. In addition to his role at Dynamatic®, he has been a Member, Board of Governors, IIT Kanpur (1997-2001), Member, CII National Council (2001-2003), (2010-2012), Chairman, CII National Committee on Technology (2002-2003), Chairman, National Committee on Design (2010-2012) and President, Fluid Power Society of India (2004-08).

REGISTERED OFFICE
Dynamatic Park Peenya
Bangalore 560 058 India

KEY FACILITIES
Dynamatic Park, Peenya
Bangalore 560 058, India

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

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

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

JKM Park, SIPCOT
Irrungattukottai, Sriperumbuddur
Tamil Nadu 602 105, India

K-4, SIPCOT Phase II
Gummidipoondi, Thiruvallore District
Tamil Nadu 601 201, India

Airforce Road
HAL Ancilary Unit – III
Ojhar, Niphad,
Nasik 422207, India

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

Jarvis Street, Barton Hill
Bristol BS5 9TR, England

Gießereistraße 1, 08340
Schwarzenberg / Erzgebirge,
Germany

AUDITORS
M/s. B S R & Associates, LLP
Chartered Accountants, Bangalore

CHIEF FINANCIAL OFFICER
Mr. Hanuman Kumar Sharma

COMPANY SECRETARY
Mr. Naveen Chandra P

REGISTRAR & TRANSFER AGENTS
Karvy Computershare Pvt. Ltd
Vittal Rao Nagar, Madhapur,
Hyderabad 500 081, India

BANKERS
Axis Bank Limited
Bank of India
Commerzbank
DBS Bank Limited
Deutsche Leasing Finance
Export - Import Bank of India
GE Capital
ICICI Bank Limited
KKR India Financial Services Pvt Limited
Kotak Mahindra Bank Limited
Punjab National Bank
State Bank of India
Sachsenbank
Siemens Financial Services
Tata Capital
The Royal Bank of Scotland
Yes Bank Limited

← PLEASE LIFT FOLDOUT FOR CORPORATE STRUCTURE

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS

DYNAMATIC TECHNOLOGIES LIMITED

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DYNAMATIC TECHNOLOGIES LIMITED

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Dynamatic Technologies Limited ("the Company"), its subsidiaries and an associate (collectively called 'the Group'), which comprise the consolidated balance sheet as at 31 March 2014, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the consolidated balance sheet, of the state of affairs of the Company as at 31 March 2014;

(ii) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and

(iii) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Other matter

We did not audit the financial statements and other financial information of certain subsidiaries and an associate which have been incorporated in the consolidated financial statements. These subsidiaries and the associate account for 42.84% of total assets as at 31 March 2014, and 72.14% of the aggregate of total revenue from operations (net) and other income for the year ended 31 March 2014 and ₹2,490 lacs net decrease in cash and cash equivalents for the year ended 31 March 2014, as shown in these consolidated financial statements. Of the above:

a. The financial statements and other financial information of some of the subsidiaries incorporated outside India as drawn up in accordance with the generally accepted accounting principles of the respective countries ('the local GAAP') have been audited by other auditors duly qualified to act as auditors in those countries. These subsidiaries account for 42.20% of total assets as at 31 March 2014 and 72.14% of the aggregate of of total revenue from operations (net) and other income for the year ended 31 March 2014 and ₹2,470 lacs net decrease in cash and cash equivalents for the year ended 31 March 2014 as shown in these consolidated financial statements. For purposes of preparation of the consolidated financial statements, the aforesaid local GAAP financial statements have been restated by the Management of the said entities so that they conform to the generally accepted accounting principles in India. This has been done on the basis of a reporting package prepared by the Company which covers accounting and disclosure requirements applicable to consolidated financial statements under the generally accepted accounting principles in India. The reporting packages made for this purpose have been audited by the other auditors and reports for consolidation purposes of those other auditors have been furnished to us. Our opinion on the consolidated financial statements, insofar as it relates to these entities, is based solely on the report of these other auditors.

b. The financial statements and other financial information of the remaining subsidiaries and the associate have not been subjected to audit either by us or by other auditors, and therefore, the unaudited financial statements of these entities have been furnished to us by the Management. These subsidiaries and associate account for 0.64% of total assets as at 31 March 2014 and ₹20 lacs net decrease in cash and cash equivalents for the year ended 31 March 2014 as shown in these consolidated financial statements, and therefore are not material to the consolidated financial statement, either individually or in aggregate.

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W

Vineet Dhawan
Partner
Membership No.: 092084

Bangalore
Date: 28 May 2014

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

(₹ in lacs)

	Note	As at 31 March 2014	As at 31 March 2013
Equity and liabilities			
Shareholders' funds			
Share capital	3	554	541
Reserves and surplus	4	13,761	11,573
Money received against share warrants	44	1,000	1,250
		15,315	13,364
Minority Interest	4(a)	264	3,295
Non-current liabilities			
Long-term borrowings	5	36,185	34,416
Deferred tax liabilities (net)	6	3,411	3,131
Other long-term liabilities	7	1,385	1,916
Long-term provisions	8	288	182
		41,269	39,645
Current liabilities			
Short-term borrowings	9	10,077	17,433
Trade payables	10	27,625	24,441
Other current liabilities	11	19,529	20,281
Short-term provisions	12	1,566	2,806
		58,797	64,961
		115,645	121,265
Assets			
Non current assets			
Goodwill		6,788	6,788
		6,788	6,788
Fixed assets			
- Tangible fixed assets	13	59,672	56,709
- Intangible fixed assets	13	2,235	2,602
- Capital work in progress		278	7,422
- Intangible fixed assets under development		-	188
		62,185	66,921
Non current investments	14	1	1
Deferred tax assets (net)	6	-	-
Long-term loans and advances	15	2,499	2,160
Other non-current assets	16	1,103	357
		3,603	2,518
Current assets			
Inventories	17	22,799	20,253
Trade receivables	18	10,163	14,612
Cash and bank balances	19	4,410	5,734
Short-term loan and advances	20	2,916	2,301
Other current assets	21	2,781	2,138
		43,069	45,038
		115,645	121,265
Significant accounting policies	2		

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

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W

Vineet Dhawan
Partner
Membership No.: 092084

Place : Bangalore
Date : 28 May 2014

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

UDAYANT MALHOUTRA
CEO and Managing Director

VIJAI KAPUR
Chairman

HANUMAN SHARMA
Chief Financial Officer

NAVEEN CHANDRA P
DGM - Compliance, Legal & Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)

	Note	For the year ended 31 March 2014	For the year ended 31 March 2013
Revenue from operations			
Sale of products (gross)		**159,350**	147,539
Less: excise duty		**(5,105)**	(5,581)
Sale of products (net)		**154,245**	141,958
Contract revenue	39	**2,946**	1,759
Other operating revenues	22	**1,563**	1,496
		158,754	145,213
Other income	23	**1,536**	545
Total revenue		**160,290**	145,758
Expenses			
Cost of materials and components consumed	24	**89,825**	85,673
Change in inventories of finished goods and work-in-progress	25	**(707)**	(1,539)
Employee benefits	26	**22,156**	18,914
Finance costs	27	**9,973**	8,227
Depreciation and amortisation		**5,126**	4,638
Other expenses	28	**31,187**	28,615
Total expenses		**157,560**	144,528
Profit before exceptional items and tax		**2,730**	1,230
Exceptional items	29	**(150)**	-
Profit before tax		**2,580**	1,230
Tax expense			
Current tax		**893**	1,124
Minimum alternative tax charge		**23**	-
Minimum alternative tax entitlement		**(23)**	-
Deferred tax charge		**310**	1,297
Profit/ (Loss) after tax		**1,377**	(1,191)
Earning per equity share [nominal value of share ₹10 each (previous year ₹10 each)]			
Basic and diluted		**25.42**	(22.00)
Number of shares used in computing earnings per share			
Basic and diluted	41	**5,416,763**	5,414,703
Significant accounting policies	2		

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

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W

Vineet Dhawan
Partner
Membership No.: 092084

Place : Bangalore
Date : 28 May 2014

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

UDAYANT MALHOUTRA
CEO and Managing Director

VIJAI KAPUR
Chairman

HANUMAN SHARMA
Chief Financial Officer

NAVEEN CHANDRA P
DGM - Compliance, Legal & Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)

	31 March 2014	31 March 2013
Cash flow from operating activities		
Profit before tax	2,580	1,230
Adjustments:		
Depreciation and amortisation	**5,126**	4,638
Finance cost	**9,973**	8,456
Interest income	**(97)**	(60)
Debts / advances written off	**238**	40
Provision for doubtful debts	**(21)**	444
Unrealised foreign exchange differences, net	**68**	205
(Profit)/Loss on sale of fixed asset, net	**(1,246)**	25
Amortisation of foreign currency monetary item translation difference account	**161**	86
Operating cash flow before working capital changes	**16,782**	15,064
Changes in trade receivables	**4,396**	9,543
Changes in loans and advances and other assets	**(2,242)**	(38)
Changes in inventories	**(2,546)**	(1,110)
Changes in trade payables and other current liabilities	**4,787**	1,224
Changes in short term and long term provisions	**(1,134)**	161
Adjustment for foreign exchange in operating activity	**(560)**	(188)
Cash generated from operating activities	**19,483**	24,656
Income taxes paid	**(2,076)**	(764)
Net cash generated from operating activities (A)	**17,407**	23,892
Cash flows from investing activities		
Purchase of fixed assets	**(3,802)**	(6,250)
Proceeds from sale of fixed assets	**2,731**	307
Movements in deposits with banks	**(498)**	-
Interest received	**136**	21
Net cash used in investing activities (B)	**(1,433)**	(5,922)

(₹ in lacs)

Cash flows from financing activities		
Proceeds from Issue of share warrants	**750**	1,250
Proceeds from borrowings	**22,916**	2,003
Repayment of borrowings	**(23,652)**	(8,367)
Proceeds from shareholders towards capital / borrowings	**125**	470
Repayment to shareholders	**(595)**	-
Deferral sales tax payment	**(107)**	(77)
Repayments of cash credits/ working capital loans (net)	**(6,830)**	(551)
Repayments from buyer's credit (net)	**(56)**	(452)
Repayments of public deposits (net)	**(140)**	(28)
Interest paid	**(10,077)**	(8,529)
Dividend paid including tax thereon	**(3)**	(128)
Net cash used in financing activities (C)	**(17,670)**	(14,409)
Net (decrease)/increase in cash and cash equivalents (A + B + C)	**(1,696)**	3,561
Cash and cash equivalents at the beginning of the year	**5,408**	1,921
Effect of exchange rate changes on cash and cash equivalent	**51**	(74)
Cash and cash equivalents at the end of the year (refer note 19)	**3,763**	5,408

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

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W

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

Vineet Dhawan
Partner
Membership No.: 092084

UDAYANT MALHOUTRA
CEO and Managing Director

VIJAI KAPUR
Chairman

HANUMAN SHARMA
Chief Financial Officer

NAVEEN CHANDRA P
DGM - Compliance, Legal
& Company Secretary

Place : Bangalore
Date : 28 May 2014

1 Company overview

Dynamatic Technologies Limited ("the Company") was incorporated in 1973 as Dynamatic Hydraulics Limited under provisions of the Companies Act, 1956 ('the Act'). In 1992, the name of the Company was changed to Dynamatic Technologies Limited. The Company is in the business of manufacturing automotive components, hydraulics gear pumps, aerospace components and wind farm power generation. The Company is listed in India with National Stock Exchange and Bombay Stock Exchange.

2 Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a. Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements of Dynamatic Technologies Limited and subsidiaries and an associate (herein referred to 'the Group') have been prepared and presented in accordance with the Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention on the accrual basis other than the assets revalued. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, ('the Rules'), Companies Act, 2013, to the extent applicable, and the relevant provisions of the Act and guidelines issued by Securities and Exchange Board of India to the extent applicable. The accounting policies have been consistently applied by the Company. The consolidated financial statements are presented in Indian rupees rounded off to the nearest lacs.

b. Principles of consolidation

The consolidated financial statements include the results of the following subsidiaries:

Sl. no.	Subsidiaries	Subsidiary/ Step Subsidiary/ Associate	Country of incorporation	Effective group share-holding%
1	JKM Erla Automotive Limited (JEAL)	Subsidiary	India	99.99
2	JKM Research Farm limited (JRFL)	Subsidiary	India	99.99
3	JKM Global Pte Limited (JGPL)	Subsidiary	Singapore	100
4	JKM Ferrotech Limited (JFTL)	Step Subsidiary	India	99.99
5	Dynamatic Limited (DL, UK)	Step Subsidiary	United Kingdom	100
6	Yew Tree Investments Limited (YTIL)	Step Subsidiary	United Kingdom	100
7	JKM Erla Holdings GmbH (JEHG)	Step Subsidiary	Germany	100
8	Eisenwerk Erla GmbH (EEG)	Step Subsidiary	Germany	100
9	Harasfera Design Private Limited (HDPL)	Associate	India	50

Consolidated financial statements have been prepared on the following basis:

The financial statements have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Group and its share in the post-acquisition increase/decrease in the reserves of the consolidated entities.

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

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

c. Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

d. Fixed assets and depreciation

Tangible fixed assets are stated at the cost (or revalued amounts, as the case may be) of acquisition or construction, less accumulated depreciation. All costs incurred in bringing the assets to its working condition for intended use have been capitalised.

The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

The Group had revalued certain land, building, plant and machineries and electrical installations based on valuations done by an external expert in the year 1991-92 and in 2010-11. Other than land, additional depreciation due to revaluation is adjusted out of revaluation reserve. An increase in net book value arising on revaluation of fixed assets is credited directly to owner's interests under the heading of revaluation reserves and is regarded as not available for distribution. On disposal of a previously revalued item of fixed asset, the difference between net disposal proceeds and the net book value is charged or credited to statement of profit and loss except that, to the extent such a loss is related to an increase which was previously recorded as a credit to revaluation reserve and which has not been subsequently reversed or utilised, it is charged directly to that account. The amount standing in revaluation reserve following the retirement or disposal of an asset which relates to that asset is transferred to Statement of profit and loss.

Borrowing costs directly attributable to the acquisition/ construction of the qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the statement of profit and loss in the period in which they are incurred.

Exchange differences arising in respect of translation/ settlement of long term foreign currency borrowings attributable to the acquisition of a depreciable asset are also included in the cost of the asset.

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

Depreciation on fixed assets is provided using the straight-line method. The rates of depreciation prescribed in Schedule XIV to the Act are considered as minimum rates. If the Management's estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of the remaining useful life on a subsequent review is shorter than envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the Management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation on the following fixed assets has been provided at the following rates (straight line method), which are higher than the corresponding rates prescribed in Schedule XIV:

Class of assets	**Rate per annum**
Data processing equipment	25%
Furniture and fixtures	10%
Office equipment	
- Mobile phones	50%
- Others	20%
Plant and machinery	4.75% - 10.34%

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

Depreciation is provided on a pro-rata basis for all assets purchased or sold during the year.

e. Intangibles and amortization

(i) Acquired intangible assets

Intangible assets that are acquired by the Group are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss.

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

(ii) Internally generated intangible assets

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

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

Intangible assets are amortized in the statement of profit and loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Accordingly, at present, these are being amortized on straight line basis. In accordance with the applicable Accounting Standard, the Group follows a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. However, if there is persuasive evidence that the useful life of an intangible asset is longer than ten years, it is amortized over the best estimate of its useful life. Such intangible assets and intangible assets that are not yet available for use are tested annually for impairment.

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

Application software	4 years
Prototype/ Product development	10 years
Non-compete fees	10 years

f. Inventories

(i) Inventories are carried at the lower of cost and net realisable value.

(ii) Cost of inventories comprises purchase price and all incidental expenses incurred in bringing the inventory to its present location and condition. The method of determination of cost is as follows:

- Raw materials and components – on a first in first out method
- Stores and spares – on a first in first out method
- Work-in-progress – includes costs of conversion
- Finished goods – includes costs of conversion
- Goods in transit – at purchase cost

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

(iv) Inventories are valued at lower of cost or net realizable value. The comparison of cost and net realisable value is made on an item-by-item basis.

(v) The net realisable value of work-in-progress is determined with reference to the net realisable value of related finished goods. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

(vi) The provision for inventory obsolescence is assessed on a quarterly basis and is provided as considered necessary.

g. Employee benefits

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

Post employment benefits

Defined contribution plans

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 and social security schemes in certain overseas subsidiaries 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.

Defined benefit scheme

Gratuity and compensated absences liability is a defined benefit scheme and is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. The Group's gratuity scheme is administered by Life Insurance Corporation of India. Actuarial gain/ (losses) are charged to the statement of profit and loss.

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-cumulating compensated absences is recognized in the period in which the absences occur.

h. Revenue recognition

Revenue from sale of products is recognized when the risks and rewards of ownership are transferred to customers The amount recognized as sales is exclusive of excise duty, sales tax, trade and quantity discounts. Revenue from sale of products has been presented both gross and net of excise duty.

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

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

Unbilled revenues included in other current assets represent cost and earnings in excess of billings as at the balance sheet date. Unearned revenues included in current liabilities represent billings in excess of earnings as at the balance sheet date.

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

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

i. Foreign currency transactions and balances

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

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

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

Integral and non-integral operations

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

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

Exchange differences which have been deferred in foreign currency translation reserve are not recognised as income or expenses until the disposal of that entity.

j. Derivative instruments and Hedge accounting

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

Premium or discount on foreign exchange forward contracts taken to hedge foreign currency risk of an existing asset / liability is recognised in the statement of profit and loss over the period of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss of the reporting period in which the exchange rates change.

The Group has applied the principles of AS 30 'Financial Instruments: Recognition and Measurement', to the extent that the application of the principles does not conflict with existing accounting standards and other authoritative pronouncements of the Company Law Board and other regulatory requirements.

The derivatives that qualify for hedge accounting and designated as cash flow hedges are initially measured at fair value and are re-measured at a subsequent reporting date and the changes in the fair value of the derivatives i.e. gain or loss is recognized directly in shareholders' funds under "hedge reserve" to the extent considered effective. Gain or loss upon fair value on derivative instruments that either do not qualify for hedge accounting or are not designated as cash flow hedges or designated as cash flow hedges to the extent considered ineffective, are recognized in the statement of profit and loss.

It is the policy of the Group to enter into derivative contracts to hedge the risk of foreign exchange rate fluctuation and interest rate risks related to the loan liabilities. The derivative arrangements are coterminous with the loan agreement and it is the intention of the Group not to foreclose such arrangements during the tenure of the loan. Accordingly the Group designates and applies cash flow hedge accounting on such types of arrangements.

Hedge accounting is discontinued when the hedging instrument expires, sold, terminated, or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss on the hedging instrument recognized in shareholder's funds under "hedge reserve" is retained until the forecasted transaction occurs subsequent to which the same is adjusted against the related transaction in statement of profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholder's fund is transferred to statement of profit and loss in the same period.

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

k. Warranties

Warranty costs are estimated by the Management on the basis of technical evaluation and past experience. The Group accrues the estimated cost of warranties at the time when the revenue is recognised.

l. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current–non-current classification scheme of revised Schedule VI.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value, if any, is made to recognize a decline other than temporary in the value of the investments.

m. Provisions and contingencies

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

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

n. Impairment of assets

The Group periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the consolidated statement of profit and loss. If at the consolidated balance sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised.

o. Goodwill

Any excess of the cost to the parent of its investment in a subsidiary over the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, is recorded as goodwill arising on consolidation.

Goodwill arising on consolidation/acquisition of assets is not amortised. It is tested for impairment on a periodic basis and written off, if found impaired.

p. Earnings per share

The basic earnings/ (loss) per share is computed by dividing the net profit/ (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Group did not have any potentially dilutive equity shares during the year.

q. Leases

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

r. Income-tax

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax asset/liability as at the balance sheet date resulting from timing differences between book profit and tax profit are not considered to the extent that such asset/liability is expected to get reversed in the future years within the tax holiday period. Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

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

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

s. Government grants and subsidies

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

The grant or subsidy relating to an asset is reduced from the cost of the asset. The grant or subsidy not specifically attached to a specific fixed asset is credited to Capital Reserve and is retained till the attached conditions are fulfilled.

t. Cash flow statement

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

	As at 31 March 2014	As at 31 March 2013
3. Share capital		
Authorised		
Equity shares		
20,000,000 (previous year 20,000,000) equity shares of ₹10 each	**2,000**	2,000
Preference shares		
500,000 (previous year 500,000) redeemable cumulative preference shares of ₹100 each	**500**	500
	2,500	2,500
Issued, subscribed and fully paid up		
Equity shares		
5,540,050 (previous year 5,414,703) equity shares of ₹10 each (refer note 44)	**554**	541
	554	541

(₹ in lacs)

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

Particulars	31 March 2014		31 March 2013	
	Number of shares	Amount (₹ in lacs)	Number of shares	Amount (₹ in lacs)
Shares outstanding at the beginning of the year	**5,414,703**	**541**	5,414,703	541
Share issued during the year*	**125,347**	**13**	-	-
Shares outstanding at the end of the year	**5,540,050**	**554**	5,414,703	541

*refer note 44

Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time after subject to of dividend to preference shareholders. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity Capital of the Company.

Details of equity shares allotted as fully paid-up without payment being received in cash during the period of five years immediately preceding the balance sheet date is give below:

Particulars	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Class of shares (Equity)					
No of shares issued	-	-	-	-	-

Details of equity shares allotted as fully paid-up bonus shares during the period of five years immediately preceding the balance sheet date is give below:

Particulars	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Class of shares (Equity)					
No of shares issued	-	-	-	-	-

The Company has not bought back any shares during the period of five years immediately preceding the balance sheet date.

Particulars of shareholders holding more than 5% shares of a class of shares

Particulars	31 March 2014		31 March 2013	
	Number	% of total share in the class	Number	% of total share in the class
Equity shares of ₹10 each fully paid-up held by				
- Udayant Malhoutra	**795,248**	**14.35%**	898,048	16.59%
- JKM Holdings Private Limited	**912,538**	**16.47%**	912,538	16.85%
- Udayant Malhoutra and Company Private Limited	**642,011**	**11.59%**	642,011	11.86%
- JKM Offshore India Private Limited	**442,071**	**7.98%**	442,071	8.16%
- Samena Special Situations Mauritius	**467,455**	**8.44%**	467,455	8.63%
- FID Funds (Mauritius) Limited	-	-	391,908	7.24%
- Wavell Investments Private Limited	**281,828**	**5.09%**	-	
- Citigroup Global Markets Mauritius Private Limited	**373,327**	**6.74%**	373,327	6.89%

(₹ in lacs)

	As at 31 March 2014	As at 31 March 2013
4. Reserves and surplus		
Capital reserves		
At the commencement and at the end of the year	**15**	15
	15	15
Capital redemption reserve		
At the commencement and at the end of the year	**240**	240
	240	240
Securities premium account		
At the commencement of the year	**7,111**	7,111
Additions during the year (refer note 44)	**988**	-
Add: Transferred from Minority interest (refer note 4 (a))	**3,031**	-
Less: accrual of redemption premium on preference shares (refer note 4 (a))	**(1,955)**	-
At the end of the year	**9,175**	7,111
Hedge reserve		
At the commencement of the year	**(2,299)**	(2,707)
(Addition)/ deletion during the year	**(443)**	408
At the end of the year (refer note 37)	**(2,742)**	(2,299)
Other reserves (Redemption premium accrual)		
At the commencement of the year	-	-
Add: accrual of redemption premium on preference shares (refer note 4 (a))	**1,955**	-
	1,955	-

	As at 31 March 2014	As at 31 March 2013
		(₹ in lacs)
Reserve on amalgamation		
At the commencement and at the end of the year	**154**	154
	154	154
Revaluation reserve		
At the commencement of the year	**2,013**	2,018
Less: Revaluation reserve transferred to profit on sale of assets (refer note 45)	**(1,387)**	-
Less: Additional depreciation charged on revalued assets	-	(5)
At the end of the year	**626**	2,013
General reserve		
At the commencement and at the end of the year	**3,010**	3,010
	3,010	3,010
Subsidy received		
At the commencement and at the end of the year	**25**	25
	25	25
Debit balance arising on consolidation		
At the commencement of the year	**(1,386)**	(593)
Depreciation on fair valuation of fixed assets	**(793)**	(793)
At the end of the year	**(2,179)**	(1,386)
Surplus in the statement of profit and loss		
At the commencement of the year	**4,312**	5,503
Profit / (Loss) for the year	**1,377**	(1,191)
At the end of the year	**5,689**	4,312
Foreign currency translation reserve		
At the commencement of the year	**(1,315)**	(1,072)
Additions during the year	**(492)**	(243)
At the end of the year	**(1,807)**	(1,315)
Foreign currency monetary item translation difference account		
At the beginning of the year	**(307)**	(249)
Exchange loss arising on account of reinstatement of loan (refer note 47)	**(254)**	(144)
Amount amortised during the year to statement of profit and loss (refer note 47)	**161**	86
At the end of the year	**(400)**	(307)
	13,761	11,573

(₹ in lacs)

	As at 31 March 2014	As at 31 March 2013
4 (a) Minority Interest		
Preference shares issued by JEAL		
2,636,000 (previous year: nil) 0.01% redeemable non-cumulative preference shares of ₹10 each#	**264**	3,295
	264	3,295

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

Particulars	31 March 2014		31 March 2013	
	Number	(₹ in lacs)	Number	(₹ in lacs)
(a) 0.01% Non-cumulative redeemable preference shares of ₹10 each				
At the commencement of the year	**2,636,000**	**3,295**	2,636,000	3,295
Shares issued during the year	-	-	-	-
Less: Transferred to securities premium #	-	**(3,031)**	-	-
At the end of the year	**2,636,000**	**264**	2,636,000	3,295

ii) Particulars of shareholders holding more than 5% shares of a class of shares

Particulars	31 March 2014		31 March 2013	
	Number	% of total shares	Number	% of total shares
0.01% Non-cumulative redeemable preference shares of ₹10 each held by				
SHL Trading Limited	**2,636,000**	**100%**	2,636,000	100%

Rights, preferences and restrictions attached to preference shares

0.01% redeemable, non-cumulative redeemable preference shares [NCRPS] of ₹10 each were placed with SHL Trading Limited on June 8, 2011 at a premium of ₹115 per share. These shares may be redeemed, in whole or in part, at the option of JEAL or the holder at any time on or after 18 months from the date of allotment at a a price that ensures to the subscriber an internal rate of return of 18% per annum. The holders of these shares are entitled to a non-cumulative dividend of 0.01% on face value of the NCRPS.

In the current year, the Company has transferred an amount of ₹3,031 lacs (represents the premium received at the time of issue of NCPRS) to securities premium account. Resultantly, the Minority interest is represented by the face value of the peference shares issued. Further, based on the terms and conditions of NCPRS, the Group has accounted for the redemption premium till 31 March 2014 aggregating ₹195,500,000 (₹115,350,000 pertaining to earlier periods) by debiting securities premium account and crediting other reserves.

(₹ in lacs)

	As at 31 March 2014	As at 31 March 2013
5. Long-term borrowings		
Secured		
Term loans		
- From bank @	**30,552**	32,096
- Financial institutions @@	**5,080**	1,288
- from others *	**388**	654
Deferred payment liability		
- Sales tax deferral loan **	**46**	181
Deposits from shareholders ***	-	2
Deposits from others #	**119**	195
	36,185	34,416

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

Details of repayment terms, interest and maturity	Nature of security
Term loan from bank aggregating ₹3,985 lacs (previous year ₹5,712 lacs) repayable in 14 quarterly instalments. The rate of interest ranges from 16% - 17% per annum.	First pari passu charge on the entire movable and immovable fixed assets, present and future (other than those exclusively charged). Second pari passu charge on the entire current assets of the Company, present and future.
Term loan from bank aggregating ₹4,193 lacs (previous year ₹5,500 lacs) repayable in 46 monthly instalments. The rate of interest ranges from 15%-16% per annum.	
Term loan from bank aggregating ₹1,200 lacs (previous year ₹1,500 lacs) repayable in 16 quarterly instalments. The rate of interest ranges from 12%-13% per annum.	
Term loan from bank aggregating ₹1,848 lacs (previous year ₹2,048 lacs) repayable in 10 quarterly instalments. The rate of interest is 14% per annum.	
Term loan from bank aggregating ₹Nil lacs (previous year ₹852 lacs)	
Term loan from bank aggregating ₹1,637 lacs (previous year ₹2,508 lacs) repayable in 3 half yearly instalments. The rate of interest is LIBOR plus 2% per annum.	
Term loan from bank aggregating to ₹1,200 lacs (previous year ₹Nil lacs) repayable in 8 half yearly instalments with initial moratorium of six months with the rate of interest of 15% per annum.	
Term loan from bank aggregating ₹238 lacs (previous year ₹327) repayable in 32 Monthly instalments. The rate of interest ranes from 11%-12% per annum.	
Term loan from bank amounting to ₹3,702 lacs (previous year ₹Nil) repayable in 8 half yearly instalmenst. The rate of interest is LIBOR plus 2.5% per annum.	Corporate guranatee by the Company and JEAL.
Term loan from bank aggregating ₹Nil (previous year ₹6,956 lacs) repayable at the end of 2 years from the final drawdown with rate interest of Libor + 2.50% per annum.	Corporate guranatee by the Company and JEAL.
Term loan from bank aggregating ₹391 lacs (previous year ₹Nil) repayable in 13 monthly instalments. The rate of interest is 3.5% above libor.	Secured by charge on freehold land.
Term loan from banks aggregating ₹Nil (previous year ₹1,646 lacs) was repaid during the year.	Secured by charge on moveable assets of DL, UK and corporate guarantees by the Company, JGPL and YTIL.

Details of repayment terms, interest and maturity	Nature of security
Term loan from banks aggregating ₹2,674 lacs (previous year ₹2,420 lacs) repayable in 6 half yearly instalments. The rate of interest is Libor + 3.00% per annum.	The term loan is secured by first pari passu charge on the fixed assets of JEAL and corporate guarantee by the Company.
Term loan from banks aggregating to ₹963 lacs (previous year ₹1,623 lacs) repayable in 1 yearly instalments. The rate of interest is Libor plus 3.50% per annum.	The term loan is secured by corporate guarantee by the Company.
Term loan from banks aggregating ₹3,014 lacs (previous year ₹2,538 lacs) repayable in 6 half yearly instalments. The rate of interest is LIBOR + 3.50%.	
Term loan from banks aggregating ₹10,726 lacs (previous year ₹Nil) repayable in 8 half yearly instalments, after moratorium period of 6 months. The rate of interest is 5.75%.	The term loan is secured by movable and immovable fixed assets of EEG, Corporate Guarantee by the Company, and Pledge of shares held by JEAL in EEG.
Term loan from banks aggregating ₹Nil (previous year ₹373 lacs) was repaid during the year.	The term loan is secured by charge on moveable assets other than those exclusively charged.
Term loan from banks aggregating ₹Nil (previous year ₹239 lacs) was repaid during the year.	
Term loan from banks aggregating ₹Nil (previous year ₹732 lacs) was repaid during the year.	Secured by way of exclusive charge on assets financed by them.
Term loan aggregating ₹2,613 lacs (previous year ₹3,207 lacs) is repayable in 24 quarterly instalments. The rate of interest ranges from 13.25% - 14.95% per annum.	Secured, ranking pari passu , by way of first charge on present and future fixed assets and second charge on current assets
Term loan aggregating ₹716 lacs (previous year ₹Nil) is repayable in 24 quarterly instalments. The rate of interest ranges from 14.95% per annum.	
Term loan aggregating ₹1,500 lacs (previous year ₹1,500 lacs) is repayable in 42 monthly instalments. The rate of interest is base rate + 4% per annum.	
Term loan aggregating ₹1,050 lacs (previous year ₹1,375 lacs) is repayable in 42 monthly instalments. The rate of interest is base rate + 4% per annum.	

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

Details of repayment terms, interest and maturity	Nature of security
Term loan from financial institutions aggregating to ₹4,800 lacs (previous year: ₹Nil lacs) repayable in 8 half yearly instalments. The rate of interest is 17.5% p.a	First pari passu charge on the entire movable and immovable fixed assets of the Company, present and future (other than those exclusively charged). Second pari passu charge on the entire current assets of the Company, present and future.
Term loan from financial institutions aggregating to ₹396 lacs (previous year: ₹515 lacs) repayable in 31 monthly instalments. The rate of interest ranges from 14%-15% p.a	Exclusive charge on assets financed.
Term loan from financial institutions aggregating to ₹804 lacs (previous year: ₹1,096 lacs) repayable in 11 quarterly instalments. The rate of interest ranges from 13% to 14% p.a	
Term loan from financial institutions aggregating to ₹130 lacs (previous year: ₹106 lacs) payable in 47 to 50 monthly instalments from the date of purchase. The rate of interest is 15% per annum	

* Secured by hypothecation of vehicle. The amount is payable in 36 monthly instalments from the date of purchase. The rate of interest for the outstanding vehicle loan ranges from 9.75% p.a to 11.50% p.a.

** To promote the industries in backward area (i.e. @ Irrungattukkottai) Government of Tamil Nadu, announced a sales tax loan facility. To avail the facility, the Company has entered into an agreement with the Sales tax department. for deferring payment of sales tax collected during financial year 2001-02 to 2005-06. The deferred amount will be repaid by 2014-15. The amount repayable in 2014-15 is ₹116 lacs and accordingly disclosed as current liability.

*** Deposits from shareholders carry interest rate in the range 10-11 % and are repayable within 1- 3 years from respective date of deposit.

\# Deposits from others carry interest rate in the range 10-11% and repayable within 1-3 years from the respective date of deposit.

(₹ in lacs)

	As at 31 March 2014	As at 31 March 2013
6. Deferred tax liabilities (net)		
Deferred tax liabilities		
Fixed assets	**4,184**	4,679
Others	**175**	4
	4,359	4,683
Deferred tax assets		
Provision for employee benefits	**134**	69
Provision for bad and doubtful debts	**208**	252
Provision for warranty	**76**	35
Provision for bonus and incentives	-	4
Unabsorbed depreciation and business loss	**530**	1,192
	948	1,552
Deferred tax liabilities (net)	**3,411**	3,131
The net deferred tax assets and deferred tax liabilities of ₹3,411 (previous year: ₹3,131) lacs has the following breakdown:		
Deferred tax assets*	-	-
Deferred tax liabilities	**3,411**	3,131
Deferred tax liabilities (net)	**3,411**	3,131
* refer note 46		
7. Other long term liability		
Advance from customer	-	209
Derivative liability (refer note 37)	**1,288**	1,608
Others	**97**	99
	1,385	1,916
8. Long-term provision		
Provision for employee benefit		
Gratuity (refer note 33)	**96**	23
Compensated absences	**192**	159
	288	182

(₹ in lacs)

		As at 31 March 2014	As at 31 March 2013
9.	**Short term borrowings**		
	Secured		
	Loans repayable on demand		
	Cash credit *	**7,511**	13,760
	Unsecured		
	From banks		
	- Foreign currency buyer's credit **	**268**	324
	- Vendor bill discounting #	**2,298**	2,879
	Borrowings from shareholder ## (refer note 35)	-	470
		10,077	17,433

* Cash credit from banks carry interest ranging between 10.50% - 16.75% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock and book debts of the Company.

** The Company has taken foreign currency buyer's credit, which carry interest ranging between 2.55% - 4.25% p.a and are renewable at 6 monthly rest for a maximum of three years.

\# The Company has availed vendor bill discounting facility from banks which carry interest between 12% - 14.50% p.a., and is payable within 90 days from date of bill discounted.

\## The Company has taken inter corporate loan from JKM Holdings Private Limited, which carry interest @ 14.75% p.a. and is repaid during the current year.

		As at 31 March 2014	As at 31 March 2013
10.	**Trade payables**		
	Due to micro and small enterprises (refer to note 40)	-	-
	Dues to creditors other than micro and small enterprises*	**24,680**	21,118
	Acceptances	**2,945**	3,323
		27,625	24,441
11.	**Other current liabilities**		
	Current maturities of long-term borrowings (refer note 5)	**12,890**	15,005
	Capital creditors	**680**	544
	Acceptances for capital goods	-	97
	Accrued expenses	**1,395**	763
	Book overdraft	**131**	-
	Interest accrued but not due on borrowings	**726**	831
	Employee related liabilities	**1,556**	1,399

continued..

(₹ in lacs)

	As at 31 March 2014	As at 31 March 2013
Derivative liability (refer note 37)	**1,311**	548
Advance from customer	**229**	428
Dealer deposits	**56**	55
Unpaid dividend	**25**	28
Statutory liabilities	**448**	530
Others	**82**	53
	19,529	20,281

* Includes current maturities of secured term loans from banks ₹11,097 lacs (previous year : ₹8,960 lacs), current maturities of secured term loans from financial institutions ₹1,051 lacs(previous year ₹429 lacs), current maturities of secured term loans from others ₹498 lacs (previous year ₹467 lacs), current maturities of un-secured deffered payment liability ₹116 lacs (previous year ₹88 lacs) and current maturities of un-secured deposit from others ₹128 lacs(previous year: ₹192 lacs).

12. Short-term provisions

Provision for employee benefits:		
Gratuity (refer note 33)	**112**	4
Compensated absences	**127**	106
Others		
Provision for warranties (refer note 34)	**616**	689
Provision for Income tax	**638**	1,934
Onerous contracts (refer note 34)	**73**	73
	1,566	2,806

13. FIXED ASSETS

(₹ in lacs)

	Gross Block				Accumulated depreciation				Net block	
Particulars	**As at 1 April 2013**	**Additions**	**Deletions/ adjustments**	**As at 31 March 2014**	**As at 1 April 2013**	**Dpreciation for the year**	**Deletions**	**As at 31 March 2014**	**As at 31 March 2014**	**As at 31 March 2013**
Tangible fixed assets (leased)										
Leasehold Land	418	-	-	418	9	5	-	14	404	409
Leasehold Building	-	113	-	113	-	6	-	6	107	-
Tangible fixed assets (owned)										
Freehold Land (refer note 45)#	4,882	7,558	(1,473)	10,967	-	-	-	-	10,967	4,882
Buildings (refer note 45)	16,461	1,310	(1,513)	16,258	2,326	1,316	(254)	3,388	12,870	14,135
Plant and machinery	51,074	5,835	(310)	56,599	19,988	7,742	(260)	27,470	29,129	31,086
Measuring instruments	333	22	-	355	103	14	-	117	238	230
Electrical installations	2,139	1	-	2,140	445	40	-	485	1,655	1,694
Data processing equipment	1,040	28	(10)	1,058	850	47	(9)	888	170	190
Office equipment	1,895	735	(159)	2,471	530	598	(152)	976	1,495	1,365
Furniture and fixtures	402	92	-	494	292	58	-	350	144	110
Tools, dies and moulds	2,963	424	(44)	3,343	1,189	402	(3)	1,588	1,755	1,774
Vehicles	742	22	(57)	707	269	76	(35)	310	397	473
Motor boat	402	-	-	402	41	20	-	61	341	361
Total tangible fixed assets (A)	**82,751**	**16,140**	**(3,566)**	**95,325**	**26,042**	**10,324**	**(713)**	**35,653**	**59,672**	**56,709**
Intangible fixed assets, owned										
Application software	763	222	-	985	587	198	-	785	200	176
Prototype development	2,875	-	(20)	2,855	537	288	-	825	2,030	2,338
Non compete fee	836	177	-	1,013	748	260	-	1,008	5	88
Total intangible fixed assets (B)	**4,474**	**399**	**(20)**	**4,853**	**1,872**	**746**	**-**	**2,618**	**2,235**	**2,602**
Grand Total (A)+(B)	**87,225**	**16,539**	**(3,586)**	**100,178**	**27,914**	**11,070**	**(713)**	**38,271**	**61,907**	**59,311**
Previous year	78,257	9,996	(1,028)	87,225	22,868	5,737	(691)	27,914	59,311	

Note:

Depreciation for the year is reflected as follows:	**Year ended 2014**	Year ended 2013
Depreciation as per Profit and loss account	**5,126**	4,638
Depreciation capitalised for intangible assets	-	31
Fair value depreciation	**793**	793
Translation adjustment	**5,151**	275
	11,070	5,737

During the year, the Company based on the possession certificate has capitalised land measuring 27.65 acres. The Company is in process of completing registration.

(₹ in lacs)

		As at 31 March 2014	As at 31 March 2013
14.	**Non-current investments**		
	(valued at cost unless stated otherwise)		
	Other than trade investments		
	Investment in equity instruments		
	a) Investment in other entities - unquoted		
	1) 5,000 (previous year - 5000) equity shares of ₹10 each of Harasfera Design Private Limited	**1**	1
	2) 921,530 (previous year 921,530) equity shares of ₹10 each of Murablack (India) Limited	**92**	92
	Provision for diminution in value	**(92)**	(92)
		1	1
		1	1
	Aggregate book value of unquoted investments	**1**	1
15.	**Long term loans and advances**		
	Other loans and advances		
	Unsecured, considered good		
	Capital advances	**206**	132
	Security deposits	**1,504**	1,103
	Advance tax and tax deducted at source, net of provisions	**789**	925
		2,499	2,160
16.	**Other non-current assets**		
	Other bank balances		
	Bank deposits with more than 12 months maturity from the reporting date	**404**	226
	Others		
	Prepaid expenses	**699**	131
		1,103	357
17.	**Inventories**		
	(Valued at lower of cost and net realizable value)		
	Raw materials*	**6,182**	6,097
	Work-in-progress	**11,519**	10,121
	Finished goods	**3,413**	2,400
	Stores and spares	**1,685**	1,635
		22,799	20,253
	* Includes goods in transit current year: ₹123 lacs (previous year: ₹96 lacs)		
18.	**Trade receivables**		
	Unsecured		
	Outstanding for period exceeding six months		
	- Considered good	**1,559**	1,979
	- Considered doubtful	**723**	744
	Other debts		
	- Considered good	**8,604**	12,633
		10,886	15,356
	Less: Provision for doubtful receivables	**(723)**	(744)
		10,163	14,612

		(₹ in lacs)
	As at 31 March 2014	**As at 31 March 2013**
19. Cash and bank balances		
Cash and cash equivalents		
Cash on hand	**44**	15
Balance with banks		
- in current accounts	**3,719**	5,393
	3,763	5,408
Other bank balances		
- unpaid dividend account	**25**	28
- on margin money deposit accounts	**425**	255
- on fixed deposit accounts (original maturity of more than 3 months)	**197**	43
	4,410	5,734
20. Short term loan and advances		
Others		
Unsecured, considered good		
Advances to supplier	**978**	450
Cenvat receivable	**1,207**	1,289
Value added tax receivable	**238**	112
Loans to employees	**41**	47
Minimum alternate tax credit entitlement	**417**	394
Others	**35**	9
	2,916	2,301
21. Other current assets		
Unbilled revenue (refer note 39)	**1,346**	1,378
Interest accrued	-	39
Prepaid expenses	**1,141**	539
Export incentive receivable	**223**	138
Others	**71**	44
	2,781	2,138
22. Other operating revenues		
Scrap sales	**1,357**	1,353
Export incentives	**206**	143
	1,563	1,496
23. Other income		
Interest income	**97**	60
Provision no longer required written back	-	275
Profit on sale of fixed assets (net) (refer note 45)	**1,246**	46
Miscellaneous income	**193**	164
	1,536	545

(₹ in lacs)

		As at 31 March 2014	As at 31 March 2013
24.	**Cost of materials and components consumed**		
	Raw materials and packing materials consumed*		
	Inventory of materials at the beginning of the year	**6,097**	6,961
	Add: purchases during the year	**89,910**	84,809
	Less: inventory of materials at the end of the year	**6,182**	6,097
		89,825	85,673
	* the consumption disclosed is based on the derived figures		
25.	**Changes in inventories of finished goods and work-in-progress**		
	Opening stock		
	- Finished goods	**2,400**	1,615
	- Work-in-progress	**10,121**	9,231
		12,521	10,846
	Closing stock		
	- Finished goods	**3,413**	2,400
	- Work-in-progress	**11,519**	10,121
		14,932	12,521
	Impact of excise duty on change in stock of finished goods	**(53)**	83
	Add: Foreign currency translation adjustments	**1,757**	53
		(707)	(1,539)
26.	**Employee benefits expense**		
	Salaries, wages and bonus	**18,608**	15,858
	Contribution to provident fund and other funds	**1,361**	1,121
	Workmen and staff welfare expenses	**2,187**	1,935
		22,156	18,914
27.	**Finance costs**		
	Interest expense	**9,949**	8,203
	Amortization of loan processing charges	**24**	24
		9,973	8,227
28.	**Other expense**		
	Consumption of stores, loose tools and spare parts	**4,884**	4,089
	Subcontractor charges	**4,821**	4,618
	Power and fuel	**8,327**	7,445
	Rent	**1,415**	1,248
	Repairs and maintenance:		
	- buildings	**261**	425
	- plant and machinery	**2,116**	1,517
	- others	**981**	929
	Rates and taxes	**433**	404
	Legal and professional	**1,373**	1,180
	Travelling and conveyance	**949**	1,156

	As at 31 March 2014	As at 31 March 2013
		(₹ in lacs)
Printing and stationery	**122**	139
Communication	**161**	159
Foreign exchange loss (net)	**1,074**	**1,038**
Provision for doubtful debts (net)	**(21)**	444
Bad debts written off	**238**	40
Insurance	**579**	510
Cash discount	**376**	257
Freight outward	**1,080**	1,328
Sales promotion and advertisement	**32**	63
Loss on sale of fixed assets (net)	-	25
Warranty and replacement expenses	**93**	261
Security charges	**183**	153
Packing expenses	**305**	168
Directors sitting fees	**9**	11
Membership and subscriptions	**90**	79
Bank charges	**331**	229
Miscellaneous	**975**	700
	31,187	28,615

29. Exceptional items

Expenses incurred towards loan funds raised*		
Professional charges	**150**	-
	150	-

* Pertains to various expenses incurred by the Company such as professional and other ancillary charges towards loan funds raised from KKR India Financial Services Private Limited, a Non Banking Financial Corporation.

30. Capital commitments (₹ in lacs)

Particulars	As at 31 March 2014	As at 31 March 2012
Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	**888**	395

31. Other commitments

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

32. Lease transactions

a) The Company is obligated under cancelable operating leases for office, residential facilities and vehicles. Lease rental expense under operating leases during the year was ₹225 lacs (previous year ₹246 lacs).

b) The Company is obligated under non-cancelable operating leases for plant and machinery. Lease rental expense under non cancellable operating leases during the year was ₹1,190 lacs (previous year ₹1,002).

(₹ in lacs)

Particulars	As at 31 March 2014	As at 31 March 2013
Payable within one year	**1,244**	1,054
Payable within one and five years	**2,157**	2,299
Payable more than five years	-	-

33. Gratuity plan

The following tables set out the status of the funded gratuity plan as required under revised AS 15 'Employee benefits'.

(₹ in lacs)

Change in defined benefit obligation	**As at 31 March 2014**	**As at 31 March 2013**
Opening defined benefit obligation	**757**	755
Current service cost	**76**	57
Interest cost	**63**	58
Benefits settled	**(128)**	(114)
Actuarial losses	**113**	1
Closing defined benefit obligation	**881**	757

Change in plan assets	**As at 31 March 2014**	**As at 31 March 2013**
Plan assets at the beginning of the year, at fair value	**730**	707
Expected return on plan assets (estimated)	**54**	54
Contributions	**19**	84
Benefits settled	**(128)**	(125)
Actuarial gain/(losses)	**(2)**	10
Plan assets at the end of the year, at fair value	**673**	730

Reconciliation of present value of the obligation and the fair value of the plan assets	**As at 31 March 2014**	**As at 31 March 2013**
Fair value of plan assets at the end of the year	**673**	730
Present value of the defined benefit obligations at the end of the year	**881**	757
Liability recognized in the balance sheet	**(208)**	(27)

Gratuity cost for the year	**For the year ended 31 March 2014**	**For the year ended 31 March 2013**
Current service cost	**76**	57
Interest cost	**63**	58
Net actuarial (losses)/ gain recognised in year	**115**	(9)
Return on plan assets	**(54)**	(54)
Total, included in "Employee benefit expense"	**200**	52

Assumptions at the valuation date	As at 31 March 2014	As at 31 March 2013
Discount factor	**9.20%**	8.25%
Expected rate of return on plan assets	**8.00%**	8.00%
Expected rate of salary increase	**6.00%**	6.00%
Attrition rate	**5.00%**	5.00%
Retirement age	**58**	58
Expected Employer's contribution over one year	**₹60 lacs**	₹20 lacs

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

Five Year Information

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

(₹ in lacs)

	2014	2013	2012	2011	2010
Present value of DBO	**881**	757	755	661	508
Fair value of plan assets	**673**	730	707	592	494
Funded status [Surplus / (Deficit)]	**(208)**	(27)	(48)	(69)	(15)
Experience loss / (gain) adjustments on plan liabilities	**113**	(1)	(10)	(5)	(2)
Experience loss / (gain) adjustments on plan assets	**(2)**	10	2	2	5

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

Provision for warranty:

(₹ in lacs)

Particulars	As at 31 March 2014	As at 31 March 2013
Opening balance	**689**	457
Provision	**93**	261
Utilized during the year	**(166)**	(29)
Closing balance	**616**	689

Warranty provision is utilised to make good the amount spent on spares, labour, and all other related expenses on the event of failure of automotive products. All the amounts are expected to be utilised in the ensuing year. Outflows are expected to maintain the same trend as that of past years. No amount is expected as a reimbursement towards this cost.

Provision for onerous contracts:

(₹ in lacs)

Particulars	As at 31 March 2014	As at 31 March 2013
Opening balance	**73**	69
Provision	**14**	4
Utilized during the year	**(14)**	-
Closing balance	**73**	73

35. Related party transactions:

(a) Names of related parties and relationship

Sl. No.	Name of related parties	Relationship
(i)	Harasfera Design Private Limited	Associate
(ii)	JKM Holdings Private Limited	Companies over which key management personnel or relatives of such personnel are able to exercise significant influence (other related entities)
(iii)	JKM Human Resources Private Limited	
(iv)	JKM Offshore (India) Private Limited	
(v)	Udayant Malhoutra and Company Private Limited	
(vi)	Wavell Investments Private Limited	
(vii)	Vita Private Limited	
(viii)	Udayant Malhoutra	Chief Executive Officer and Managing Director
(ix)	V Sunder	Non-executive director (resigned with effect from 3 June 2013)
(x)	N Rajagopal	Executive Director and Chief Technology Officer (resigned with effect from 22 August 2013)
(xi)	Raymond Keith Lawton	Executive Director
(xii)	Claire Tucker	Executive Director (resigned with effect from 31 March 2014)
(xiii)	Pramilla Malhoutra	Relatives of KMP
(xiv)	Udita Malhoutra	
(xv)	Barota Malhoutra	

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

(₹ in lacs)

Sl. No.	Name of related party	Description of the transaction	Transactions		Outstanding balance [receivable / (payable)]	
			31 March 2014	31 March 2013	As at 31 March 2014	As at 31 March 2013
(i)	Harasfera Design Private Limited	Legal and professional charges	**21**	19	-	-
(ii)	JKM Holdings Private Limited	Rent paid	**4**	4	-	-
		Short term borrowings repaid	-	50	-	-
		Final dividend paid	-	18	-	-
(iii)	JKM Human Resources Private Limited	Expenses- salaries and wages	**683**	761	-	(51)
(iv)	JKM Offshore (India) Private Limited	Final dividend paid	-	9	-	-
(v)	Udayant Malhoutra and Company Private Limited	Final dividend paid	-	13	-	-
		Interest expenses	**8**	67	-	-
		Short term borrowings	**125**	270	-	(270)
		Short term borrowings repaid	**395**	-	-	-
(vi)	Wavell Investments Private Limited	Short term borrowings	-	200	-	(200)
		Short term borrowings repaid	**200**	-	-	-
		Proceeds from share warrant	**750**	-	-	-
		Interest expenses	**9**	-	-	-
(vii)	Udayant Malhoutra	Final dividend paid	-	18	-	-
		Managerial remuneration	**48**	54	-	-
(viii)	V Sunder	Managerial remuneration	-	29	-	-
(ix)	N Rajagopal	Managerial remuneration	**21**	45	-	-
(x)	Raymond Keith Lawton	Managerial remuneration	**95**	88	-	-
(xi)	Claire Tucker	Managerial remuneration	**118**	109	-	-
(xii)	Pramilla Malhoutra	Expenses- rent	**24**	24	-	-
(xiii)	Udita Malhoutra	Expenses- rent	**4**	4	-	-
(xiv)	Others	Final dividend paid	-	2	-	-

36. Segment information

Information about Primary Business Segments:

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

- Hydraulic and Precision Engineering ("HPE") – comprising hydraulic pumps, hand pumps, lift assemblies, valves and power packs
- Automotive Components ("AUC") – comprising case front, water pumps, intake manifolds and exhaust manifold.
- Aerospace ("ASP") – comprising airframe structures, precision aerospace, components and Homeland division which offers cutting edge security products and technologies which will enhance potential customer capability in countering modern day security threats.Others – comprising wind farm and corporate division.
- Research farm ("RF") – "RF" is continuously engaged in finding innovative solutions by testing and validating pumps used in mechanized farming and earth moving sectors to suit real time field conditions.

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

Information relating to business segments for the year ended 31 March 2014

(₹ in lacs)

Particulars	HPE	AUC	ASP	RF	Others	Unallocated	Total
A. Primary segment reporting							
(i) Revenue							
Sales and services	33,286	108,101	22,363	108	-	-	163,859
Less: excise duty	(2,333)	(2,742)	(30)	-	-	-	(5,105)
Total revenue	**30,953**	**105,360**	**22,333**	**108**	**-**	**-**	**158,754**
(ii) Results							
Segment result	3,342	2,073	5,713	39			11,167
Add: Other income						1,536	1,536
(Less): interest expense	-	-	-	-		(9,973)	(9,973)
(Less): Exceptional items						(150)	(150)
Profit/(loss) before taxation	**3,342**	**2,073**	**5,713**	**39**	**-**	**(8,587)**	**2,580**
(Less): provision for taxation	-					(1,203)	(1,203)
Net profit after tax	**3,342**	**2,073**	**5,713**	**39**	**-**	**(9,790)**	**1,377**
(iii) Other information							-
Segment assets	19,147	50,587	26,500	597	2,898	15,916	115,645
Segment liabilities	10,156	26,689	4,862	5	23	22,146	63,881
Depreciation	957	3,126	1,037	6	-	-	5,126

Information relating to business segments for the year ended 31 March 2013

(₹ in lacs)

Particulars	HPE	AUC	ASP	RF	Others	Unallocated	Total
A. Primary segment reporting							
(i) Revenue							
Sales and services	30,786	102,630	17,270	108	-	-	150,794
Less: excise duty	(2,112)	(3,446)	(23)	-	-	-	(5,581)
Total revenue	**28,674**	**99,184**	**17,247**	**108**	**-**	**-**	**145,213**
(ii) Results							
Segment result	2,053	2,019	4,765	75	-	-	8,912
Add: Other income	-	-	-	-	-	545	545
(Less): interest expense	-	-	-	-	-	(8,227)	(8,227)
Profit/(loss) before taxation	**2,053**	**2,019**	**4,765**	**75**	**-**	**(7,682)**	**1,230**
(Less): provision for taxation	-	-	-	-		(2,421)	(2,421)
Net profit after tax	**2,053**	**2,019**	**4,765**	**75**	**-**	**(10,103)**	**(1,191)**
(iii) Other information							
Segment assets	17,563	61,087	23,196	657	2,989	15,773	121,265
Segment liabilities	6,710	39,661	3,014	72	14	20,719	70,190
Depreciation	865	2,734	1,031	8	-	-	4,638

37. Hedged derivative instruments

As of 31 March 2014, the Company has recognized a cumulative loss of ₹2,741 lacs (previous year: ₹2,299 lacs) relating to derivative instruments (comprising of foreign currency forward contracts) that are designated as effective cash flow hedges in the Shareholders' fund.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding as at:

(₹ in lacs)

Particulars		As at 31 March 2014	As at 31 March 2013
Designated derivative instruments			
Forwards sell	**GBP**	**65**	107
Interest rate swaps	**EURO**	**224**	172
	USD	**45**	45

38. **Un-hedged derivative instruments**

As of the balance sheet date, the Company has foreign currency exposures that are not hedged by a derivative instrument or otherwise as detailed below:

Particulars	As at 31 March 2014		As at 31 March 2013	
	Amount in original currency in lacs	Amount in ₹ lacs	Amount in original currency in lacs	Amount in ₹ lacs
Trade receivables				
USD	**27**	**1,636**	33	1,842
EURO	**7**	**581**	7	480
GBP	**3**	**300**	9	731
Advance paid				
CHF	-	**1**	-	-
USD	-	**17**	-	-
Trade payables				
USD	**6**	**379**	43	2,310
EURO	**7**	**545**	9	668
GBP	**3**	**300**	-	22
CHF	**6**	**431**	-	2
JPY	-	-	66	38
Loan from bank				
USD	**45**	**2,700**	45	2,420
Interest accrued on Loan				
USD	**1**	**66**	1	60

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

(₹ in lacs)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Contract revenue recognized as revenue for the year	**2,946**	1,759
Aggregate amount of contract cost incurred for contracts in progress at the reporting date	**915**	813
Recognized profits (less recognized losses) for contracts in progress at the reporting date	**431**	565
Unbilled revenues (contract revenue recognized in excess of billings) presented under other current assets	**1,346**	1,378
Advance received from customer	**144**	591

40. Dues to Micro and Small Enterprises

According to the information available with the Group, there are no dues payable to Micro and Small Enterprises as defined under the "The Micro, Small and Medium Enterprises Development Act, 2006". The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneur's Memorandum Number as allocated after filling of the Memorandum. Further there are no dues payable to small scale industries (previous year: ₹Nil).

41. Computation of weighted average number of shares

(₹ in lacs)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Weighted average number of equity shares outstanding at the beginning of the year	**5,414,703**	5,414,703
Add: Weighted average number of equity shares issued during the year;		
- 125,347 number of shares issued on 26 March 2014	**2,060**	-
Weighted average number of equity shares outstanding during the year	**5,416,763**	5,414,703

42. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international as well as specified domestic transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international as well as specified domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

43. During the previous year, JFTL was classified as sick industrial company as per the provision of Section 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985 ('SICA'). Consequently, JFTL has complied with the requirement as enunciated in section 15 of SICA and accordingly filled the necessary documentation to Board for Industrial and Financial Reconstruction ('BIFR'). Moreover, JFTL as a part of remedial measures have issued share capital aggregating ₹505,130,640 during the year. Resultantly, JFTL has moved out of Section 3(1)(o) and has became a potential sick company as per the provisions of Section 23A of SICA.

Accordingly, financial statements of JFTL have been prepared on a going concern basis notwithstanding accumulated losses as at the balance sheet date. JFTL's ultimate holding company, Dynamatic Technologies Limited, has the ability and willingness to provide the necessary level of financial support to enable the Company to operate as a going concern and to settle its obligations as they fall due. The appropriateness of the going concern assumption by the Management is based on the continued financial support of the ultimate holding company and the anticipated growth of business. The financial statements of JFTL do not include any adjustments relating to recoverability and classification of assets and liabilities that may be necessary if JFTL is unable to continue as a going concern.

44. Pursuant to a resolution passed in the Extraordinary General Meeting of shareholders dated 25 March 2013, amounts aggregating ₹67,500,166 and ₹57,499,994 (being 25% of the total value of warrants at the date of allotment) has been brought in by Mr Udayant Malhoutra in his capacity as Promoter and by Wavell Investments Private Limited, being a Promoter group company, towards subscription of 338,440 and 288,300 convertible warrants of ₹797.78 each respectively. These warrants give the right to the warrant holders to subscribe for one equity share of ₹10 each in the Company per warrant which is exercisable within 18 (eighteen) months from the date of allotment i.e. 26 March 2013.

Out of 288,300 convertible warrants issued to Wavell Investments Private Limited, the Board vide its circular resolution dated 26 March 2014 has accorded its approval to allot 125,347 equity shares by conversion of 125,347 convertible warrants at a price of ₹797.78 each (face value of ₹10 and premium of ₹787.78). Accordingly, the Company has received balance 75% of total value of 125,347 warrants aggregating ₹75,000,000 towards the allotment of 125,347 equity shares on conversion of these 125,347 warrants.

45. During the year, the Company has transferred its right on leasehold land located at the SIPCOT area in Tamil Nadu along with the building and superstructure constructed on it for aggregate consideration of ₹2,854 lacs. Accordingly, the Company has credited ₹1,295 lacs to the statement of profit and loss account including adjustment of revaluation reserve of ₹1,387 lacs.

46. Tax expense for the year ended 31 March 2014 include write down of deferred tax asset balance of ₹Nil (previous year: ₹1,035 lacs) in a subsidiary, in the absence of virtual certainty of the same being realised in the future. Further, JFTL has created deferred tax assets only to the extent of deferred tax liability owing to its brought forward losses.

47. Pursuant to the Companies (Accounting standards) Amendment Rules, 2011, vide GSR 914(E) dated 29 December 2011, JEAL has exercised the option of accumulating the exchange differences, in respect of accounting periods commencing from 1 April, 2011 on long term foreign currency monetary items. As a result, such exchange differences so far as they relate to the acquisition of non-depreciable capital assets have been accumulated in "Foreign currency monetary item translation difference account" ("FCMITD account"), to be amortized over the balance period of such long term liability.

In accordance with the accounting treatment, the Company has debited an amount of ₹254 lacs (previous year: ₹144 lacs) on restatement of long term foreign currency monetary items to FCMITD account. Consequent to such transfer, the cumulative balance in FCMITD account aggregating ₹561 lacs (previous year: ₹393 lacs) is being amortized over the period of the loan. Accordingly, an amount of ₹161 lacs (previous year: ₹86 lacs) has been debited to the statement of profit and loss.

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration
Number: 116231W

Vineet Dhawan
Partner
Membership No.: 092084

Place : Bangalore
Date : 28 May 2014

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

UDAYANT MALHOUTRA
CEO and Managing Director

VIJAI KAPUR
Chairman

HANUMAN SHARMA
Chief Financial Officer

NAVEEN CHANDRA P
DGM - Compliance, Legal
& Company Secretary

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DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors have pleasure in presenting the Thirty Ninth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2014.

1. FINANCIAL RESULTS

The Financial Results of the Company for the year ended March 31, 2014, were as follows:

(₹ in Lacs)

Particulars	Standalone		Consolidated	
	Year Ended 31 March 2014	Year Ended 31 March 2013	Year Ended 31 March 2014	Year Ended 31 March 2013
Gross Sales	**44,861**	44,944	**162,296**	149,298
Net Sales	**40,559**	40,622	**157,191**	143,717
Profit (Before Interest, Depreciation & Taxation) (EBITDA)	**8,954**	7,397	**17,829**	14,095
Interest & Finance Charges	**5,957**	4,625	**9,973**	8,227
Depreciation	**2,816**	2,629	**5,126**	4,638
Net Profit Before Taxation and Exceptional Items	**181**	143	**2,730**	1,230
Exceptional Items	**150**	-	**150**	-
Net Profit Before Taxation and after Exceptional Items	**31**	143	**2,580**	1,230
Provision for Taxation:				
- Current Tax	-	-	**893**	1,124
- Minimum Alternative Tax Charge	**23**	-	**23**	-
- Minimum Alternate Tax Credit Entitlement	**(23)**	-	**(23)**	-
- Deferred Tax Charge	-	113	**310**	1,297
- Wealth Tax	-	-	-	-
Net Profit After Tax	**31**	30	**1,377**	(1,191)
Balance brought forward from previous year	**3,704**	3,674	**4,312**	5,503
Amount available for appropriation	**3,735**	3,704	**5,689**	4,312
Appropriations				
Dividend on Equity Shares – Interim	-	-	-	-
Proposed Final Dividend on Equity Shares	-	-	-	-
Tax on Dividend	-	-	-	-
Transfer to General Reserve	-	-	-	-
Balance carried to Balance Sheet	**3,735**	3,704	**5,689**	4,312

Notes: Previous year figures have been recast wherever necessary.

DIVIDEND

During the year under review, your Directors do not propose to declare any dividend due to poor economic conditions and paucity of profits.

TRANSFER TO RESERVES

During the year under review, your Directors do not propose to transfer any amount to General Reserve. The Company has hedged a part of its future foreign currency receivables to mitigate its foreign exchange fluctuation risks. The same has been designated as a cash flow hedge with effect from April 1, 2008, applying the hedging criteria. The movement in the Mark To Market (MTM), subsequent to the designation as a cash flow hedge, amounting to ₹1,836 lacs (Standalone), and ₹2,742 lacs (Consolidated) has been accounted under Hedge Reserve Account.

Pursuant to Notification No. G.S.R. 225(E) dated March 31, 2009 issued by the Ministry of Corporate Affairs, the Company had opted (on March 31, 2009) to adjust the exchange differences relating to long term monetary items with retrospective effect from April 1, 2007 vis-à-vis recognition of aforesaid exchange differences as income/ expense in the profit and loss account in the earlier years.

Accordingly, foreign exchange gain amounting to ₹51 lacs and foreign exchange loss/gain amounting to ₹Nil for the year ended March 31, 2013 and March 31, 2014 respectively, has been adjusted to the cost of fixed assets.

COMPANY PERFORMANCE

Total income on a consolidated basis was ₹160,290 lacs as against ₹145,758 lacs in 2012-13. EBITDA on a consolidated basis was ₹16,293 lacs as against ₹13,550 lacs in 2012-13. Net Profit Before Tax on a consolidated basis was ₹2,580 lacs as against ₹1,230 lacs in 2012-13. Net Profit After Tax on a consolidated basis was ₹1,377 lacs as against ₹(1,191) lacs in 2012-13.

The Hydraulics and Precision Engineering business increased to ₹33,609 lacs from ₹31,139 lacs in 2013. Profit (Before Interest & Tax) increased from ₹2,083 lacs to ₹3,294 lacs. This includes the turnover from the Hydraulics division of Dynamatic Limited, UK, a subsidiary of your Company, to the extent of ₹14,142 lacs and Profit (Before Interest & Tax) of ₹729 lacs.

The Aerospace business grew from ₹17,151 lacs to ₹22,333 lacs and Profit (Before Interest & Tax) grew from ₹4,885 lacs to ₹5,703 lacs. This includes the turnover from the Aerospace division of Dynamatic Limited, UK, a subsidiary of your Company, to the extent of ₹13,138 lacs and Profit (Before Interest & Tax) of ₹1,941 lacs.

The Aluminium Castings business increased from ₹4,488 lacs to ₹4,568 lacs and Loss (Before Interest & Tax) declined from (₹635) lacs to (₹242) lacs.

The Automotive business increased from ₹107,964 lacs to ₹114,535 lacs while Profit (Before Interest & Tax) increased from ₹2,337 lacs to ₹3,519 lacs. This includes the turnover from Eisenwerk Erla GmbH, a subsidiary of your Company to the extent of ₹88,225 lacs and Profit (Before Interest & Tax) of ₹5,167 lacs. Exports from India have gone up by 6% with sales of ₹10,847 lacs against the previous year's ₹10,210 lacs.

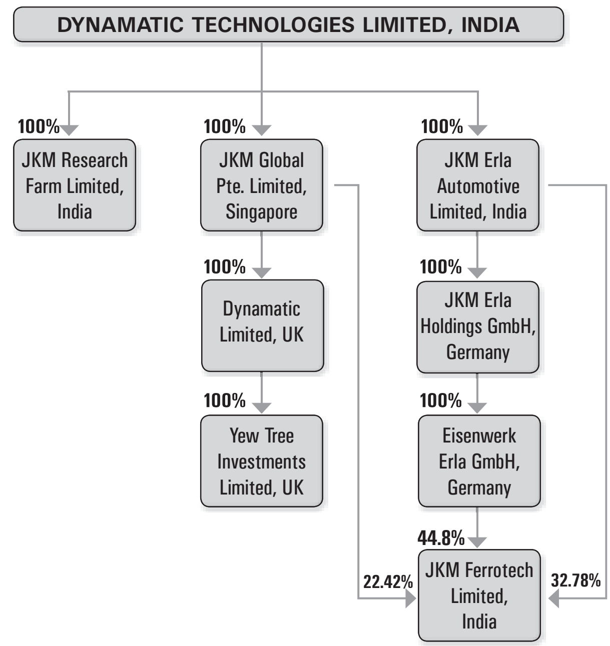
Capital expenditure

During the year, your Company incurred capital expenditure of ₹16,140 lacs for physical infrastructure and ₹399 lacs for procurement of intangible assets. Significant investments have been made in building infrastructure, state-of-the-art machinery, design software, data security, information systems, and design and development activities; for the future benefits of your Company.

2. SUBSIDIARIES

Your Company has eight subsidiaries, the brief particulars of which are given below:

The structure of Dynamatic Technologies Limited and its subsidiaries as on March 31, 2014:



INDIAN, WHOLLY OWNED SUBSIDIARIES

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

JKM Erla Automotive Limited, India (JKM Erla)

JKM Erla continues to be a wholly owned subsidiary of the Company and is a non-operational investment company.

JKM Ferrotech Limited, India (JFTL)

JFTL is into manufacturing of ferrous alloy and castings, having its operations in Gummidipoondi, Tamil Nadu. The facility has expertise in producing High Si-Mo automotive components and is certified to the highest quality standards specified by the Automotive Industry. The expertise in producing intricately shaped castings as well as the skill in handling ferrous alloys, particularly High Si-Mo and Ni-Resis makes JFTL a strong development partner for prototypes in Ferrous Alloy castings.

OVERSEAS, WHOLLY OWNED SUBSIDIARIES

JKM Global Pte. Limited, Singapore, is a wholly owned subsidiary of your Company. It continues as an investment hub for overseas businesses.

Dynamatic Limited, Swindon, UK, (DLUK) is a wholly owned subsidiary of your Company held through JKM Global Pte. Limited, Singapore. The UK facilities have been restructured by way of merging Oldland Aerospace with Dynamatic Limited.

Yew Tree Investments Limited and Dynamatic Limited are the subsidiaries of JKM Global Pte Limited. Post restructure, DLUK has its Hydraulics unit in Swindon and its Aerospace unit, Dynamatic-Oldland Aerospace™ in Bristol.

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

Dynamatic-Oldland Aerospace™, a division of Dynamatic Limited, UK is located in Bristol & Swindon, and is a leader in Aeronautical Precision Engineering and is currently working on components for most of the Airbus family of aircraft.

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

JKM Erla Holdings GmbH, Germany (JKM Erla GmbH) is engaged in the business of setting up automotive components processing/manufacturing units.

Eisenwerk Erla GmbH, Germany (Eisenwerk) became a subsidiary of the Company, subsequent to its holding company, JKM Erla GmbH, becoming a subsidiary of the Company. Eisenwerk has been in business for over 630 years and is a preferred supplier to leading global OEMs including Audi, BMW, Volkswagen, to name a few.

REPORT ON SUBSIDIARY COMPANIES

As per Section 212 of the Companies Act, 1956, it is required to attach Directors' Report, Balance Sheet and Profit & Loss Account of the subsidiary companies to this Report. The Ministry of Corporate Affairs, Government of India, vide its Circular No. 2/2011 dated February 8, 2011, has provided an exemption to the Companies from complying with Section 212 of the Companies Act, 1956, provided such companies publish audited consolidated financial statements in the Annual Report. However, a statement showing the relevant details of the subsidiaries is enclosed as **ANNEXURE - II,** forming part of this report. Accordingly, the Annual Report does not contain the financial statements of the subsidiaries. The audited annual accounts and related information of the subsidiaries, where applicable, will be made available on request.

The financial performance and the review of Business of DLUK, JKMRF, JFTL and Eisenwerk Erla are forming part of this Report.

These documents will also be available for inspection at the Registered Office during business hours at Bangalore, India. The same will also be published on our website at **www.dynamatics.com.**

3. RESEARCH & DEVELOPMENT

Your Company is a repository of diverse technologies and has transformed itself into a knowledge-based organization through sustained Research & Development efforts. All technology development efforts are guided at the Board level through the Technology Development Committee.

Your Company's focus on Research & Development has resulted in strong development initiatives; enabling the Company to foray into providing new services, launching new products and enhancing product value to our customers.

JKM Science Center at Bangalore, spread over an area of 40,000 sq. ft. houses design laboratories viz. *Dynamatic Research & Development Center and Powermetric® Design;* a sophisticated *Material Science Laboratory;* a prototype manufacturing unit and a *Training Center*.

Your Company's Design efforts are focused on

- *Design, Validation and Prototyping of new products.*
- *New Project Management employing Product Life Cycle Management Tool through APQP approach*
- *Effective deployment of analytical tools, viz. ANSYS, CFD, Pro-Mechanica, & Automation Studio, etc.*
- *Improvement of existing designs.*
- *Continuous improvement of existing processes.*
- *Ongoing testing of products and materials.*

Intellectual Property

The Company has emerged as one of India's leading Research & Development organisations, with numerous inventions and patents to its credit. The Company has defined an Intellectual Property (IP) strategy to build an effective portfolio for future monetization, collaboration and risk mitigation, focussing on future technologies. The Company owns the following Patents for various Products:

- **From India**

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

- **From England**

  Thirteen - (11 UK, 1 Italian and 1 US patent).

In addition, the Company has 2 patents pending in multiple jurisdictions, awaiting registration.

The Company has 9 trademarks registered and 11 trademark applications pending, awaiting registration.

Eisenwerk owns 1 trademark and 2 patents in Germany.

The Company employs over 60 Scientists and 600 engineers and technicians with expertise in Mechanical Engineering, Advanced Computer Aided Engineering, Computer Aided Manufacture, Materials & Metallurgical Engineering, Fluid Dynamics, Defence & Aerospace Research. The state-of-the-art JKM Science Center brings together Design Engineering, Development, Prototyping, Metallurgical and Manufacturing Infrastructure enabling your Company to comprehensively address the needs of its global customers.

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

This facility operates a comprehensive product testing and validation laboratory.

This facility has completed testing and validation of new products for various customers like Cummins - Daventry, John Deere - USA, CNH, JCB, Terex, Mahindra & Mahindra, etc. The Company has already successfully launched these new products in India and globally.

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

The Company's wholly owned subsidiary, JKM Research Farm Limited, operates a unique facility for testing and analysing complete aggregates and systems for mobile equipment.

4. QUALITY MANAGEMENT SYSTEM (QMS)

Dynamatic Hydraulics™

During the year, your Company, has successfully completed surveillance audits to ISO:9001 specifications for Quality Management System and also to ISO:14001 specifications for its Environmental Management System. Your Company's QMS which is compliant to ISO standards since 1999, has evolved and matured and is highly system driven.

The Company has started addressing and implementing health and safety activities for certification to Occupational Health & Safety Assessment Series (OHSAS) standards. The activities are focused on health & safety of its employees on the shop floor. Awareness campaigns have been undertaken to enforce the use of Personnel Protective Equipment (PPE) at work. At the same time, the Company has been attempting to merge the EMS & OHSAS requirements into a common management system called Integrated Management System. This will avoid unnecessary duplication of work in monitoring and maintenance of records. The audits for both systems can also be combined and carried out at the same time.

The Dynamatic Quality Management System (DQMS) addresses the quality requirements and management expectations set out by the global major players such as John Deere, Cummins, CNH, Mahindra & Mahindra etc. DQMS utilises some of the best tools such as 5S, Business Process Re-engineering, Overall Equipment Effectiveness, Root cause analysis, Six Sigma, Statistical Process Control, Total Productive Maintenance, Visual Control, Learning-by-doing, Employee Participation Program (EPP) etc.

Lean Management concepts together with 5S tools are being used on the shop floor to increase the Overall Equipment Effectiveness (OEE) of the operations. This is achieved by reducing rejections, set ups, cycle time and through effective material management. The Employee Participation Program has resulted in the participation of employees in innovative activities and their contributions have resulted in continual improvements to work and work processes. Quality tools viz. 5S, Six Sigma etc, have resulted in enhanced product quality, innovation and cost effectiveness.

The learning in establishing the green field units-JKM pump division and The Center for Bush Excellence, are imbibed into the existing main Unit in Dynamatic Park.

Automating the processes and de-skilling them has helped us to move from operator's domain to machine domain. Fresh recruits also can learn quickly and manage the operations. Thrust is always on reducing paperwork by using electronic means to communicate and store data.

Supply Chain Management and Productivity

The Company's supply chain program aims at upgrading the vendors so as to enable them meet the demanding requirements of Quality, Cost & Delivery. Vendor training & audits are being conducted at regular intervals.

The demand for hydraulic pumps has been growing rapidly and keeping pace with this demand has been a challenging task. Your Company's investment in the capital equipment has been the highest in this year. New generation CNC machines have been added to the production line to increase its capacity. The production capacity has been ramped up by 30% in the past two quarters. To create space for the new machines and test rigs, a new unit is being set-up close to the main factory. All efforts have been made to keep the operational costs as low as possible.

New Operational Model:

The market scenario offers a tough competition and working towards target costing is imminent. To contain the operational costs, as a drive towards lean management, it is being contemplated to fragment the operations into optimally sized multiple units. Such a step will help us to institutionalize the good shop floor practices that have been evolved and tested successfully in the II and III units.

Dynamatic Limited, Hydraulics, UK, is accredited to ISO 9001:2008 standards and has recently renewed its certification from British Standards Institute (BSI). Dynamatic Limited's lean initiatives continue to be the focus of all employees using 6S techniques. The UK facilities recently passed, in January 2014, a John Deere supplier audit with a score of 99% with no major non-conformances.

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

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

Currently JKM automotive is predominantly running turbo charger compressor housing, inlet Manifolds and Exhaust manifolds which constitute 80% of sales is fed by the Company's own foundries in Chennai.

Dynamatic-Oldland Aerospace™, India has the largest infrastructure in the Indian private sector for the manufacture of exacting Air Frame Structures and Precision Aerospace Components, having its manufacturing facilities in Bangalore and Nasik.

This Division is one of the first to have NADCAP approval for Heat Treatment and Non-Destructive-Test Facilities in India and is well supported by its AS 9100 'C' – Annual certification by UL covering both the manufacturing facilities.

This Division is also a certified supplier for major OEMs like Airbus, Boeing & Bell Helicopters, for supply of aircraft components and assemblies.

Dynamatic-Oldland Aerospace™, UK a division of Dynamatic Limited, UK is a unique state-of-the-art aeronautical manufacturing facility in Bristol & Swindon UK, possessing complex 5 axis machining capabilities for the manufacture of Aerospace components and tooling.

This Division is a certified supplier to Airbus UK, GKN Aerospace Europe & USA, Spirit Aerosystems, Boeing, Magellan Aerospace, GE Aviation Systems, Lockheed Martin & Augusta Westlands. We are supported by BSI ISO 9001:2000 and AS 9100 revc. Dynamatic-Oldland Aerospace™ has been accredited with Environmental Management System (EMS) certification ISO: 14000.

Powermetric® Design, after obtaining Design Approval Certification from the Center for Military Airworthiness & Certification (CEMILAC), has proposed its design capabilities to Indian as well as foreign aerospace organisations. The CEMILAC certification which is mandatory for defence& aerospace design, will enable Powermetric® to undertake design, validation and development activities of aerospace parts/products using various sophisticated computational tools.

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

Dynamatic Homeland Security™ offers cutting edge solutions to enhance the nation's capabilities in countering modern day security threats-internal as well as external. With our strong research and development capabilities, combined with powerful partnerships, we have forged with leading global security technology companies like AeroVironment Inc, USA for UAVs, Elgo team for crash rated Bollards and Barriers, Gatekeeper Inc for Under vehicle scanners enables us to offer potential customers like the Ministry of Defense, Ministry of Home Affairs, solutions that will help them prepare and plan for emergencies as well as boost their response and recovery skills.

5. AWARDS, RECOGNITION AND IMPORTANT MILESTONES

- Dynamatic Hydraulics™, UK has received the **'Highest CNH Business Growth Award'** which was presented at the 1st CNH and IVECO P & S Suppliers Convention in France during April 2012.

- During 2011, Dynamatic Hydraulics™, UK conducted a **'Gear Pump Seminar'** to John Deere engineers in Waterloo. This seminar was to increase the understanding of gear pump operation and application.

- **Dynamatic-Oldland Aerospace™, UK** - Successful re-negotiations on existing business contracts has resulted in long term agreements for a further 5 years. Flap track beam are being supplied to A330 and Airbus from Bangalore.

  Got Recognition by DSIR for In-house R & D activity. This recognition is valid till March 2015.

6. DEPOSITS

As on March 31, 2014 the Company has no unclaimed deposits by the deposit holders of the Company. Section 74 of the Companies Act, 2013, requires repayment of all subsisting deposits within a time period of one year from April 1, 2014 (April 1, 2014 being the effective date of notification of section 74) or comply with the new requirements prescribed under the Companies Act, 2013. The Company is in the process of repaying the deposits accepted in a phased manner and this is expected to be repaid fully before the end of March 31, 2015.

7. DIRECTORS

Mr. Nalini Ranjan Mohanty was co-opted as an Additional Director at the Board Meeting held on September 27, 2013. In terms of relevant provisions of the Companies Act, 2013, Mr. Nalini Ranjan Mohanty holds office up to the date of the forthcoming Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013 from a member signifying her intention to propose the name of Mr. Nalini Ranjan Mohanty for appointment as Director of the Company at the next Annual General Meeting. This item has been included in the notice convening the Annual General Meeting of the Company.

Mr. Ramesh Venkataraman was co-opted as an Additional Director at the Board Meeting held on November 8, 2013. In terms of relevant provisions of the Companies Act, 2013, Mr. Ramesh Venkataraman holds office up to the date of the forthcoming Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013 from a member signifying her intention to propose the name of Mr. Ramesh Venkataraman for appointment as Director of the Company at the next Annual General Meeting. This item has been included in the notice convening the Annual General Meeting of the Company.

Apart from the above, the Independent Directors of the Company namely, Mr. Vijai Kapur, Air Chief Marshal S. Krishnaswamy (Retd.), Mr. Govind Mirchandani and Ms. Malavika Jayaram being eligible for appointment as Independent Director, would be proposed to be appointed as non-retiring Independent Directors for a term of up to 5 (five) consecutive years in accordance with section 149 of the Companies Act, 2013 read with schedule IV and Companies (Qualification and Appointment of Directors) Rules, 2014.

Ms. Claire Louise Tucker, Non-Executive Director of the Company would retire by rotation in accordance with section 152 of the Companies Act, 2013. Ms. Claire Tucker has opted not to be re-appointed as Director of the Company.

Dr. K Aprameyan and Mr. S. Govindarajan retired by rotation at the last Annual General Meeting and were not re-appointed based on the age criteria prescribed for Directors. The Company has resolved not to fill the vacancies caused by such cessation.

During the year under review, Mr. N Rajagopal, Executive Director & Chief Technology Officer retired from the services of the Company with effect from August 22, 2013 consequent to completion of his tenure of office.

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

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

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors' Responsibility Statement as required under Section 217(2AA) of the Companies (Amendment) Act, 2000.

The Board of Directors hereby confirms that:

I. In the preparation of accounts for the financial year ended March 31, 2014, the applicable Accounting Standards have been followed with proper explanation relating to material departures if any.

II. We have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit & Loss Account of the Company for the year under review.

III. We have taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

IV. We have prepared the accounts for the financial year ended March 31, 2014, on a 'going concern' basis.

9. CONSOLIDATED FINANCIAL STATEMENTS

The Directors have pleasure in attaching the Consolidated Financial Statements prepared by the Company in accordance with the relevant Accounting Standards issued by the Institute of Chartered Accountants of India, which form part of the Annual Report.

10. AUDITORS

M/s. B S R & Associates., LLP, Chartered Accountants, (Firm Registration No.116231W) are retiring as Statutory Auditors of the Company at the conclusion of the ensuing 39th Annual General Meeting of the Company.

M/s. B S R & Associates., LLP (part of KMPG group) have been holding office as Statutory Auditors of the Company for the last five years. For the Financial Year 2014-15, KPMG proposes to render statutory audit services to the Company through its firm, B S R & Co, LLP. B S R & Co., LLP and B S R & Associates, LLP, being under the same control of KMPG, would fall under the definition of "same network". As such, B S R & Co., LLP would be eligible for appointment as Statutory Auditors for a further period of 5 years from the date of ensuing Annual General Meeting of the Company in accordance with section 139, 140, 141 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014.

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

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

M/s. Rao, Murthy & Associates, have been appointed as the Cost Auditors of the Company with effect from May 28, 2014.

M/s. Ernst & Young have been appointed as the Internal Auditors of the Company for the year 2014-15.

11. PARTICULARS OF EMPLOYEES

The Company places a high premium on the development and retention of its Human Resources as well as in providing employees with safe and healthy work environments. The Corporate Human Resource Department under the leadership of the Head - Group HR continues to focus on formulating HR practices and strategic policies which will enable the Company to continue with its talent identification, recruitment, and development initiatives, thereby creating a merit oriented, values based work culture across the organization. The Performance Management System which was introduced in 2011 has helped the Company design programmes to train and develop employees for improved performance, through skill-sets development and attitudinal changes.

The Company continues to remain focused on the maintenance of cordial industrial relations with its work force and in fostering a system of participative management, which enhances the employees' sense of belonging within the Company. The harmonious industrial relations enjoyed by the Company was recently evidenced by the seamless shift of the Hydraulics Machine Shop to a new location in record time.

Information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended is forming part of this Report. However, as per provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the statement of particulars of employees. Any shareholder interested in obtaining such particulars, may inspect the same at the Registered Office of the Company.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGOING

The information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in **ANNEXURE – I,** forming part of this report.

13. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 (as amended from time to time), dividends which remained unclaimed for a period of seven years, have been transferred by the Company to the Investor Education and Protection Fund.

14. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

15. CORPORATE GOVERNANCE

The Company is committed to maintain the best standards of Corporate Governance and adheres to the

Corporate Governance requirements set out by Securities and Exchange Board of India (SEBI). The Company has also implemented several best corporate governance practices prevalent globally.

National Stock Exchange of India Limited (NSE), in association with Credit Rating and Information Services of India Limited (CRISIL), has initiated Independent Equity Research Report (IER), on certain companies. IER is reckoned among the best practices globally in the equity research-independence space. The Company has been covered under an Independent Equity Research Report carried out by CRISIL under the aegis of NSE-IPFT.

The reports can be viewed at www.ier.co.in or at National Stock Exchange home page: at NSE-IPFT Sponsored Research Reports.

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

16. PROMOTERS

The list of the promoters is disclosed for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Persons constituting promoters coming within the definition of 'Promoter' for the purpose of regulations 2(1)(s) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 include the following:

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

17. DISCLOSURES REQUIRED UNDER LISTING AGREEMENT

Disclosures required under various clauses of the listing agreement, are made elsewhere in this Annual Report. The Certification by CEO & Managing Director and CFO of the Company is attached in **ANNEXURE - IV,** forming part of this report.

ACKNOWLEDGMENTS

Your Directors would like to thank for the co-operation received from the Financial Institutions, Banks, Government Authorities, Customers, Vendors, Shareholders and Investors during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the committed services of Executives, Managers, Staff and Workers of the Company and look forward to their continued support in the future.

For and on behalf of the Board of Directors

Vijai Kapur
Chairman

Place : Bangalore
Date : May 28, 2014

ANNEXURE – I

Statement under Section 217(1)(e) read with The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended March 31, 2014.

Disclosure of particulars with respect to conservation of energy, absorption, adoption and innovation.

A. CONSERVATION OF ENERGY

All our facilities in India and abroad are built with the environment in mind and the processes are designed for efficiency, energy conservation and to ensure that no waste is transmitted into our environment. The industrial complexes are highly energy efficient and completely non-polluting. This is being systematized and quantifiable by implementing ISO 14000 and OHSAS 18000.

(a) Generating Green Energy through JKM Wind Farm

JKM Wind Farm is generating approximately 12 Mn units of power annually near Coimbatore, India. The Wind Farm which comprises of 48 windmills on 440 acres of free-hold land, enables Dynamatic Technologies to generate clean energy for captive consumption. This not only results in a significant reduction of the Company's carbon foot print, but also helps in conserving energy costs.

Details of Green Energy Steps are covered in the Corporate Sustainability Report of the Company.

Details of Green Energy Steps are covered in the Corporate Sustainability Report of the Company.

(b) Total energy consumption and energy consumption per unit of production as per Form 'A' attached hereto as ANNEXURE - III.

B. TECHNOLOGY ABSORPTION

Research & Development plays a vital role in developing and adopting new technologies to enhance our operational efficiencies. The Company owns the world's best Hydraulic Technologies viz. **Plessey** and **Dowty Technologies**, both of which are from England. The Company acquired the Dowty Technology during its collaboration with Dowty in 1973 and it obtained the Plessey Technologies through the acquisition of Dynamatic Limited, UK, in 2007. Our R&D effort is also focused on the automotive products as a proprietary product.

(a) Efforts made in technology absorption - as per Form B given below:

FORM B

Research & Development (R & D)

Research & Development, Technology Development and Innovation continues to be an integral part of the Company for achieving growth, business profitability, sustainability and as a part of its contribution towards the building of a Nation. Dynamatic Science lab, created by consolidating various research and technology functions, helps to create enhanced value delivery by leveraging skills and competencies to create new business opportunities. The Company's Research & Development is actively driven by a Board-level Committee constituted as the Technology Development Committee.

The Technology Development Committee of the Board provides direction to the Company's Research and Development strategy and on key issues pertaining to Research & Development technology. The Committee regularly reviews and updates the skills and competencies required, the structure and the processes needed to ensure that the Research & Development initiatives of today result in products necessary for the sustained and long term growth of the Company.

1. Specific areas in which Research & Development (R&D) is being carried out by the Company

Research & Development Activities in India and Europe

Highlights

- Development of new design for robust hydraulic gear pumps for Earth-moving Sectors in both Domestic & Export market
- Development of Fixed Clearance Gear Pump with Low Pressure High Flow capability, catering to specific requirement of High HP Tractors.
- Design & Development of Value Enriched Global Gear Pump catering to various Tractor applications.
- Development of Bi-Directional Gear Pump for Marine Engine Transmission application for European & US based customers.
- Design and Development of Lubricating Oil Pumps for world renowned Diesel Engine Manufacturers.
- Development of Lubricating & Scavenging Oil Pumps suitable for very High H.P. Diesel Engines employed in Indian Railways.
- Development of various types of Hydraulic Gear Motors both for Domestic & Export customers.
- Design & Development of Gear Pump–Motor Combo

Unit for Hi-End Agricultural Farm Mechanization equipment catering to US Market.

- Design & Development of total Tractor Hydraulic aggregates including Hitch Control Valve and Lift Assembly with Draft Control feature incorporated.
- Extensive deployment of Product Life Cycle Management Tools viz. Windchill across various functional units of the Company at plant level imparting fast and accurate engineering data transfer & project management.
- Value Addition & Value Engineering for existing products and processes.
- Interactive participation with both Domestic & Export customers towards the Design & Development of New Gear Pumps & Gear Motors suitable for customer's new equipment design.
- Regular usage of Hi-End Design Analytical tools, viz. ANSYS, CFD, Pro-Mechanica, Fatigue analysis tools, etc. complemented with in-depth Product Validation & Verification strategies.
- Dynamatic Hydraulics™ has also placed its footprint in the community of International Research, by presenting research papers in the field of Fluid Power & ANSYS related topics.
- Continuous synergy between Dynamatic, UK & Dynamatic, India Design team towards new product design & development, product & process optimization, etc.
- Development of new Machine Tools, Machine Tools Structures including CNC machines upgrade.
- Factory Automation.
- New projects for Defence sector. The Dynamatic Homeland Security™ team has responded to the requirement of Mini UAVs from the Artillery wing of the Indian Armed forces and is also responding to a global tender for Mini UAVs from CRPF.
- Design and Development of Electric Vehicle Charging Point for charging electric cars across the world. Integration with electronics, hardware, software, back office, network service provider and man-machine interface is near completion.
- Design and Development of Mobile Surveillance Vehicle (MSV) for Defence applications: Field trials and validation is completed and has attracted lot of enquiries from various Government, as well as Private agencies.
- The Company continues to participate in various collaborative projects in India and overseas.
- Dynamatic Homeland Security™ has concluded a contract for 5 numbers of Mobile Command and Control Vehicle (MCCV) to a State Ministry of Home Affairs. This MCCV- "Prahari" is custom designed for surveillance in urban areas by the law enforcement agencies. Its unique architecture facilitates the monitoring, recording and relaying of ongoing activities from the vehicle as well as from remote locations. This makes Prahari an ideal surveillance and reconnaissance tool for the Police Forces and Para Military. This state government is going to use Prahari for: Mobile monitoring of important events and public gatherings, keep an eye on VVIP Security, general surveillance, monitoring and recording at the time of riots or any other contingency, general patrolling of critical areas and critical assets, assisting police officials for pre and post analysis of any critical incident and assistance to emergency service
- Dynamatic has entered in to a teaming agreement with M/S Aerovironment Inc, USA for the growing demand of Un-manned Aerial Vehicles in India.

  With over 23,000 UAVS delivered worldwide and currently operational, Aerovironment is one of the largest UAV manufacturers in the world and its products are extensively used by the military forces of the United States and 17other countries. The combination of Aerovironment's technical capabilities in Unmanned Aerial Systems and Dynamatic's precision engineering capabilities and strong brand equity of both Companies will facilitate the availability of world-class UAVs in India.

2. Benefits derived as a result of the above R & D

All the following efforts have led to innovative product and process developments, leading to new market creation and higher value addition.

Few of the key mile-stones achieved, are mentioned below:

- Design and development of new products have resulted in new business development and extending our R&D vision, for future market requirements.
- Capitalizing on new business opportunities in various verticals, including Green power and Energy distribution technologies.
- Contributing to India's Defence indigenization and technological up-gradation program and also participating in India's security programs.
- New process improvements through value engineering, towards cost reduction and import substitution.
- Improvement of existing designs and ongoing testing of products and materials with product value enrichment in perspective.

3. **Future plan of action**

The Company plans to increase its efforts in developing new and cost-effective applications in the above sectors, through continuous innovation.

4. **Expenditure on R & D**

₹ in lacs

	Particulars	31 March 2014	31 March 2013
(a)	Capital	**21**	187
(b)	Recurring	**258**	434
	Total	**278**	621

5. **Technology absorption, adoption and innovation**

Efforts, in brief, made towards technology absorption, adoption and innovation.

The **Dynamatic Knowledge Center** has enabled your Company to gain expertise in developing high precision engineering products. Consequently, your Company has been recognized by the **Department of Scientific and Industrial Research (DSIR), Government of India, as a 'Recognized In-house R & D Unit'** and this recognition is valid till March 2015. This is a prestigious honour conferred on the Company.

By combining the technical competence of its facility in Bristol with the cost & manufacturing advantages offered by the facilities in India and Swindon respectively. The Company now possesses the capabilities and expertise to undertake the complete manufacture of products and, therefore, will be able to deliver greater value and advantages to the customer.

JKM Research Farm, the first of its kind in the Indian private sector, facilitates testing and validation of the products developed by the Company's customers. This is a unique facility, which aids in relationship building with the Company's customers.

The above facilities have enabled the Company to develop the following:

- Heavy Duty New Generation Cast Iron Gear Pumps with very high pressure operational capability, built with patented interlocking concepts.
- Electro-Hydraulic Aggregates for Defence application.
- New optimized Die-Casting Machine Tools for Foundry application.
- Total Tractor Hydraulic Aggregates for MNC's including Gear Pump, Control Valve and Rock Shaft Assembly.
- New types of Gear Pumps and Motors built with special configuration for various applications, for both domestic and export markets.
- Development of Lubricating Oil Pump suitable for Heavy Duty Engine for export market.
- Conceptualisation of water pump design for medium duty vehicles required for Indian and Overseas automotive manufacturers.

6. **In case of imported technology (imported during last 5 years – reckoned from the beginning of the financial year), the following information is furnished:**

a)	Technology imported	NIL
b)	Year of import	Not Applicable
c)	Has technology been fully absorbed?	Not Applicable
	If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	Not Applicable

C. **FOREIGN EXCHANGE EARNINGS AND OUTGOING**

During the year, the Company had exports (FOB Value) worth INR 11,605 lacs.

(a). Foreign Exchange Earned and used:

₹ in lacs

Particulars	31 March 2014	31 March 2013
a. Total Foreign Exchange Earned	**12,292**	11,017
b. Total Foreign Exchange Used	**2,345**	4,628
• Import of Raw materials, components, stores and spares	**2,212**	4,256
• Foreign Travel	**8**	38
• Interest	**92**	204
• Capital Expenditure	**30**	122
• Others	**3**	8

ANNEXURE - II

A. ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2014

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

					Net aggregate profits / losses for the current period		Net aggregate profits / losses for the previous financial year	
	Subsidiary	**Financial year ended**	**Holding Company's interest as at March 31, 2014**	**Shares held by the holding company in subsidiary**	**Dealt with or provided (₹ in lacs)**	**Not dealt with or provided (₹ in lacs)**	**Dealt with or provided (₹ in lacs)**	**Not dealt with or provided (₹ in lacs)**
1	Dynamatic Limited, UK (a subsidiary of JKM Global Pte, Ltd, Singapore)	31-Mar-14	100%	6,550,000 fully paid Equity shares of GBP 1 each	-	2,012	-	1,396
2	Yew Tree Investments Ltd, UK (a subsidiary of Dynamatic Limited, UK)	31-Mar-14	100%	100 fully paid Equity shares of GBP 1 each	-	55	-	64
3	JKM Erla Holdings GmbH, Germany (a subsidiary of JKM Erla Automotive Limited, India)	31-Mar-14	100%	25,000 Euro fully paid Equity 1 share of Euro 25,000	-	1,664	-	1,654
4	Eisenwerk Erla GmbH, Germany (a subsidiary of JKM Erla Holdings GmbH, Germany)	31-Mar-14	100%	1,600,000 Euro fully paid Equity 3 shares of Euro 1,312,000; Eur 331,200 and Eur 52,800	-	4,598	-	3,883
5	JKM Global Pte Limited, Singapore (a subsidiary of Dynamatic Technologies Limited, India)	31-Mar-14	100%	14,571,451 fully paid Equity shares of Singapore $ 1 each	-	275	-	(79)
6	JKM Erla Automotive Limited (a subsidiary of Dynamatic Technologies Limited, India)	31-Mar-14	99.99%	17,999,994 fully paid Equity shares of ₹10 each	-	(261)	-	(332)
7	JKM Ferrotech Limited (a subsidiary of Eisenwerk Erla GmbH, Germany)	31-Mar-14	99.99%	91,510,000 fully paid Equity shares of ₹10 each	-	(2,026)	-	(3,961)
8	JKM Research Farm Limited (a subsidiary of Dynamatic Technologies Limited, India)	31-Mar-14	99.99%	4,999,930 fully paid Equity shares of ₹10 each	-	(3)	-	40

B. INFORMATION RELATING TO SUBSIDIARIES AS AT 31 MARCH, 2014

(₹ in lacs)

Name of the Subsidiary	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities [excl. (2) & (3)]	Investments			% of Holding	Sales & Other Income	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend (incl. dividend tax)
1	2	3	4	5	Long-term	Current	Total	6	7	8	9	10	11
Foreign Subsidiaries (Reporting currency reference mentioned against each Subsidiary)													
Dynamatic Limited UK (a)	6,540	3,887	19,479	9,052	0	-	0	100%	27,179	2,364	351	2,012	-
Yew Tree Investments Ltd,UK (a)	0	878	641	(237)	-	-	-	100%	102	76	22	55	-
JKM Erla Holdings GmbH, Germany (c)	21	14,534	28,016	13,461	25,690	-	25,690	100%	4,615	2,638	974	1,664	-
Eisenwerk Erla GmbH (c)	1,321	11,785	41,431	28,325	4,975	-	4,975	100%	89,001	4,598	0	4,598	-
JKM Global Pte Limited, Singapore (b)	6,932	(225)	11,245	4,538	10,948	-	10,948	100%	504	275	0	275	-
Indian Subsidiaries													
JKM Erla Automotive Limited	2,064	1,616	10,200	6,520	9,199	-	9,199	99.99%	-	(261)	-	(261)	-
JKM Ferrotech Limited	9,151	(8,410)	14,725	13,983	-	-	-	99.99%	11,181	(2,026)	0	(2,026)	-
JKM Research Farm Limited	500	48	597	49	-	-	-	99.99%	108	39	42	(3)	-

Note:

The above details are as on March 31, 2014. Information on subsidiaries is provided in compliance with General Circular No.2/2011 dated February 8, 2011 of the Ministry of Corporate Affairs, Government of India.

We undertake to make available the audited annual accounts and related information of Subsidiaries, where applicable, upon request by any of our shareholders. The annual accounts will also be available for inspection during business hours at our registered office in Bangalore, India. The same will also be available on our website, **www.dynamatics.com**

Details of reporting currency and the rate used for converting.

Reporting Currency Reference	For Conversion		
	Currency	Average Rate (in ₹)	Closing Rate (in ₹)
a	GBP	96.23	99.85
b	SGD	47.97	47.57
c	EURO	81.14	82.58

ANNEXURE – III

Form 'A'

Disclosure of particulars with respect to conservation of energy

	Power and Fuel Consumption	Hydraulics		Aerospace		Automotive	
Sl. No.	Particulars	Year					
		2013-14	2012-13	**2013-14**	2012-13	**2013-14**	2012-13
1.	**ELECTRICITY**						
	Purchased units - lacs	**3,100,028**	3,330,013	**1,318,397**	1,358,236	**14,116,910**	16,347,286
	Total cost (₹)	**20,739,187**	20,612,780	**8,820,075**	8,407,480	**95,132,420**	108,896,901
	Rate / unit	**6.69**	6.19	**6.69**	6.19	**6.74**	6.66
2.	**GENERATION THROUGH CAPTIVE POWER FACILITIES**						
	Through Diesel generators						
	Units	**97748**	43,896	**87964**	21,948	**264,600**	962,062
	KWH per unit of fuel	**3.5**	3.5	**3.5**	3.5	**3.5**	3.5
	Fuel cost in Rs.	**16.85/unit**	15.71/UNIT	**16.85/UNIT**	15.71/UNIT	**16.35**	13.08
3.	**THROUGH WIND FARM UNITS**	**NA**	NA	**NA**	NA	**7,099,942**	6,653,702
4.	**PURCHASED FUEL CONSUMED**						
	Furnace oil qty - lit	**2940**	2940	-	-	**NA**	NA
	Total cost in Rs.	**346038**	319074	-	-	**NA**	NA
	Average rate / lit in Rs.	**117.7**	109	-	-	**NA**	NA
5	**DIESEL OIL-lit**	**27928**	14,632	**25134**	7316	**NA**	NA
6	**OTHERS**						
	Gas - LPG	-	LPG	-	-	-	-
	Quantity - Kg	**15198**	16320	-	-	**NA**	NA
	Total cost in Rs.	**1391958**	1413182	-	-	**NA**	NA
	Average rate per Kg	**91.6**	87	-	-	**NA**	NA
7	**CONSUMPTION PER UNIT PRODUCTION**						
	Units / pump / Auto parts	**8**	9	-	-	-	0.90
	FURNACE GAS	**15**	15 GM/GEAR	-	-	**NA**	NA

CERTIFICATION BY CEO & MANAGING DIRECTOR AND CFO OF THE COMPANY

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

a. We have reviewed the Balance Sheet and Profit and Loss account (the Company), and all its Schedules and Notes on Accounts, as well as the Cash Flow statements and the Director's Report;

b. Based on our knowledge and information, these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

c. To the best of our knowledge and belief, the financial statements and other information included in this report present a true and fair view of the Company's affairs and are in compliance with existing accounting standards as issued by the Institute of Chartered Accountants of India, and /or applicable laws and regulations;

d. To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

e. We are responsible for establishing and maintaining internal controls for financial reporting of the Company regularly evaluating the effectiveness of internal control systems of the Company pertaining to financial reporting and disclosure to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any.

f. The Company's respective functional heads and we have disclosed, all relevant information wherever applicable, to the Company's Auditors and the Board of Directors of the Company:

   - We have eliminated all significant deficiencies in the design or operation of internal controls, which could adversely effect the Company's ability to record, process, summarize and report financial data and have evaluated the effectiveness of internal control systems of the Company in consultation with the statutory and internal auditors of the Company.
   - We have indicated to the Auditors and Audit Committee changes in internal control over financial reporting during the year, changes in accounting policies during the year and the same have been disclosed in notes to financial statements;

g. We further confirm that the Company has framed a specific Code of Conduct for the members of the Board of Directors and senior management personnel of the Company pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges.

h. All the members of the Board and Senior management personnel of the Company have affirmed due observance of the said Code in so far as it is applicable to them and there is no non-compliance thereof during the year ended March 31, 2014.

Place : Bangalore
Date : May 28, 2014

Udayant Malhoutra
CEO & Managing Director

Hanuman Sharma
CFO

For and on behalf of the Board of Directors

Place : Bangalore
Date : May 28, 2014

Vijai Kapur
Chairman

SAFE HARBOUR STATEMENT

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

A. BUSINESS OVERVIEW

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

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

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

The Hydraulics division manufactures hydraulics pumps, motors, gear pumps, aluminium pumps, cast iron pumps, hitch control valves and related products for the Indian and overseas tractor markets. The Company is Asia's largest producer of hydraulic gear pumps and one of the largest globally. It has about 70% market share of the organised tractor market in India and supplies to all OEMs in India.

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

The divisions of the Company operate through facilities across India (Bangalore, Chennai, Coimbatore and Nasik), UK (Swindon and Bristol) and Germany (Schwarzenberg). The operations of all three divisions are supported by two captive foundries, aluminium and iron, located in Chennai.

B. ECONOMY

The global economy grew by approximately 2.9% in 2013, its slowest rate since 2009. However, there are early signs of improvement in 2014 in large developed economies such as Germany, Japan, UK and US. Because of their scale, a recovery in these economies is likely to boost global growth to 3.6% in 2014 and to 4.0% in 2015. Having contracted marginally in 2013, the Eurozone is expected to return to growth, although the outlook remains uncertain due to rising debt levels, especially in the southern Europe.

Growth in the developing economies slowed in 2013, but they are still expected to expand faster than developed economy peers in 2014. The economies of developing Asia, led by China, India and Indonesia, are expected to grow by 6.5% in 2014. Strong growth is also forecasted in sub-saharan Africa and Middle East while North Africa is expected to rebound after a tough 2013, complicated by the fallout from the Arab Spring. Central and Eastern European economies have suffered as major regional export markets have experienced decrease in demand. However, growth prospects are improving despite lack of reforms in Russia and political disturbance in Ukraine. Growth in Latin America continues to be low, driven primarily by under performance of Argentina and Brazil, despite gearing up to host FIFA World Cup in June 2014. On the contrary, recent strong reforms in Mexico augur well for future growth.

This better outlook for the global economy is affected not only by the weakness in the Eurozone, but also by the reduction of the US Federal Reserve's quantitative easing programme. Even the speculation around reduction in the programme resulted in decline in many emerging markets in the middle of 2013. While the reaction to the real reduction has been milder, the currencies of Brazil, India, Indonesia, South Africa and Turkey are expected to be at risk and central banks have started to raise interest rates sharply. In developed markets, a slowdown in the pace of bond buying could precipitate a rise in interest rates from record lows. This could impact business investment and consumer spending power, potentially delaying the recovery.

In India, full year growth slowed to 4.7% in 2013-14, the lowest in last decade owing to slow pace of reforms and administrative inaction during the UPA–II government. However, the economic slowdown seems to have bottomed out now. While high financial uncertainty globally caused capital outflows and applied pressure on the exchange rate, strong policy measures led to currency stabilization, rebuilding of forex reserves and lower current account deficit. However, weaknesses remain and include persistent inflation, fiscal imbalances, impediments to investment and inefficiencies that require structural reforms. With an expected systemic resolution to these issues, growth is forecast to pick up strongly to 5.4% in 2014 and 6.4% next year. Stronger consumption and investment from policy reforms and recovery measures expected to be taken by the newly elected stable BJP government are expected to help in growth revival.

C. INDUSTRY OVERVIEW AND SEGMENT DISCUSSION

Hydraulics

Industry Overview

Agriculture is the core sector of Indian economy with two-thirds of the population dependent on it for employment and livelihood. However, it has remained as an unorganised and unexplored sector. This is reflected by the low access to tractors among the small scale agriculturists that hold less than 5-10 acres of land.

Rural liquidity and monsoons always play a major role in shaping the demand for tractors, resulting in frequent cyclical downturns. Weak monsoons in south and western India last year had an adverse impact on the sale of tractors. This reduced the demand for tractor and aftermarket pumps. Despite the lean period, the Company continued the development of new products/ valves, thereby achieving sales of ₹171 crores, which lays the foundation for growth for the coming years as well. Dynamatic's presence in other sectors such as lube and oil pumps for power generation group also helped in ramping up the sales for the year.

Segment Overview

Dynamatic Hydraulics™, which designs, develops, manufactures and markets various hydraulic pumps, motors, hitch control valves and related products for Indian and overseas tractor markets, is one of the world's largest manufacturers of hydraulic pumps. It has sustained its market leadership in hydraulic gear pumps for the last 35 years and is focused on becoming the leader. The brand equity of the Company in hydraulic pumps should be leveraged in consolidating and expanding the product range. The new operational strategy of Dynamatic will also help in containing cost of production and getting leaner and better.

Dynamatic Hydraulics™ designs and manufactures cast iron pumps for the construction equipment segment. As the earth moving and construction equipment sectors are growing steadily in India, the Company has focused on timely supplies of these pumps. The production of these pumps has been planned to increase in a steady manner. Marketing of the cast iron pumps designed and validated in the Swindon plant has also been expedited. These pumps have the advantage of pressure ratings, higher flow and have competitive prices.

Dynamatic Hydraulics™ is also majorly involved in manufacturing and supplying of pumps for industrial applications such as machine tools and power packs. Range of products to cater to varied applications, low volumes and reasonable returns are the characteristics of this sector.

The Company also manufactures hitch control valves and the complete rock shaft assemblies along with filters and mobile valves.

Business Highlights and Market Positioning

- **Global Scale:** One of the largest manufacturers of hydraulic gear pumps globally
- **Global Presence:** Production facilities in both India and the UK. Strong design and development partnerships with the major tractor OEMs. Customers include Mahindra & Mahindra, Eicher Tractors, Mahindra Swaraj Tractors, Same Deutz-Fahr, Escorts, John Deere India, New Holland India, BEML, Godrej & Boyce, HMT, BHEL, Telco, VST Standard Combines, John Deere Waterloo U.S., ZF, CNH France, Womack, Terex and Muncie Power Products
- **Intellectual Property Ownership:** Owns the design IP of every product manufactured
- **Design & Development:** World-class design laboratories in India and UK which use enhanced technologies to support the Company's growth plans in a sustainable manner
- **Comprehensive Range:** Manufactures a wide range of sophisticated hydraulic valves and custom tailored hydraulic solutions, extending from simple hydraulic pumping units to sophisticated marine power packs and complex aircraft ground support systems to turnkey industrial installations
- **State of the Art Manufacturing:** Uses cutting edge technologies and highly sophisticated machinery for product manufacturing
- **Comprehensive Distribution Base:** Possesses a global delivery chain and a large variety of product offerings. The Company has a robust network of over 50 distributors and 500 stockists, which provides coverage of the Indian hydraulics market and cater to over 80% of mobile hydraulic gear pump applications
- **Dominant Player in Indian Market:** Single source supplier to 70% of the tractor OEMs and construction equipment industries in India. Dynamatic exports to over 30 countries and its products are used in original equipments in US, UK, Canada and South Korea

- It also supplies cast iron body pumps to the Infrastructure sector and serves clients such as JCB, Caterpillar, Cummins, Terex and CNH USA. Further, the Company delivers Total Tractor Hydraulics Systems (Hitch lifts) to new generation tractor manufacturers such as Same Deutz-Fahr
- The Company also manufactures Hydraulic Transmission System for India's T-72 Battle Tanks. Additionally, it has designed the Steering Control System, Turret Control System and Braking System for the ARJUN Main Battle Tank

- **Quality Management Systems:** Certified to ISO 9001 specifications (ISO 9001:2008) and also to ISO 14001 specifications for Environmental Management System. The quality management system meets the strict requirements of the global major OEM's including the occupational health and safety requirements.

Financial and Operational Performance

(₹ in lacs)

	Year ended 31 March, 2014	Year ended 31 March, 2013	Change (%)
Revenue			
India	**16,839**	15,905	6%
UK	**14,142**	12,838	10%
EBITDA			
India	**3,115**	2,781	12%
Margin (%)	**18%**	17%	1%
UK	**1,025**	168	512%
Margin (%)	**7%**	1%	6%

Total revenue increased by ₹2,237 lacs during FY2014, an increase of 8% over FY2013. Revenue from India showed a growth of 6%, primarily due to boom in the agriculture sector. UK revenue increased by 10%, driven by higher average conversion rate in FY2014.

Overall EBITDA margins were 13% for FY2014, an increase of 300bps over FY2013. The growth in margins was due to expansion in EBITDA margins for the Indian business by 100bps and UK business by 600bps.

Strategy and Outlook

Dynamatic is focused on enhancing its portfolio and increasing its market share in hitch control valves, rock shaft assemblies, filters and mobile valves to consolidate its position as a hydraulics company. This enhanced portfolio will enable the Company to strengthen its relationships with strategic customers with a resulting increase in the order book.

The recent order wins and traction with the leading tractor OEMs such as NHI and John Deere reinforces management's focus and attention towards strengthening engineering capabilities and production efficiency in this business. Dynamatic is also strategically engaged in the trading of valves and filters which positions the Company as a one stop shop for all hydraulic products.

The replacement market offers a unique growth opportunity for Dynamatic. Significant portion of this market is currently serviced by unorganised firms. Over the years, the Company has established a very strong position and brand in the hydraulic gear pump market which will help Dynamatic to capitalize on growth opportunity in the replacement market. Increasing contributions from this business will enable revenue growth and diversification, enhanced profitability due to relatively higher realizations.

Rising farm incomes and focus on higher productivity are expected to increase the demand for power steering application in tractors. This is expected to lead to higher demand of tandem pumps. This is another focus area for the Company as it has already started supplying relief valves to tractor OEMs in FY2014 and expects promising growth prospects of this product.

Dynamatic is experiencing trends of increasing commodity prices and rising competition, both from organised and unorganised firms. The Company is focusing on lean manufacturing systems to mitigate this scenario. Dynamatic strongly believes innovative engineering solutions, decentralisation, de-skilling the manufacturing processes and reduction in overheads are the requisites to increase market share in this challenging environment.

Automotive and Metallurgy

Industry Overview

The automotive industry has been a period of recession in the Indian as well as global automotive industry. Except Hyundai, which exports 40% of its vehicles and engines, it has been a volatile period for the entire automotive industry. Chennai, also known as the "Detroit of India", has the largest share of car manufacturing industries and accounts for 60% of the country's automotive exports. Hyundai continues to be the single largest exporter of cars in India and caters to over 100 countries. All of this production is undertaken at their facility in Chennai. Nissan has started manufacturing cars from Chennai and has made it one of their largest export hubs. Daimler is another OEM to manufacture from Chennai and has been very successful.

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

The ability to utilize manufacturing plants to optimum levels and understanding the implications of government policies are also essential for growth in India's automotive industry.

Segment Overview

JKM Automotive™, the automotive division of the Company located in Chennai, possesses state-of-the-art manufacturing technology for supply of advanced automotive components. It is the only company in Chennai which has the unique expertise in aluminium and green sand ferrous foundries and manufactures high technology castings for automotive OEMs. The Company caters to leading OEMs such as Hyundai, Fiat India, Tata Motors, Ford, John Deere, Cummins, Nissan and Honeywell on a single source basis.

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

Business Highlights and Market Positioning

JKM Automotive™, India

- **Single Source:** Produces high quality ferrous and non-ferrous critical engine and transmission components on a single source basis for global automotive OEM's. Products cater to approximately 35% of India's automobiles
- **Innovative Supply Chain Management:** Possesses state-of-the-art technologies to manufacture high quality automotive components for Hyundai, Ford, TATA Motors, Daimler India, Renault Nissan India and Honeywell on a single source basis. Diversifying the customer base by focusing on customers besides Hyundai to mitigate business risk.
- **Geographical Advantage:** JKM Automotive™ has two manufacturing facilities located in Chennai, one of India's prominent automotive hubs
- **Addresses Three Segments:** Applies highly efficient production systems and processes to manufacture automotive components for highway, off-highway and technology oriented applications
- **Green Energy:** Utilizes green energy through the Company's wind farm, which generated 10 million units of during the year. This resulted in 87% annual savings in power and enabled the facility to considerably reduce its carbon footprint
- **Quality Management Systems:** JKM Automotive™ facilities are certified with the highest quality and safety standards specified by the automotive industry including TS 16949, OSHAS 18000 and ISO 14000 as well as Ford Q1 quality standards and further approved by various leading global automotive companies

JKM Ferrotech Limited, India

The major operational highlights of the division during FY2014 may be listed as follows:

- The Company strengthened its position as the largest supplier of automotive castings to Mando India and TVS Sundram Fasteners and as a major supplier outside Europe to Volkswagen Germany for Flywheels. Recently, it also started supplying Exhaust Manifold parts to Daimler Germany and BMW
- Commenced operations from the DISA horizontal moulding line during the year. Currently produces 70,000 Exhaust Manifolds in SiMo and High SiMo grades for Hyundai and 20 different parts for Daimler India
- Approved by Toyota India for the supply of brake parts
- Received orders from new automotive customers such as Addison and PHI for regular production
- First iron foundry in India to be approved by BMW Germany for the supply of Exhaust Manifolds in SiMoNi, the heat resistant grade. These components are used in BMW's 1 series, 3 series and MINI cars. Currently delivering 5,000 manifolds every month
- Set up an in-house machine shop for machining Daimler India parts. This represents the first step towards establishing a best in class machining facility

Eisenwerk Erla GmbH, Germany

The main products include Turbine Housings, Exhaust Manifolds, Crankshaft Bearing Caps and various castings for engines.

- Has 90% market share of the Indian automotive industry. Also caters to the agricultural and mechanical engineering and construction machinery industries
- Focused on the securing steel projects and have received several prototype and pre series orders in stainless steel
- Installed a new pouring station and system for the steel production
- Started a development project for a new ferritic stainless steel grade for one of the main customers – first samples have already been cast
- Receiving support for the Company's focus on steel products from the German OEM's and Turbocharger companies
- Successfully started serial production of 3 new Turbocharger projects
- Worked towards improvements in the production of Turbine Housings and Integrated Turbine Housings. Majorly focusing on the automation of the core production

- Successfully implemented several core toolings, made completely out of stainless steel, for serial production
- Engaged in further discussions with a new strategic Turbocharger company and cleared the Process Audit according to VDA 6.3
- Passed all customer audits and received high ratings from MAHLE Filtersysteme, Mitec and Continental Automotive
- Has special knowledge and experience in the core making technology of Turbocharger Castings as well as in the production of high alloy materials with two patents
- Has a Quality, Environmental and Energy Management system and is certified by the TÜV Deutschland according to ISO/TS 16949:2009, ISO 14001:2004 and ISO 500010: 201
- Major customers include IHI Charging Systems International, BoschMahle Turbo Systems, BorgWarner, Turbo Systems, Audi, Volkswagen, Daimler, AGCO Fendt and Joseph Vögele

Dynametal®, India - Aluminium Casting (including Metallurgy)

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

Financial and Operational Performance

(₹ in lacs)

	Year ended 31 March, 2014	Year ended 31 March, 2013	Change (%)
Revenue			
India	**17,621**	23,537	(25%)
Germany	**88,225**	76,415	15%
EBITDA			
India	**(868)**	(828)	(5%)
Margin (%)	**(5%)**	(4%)	
Germany	**5,612**	4,636	21%
Margin (%)	**6%**	6%	

Total revenue increased by ₹5,894 during FY2014, increase of 6% over FY2013. Revenue from India showed a decline of 25%, majorly due to the slowdown in the economy. Germany revenue increased by 15%, driven by high average conversion rate in FY2014 as compared to FY2013.

Overall EBITDA margins were 4% for FY2014, unchanged from FY2013. This was due to offsetting of increased profitability in Germany, mainly due to higher average conversion rate by higher losses at Indian Automotive segment.

Strategy and Outlook

The Company is focusing on multiple areas to drive higher growth and profitability in the Automotive business. Over the years, the Company developed capabilities to manufacture performance critical components for the automotive industry such as turbochargers and exhaust manifolds. Turbochargers increase the fuel efficiency of the engine and decrease carbon emissions. Increasing focus on fuel efficiency and environmental safety globally presents significant opportunities for this business.

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

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

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

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

Aerospace & Defence

Industry Overview

As air travel demand is increasing, aircraft equipment continues to improve, with enhancements powered by innovations in jet engine fuel efficiency, navigation technology, and materials science. These improvements, especially in fuel efficiency, are driving demand for aircraft replacement, thus advancing the obsolescence of certain previous generation aircraft. Fuel costs, as a percentage of total operating costs for airlines have risen from an average of 13.6% in 2001 to 31% expected in

2013. Therefore, the investments in next generation fuel efficient aircraft, which promises to deliver at least an estimated 15% better fuel burn rate, become very attractive for airline operators.

Defence Industry

Defence Procurement

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

Defence Industry Projects

P-8A Poseidon: The P-8A Poseidon is a long-range anti-submarine warfare, anti-surface warfare, intelligence, surveillance and reconnaissance aircraft capable of broad-area, maritime and littoral operations.

A derivative of the next-generation 737-800, the P-8A combines superior performance and reliability with an advanced mission system that can ensure maximum inter operability in the future battle space. The P-8A is being developed for the US Navy by a Boeing-led industry team that consists of CFM International, Northrop Grumman, Raytheon, GE Aviation, BAE Systems and Spirit AeroSystems.

The US Navy plans to purchase 117 P-8As to replace its fleet of P-3C aircraft. In January 2011, Boeing received a $1.6 billion contract for low-rate initial production of the first six aircraft, spares, logistics and training devices. In November 2011, Boeing received a $1.7 billion LRIP award for seven additional P-8As. In September 2012, Boeing received a $1.9 billion contract for 11 aircraft, bringing the total aircrafts to 24.

On January 1, 2009, Boeing signed a contract with the government of India to provide eight P-8I long-range, maritime, reconnaissance and anti-submarine warfare aircraft to the Indian Navy. The P-8I is a derivative of the P-8A designed specifically for the Indian Navy. The first test aircraft began formal flight testing of US Navy at Boeing field in late 2009 and travelled to Naval Air Station Patuxent River, Md., on April 10, 2010, for completion of flight test. Six P-8A test aircrafts are currently under flight testing.

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

CH-47 Chinook: The Indian Air Force chose the Boeing Chinook over Russian Mi-26 helicopters under a tender process for the delivery of 15 heavy-lift helicopters on December 5, 2012. The value of the future contract will be determined following contract negotiations with Boeing, which are currently underway. Boeing is pursuing a multi-year $4 billion order from the US Army for 177 more CH-47F Chinook helicopters. The five-year deal includes an option for the US Army to buy 38 additional Chinooks, a multi-mission, twin-engine transport helicopter. This order would eventually bring the US Army's CH-47F total procurement close to its target of 464 aircraft, including 24 for replacement of peacetime attrition aircrafts. The deliveries are expected to begin in 2015.

Sukhoi 30MKI Fighter Bomber for Hindustan Aeronautics: The Sukhoi 30MKI, which is one of the finest multirole aircrafts in the world, combines a robust Russian airframe with state-of-the-art western avionics and locally developed computers. The addition of this aircraft has given the Indian Air Force a strong lead in offensive capability which is unrivalled in Asia. The Government of India plans to more than double the number of Russian-made Sukhoi 30MKI fighter aircraft in the Indian Air Force fleet to 230 by 2015.

Hindustan Aeronautics Limited (HAL) has mastered the manufacturing of the wing and tail parts of the aircraft and has started producing the Fuselage. The manufacturing of the engine is the most challenging aspect of indigenisation and is expected to be undertaken soon.

Commercial Industry

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

The civil aerospace industry has progressed to the production and delivery mode. The single-aisle market is the world's fastest-growing sector in the civil aerospace industry. Boeing predicted that a large majority of new jet sales during the next 20 years (around 69%) would be of single-aisle aircrafts such as the Boeing 737 and the Airbus A320, which normally seat around 150 passengers. The demand from emerging markets in Asia and the low-cost carriers in Europe and North America is expected to drive these future sales.

Rapidly expanding Indian carriers, including many new discount airlines, have ordered close to $40 billion worth of large jets over the past two years. Airbus has received 295 orders from Indian customers, while Boeing has secured 138 orders. The value of Boeing's order book, which is close to $20 billion at list prices, is close to Airbus' approximately $22 billion in Indian orders. The growth potential of the Indian aviation sector has led global manufacturers to recognize that India would continue to be one of the fastest growing aviation markets in the world. With the average growth rate for next 10 years estimated at 12.2%, the number of new aircrafts required by Indian carriers places the country as the fifth largest in the world.

Airbus

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

In recognition of the country's strategic importance, Airbus has pledged to play a long term role in the development of the Indian aviation sector. Apart from establishing an engineering center and a full-fledged flight training center, Airbus also works directly with Indian companies in the design and manufacture of aero-structures and selectively encourages its major tier-one partners to do so. Airbus continues to pursue other potential areas of cooperation with India, including air traffic control and safety management.

Boeing

Boeing is continually exploring new business and investment opportunities and potential partnership businesses in India. In addition to direct work placement, Boeing collaborates with industrial partners in lean manufacturing techniques. The Boeing program management includes best practices as a part of its knowledge sharing activities with the country.

Bell Helicopters

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

Segment Overview

Dynamatic-Oldland Aerospace™, India, is a pioneer and a recognized leader in the Indian private sector for the development of complex aero-structures and manufacture of aircraft parts and accessories. The Company is also vertically integrated to manufacture CNC and sheet metal components, soft and hard tooling, Jig Manufacturing and has comprehensive engineering capabilities. The Aerospace and Defence division has the largest infrastructure in the Indian private sector for the manufacture of complex aero-structures. It is AS9100 approved, NADCAP approved for heat treatment and non-destructive testing and Airbus/Boeing approved. This is the first time such capabilities have been developed in the Indian private sector.

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

The Company partners Boeing for the manufacture of cabinets used to keep critical power and mission equipment for the P-8 program. It was recently awarded a contract for the manufacture the Aft Pylon and Cargo Ramp assemblies for Boeing's CH-47F Chinook helicopter.

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

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

The Company also signed an MoU with Bell Helicopters for the Bell 407 air frame cabin sub-assemblies, air frame components and details. Dynamatic Technologies has already qualified itself along with a number of sub-tier suppliers under the Bell Production System and has commenced trial production of airframe components and detailed parts.

Dynamatic-Oldland Aerospace™, UK is a demonstrated leader in the development of exacting airframe structures and precision aerospace components. It has two unique state of the art facilities in Bristol and Swindon, possessing complex 5 axis machining capabilities for the manufacture of aerospace components and tooling. It also offers a fast track facility, which is working with all major primes and manufactures holding fixtures. Dynamatic specialises in reverse engineering, fixtures and design manufacturing.

This division is a certified supplier to Airbus UK, GKN Aerospace Europe & USA, Spirit Aerosystems, Boeing, Magellan Aerospace, GE Aviation Systems, Lockheed Martin and Agusta Westland. It is compliant with BSI ISO 9001:2000 and AS 9100 standards. Dynamatic has also been accredited with Environmental Management System (EMS) certification under ISO:14001.

The induction of Oldland Aerospace into the Dynamatic group has conferred the business with the strategic locational advantage required for the forging of strong direct relationships with leading aerospace companies in Europe and Americas.

The aerospace division has been continuously expanding to build capabilities in large aero-structures and complex engineering both in the UK and India. The Swindon facility of the UK business has been expanded and now manufactures main landing gear parts and over wing details for the Airbus fleet. The Company is a pioneer in the Indian and UK private sectors, with a demonstrated track record for the manufacture and development of complex aero-structures. As a result, the Company has the first mover advantage and has formulated a strategic growth plan for future. Dynamatic offers its customers a comprehensive solution of high capex, highly skilled multi-axis machining from the UK and high value added, highly skilled sheet metal details and assembly from India. This provides customers with offset credits and best value from two cost models.

Business Highlights and Market Positioning

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

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

  UK: The Company's aerospace facilities in Bristol and Swindon are ideally situated on the M4 corridor and the aerospace hub in the south west UK. This is in close proximity to major customers such as GKN, Airbus and Agusta Westland
- The Company is HAL's largest developmental partner on the Sukhoi 30MKI program and builds major air frame structures for the Fighter Bomber including Canard, Ventral Fin, Horizontal Stabilizer, Slat, Vertical Fin and Air Brakes
- Other products include Wing and Rear Fuselage of LAKSHYA, India's pilotless target aircraft and Aileron and Flap for HJT-36, Intermediate Jet Trainer.

  Dynamatic-Oldland Aerospace™, India manufactures cabinets to store critical power and mission equipment for the P-8I, a multi-mission maritime patrol aircraft customized for the Indian Navy. The success of this program has enabled Boeing to place orders for 11 more sets for limited rate production and 33 additional orders for full rate production requirements for the US Navy.

  Boeing further enhanced the relationship with Dynamatic-Oldland Aerospace™, India by placing one of its largest orders in India that consisted of 100 aircraft sets over 5 years for Ramp & Pylon Assembly of Chinook Helicopters. Work on this program is steadily progressing and first delivery is scheduled for January 2015.

  Bell Helicopters have chosen Dynamatic-Oldland Aerospace™, India as their supplier of choice for cabin assemblies, beginning with the Aft Cabin Assembly for the 407 series of helicopters. The first articles for over 80 parts have been completed and Dynamatic-Oldland Aerospace™, India is poised to progressively build 60 aircraft sets per annum beginning next year.

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

  The India and UK businesses work closely with Spirit AeroSystems, the world's largest aero-structure manufacturer. The UK business is an industrial partner in manufacturing in the UK and India business caters to assembly of the Flap Track Beam project in India.
- **Offset Policy:** Dynamatic is poised to benefit from business generated from the Government's offset policy. Agreements for offset partnership in India have been signed with Boeing, Lockheed Martin and Northrop Grumman.
- **Global Single Source Supplier:** The Company has achieved the single source supplier status for the Airbus 320 Flap Track Beams, which are supplied to Spirit AeroSystems (Europe) Limited. This is the first instance that a functional aero-structure of a major commercial jet is being manufactured in India
- **QMS**
  1. Have DGAQA approval for in-house processes
  2. AS 9100 Rev B certified by Underwriters Laboratories (UL)
  3. NADCAP approvals for In-house processes

iv. Secured three industrial defence production licences from the Ministry of Commerce & Industry, Government of India. The licenses pertain to the industrial production of heavy vehicles such as Battle Tanks, Land Systems and Sub-Systems and manufacture of two defence products – Distribution Mechanism and Hydraulic Coupling, which are fitted on heavy armoured vehicles. The Company has also received a license to manufacture aircraft parts and accessories

v. First company in the Indian private sector to be certified by Airbus for manufacture of aero-structures

UK

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

Dynamatic Homeland Security™

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

Financial and Operational Performance

(₹ in lacs)

	Year ended 31 March, 2014	Year ended 31 March, 2013	Change (%)
Revenue			
India	**9,195**	6,572	40%
UK	**13,138**	10,674	23%
EBITDA			
India	**4,371**	2,970	47%
Margin (%)	**48%**	45%	
UK	**2,349**	2,851	(18%)
Margin (%)	**18%**	27%	

Total revenue increased by ₹5,086 during FY2014, an increase of 29% over FY2013. Revenue from India showed a growth of 40% driven by higher sales to Spirit Aerosystems and Boeing. UK revenue increased by 23%, due to higher sales to GKN and Spirit Aerosystems.

Overall EBITDA margins were 30% for FY2014, a decrease of 400bps over FY2013. The decline in margins was due to decrease in EBITDA margins for the UK business by 900bps. Profitability of the UK business was affected due to changed sales mix resulting in higher material consumption and payment of management fee during the year. This was offset by an increase in EBITDA margins of 300bps in the India business on account of higher realization from exports.

Strategy and Outlook

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

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

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

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

JKM Wind Farm

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

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

Powermetric® Design

- Engages in design and development of foldable struts for HAL's ALH program. Product validation and environmental tests underway
- Certification of CEMILAC for airworthiness design of strut
- Designs and develops testing equipment for strut product validation
- Designs and develops "skin stretch forming machine" required for Boeing programs
- Capable of designing sheet metal parts for BELL Helicopter structure
- Engages in design optimization and validation for static, thermal and dynamic stability of system by using advanced and mathematical tools
- Uses virtual simulation tools for product validation
- Completed the design of water and oil pumps for global supply of new generation cars of Renault-Nissan during 2013
- Produced the design of automation integration with sand core shooting machines for aluminium foundry
- Technology demonstration and prototyping of Electrical Vehicle charging point with communication link and built-in intelligence system
- Design and development of various test rigs for water and oil pump validation
- Design and development of assembly jigs and tooling for Aerospace applications
- Undertakes upgrading the machines at foundry by retrofitting/re-conditioning with electro-mechanical systems

D. GEOGRAPHY WISE OUTLOOK

The overall outlook for next financial year looks positive. The Company's reputation for developing innovative, cost-effective and high quality products continues to grow globally and has resulted in increasing orders. Owing to the increasingly global nature of the Company's operations and sales, it is important to understand the outlook in foreign geographies, especially UK and Germany.

UK

The UK economy has staged a strong recovery in the past year and this is expected to continue in 2014-15. Most sectors and regions of the economy are now showing positive growth trends, with early signs of increase in business investment. In the longer term, reshoring could also provide impetus to output and employment in both manufacturing and services sectors.

UK economy is expected to grow more than previously forecast. The Government announced benefits for savers and pensioners in its penultimate budget before the 2015 election. The estimate of 2.7% growth for FY2015 represents an increase from the 2.4% estimate in December 2013 while the forecast for FY2016 is 2.3%. Dynamatic's UK business is expected to grow due to increased orders from OEMs in Hydraulics segment and additions to order book in Aerospace segment.

Germany

The German economy had a strong start in 2014, with incoming orders and industrial production in January and February considerably higher than a year earlier. Retail sales in January and February were much higher than at the end of 2013, with exports and imports also making considerable gains in January. The unemployment rate was also more favorable than the general levels at the start of the year. According to the current scenario, all components of aggregate demand – exports, consumption and investment, are expected to have contributed to the economic growth at the beginning of 2014. The GDP growth for Q1 2014 is forecast at 0.6% as against Q4 2013 and 2.0% compared with Q1 2013 (after adjustments to reflect the number of working days).

The Company does not foresee any major changes that may affect the positive economic conditions for Germany. These include favorable financing conditions, real income gains due to low inflation, a marked increase in employment and a brighter economic outlook for the euro zone, with the risk factor being the escalation of Ukraine crisis in geopolitical terms. Dynamatic expects impetus from both exports and the domestic economy throughout 2014. The appreciation in the euro is putting pressure on the exporters' price competitiveness. However, German exports are still expected to grow in volume terms, in line with global trade trends (4.5-5%) in 2014. Brighter export prospects in key sectors such as the automotive are likely to augment this trend.

With increasing capacity utilization levels, machinery and equipment investment, which showed a declining trend in 2013, is expected to show considerable improvement in 2014. We expect the investments to increase in all construction segments (residential construction, commercial and public-sector construction) this year. The sentiment among consumers is highly positive. Private consumption is also expected to grow at a faster rate in 2014 driven by higher growth in per capita income, transfer payments and entrepreneurial earnings. In summary, the Company foresees the German economy growth of 2.0% during 2014.

The above trends would lead to high capacity utilization levels at the beginning of 2015. Dynamatic believes that the upswing will continue in 2015, although the economic momentum is expected to weaken as the year progresses. The introduction of minimum wages can adversely impact job creation. 70% of the associated cost increases will also get reflected in inflation. The minimum wages policy is not expected to have any positive impact on overall purchasing power. The increase in unit wage costs, which are expected to grow further in 2015, is also likely to have a negative impact on business expectations and corporate investments. As a result, the Gross Domestic Product is likely to grow by only 1.6% in 2015. Unemployment is forecast to stabilize in 2015, after dropping considerably in 2014.

Germany is benefiting from a favourable mix of growth factors including moderate trade recovery, low inflation and adequate provision of finance for investment. Domestic factors are likely to play a major role in the recovery of GDP growth, due to supportive conditions for domestic demand. Dynamatic's German business is expected to grow with steel casting turbochargers.

E. FINANCIAL CONDITION

Share Capital

(₹ in lacs)

	Year ended 31 March, 2014	Year ended 31 March, 2013	Change
Share capital	**554**	541	13
Reserves and surplus	**13,761**	11,573	2,188
Money received against share warrants	**1,000**	1,250	(250)
Non controlling interest (Preference capital)	**264**	3,295	(3,031)

The Company had an Authorized Share Capital of ₹2,000 lacs, as on March 31, 2014, divided into 20,000,000 shares with face value of ₹10 each. The issued, subscribed and paid-up share capital was ₹554 lacs, as on March 31, 2014 as compared to ₹541 lacs, as on March 31, 2013.

The Reserves and Surplus were ₹13,761 lacs, as on March 31, 2014, which recorded an increase of ₹2,188 lacs compared to March 31, 2013. The increase is attributable to:

(₹ in lacs)

Profits generated in the year	1,377
Securities premium account	2,064
Other reserves (Redemption premium accrual)	1,995
Total	**5,396**

Offset by:

(₹ in lacs)

Hedge reserve	444
Revaluation reserve	1,387
Debit balance arising on consolidation	793
Foreign currency translation reserve	492
Foreign currency monetary item translation difference account	93
Total	**3,208**
Net Change	**2,188**

During the year, the Company received an investment of ₹750 lacs from Mr. Udayant Malhoutra and Wavell Investments Private Limited, the Promoters of the Company, through the conversion of convertible warrants. The investment was aimed towards strengthening the solvency position and overall financial condition of Dynamatic.

Borrowings

(₹ in lacs)

	Year ended 31 March, 2014	Year ended 31 March, 2013	Change (%)
Long term borrowings	49,076	49,421	(345)
Short term borrowings	10,077	17,433	(7,356)
Total	59,153	66,854	(7,701)

As part of the strategic initiatives taken by the Company to improve its financial strength, the Company monetized some of its non-core assets during the year. This resulted in a cash inflow of ₹2,854 lacs, which was subsequently utilized to reduce debt.

The Company also entered into agreements with DBS Bank and Kohlberg Kravis Roberts ("KKR") for refinancing its short-term debt obligations. DBS Bank provided a bilateral loan facility of €14.3 million with tenor of 5 years and interest rate of ~7% p.a. The financing arrangement with KKR provided a loan of ₹6,000 lacs with a tenor of 5 years and interest rate of 17.5% p.a., subject to reducing interest rate with equity infusion.

Fixed Assets

(₹ in lacs)

	Year ended 31 March, 2014	Year ended 31 March, 2013	Change (%)
Tangible fixed assets	59,672	56,709	2,963
Intangible fixed assets	2,235	2,602	(368)
Capital work in progress	278	7,422	(7,144)
Intangible fixed assets under development	-	188	(188)
Total	62,185	66,921	(4,736)

The tangible fixed assets increased primarily due to capitalisation of land of ₹7,452 lacs at Bangalore International Airport on receipt of possession certificate during the year. This was offset by sale of one of the identified non-core assets. The decline in intangible fixed assets can be primarily attributed to write off of assets during the year.

Capital Expenditure

The Company incurred ₹2,109 lacs as capital expenditure during the year. The amount was primarily utilized for addition to product lines/plant capacities in Aerospace & Defence segment and for product development and maintenance capex.

Inventories

The inventories of the Company mainly comprise of raw material of ₹6,182 lacs, work in progress of ₹11,519 lacs, finished goods of ₹3,413 lacs and stores and spares of ₹1,685 lacs. The account showed an increase of ₹2,546 lacs during the year, driven by both orders at hand and new projects/business opportunities.

F. OPPORTUNITIES & THREATS

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

Dynamatic's products and solutions are engineered by the following business units:

- Dynamatic Hydraulics™, India & UK
- Dynamatic-Oldland Aerospace™, India & UK
- Dynamatic Homeland Security™, India
- Dynametal®, India
- Eisenwerk Erla GmbH, Germany
- JKM Ferrotech Limited, India
- JKM Automotive™, India
- JKM Wind Farm, India
- Powermetric® Design, India

With three design laboratories in India and Europe, Dynamatic is a leading private R&D organisation, having numerous inventions and patents to its credit. The Company and its subsidiaries employ around 50 scientists and 500 engineers with expertise in Mechanical Engineering, Advanced Computer Aided Engineering, Materials & Metallurgical Engineering, Fluid Dynamics and Defence & Aerospace research. The Company's bicontinental presence provides a geographical advantage in managing customer relationships and enables combination of strengths of each location to deliver cost and long-term global manufacturing advantages to its customers.

The Company has a leadership position in each of its business segments and believes it is well positioned to sustain its leadership across key markets and exploit major growth opportunities in all businesses.

The 'Yellow Brick Road' strategy, which uniquely positions the Company to achieve greater economic relevance, enables synergies in competence and skills, cost efficiency and capacity maximization, without deviating from the Company's philosophy of building a green enterprise. It enables Dynamatic to respond rapidly to customer needs, achieve synergies and cost competitiveness, mitigate risks and develop a stable supplier base. The strategy has been successful over the past year with strong order intakes from leading global companies in all segments.

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

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

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

G. RISKS & CONCERNS

The Company's increasing exposure to global markets entails the inherent risks faced by a global company such as foreign currency, product liability and warranty risks. These risks are being mitigated through appropriate de-risking strategies.

The Strategic Business Units of the Company are managed by highly experienced Chief Operating Officers, who are supported by various teams of capable personnel.

All key functions and divisions of Dynamatic are independently responsible for monitoring risks associated with their respective areas of operations. Various risks and the procedures to mitigate them have been identified by the Company.

H. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

Dynamatic has deployed a comprehensive Internal Audit System, which is commensurate with its scale of operations. Competent and qualified external professionals, conduct regular and detailed internal audits, both at the manufacturing locations and at branches in India. The Internal Auditors submit audit reports and management reports regularly, which highlight areas of concern and also suggest improvements in systems and procedures. The Audit Committee periodically reviews the audit plans and audit observations of both internal and external audits and adequacy of internal controls.

The Board level Audit Committee of the Company reviews the Internal Audit Reports and management's feedback on Internal Audit Reports on a quarterly basis. Improvements in control systems are also suggested regularly. A detailed report on the Audit Committee forms part of the Corporate Governance Report.

The Company is currently implementing its new operational strategy to decentralize operations into smaller divisions to incorporate state-of-the-art production technologies and shop floor culture. This is also expected to lead to development and implementation of innovative ideas. The strategy could also facilitate easy monitoring of progress and enable internal benchmarking for achieving excellence.

A stringent Information Security Management System has been developed to protect and safeguard key information from unauthorized access across all units. The system has been designed to ensure confidentiality, integrity and availability of critical data within the organization. New tools are used to upgrade existing systems periodically, in accordance with the growing size and needs of the Company.

I. ENVIRONMENT SAFETY, HEALTH AND ENERGY CONSERVATION

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

Environment Safety

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

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

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

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

The Company has requested its shareholders to register their email IDs with the Company or its Registrar & Share

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

Health and Safety of Employees

The Company firmly believes in providing a safe working environment and health benefits to its employees. Adequate and structured safety training programs have been designed for all the employees at the Company's facilities. Further, the Company has well-equipped safety installations and conducts periodic safety drills, awareness workshops and audits to achieve its aim of zero emergencies.

Dynamatic regards the health of its employees as one of its priorities. Towards this objective, the Company provides various health benefits to its employees such as regular health check-ups and health-related awareness programs. These initiatives are conducted at all of the Company's facilities and are in line with the Company's target of a motivated workforce.

Energy Conservation

Conservation of energy is a key focus area for the Company. All the Company's facilities, domestic and international, are designed for efficiency and energy conservation. There is a conscious effort to ensure elimination of waste from the processes and operations. The industrial complexes are highly energy efficient and completely non-polluting.

The Company regularly monitors its energy consumption in each plant and there is a constant endeavor towards energy optimization. Dynamatic also strives to design and redesign products that are safe, energy saving and environment friendly. The implementation of ISO 14000 and OHSAS 18000 standards has enabled the Company to institutionalize energy conservation and operate as a lean organization.

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

As the Company continues with its transcontinental growth in an uncertain economic environment, there is a growing need for robust and diverse human resource strategies. The required strategies should be comprehensive so as to be applicable to various countries and cultures to enable change management in a dynamic business environment. The global environment requires a subtle but definite shift from the traditional HR role of being a manager of employee welfare and industrial relations to being a manager of change across geographies. The Company has been focused on designing and setting in place an integrative HR framework based on Dynamatic's vision and values. This would enable greater synergies between the various business units of the Company, without reducing the inherent advantages provided by different geographies and cultures.

The global Human Resources team works at designing and implementing integrated HR strategies according to the challenges presented by the changing business environment. The Business HR representatives work closely with Corporate HR to implement policies at business level towards achievement of specific human resource, industrial relation and welfare objectives. The focus of the global Human Resources team is to create merit-oriented and values-based work culture across the organization through talent identification, recruitment and training & development initiatives.

The HR function in Dynamatic assumes three strategic roles in the ongoing transformation of the Company into a global enterprise. Firstly, the Builder who places necessary fundamentals of Human Resource Management; secondly, the role of the change partner, which requires the realignment of HRD to meet the needs of the changing external environment in line with growth in operations; and finally, the role of the Navigator in developing capabilities of the organization to balance short-term and long-term HR goals, thus facilitating global integration. The strategies and efforts of the Company's Corporate HRD continue to be guided by the Leadership, Human Resource Development & Remuneration Committee, a Board level committee. This committee meets regularly to provide direction to the Company's HR policies, initiatives and review ongoing programs.

The Company envisages Human Resource diversification, the development, management and retention of talent and leadership skills as the basic requisites for continued growth. The Company remains focused on these objectives through the provision of safe and healthy work places, favourable industrial relations, value based HRM practices and systems, training and mentoring programmes and welfare measures.

The Company is committed to providing all its employees with a safe work environment through adherence to safe work practices, use of personal protective equipment on the shop floor and by continuously educating the workforce through training programmes and demonstrations. On-site healthcare facilities, health & accident insurance coverage, access to regular health check-ups at reputed hospitals, medical feedback from experts and support in maintaining special health requirements form part of the various initiatives undertaken in the Company.

The greater part of the Company's competent workforce has worked with the Company for an average of 20-25 years, thereby contributing highly to its stability and developing its strong platform of knowledge and skill sets. The Company continues to make significant investments in the development of its human resources and had 2,500 personnel employed as on March 31, 2014.

Despite the post recessionary increase in recruitment generally, the attrition rate across the Company remained below 5% during the year under review. The Company's ability to retain talent in spite of the business environment challenges can be attributed to its ability to develop talent by alignment of individual and organization goals.

HUMAN RESOURCE HIGHLIGHTS FOR THE YEAR UNDER REVIEW

- The human resource teams at various sites contributed to the growth of their respective business units by delivering significant cost savings on employee costs and welfare measures
- The business HR teams collaborated with their respective business teams to evolve efficient human resource management solutions to counter the external environment challenges
- Integrated performance management system comprising of quarterly and annual work appraisals, to measure sustained performance and behavioural traits and provide feedback for development of the employees
- Based on feedback from the employees and the business heads, the integrated performance management system was revised to include work books for quarterly reviews and an updated performance appraisal format for annual performance appraisals
- Training calendars including technical skills and soft skills programmes, were designed in accordance with the specific needs of each business segment and implemented at each business unit
- Preparation of training calendar for personnel including technical and soft skills programmes, programmes on fire fighting, trade union awareness and product liability
- Special training and awareness programmes on safety were conducted periodically at each business unit
- Formulation of a detailed Code of Conduct for all employees
- Policy on prevention, prohibition and redressal of sexual harassment at workplace was framed for the Company's India operations and awareness sessions were held at all locations
- Health check-ups and health awareness camps were held periodically
- Streamlining of the induction process to ensure employee engagement
- Resource sharing programmes for greater synergies between business units
- Establishment of safe and secular work environment
- Talent identification and retention
- Two-way communication channels between workforce and management including town hall meetings with CEO & Managing Director about long term wage settlements in India
- Broad basing of work force through gender diversification
- Increased participation of women in management
- Participative management by workforce in the Company's business processes
- Festivals such as Kannada Rajyothsava, International Women's Day and Ayudha Pooja celebrated at Bangalore, with participation from all employees in associated cultural and sports programmes
- 5S and Kaizen schemes started in Company's facilities in Chennai and are planned to be implemented at Bangalore facilities
- Biometric attendance recording system for all employees
- Proactive participation from the Hydraulics workforce in shifting machine shop to a new location in record time ensuring no loss of production
- Long term settlements for Dynamatic Hydraulics™, India and Dynamatic-Oldland Aerospace™, India, were signed in March and May 2014, respectively
- Voluntary contributions from employees at Bangalore facilities to support medical treatment of an employee's daughter suffering from Acute Myeloid Leukemia

In accordance with clause 49 of the Listing Agreement with the Stock Exchanges in India and some of the best practices followed internationally on Corporate Governance, the report containing the details of governance systems and process at Dynamatic Technologies Limited is appended hereunder:

The Securities and Exchange Board of India (SEBI), with an objective to improve the standards of Corporate Governance in India, in line with the needs of dynamic market, issued/issues circular/s directing all stock exchanges to amend Clause 49 of the Listing Agreement from time to time with Corporate Governance norms that increase the responsibility of listed companies to bring in transparency and accountability, and report the same in the Annual Report.

Corporate Governance involves the value systems of a Company including the moral, ethical and legal value frame work within which business decisions are taken.

The Company believes that Corporate Governance is vital in enhancing and retaining its stakeholders' trust. The guiding principles of Corporate Governance are becoming an integral part of the business. The Company's Board exercises its fiduciary responsibility in a broad sense in every facet of its operations. The Company's long standing commitment to the high standards of Corporate Governance and ethical business practices is a fundamental shared value of its Board of Directors, Management and Employees.

The Company's philosophy on Corporate Governance envisages enhancing overall Shareholder's value on a sustained basis by way of:

- Constitution of a highly independent Board of appropriate composition, size, varied experience and commitment to discharge its responsibilities and duties.
- Ensuring timely disclosures, transparent accounting policies, and a strong, independent Board to help preserve Shareholders' trust while maximizing long-term Shareholders' value and respecting minority rights.
- Best practices founded upon core values of transparency, professionalism, empowerment, equity and accountability.
- Fulfilling obligations to other stakeholders such as customers, suppliers, financiers, employees, Government and to society at large.
- Upholding, sustaining and nurturing core values in all facets of its operations through growth and innovation.
- 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.

The forward-looking approach of the Company has always helped it in achieving the desired results. This approach has transformed the Company's culture to one that is relentlessly focused on the speedy translation of technological discoveries into innovative products. The Company's commitment towards Corporate Governance started well before the law mandated such practices.

Corporate Governance monitoring and review process in the Company:

The Company continuously reviews its Corporate Governance policies and practices with the clear goal of not merely complying with statutory requirements in letter and spirit but also to constantly endeavour to implement the best international practices of corporate governance in the overall interest of all stakeholders.

Some of the initiatives taken by the Company towards strengthening its Corporate Governance system and practices include:

Moving towards better governance, the Company has proactively implemented some of the crucial compliances required the Companies Act, 2013, well before the provisions of the said Act were notified by the Ministry of Corporate Affairs.

- **Constitution of Nomination & Remuneration Committee:**

  The Company has constituted a Board-level Nomination & Remuneration committee to inter-alia, identify persons capable for being appointed on the Board; lay down criteria for appointment of Directors; criteria for retirement / removal from the Board; carry out evaluation of Directors' performance; formulate criteria for determining qualifications; lay down positive attributes required from a Director; prescribe criteria for determining the independence of a Director; recommend remuneration policy for Directors, Key Managerial Personnel and other employees and recommend adopting globally acceptable higher standards of Corporate Governance. The Committee is also responsible for reviewing the existing Corporate Governance practices and to align them with globally accepted governance practices. Earlier the powers to recommend the appointment of Directors were vested with the Nomination Committee of the Board and the powers to decide on the appointment of senior management, remuneration aspects of the Directors / senior management and macro Human Resource Development ('HRD') matters of the Company were vested with the Leadership, HRD and Remuneration Committee of the Board ('LHR Committee'). In line with section 173 of the Companies Act, 2013 and to see that, there is no overlapping of scope of work, the Company has constituted the Nomination & Remuneration Committee by merging the Nomination Committee with the LHR Committee.

- **Policy for appointment, continuation and cessation of Directors:**

  Well before the notification of section 173 of the Companies Act, 2013, which mandates formulating criteria for determining qualifications, positive attributes and independence of a Director, the Company has proactively rolled out the "Policy for appointment, continuation and cessation of Directors" ('Policy') which lays down criteria for being appointed as Directors; terms regarding continuation of Directors on the Board; terms regarding retirement and resignation of Directors; the positive attributes required from Directors; criteria for determining independence of Directors and so on. The said Policy also includes certain subtle governance aspects in the constitution of the Board and ensures that the Board is 'Well-Balanced' at all times with optimal combination of Directors possessing in depth experience in various realms including, legal, finance, technical, accounting, business affairs, general administration and other realms. Peer review of the performance of Directors on Board is also made part of the said Policy.

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

  The Company is in the process of formulating criteria for evaluation of the performance of Directors on Board and has in this regard appointed, M/s. Aon Hewitt for said evaluation. The evaluation of Directors proposed to be introduced would go a long way in effective participation of the Board members.

- **Remuneration policy:**

  For the purpose of formulating a remuneration policy of senior management personnel, the Company has appointed M/s. Towers Watson.

- **Code of conduct for Board of Directors and Senior Management Personnel:**

  The Company has framed and adopted a detailed written Dynamatic Code of Conduct for Board of Directors and Senior Management Personnel (Code). The Code outlines the Company's values, principles and guidelines on a variety of subjects and aims at enhancing the ethical and transparent process in managing the affairs of the Company. The Company has proactively amended its Code of Conduct for Board of Directors and Senior Management Personnel so as to align the said document in accordance with the Companies Act, 2013 and Policy for appointment, continuation and cessation of Directors. The amended Code now includes guidelines for professional conduct of Directors, roles / function / duties of Directors (statutory duties and fiduciary duties), manner of interaction by the Board of Directors with the management, dos and don'ts expected from a Director, how to address conflict of interest being faced by Directors and certain other subtle governance aspects. The Code now includes Key Managerial Personnel as well within its ambit.

  The Board of Directors, Key Managerial Personnel and Senior Manager Personnel are expected to ensure adherence to the Code. The details of the Code are posted on the web site of the Company **(www.dynamatics.com)**.

- **Corporate Social Responsibility:**

  Even before the notification of section 135 of the Companies Act, 2013, which mandates certain class of companies to the Board to constitute a Corporate Social Responsibility Committee ('CSR Committee') / formulate CSR policy, the Company has constituted a CSR Committee. The CSR Committee is responsible for overseeing and facilitating deliberation on the social and environmental consequences of each of the decisions made by the Board; effectively factoring the interests of all Shareholders, customers, employees, suppliers, business partners, local communities and other organizations in the Board's decision making; developing the CSR Policy and monitoring the same from time to time. To take the Company's CSR initiatives forward, the Company has appointed Ernst & Young, international consultants to frame CSR policy for the Company taking into consideration the requirements of the stakeholders of the Company.

- **Induction kit to Directors:**

  The Company is in the process of preparing an induction document to help newly appointed Directors to understand the business, get familiarized with the top management, the fellow Board members, the qualities expected of a Director, person whom a Director could contact in case any clarifications or any update on business performance is required etc. Besides providing a comprehensive induction to the new Directors, the induction kit outlines the statutory powers enjoyed by a Director and is expected help in promoting better participation in the Board's deliberation.

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

- 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. R. Vijayakumar, Company Secretary in practice had conducted the Corporate Governance Audit for the year under review. The Annual Audit Report on Corporate Governance was placed before the Board which is included in the Annual Report.

- The Company adheres to the Secretarial Standards issued by the Institute of Company Secretaries of India, which are recommendatory in nature.

A. BOARD COMPOSITION

The Company's policy is to have an appropriate mix of Executive, Non-Executive and Independent Directors to maintain the independence of the Board. As on March 31, 2014, the Board consisted of ten (10) members of whom nine (9) are Non-Executive Directors and one (1) is an Executive Director, who is also a Promoter Director. The Board periodically reviews changes in composition or its size. Chairman of the Board is a Non-Executive Independent Director.

Composition of the Board and Directorships/Membership held by Directors as at 31 March 2014

Name of the Director	Age	Indian Companies (Public Companies excluding this Company)	Committee Memberships (Excluding this Company)*	
			As Chairman	As Member
Non-Executive & Independent Directors				
Mr. Vijai Kapur	83	-	-	-
Air Chief Marshal S. Krishnaswamy (Retd.)	71	-	-	-
Mr. Govind Mirchandani	63	1	-	-
Ms. Malavika Jayaram	43	-	-	-
Dr. K. Aprameyan #	71	-	-	-
Mr. S Govindarajan #	72	-	-	-
Mr. Nalini Ranjan Mohanty ##	69	1	-	-
Mr. Ramesh Venkataraman ##	48	1	-	-
Non-Executive & Non-Independent Directors				
Mr. Raymond Keith Lawton	61	-	-	-
Ms. Claire Louise Tucker #	47	-	-	-
Mr. Dietmar Hahn	55	-	-	-
Mr. V. Sunder #	52	-	-	-
Executive & Promoter Director				
Mr. Udayant Malhoutra	48	5	-	-
Mr. N. Rajagopal #	65	-	-	-

Notes:

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

None of the Directors are nominees of any bank / financial institution during the year 2013-14.

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

\# *Dr. K Aprameyan and Mr. S. Govindarajan retired by rotation at the last Annual General Meeting and were not re-appointed based on the age criteria prescribed for Directors. Mr. N Rajagopal stepped down from the Directorship of the Company consequent to his tenure of office coming to an end on August 22, 2013. With effect from June 3, 2013, Mr. V. Sunder placed his resignation as the Non-Executive Director on the Board. Mrs. Claire Louise Tucker retires by rotation in accordance with section 152 of the Companies Act, 2013 at the forthcoming Annual General Meeting of the Company and has opted not to be re-appointed as a Director of the Company.*

\## *Mr. Nalini Ranjan Mohanty was appointed as Additional Director on September 27, 2013 and Mr. Ramesh Venkataraman was appointed as Additional Director on November 8, 2013.*

Independent Directors

An Independent Director is a person other than an officer or employee of the Company or its subsidiaries or any other individual having a material pecuniary relationship or transactions with the Company which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director within the meaning of Clause 49 of the Listing Agreement with stock exchanges.

Responsibilities of the Chairman, Executive Directors

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

Mr. Udayant Malhoutra is the only Executive Director who is also a Promoter Director as at 31 March 2014.

The Executive Directors of the subsidiary companies incorporated either in India or 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.

Directors' Profile

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

1. Mr. Vijai Kapur, Chairman

Mr. Vijai Kapur, aged 83, was formerly the Deputy Managing Director of the GKW Limited and the past President of AIEI (now called CII). He has been the Director of the Company since 1992 and possesses rich business and managerial experience.

As the Chairman of the Board, he is responsible for all Board matters of the Company.

He is the Chairman of the Audit Committee and also a member of Nomination & Remuneration Committee of the Board. He does not hold any shares in the Company. Presently, he is not a Director in any other company.

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

Air Chief Marshal S. Krishnaswamy (Retd.), aged 71, joined the Indian Air Force as an under graduate. He has also obtained a post graduate degree in Military Science. Air Chief Marshal S. Krishnaswamy (Retd.), has had a very distinguished career in the Indian Air Force (IAF) and has held several senior positions, culminating in his appointment as the Chief of Air Staff of the IAF from 2002 up to his retirement on December 31, 2004. He was the Chairman of the Chiefs' of Staff Committee till retirement.

During his service, he received various medals for his outstanding contribution including the Agni Award for Excellence in Self-Reliance from the Prime Minister for having made outstanding technical and operational contributions to the design, development and evaluation of indigenous combat aircraft, armament and Electronic Warfare system.

He has been a Director of the Company since 2005. He is the Chairman of the Nomination & Remuneration Committee and also the Shareholders' Committee of the Board. He is also a member of the Technical Development Committee and Audit Committee of the Board. He holds 69 equity shares in the Company. He is also a Director in Skan Consultancy Private Limited.

3. Mr. Govind Mirchandani, Director

Mr. Govind Mirchandani, aged 63 years, is a graduate from the Indian Institute of Technology, Mumbai, and had his PGDM from the Indian Institute of Management, Kolkata. His areas of specialization are of Leadership, Building High Performance Organizations, Brands and Retail Management. Mr. Govind Mirchandani has had a very distinguished career, having held positions of seniority in various industries for over three decades. He has been the Executive Director & CEO of Reid and Taylor, Director of Brand House Retails Limited, CEO & Director, President of the Denim Division of Arvind Mills Limited, President & CEO of Personality Limited, General Manager in Shalimar Paints Limited and the Business Head, Interlinings division, Madura Coats Limited. He was also responsible for launching Arvind Denim in India in 1987, as well as several other international and domestic brands in India including Arrow, Lee, Wrangler, Excalibur, Newport, Reid & Taylor, Belmonte, Stephens Brothers, etc. He has won several IMAGES Awards and is also a recipient of the Indira Super Achiever Award, and the coveted Bharat Vikas Award for outstanding contribution to the field of management. He has been the past Chairman of YPO Bangalore Chapter and the National Vice President of Indo-American Chamber of Commerce.

Mr. Govind Mirchandani has been a Director of the Company since 2008. He is a member of Audit Committee, Nomination & Remuneration Committee, Shareholders' Committee and Finance Committee of the Board. Mr. Mirchandani is the Chairman of Corporate Social Responsibility Committee of the Board. He does not hold any shares in the Company. He is also Director in JKM Erla Automotive Limited.

4. Ms. Malavika Jayaram, Director

Ms. Malavika Jayaram, aged 43, is a lawyer and has completed her integrated BA-LLB degree in 1994 from the National Law School of India, Bangalore. She secured her Master of Laws (LLM) from North western University, Chicago, and specialized in the fields of Computer Law, Intellectual Property Rights, International Business transactions and EU Law. She is also qualified as a UK solicitor. Ms. Malavika Jayaram is a partner in Jayaram &Jayaram Associates since August 2006 and has experience in various fields of law including technology and e-commerce contracts, outsourcing transactions, intellectual property, joint ventures, mergers and acquisitions and general commercial contracts in the manufacturing, aerospace and other technology intensive sectors. She has worked in London, UK, with the international law firm, Allen and Overy, as Vice President in Citigroup Technology Legal Team and also as a Senior Business Analyst within the Operations function of the Investment Bank.

Ms. Malavika Jayaram has been a Director of the Company since 2008. She is a member of Technology Development Committee, Corporate Social Responsibility Committee and Finance Committee of the Board. She does not hold any shares in the Company. As at March 31, 2014, she is also a Director in Cablex Systems India Private Limited.

5. Mr. Nalini Ranjan Mohanty

Padmashree Nalini Ranjan Mohanty, aged 69 years is a topper in Mechanical Engineering from NIT, Rourkela. After serving in Ordnance Factories for about 6 years, he joined Hindustan Aeronautics Ltd in 1971. After working in various capacities, he steadily grew to become the Chairman of HAL in 2001. During his tenure, HAL could establish itself as one of the internationally recognized large Aviation industries.

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

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

After his retirement from HAL, he served Textron, a Fortune 500 company of USA for 6 years as its Chairman & Managing Director (India). He has also served as Independent Director in quite a few Public and Private Sector industries. At present, in addition to being a Director on the Board of the Company, he is also a Director in Indian Metals and Ferro Alloys Ltd (IMFA). Mr. Mohanty is also the Chairman of Technology Development Committee of the Company's Board.

He does not hold any shares in the Company.

6. **Mr. Ramesh Venkataraman**

Mr. Ramesh Venkataraman, aged 48 years, has a B.Tech in electronics and communications engineering from the Indian Institute of Technology - Kharagpur (National Talent Scholar), an M.Phil. in International Relations from Oxford University (Inlaks Scholar), and an M.P.A. with distinction in Economics and Public Policy from Princeton University's Woodrow Wilson School of Public and International Affairs (Woodrow Wilson Fellow).

Ramesh is the author of several articles on strategy and various aspects of software services, telecommunications, and e-commerce. He is also a regular speaker at business and technology forums and has been frequently quoted in the press including by the Financial Times, Wall Street Journal and Businessweek. In 2005, Ramesh was chosen for the prestigious Young Achiever award by the Indo-American society.

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

Prior to joining Bridgepoint, Ramesh was a partner with McKinsey & Company's New York and then Mumbai Offices and lead the firm's High Tech and Telecom practice for Asia. Ramesh was active in building "greenfield" businesses for his clients including one of the most successful mobile new entrants in the world and a top-tier offshore services provider, playing "hands on" roles spanning strategy, organisation building, and execution support. He also advised the Prime Minister's Office on telecom and technology policy and worked closely between 1999-2006 with Nasscom, the association for Indian offshore IT and BPO firms, in shaping industry strategy, global positioning and regulation.

Mr. Ramesh Venkataraman is a Director of the Company since, November 8, 2013. He is also a Director in Mahindra Two Wheelers Limited. Mr. Ramesh does not hold any shares in the Company.

7. **Ms. Claire Louise Tucker, Director**

Ms. Claire Louise Tucker, aged 47 years, has been a Director since August 13, 2011.

Her formal qualifications are C&G Diploma 'Business Studies & communications' - Merit (City of Bath College) – equivalent to HND today, Sage Line 50, Financial Controller & Payroll – Advance, NVQ Level 3 PC Servicing, Maintenance & Networking (Mod 3 & 4 system configuration & installation) Brunel College of Art & Technology, Microsoft 'Managing Exchange 2007' Certified and IOSH Managing Safely Certified (Institution of Occupational Safety & Health).

Till 1993, she worked in administration, compliance and accounts positions until setting up her own business of converting manual accounting practices into IT computerized formats for Banking & Financial, Pension & Investment, Training & Motivation & Photography industries.

In the year 1993, she was appointed by Oldland CNC Limited to set up the IT infrastructure, accounts and production control system. This position progressed in time to a full time employment as Manager of systems, compliance & finance.

During the last 18 years, she has gained vast experience in aerospace production, manufacturing and has gained a wealth of knowledge, especially within operations, systems, compliance, finance, training & HR.

She is based from the Company's aerospace facility in Bristol UK but also works with the Company's Hydraulics division in Swindon UK and Foundry at Eisenwerk Erla in Germany, to align group policy & processes, global group insurance matters and leverage any group financial savings and benefits.

She does not hold any shares in the Company. As at March 31, 2014, Mrs. Claire Tucker was a Director of Eisenwerk Erla GmbH, JKM Erla Holdings GmbH and Dynamatic Limited, UK.

Mrs. Claire Tucker, retires by rotation at the ensuing Annual General Meeting of the Company and has opted not to be re-appointed as Director of the Company.

8. **Mr. Raymond Keith Lawton, Director**

Mr. Raymond Keith Lawton, aged 61, graduated in Higher National Diploma in both Mechanical and Production engineering in 1973. He was awarded Management Fellowship in 1981.

During the year 2006-07, the Company acquired the Hydraulic Business unit of Sauer Danfoss Ltd., UK at Swindon. Mr. Lawton was the Chairman and Managing Director of Sauer Danfoss Ltd, Swindon since 2004. He started his career during 1969 as a Mechanical Engineering apprentice in Plessey Hydraulics Limited and became a Jr. Planning Engineer in 1973. He has held various positions in his career, which spans over three decades and progressed steadily to become the Plant manager of Sauer Danfoss in 2003. He became the Executive Chairman of Sauer Danfoss, Swindon in 2004. He is currently Managing Director of the Hydraulics division of the Dynamatic Limited, UK, wholly owned subsidiary of the Company.

He has been instrumental in transforming the facility in Swindon from a conventional manufacturing plant in to a modern high quality manufacturing company by introducing modern manufacturing methods and techniques. During his career in Sauer Danfoss he was responsible for the setting up and installation of two Greenfield manufacturing plants, both of which are running successfully.

Mr. Lawton is a member of the Corporate Social Responsibility Committee and Technology Development Committee of the Board. He does not hold any shares in the Company. Presently, he is the Managing Director of Hydraulics division of Dynamatic Limited, UK.

9. Mr. Dietmar Hahn

Mr. Dietmar Hahn, aged 55 years, a Foundry Engineer from the University of Freiberg, has over two decades of rich experience in sales, operations and engineering and has held various positions ranging from Team leader to the present Managing Director of Eisenwerk Erla GmbH, Germany. Subsequent to Dynamatic's acquisition of Eisenwerk Erla GmbH, he has been part of the Dynamatic Leadership Team since 2011. Apart from being the Managing Director in Eisenwerk Erla GmbH, Mr. Dietmar Hahn is also a Director on the Board of the Company since November 8, 2012.

10. Mr. Udayant Malhoutra

Mr. Udayant Malhoutra, aged 48, is an Industrialist and the Promoter of the Company. He joined the Company in 1986 and was inducted as an Executive Director into the Board of Directors in 1989. He is currently designated as the CEO & Managing Director of the Company.

Mr. Udayant Malhoutra was formerly a Member of the Board of Governors, IIT Kanpur (1997-2001), Co-Chairman, Task Force on DRDO –Industry Partnership along with Dr. K. Santhanam, Ministry of Defence, Government of India (1998-99), Member, Working Group for formulation of 10th five year plan (2001)and Chairman, Sub-Group on Minerals, Metals, Materials& Manufacturing sector for formulation of 10th five year plan, Council of Scientific Industrial Research (CSIR) / Department of Scientific Industrial Research (DSIR), Government of India, (2001). He has also been a Member of the CII National Council (2001-2003), Chairman of the CII National Committee on Technology (2002-2003) as well as the President of the Fluid Power Society of India (2004-08).

Mr. Udayant Malhoutra has been a member of the Young Presidents' Organization & World Presidents' Organization (YPO-WPO) since 1995, having served as Chairman, Bangalore Chapter (1999-2001), Chairman, India & South Asian Area 2002 -2004 and as a member of the International Board of Directors from 2006-2009. At present, he is the Chairman of the CII National Committee on Design (2013-14) and a Member of the CII National Council.

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

Mr. Udayant Malhoutra is a member of Technical Development Committee, Shareholders Committee and Finance Committee of the Board. He holds 7,95,248 equity shares in the Company. He is a director in the following companies:

1. Greenearth Biotechnologies Limited
2. Centrust Financial Limited
3. JKM Research Farm Limited
4. Udayant Malhoutra & Company Private Limited
5. Airoplast Private Limited
6. Comfit Sanitary Napkins India Private Limited
7. Conbar India Private Limited
8. Primella Sanitary Products Private Limited
9. Wavell Investments Private Limited
10. Christine Hoden (I) Private Limited
11. JKM Holdings Private Limited
12. JKM Offshore (I) Private Limited
13. Vita Private Limited
14. JKM Erla Automotive Limited
15. Raghvir Agro Enterprises Private Limited
16. JKM Global Pte Limited, Singapore
17. Dynamatic Limited, UK
18. Yew Tree Investments Limited, UK
19. Eisenwerk Erla, GmbH
20. San Engineering and Locomotive Company Limited

Board membership criteria

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

Selection of New Directors

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

Board compensation policy

The Nomination & Remuneration Committee determines and recommends to the Board the compensation payable to the Directors and senior managerial personnel of the Company. The Remuneration to CEO & Managing Director consists of fixed components. The Nomination & Remuneration Committee reviews the performance of Executive Directors annually and approves the compensation within the limits set by the Shareholders at the Shareholders meetings.

Only sitting fees is paid to Non-Executive Directors for attending the Board / Committee Meetings and the amount paid is within the limits specified by the Central Government from time to time.

Compensation paid to the Directors for the year ended March 31, 2014:

in ₹ (Rupees)

Name of the Director	Remuneration			Total
	Sitting fees*	Salary	Perquisites & allowance	
Non-Executive & Independent Directors:				
Mr. Vijai Kapur	**1,80,000**	--	--	**1,80,000**
Dr. K. Aprameyan#	**0**	--	--	**0**
Air Chief Marshal S. Krishnaswamy (Retd.)	**1,95,000**	--	--	**1,95,000**
Mr. S. Govindarajan#	**90,000**	--	--	**90,000**
Mr. Govind Mirchandani	**1,65,000**	--	--	**1,65,000**
Ms. Malavika Jayaram	**45,000**	--	--	**45,000**
Mr. Nalini Ranjan Mohanty##	**45,000**	--	--	**45,000**
Mr. Ramesh Venkataraman##	**15,000**	--	--	**15,000**
Non-Executive & Non-Independent Directors				
Mr. Raymond Keith Lawton	**75,000**	--	--	**75,000**
Ms. Claire Louise Tucker#	**45,000**	--	--	**45,000**
Mr. Dietmar Hahn	**60,000**	--	--	**60,000**
Mr. V. Sunder#	**30,000**	--	--	**30,000**
Executive Directors				
Mr. N. Rajagopal#	--	**19,41,507**	**1,53,220**	**20,94,727**
Executive & Promoter Director				
Mr. Udayant Malhoutra	--	**20,29,603**	**27,84,304**	**48,13,907**

Notes:

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

None of the Directors are nominees of any bank / financial institution during the year 2013-14.

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

\# *Dr. K Aprameyan and Mr. S. Govindarajan retired by rotation at the last Annual General Meeting and were not re-appointed based on the age criteria prescribed for Directors. Mr. N Rajagopal stepped down from the Directorship of the Company consequent to his tenure of office coming to an end on August 22, 2013. With effect from June 3, 2013, Mr. V. Sunder placed his resignation as the Non-Executive Director on the Board. Mrs. Claire Louise Tucker retires by rotation in accordance with section 152 of the Companies Act, 2013 at the forthcoming Annual General Meeting of the Company and has opted not to be re-appointed as a Director of the Company.*

\## *Mr. Nalini Ranjan Mohanty was appointed as Additional Director on September 27, 2013 and Mr. Ramesh Venkataraman was appointed as Additional Director on November 8, 2013.*

B. BOARD MEETINGS

Scheduling and selection of Agenda for Board / Committee meetings

- The Company holds a minimum of four Board meetings each year, which are pre-scheduled at the end of each quarter. Notice of the meeting is sent to the Directors with an advance notice of at least 15 days. Apart from the four pre-scheduled Board meetings, additional Board meetings may be convened at any time in case of exigencies. Where circumstances so require, the Board may approve resolutions by circulation as permitted by law.
- All divisions / departments of the Company are expected to plan their requirements well in advance, particularly with regard to matters requiring discussion / approval / decision at Board / Committee meetings. All such matters are communicated to the Company Secretary well in advance so that the appropriate background notes are circulated to the Board members for meaningful discussion. Video / tele-conference are also used to enable Directors who are traveling to participate in the meetings.

During the year 2013-14, 5 (five) Board meetings were held. The dates on which the Board Meetings were held are as follows:

- 30 May, 2013
- 8 August, 2013
- 27 September, 2013
- 8 November, 2013
- 7 February, 2014

The interval between any two successive meetings did not exceed four months.

Board meetings and the attendance of Directors during the year 2012-13

Name of the Director	Attended	Participation Via Video-Conference
Mr. Vijai Kapur	5	--
Dr. K. Aprameyan#	0	--
Air Chief Marshal S. Krishnaswamy (Retd.)	4	--
Mr. Raymond Keith Lawton	3	--
Mr. Govind Mirchandani	5	--
Mr. S. Govindarajan#	2	--
Ms. Malavika Jayaram	1	--
Mr. Nalini Ranjan Mohanty##	3	--
Mr. Ramesh Venkataraman##	1	--
Ms. Claire Louise Tucker#	2	--
Mr. N. Rajagopal#	2	--
Mr. Dietmar Hahn	4	--
Mr. Udayant Malhoutra	5	--
Mr. V. Sunder#	1	--

Notes:

Leave of absence was granted to those directors who had expressed their inability to attend the meeting.

\# *Dr. K Aprameyan and Mr. S. Govindarajan retired by rotation at the last Annual General Meeting and were not re-appointed based on the age criteria prescribed for Directors. Mr. N Rajagopal stepped down from the Directorship of the Company consequent to his tenure of office coming to an end on August 22, 2013. With effect from June 3, 2013, Mr. V. Sunder placed his resignation as the Non-Executive Director on the Board. Mrs. Claire Louise Tucker retires by rotation in accordance with section 152 of the Companies Act, 2013 at the forthcoming Annual General Meeting of the Company and has opted not to be re-appointed as a Director of the Company.*

\## *Mr. Nalini Ranjan Mohanty was appointed as Additional Director on September 27, 2013 and Mr. Ramesh Venkataraman was appointed as Additional Director on November 8, 2013.*

Apart from Mr. S Govindarajan and Ms. Malavika Jayaram, all other Directors attended the Annual General Meeting held on September 27, 2013.

Availability of information to Board members

The Board has unencumbered access to any relevant information of the Company. At Board Meetings, employees / persons who can provide further insights to the items being discussed are invited. The Company has ensured that all key events concerning the governance of the Company's affairs are brought before the Board well in advance. In addition, the Board is provided with information as specified in Annexure-1A of Clause 49 of the Listing Agreement with the Stock Exchanges.

The information regularly supplied to the Board includes annual operation plans and budgets, capital budgets and updates, quarterly results of the operating divisions or business segments, minutes of the meetings of the Board and Committees, general notice of interest, recommending dividend keeping in view the Company's profitability and the requirement of funds for the future growth of the Company, determining Directors who need to retire by rotation and recommending fresh appointments of Directors / Auditors, authentication of annual accounts and approving Directors' Report, materially important litigations, show cause, demand, prosecution and penalty notices, fatal or serious accidents, material effluent or pollution problems, issues involving public or product liability claims, details of joint ventures, acquisition of companies or collaborations agreements, intellectual property related matters, human resource development, investments, subsidiaries, foreign exchange exposure, company's risk management policies, non-compliance of regulatory, statutory or listing requirements, Shareholder services and long term strategic plans of the Company and principal issues that the Company expects to face in the future. The Board also notes and reviews the functioning of its Committees regularly.

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

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

Recording Minutes of the Proceedings of Board / Committee meetings

The Company Secretary records the minutes of the proceedings of Board and Committee meetings. Minutes are finalized after the draft is circulated to the Chairman and other members of the Board / Committee for their comments. The minutes of the proceedings of the meetings are entered in the minutes book within 30 (thirty) days of the conclusion of the meeting.

Post Meeting Follow-up Mechanism

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

Compliance with Laws

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

C. BOARD COMMITTEES

Currently, the Board has six (6) Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Shareholders Committee
4. Technical Development Committee
5. Corporate Social Responsibility Committee
6. Finance committee.

Procedure at Committee Meetings

The Company's guidelines relating to Board meetings are applicable to Committee meetings as far, as may be practicable. Minutes of the proceedings of the Committee meetings are placed before the Board for perusal and records. The quorum for the meetings is either two members or one third of the members of the Committee, whichever is higher.

1. Audit Committee

The Board, at its Meeting held on July 21, 2001, constituted the Audit Committee with the powers and scope as mentioned in para II(C) and (D) of Clause 49 of the Listing Agreement. The Board reviews the scope of the Committee and its terms of reference from time to time.

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 audits 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 3 (three) Non-Executive Directors:

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

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

All the members of the Committee are Independent and financially literate. The members of the Committee have adequate expertise in finance, accounting and financial management. The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49(II)(A) of the Listing agreement.

Powers

Powers of the Audit Committee include:

- Investigate any activity within its terms of reference.
- Seek information from any employee.
- Obtain outside legal or other professional advice.
- Securing attendance of outsiders with relevant expertise, if necessary.

Terms of reference

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditors and fixation of audit fee.
- Approval of payment to the Statutory Auditors for any other services rendered to the Company.
- Reviewing with the management, the annual financial statements before submission to the Board for approval.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, performance of the Statutory and Internal Auditors, and adequacy of internal control systems of the Company.
- Reviewing the adequacy of Internal Audit Function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of Internal Audit.
- Discussion with Internal Auditors on any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature, and reporting the matter to the Board.
- Discussion with the Statutory Auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussions to ascertain any area of concern.
- Reviewing the Company's financial and risk management policy.
- To look into the reasons for defaults in the payment to the depositors, debenture holders, Shareholders(in case of non-payment of declared Dividends) and creditors, if any.
- Reviewing the financial statements, particularly the investments made by the Subsidiary Company/ies.
- Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

Attendance at Audit Committee Meetings held during the year 2013-14

Audit Committee meetings were held on:

- 30 May, 2013
- 8 August, 2013
- 8 November, 2013
- 6 February, 2014

Name of the Member	No. of meetings attended
Mr. Vijai Kapur, Chairman of the Audit Committee	4
Air Chief Marshal S. Krishnaswamy (Retd.)	3
Mr. Govind Mirchandani*	0
Mr. Raymond Keith Lawton**	2
Mr. S Govindarajan**	2

* *Mr. Govind Mirchandani was appointed as a member of Audit Committee with effect from February 7, 2014.*

** *Consequent to induction of Mr. Raymond Keith Lawton as a member of Corporate Social Responsibility Committee, Mr. Lawton has stepped down from the membership of the Audit Committee with effect from February 7, 2014. Mr. S. Govindarajan retired by rotation at the last Annual General Meeting and was not re-appointed based on the age criteria prescribed for Directors and consequently he has ceased to be a member of Audit Committee with effect from September 27, 2013.*

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

Mr. Vijai Kapur, Chairman of the Audit committee was present at the Annual General Meeting held on September 27, 2013.

2. Nomination and Remuneration Committee

The Company had constituted a "Remuneration Committee" at its Board meeting held on July 7, 2002. Considering the need for developing leadership within the group and the significance of absorbing, retaining and training high quality manpower, the Remuneration Committee was renamed as the "HRD & Remuneration Committee" with effect from July 22, 2006. Further, the Committee was renamed as the "Leadership, HRD & Remuneration Committee" with effect from February 11, 2008. The powers to recommend the appointment of Directors were earlier vested with the Nomination

Committee of the Board and the powers to decide on the appointment of senior management, remuneration aspects of the Directors / senior management and macro HRD matters of the Company was vested with the Leadership HRD & Remuneration Committee.

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

Objectives

The objectives of the said Committee are:

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

Composition

The Committee comprises 3 (three) Independent Directors:

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

Mr. Vijai Kapur, an Independent Director, is the Alternate Chairman to Air Chief Marshal S. Krishnaswamy (Retd.).

In terms of the provisions of clause 49 of the Listing agreement read with the amended provisions of Schedule XIII to the Companies Act, 1956, all the members of the Nomination and Remuneration Committee are independent directors.

Attendance at the Nomination and Remuneration Committee Meetings held during the year 2013-14

The Nomination and Remuneration Committee was constituted by the Board on November 8, 2013. During the year under review, the Committee had 1 (one) meeting on February 6, 2014 and all the members of the Nomination and Remuneration Committee were present at the meeting.

3. Shareholders Committee / Investor Grievance Committee

Objective

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

Composition

The Board level Shareholders Committee comprises 3 (three) Directors. They are:

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

Attendance at the Committee Meetings held during the year 2013-14

The Committee Meetings were held on:

- 30 May 2013
- 8 August 2013
- 8 November 2013
- 7 February 2014

Name of the Member	No. of meetings attended
Air Chief Marshal S. Krishnaswamy (Retd.)	3
Mr. Udayant Malhoutra	4
Mr. Govind Mirchandani	2
Mr. V Sunder*	

* *Consequent to resignation of Mr. V Sunder from the Directorship of the Company with effect from June 3, 2013, Mr. Sunder ceased to be a member of Shareholders' Committee.*

Compliance officer

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

Investor Grievance report for the year 2013-14

The details of the types and number of grievances received and resolved during this period are as under:

Nature of grievances	Received during the year	Resolved during the year
Non-receipt of Dividend Warrants	5	5
Non-receipt of Duplicate Shares	0	0
Non-receipt of Share Certificates after transfer	0	0
Non-receipt of annual reports	0	0
Total	**5**	**5**

There were no outstanding complaints as on March 31, 2014. 31 requests (1396 Equity shares) for transfers and 3 requests (344 Equity shares) for transmissions, transposition and deletion of name and 40 requests (11055 Equity shares) for dematerialization were received and approved by the Company. The Company has approved all requests which had fulfilled the legal requirements. In case of those requests where additional information/ clarifications were required, the Shareholders have been intimated about the requirements.

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

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

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

Suspense Account for the unclaimed shares

Pursuant to clause 5A of the Listing Agreement, the Company has sent reminders to Shareholders with regard to unclaimed shares out of the shares issued by the Company. Further in terms of the said provision, the Company has opened a demat suspense account with Karvy Computershare Private Limited for crediting unclaimed shares and any corporate benefits in terms of securities accruing on such shares, like, bonus shares, split etc. With respect to shares held in physical form, the same is in the process of dematerialization and would be transferred to demat suspense account shortly.

Details of suspense account

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

i. Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the year; 124 Shareholders and 5542 shares.

ii. Number of Shareholders who approached issuer for transfer of shares from suspense account during the year: 1 Shareholder.

iii. Number of Shareholders to whom shares were transferred from suspense account during the year: 1 Shareholder and number of shares were 150.

iv. Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year; 123 Shareholders and number of shares were 5392

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

Share Transfer Committee – A Sub Committee of Shareholders' Committee

A Share Transfer Committee has been constituted by the Board to ensure timely and efficient servicing of requests for share transfers and transmissions.

Composition

The Committee comprises the following members:

- **Mr. Udayant Malhoutra, Chairman**
- Mr. Govind Mirchandani
- Ms. Sindhu M

The Committee has the responsibility of approving cases which comply with the required provisions of the applicable laws of India relating to share transfers, transmissions, transpositions, duplicate share certificates, exchange, consolidations, etc, on a fortnightly basis. The status on complaints and share transfers is reported to the Shareholders' Committee and subsequently to the Board.

Share transactions in electronic form can be effected in a much simpler and faster manner. After confirmation of sale / purchase transaction from the broker, Shareholders should approach the depositary participant with a request to debit or credit the account for the transaction. Shareholders are periodically requested to utilize the demat facility.

The Company has also entered into a corporate arrangement with Geojit BNP Paribas, who are experts in offering services for dematerialization of shares. As per the arrangement, the Shareholders can open demat and trading accounts with Geojit BNP Paribas absolutely free of cost. The Annual Maintenance Charges have been waived off exclusively for the Shareholders of the Company for the first year. The transaction cost and brokerage are also very nominal.

4. Technology Development Committee (a voluntary initiative by the Company)

The Technology Development Committee, which was constituted by the Board at its meeting held on 24 September 2003, provides direction on the Company's Research and Development strategy and on key issues pertaining to R&D technology. The Committee also reviews and updates the skills and competence required, the structure and the process needed to ensure that the R&D initiatives of today result in products necessary for the sustained and long term growth of the Company. The Committee is instrumental in augmenting the Intellectual properties of the Company. Resultant is the host of patents and trademarks for the Company's products and process in India and across the globe from time to time.

Objectives

- Develop products and technologies keeping in mind the customers and business strategy of the Company.
- Provide effective project support and assurance to production and its business.
- Provide best technical assistance available across the globe.
- Exploit synergies through cutting edge technologies.
- Deploy scientists, engineers to meet current and future business needs.
- Promote and develop Intellectual Property to processes and products.
- Work as a Design & Developmental partner with customers in future technologies across the units.
- Innovation on extreme efficiency, value, maximization to serve the new market conditions and safety and reliability of assets, across the Company as a part of its DNA.

Composition

The Committee comprises the following members:

- **Mr. Nalini Ranjan Mohanty, Chairman**
- Air Chief Marshal S. Krishnaswamy (Retd.)
- Mr. Raymond Keith Lawton
- Mr. Dietmar Hahn
- Ms. Malavika Jayaram
- Mr. Udayant Malhoutra

The Technical and Operations Heads attend the Committee meeting to present the improvements made with regard to new technical products and innovation, which deliver greater value to its existing and new customers.

5. Finance Committee

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

- To approve availing loans, providing necessary security, giving guarantees.
- Approve investing funds of the Company
- To consider and approve purchase of securities of wholly owned subsidiary
- To 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 Committee comprises of the following members:

- Mr. Govind Mirchandani
- Mr. Udayant Malhoutra
- Ms Malavika Jayaram

SUBSIDIARY COMPANIES

All the subsidiary companies of the Company are professionally driven by their respective Boards for management in the best interests of their stakeholders. The Executive Directors of the Subsidiaries may be nominated as Non-Executive Directors of the Company. Financial statements, in particular the investments / loans made by the unlisted subsidiary companies, are reviewed quarterly by the Audit Committee of the Board. All minutes of the meetings of subsidiary companies are placed before the Company's Board regularly.

A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board periodically.

D. DISCLOSURES TO SHAREHOLDERS

Communication to the Shareholders

The quarterly results of the Company are published in all India editions of the 'Business Standard' and in the Bangalore edition of 'Sanjayavani'. The results are displayed on the Company's website **www.dynamatics.com** within 24 hours of release. The Company's website is regularly updated with enterprise-wide news and events of material importance. Official announcements and media releases are sent to the Stock Exchanges regularly.

Conference calls with Analysts and Shareholders / Investors are conducted as may be necessary from time to time.

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

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

Management Discussion and Analysis Report

This forms part of the Directors' Report

Risk Management Policy

Risk Management Policy was approved by the Board of Directors, at its meeting held on August 3, 2012.

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

During the year under review, an amount of ₹7,50,00,000 was raised by allotment of 1,25,347 equity shares at ₹10 per share issued at a premium of ₹787.78 per share, by conversion of the convertible warrants subscribed by Wavell Investments Private Limited, Promoter Company (Wavell).

The details of warrants issued is as follows:

1. Mr. Udayant Malhoutra, Promoter and CEO & Managing Director of the Company has been issued 3,38,440 convertible warrants at the rate of ₹797.78, towards 25% of the consideration received.
2. Wavell has been issued 2,88,300 convertible warrants at the rate of ₹797.78, towards 25% of the consideration received. On March 26, 2014, 1,25,347 equity shares at ₹797.78 per share were allotted to Wavell. The remaining convertible warrants held by Wavell viz., 1,62,952 (288,300 - 1,25,347) would be converted to equity shares as and when money is brought in by Wavell.

Remuneration of Directors

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

Non Compliances

There are no instances of non-compliance by the Company or penalties and strictures imposed on the Company by Stock Exchanges or Stock Exchange Board of India or any statutory authorities, on any matter related to capital markets during the last three years.

Disclosure of materially significant Related Party Transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the management, their relatives, or Subsidiaries, etc. that may have potential conflict with the interests of the Company at large.

All related party transactions have been entered into in the ordinary course of business and were placed before the Audit Committee in a summarized form.

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

Whistle Blower mechanism

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

The Company is in the process of formulating a policy on prevention, prohibition and redressal of sexual harassment of women and men at the workplace. An Internal Committee is also being constituted to consider and redress complaints of sexual harassment.

General Body Meetings

Annual General Meetings ('AGM') / Extraordinary General Meeting ('EGM'):

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
2010-11 AGM	Registered Office, Bangalore	August 13, 2011 at 3.00 pm	• Inter-corporate loans and investments in JKM Erla Automotive Limited loan up to ₹100 crore and security / guarantee up to ₹100 crore. • Amendment to terms of appointment of Mr. Udayant Malhoutra, CEO & MD
2011-12 AGM	Registered Office, Bangalore	September 28, 2012 at 10.00 am	• Re-appointment of Mr. N. Rajagopal as Executive Director & Chief Technology Officer of the Company for the period from April 1, 2012 to August 22, 2013, on such terms and conditions as laid down thereunder. • Re-appointment of Mr. V. Sunder as President & Group Chief Financial Officer of the Company for the period from April 1, 2012 to August 22, 2013 upon such terms and conditions as laid down thereunder.
2012-13 EGM	Registered Office, Bangalore	March 25, 2013 at 10.30 am	• Increase in the shareholding of Foreign Institutional Investors ('FII') up to 26%. • Preferential issue of Convertible Warrants.
2012-13 AGM	Registered Office, Bangalore	September 27, 2013 at 10.00 am	• There were no special resolutions passed in the meeting

General Shareholder Information

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

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

Unclaimed Dividend

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

Dividend for the year	Date of declaration	Last date for claiming unclaimed divided	Due date for transfer to IEPF
2006-07			
Interim Dividend	08.06.2007	07.06.2014	07.07.2014
Final Dividend	29.09.2007	27.09.2014	27.10.2014
2007-08			
Interim Dividend	22.01.2008	21.01.2015	20.02.2015
Final Dividend	27.09.2008	26.09.2015	26.10.2015
2008-09			
Interim Dividend	30.06.2009	29.06.2016	29.07.2016
Final Dividend	25.08.2009	24.08.2016	23.09.2016
2009-10			
Interim Dividend-I	29.10.2009	28.10.2016	27.11.2016
Interim Dividend-II	30.01.2010	29.01.2017	28.02.2017
Final Dividend	22.09.2010	21.09.2017	21.10.2017
2010-11			
Interim Dividend-I	12.11.2010	11.11.2017	11.12.2017
Interim Dividend-II	07.02.2011	06.02.2018	08.03.2018
Final Dividend	13.08.2011	12.08.2018	12.09.2018
2011-12			
Interim Dividend I	14.11.2011	13.11.2018	13.12.2018
Interim Dividend II	13.02.2012	12.02.2019	12.03.2019
Final Dividend	28.09.2012	27.09.2019	27.10.2019

Such Shareholders who have not claimed their dividend are advised to claim the same. Before transferring any amount to IEPF, the Company has been giving individual intimation to the Shareholders in respect of whose unclaimed dividend the amount is being transferred, at least six months before the due date for such transfer.

Investor services

The Company has paid the listing fee for the year 2013-14 to the Stock Exchanges, where the shares of the Company are listed in India.

Annual General Meeting for the year 2013-14

Date and time:	**Thursday, August 14, 2014 at 10:00 am**	
Venue:	Dynamatic Park, Peenya, Bangalore - 560 058	
Financial calendar:	Our tentative calendar for declaration of results for the financial year 2014-15 is given below:	
	Calendar for Reporting:	
	Quarter ended	**Release of results**
	June 30, 2014	On or before August 14, 2014
	September 30, 2014	On or before November 14, 2014
	December 31, 2014	On or before February 14, 2015
	March 31, 2015	By end of April / May 2015
Date of book closure	Pursuant to the provisions of Section 154 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 **Thursday, August 7, 2014 to Thursday, August 14, 2014 (both days inclusive).**	
Dividend payment date	The Board of Directors of the Company have not recommended any dividend for the financial year 2013-14.	

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 39th Annual General Meeting of the Company. Any Shareholder having any grievance on the e-voting can contact at the coordinates mentioned in the 'Investor Guide', towards the end of this report.

International Securities Identification Number (ISIN)

ISIN is the identification number for traded shares, which needs to be quoted in every transaction relating to the dematerialized shares of the Company. The ISIN for Company's equity shares is INE221B01012.

Corporate Identity Number (CIN):

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

Listing of shares

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

Distribution of Shareholding as on March 31, 2014

Sl. No.	Category (Amount)	No. of Holders	% To Holders	Amount (₹)	% To Equity
1	1 – 5000	4434	92.55	3164320.00	5.71
2	5001 – 10000	171	3.57	1213810.00	2.19
3	10001 – 20000	79	1.65	1135920.00	2.05
4	20001 – 30000	23	0.48	560100.00	1.01
5	30001 – 40000	18	0.38	645250.00	1.16
6	40001 – 50000	11	0.23	524970.00	0.95
7	50001 – 100000	24	0.50	1645410.00	2.97
8	100001 & Above	31	0.65	46510720.00	83.95
	TOTAL:	**4791**	**100.00**	**55400500.00**	**100.00**

Shareholding Pattern as on March 31, 2014

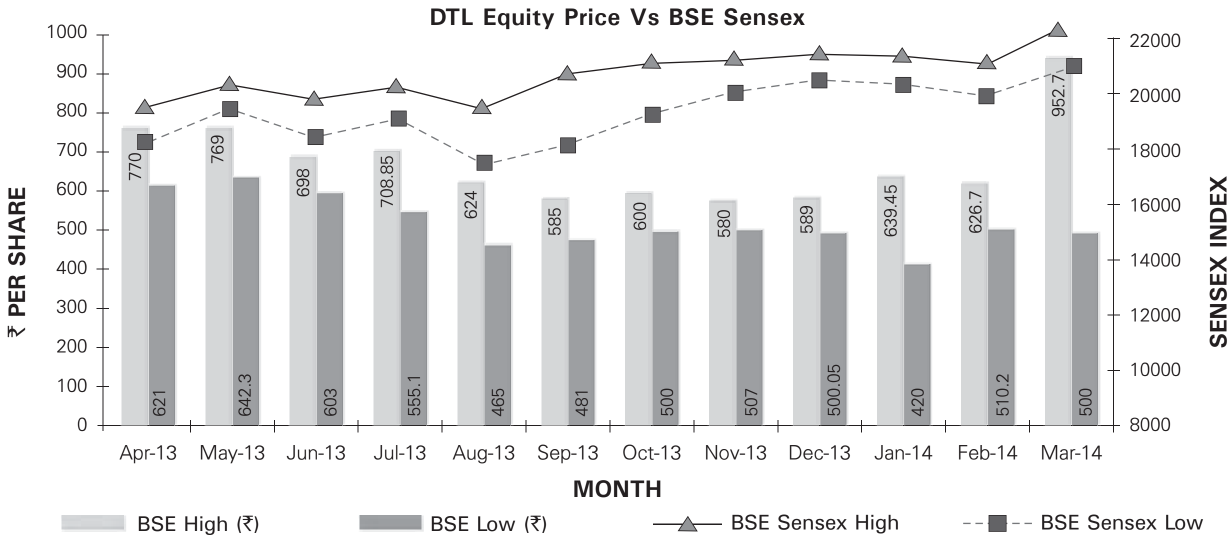
Category	No. of Shares	% of shareholding
PROMOTERS HOLDING		
Indian Promoters		
JKM Holdings Private Limited	912538	16.472
Udayant Malhoutra	795248	14.355
Udayant Malhoutra and Company Private Limited	642011	11.589
JKM Offshore India Private Limited	442071	7.980
Wavell Investments Private Limited	281828	5.087
Barota Malhoutra	4938	0.089
Vita Private Limited	100	0.002
Christine Hoden (India) Private Limited	100	0.002
Primella Sanitary Products Private Limited	100	0.002
Greenearth Biotechnologies Limited	22927	0.414
TOTAL	**3101861**	**55.99**
NON-PROMOTERS HOLDING		
Mutual Funds / UTI	10550	0.19
Financial Institutions / Banks	392	0.01
Central Government / State Government (S)	0	0.00
Venture Capital Funds	0	0.00
Insurance Companies	0	0.00
Foreign Institutional Investors	1099860	19.85
SUB TOTAL	**1110805**	**20.05**
OTHERS		
Private Corporate Bodies	229858	4.15
Indian Public	1046272	18.88
Clearing Agents	13779	0.25
NRIs/OCBs	33679	0.61
Trust	3796	0.07
SUB TOTAL	**1327384**	**23.96**
GRAND TOTAL	**5540050**	**100.00**

Share market price data

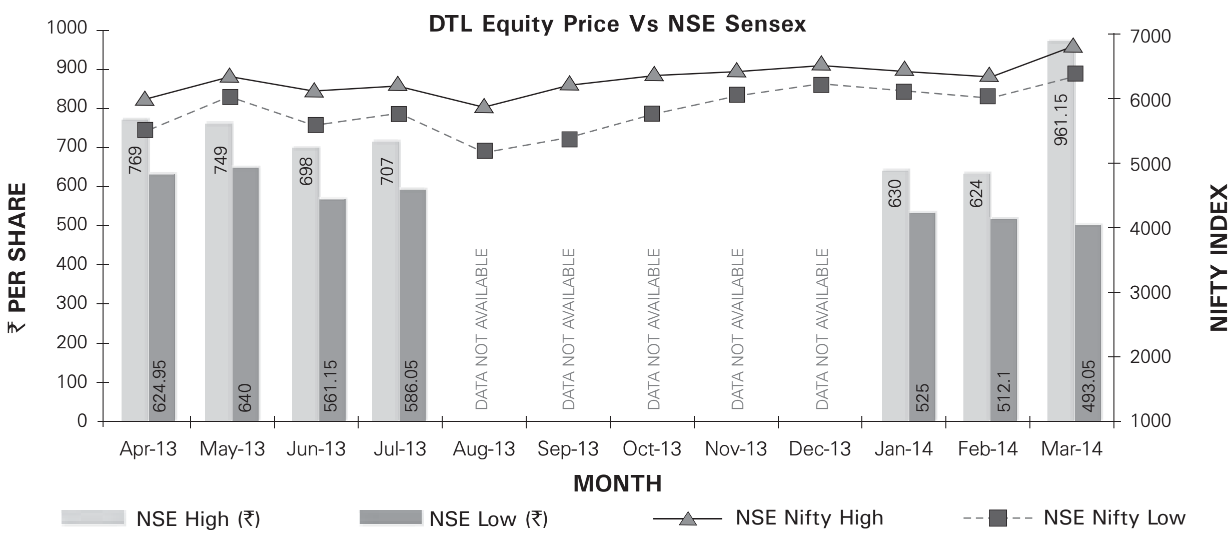
The monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Limited and National Stock Exchange of India Limited for the year 2013-2014:

Month	BSE			NSE		
	High (Amount in ₹)	Low (Amount in ₹)	Volume of shares traded	High (Amount in ₹)	Low (Amount in ₹)	Volume of shares traded
Apr-13	770	621	6565	769	624.95	10759
May-13	769	642.3	2851	749	640	4297
Jun-13	698	603	1744	698	561.15	1499
Jul-13	708.95	555.1	1595	707	586.05	1988
Aug-13	624	465	613	0	0	0
Sep-13	585	481	4231	0	0	0
Oct-13	600	500	3507	0	0	0
Nov-13	580	507	1886	0	0	0
Dec-13	589	500.05	5473	0	0	0
Jan-14	639.45	420	5888	630	525	2763
Feb-14	626.7	510.2	12054	624	512.1	25925
Mar-14	952.7	500	277640	961.15	493.05	317975

Comparison of Company's share price movement with BSE Sensex



Comparison of Company's share price movement with NSE Sensex



Note:

1. Share price movement details are not available on NSE from July 6, 2013 to Jan 12, 2014 as DTL stocks were in periodic call action (Trade to Trade segment) segment.
2. High and Low are in rupees per traded share. Volume is the total monthly shares traded.

Status of dematerialization of shares

Particulars	March 31, 2014		March 31, 2013	
	No. of shares	% of total shares	No. of shares	% of total shares
National Securities Depository Limited	5068616	91.49	5087843	93.96
Central Depository Services (I) Limited	177147	3.20	146865	2.71
Total Dematerialized	5245763	96.68	5234708	96.68
Physical	294287	5.31	179995	3.32
Grand Total	**5540050**	**100**	**5414703**	**100**

PLANT LOCATION:

1. Dynamatic Park, Peenya, Bangalore – 560 058
2. Sipcot Industrial Park, Irrungattukottai, Sriperumbudur, Tamil Nadu
3. K-4, II Phase, Sipcot Industrial Complex, GummidiPoondi, Thiruvallur, Tamilnadu
4. Airforce Toad, HAL Ancillary Unit – III, Ojhar, Niphad, Nasik, Maharashtra
5. Cheney Manor, Swindon, Wiltshire, SN2 2PZ, England
6. Jarvis Street, Barton Hill, Bristol, BS5 9TR, England
7. Gießereistraße 1, 08340 Schwarzenberg/Erzgeb, Germany

INVESTOR GUIDE

Investor Contacts

For queries relating to financial statements / shares / dividends / complaints / Investor correspondence

Mr. Naveen Chandra P
DGM - Compliance, Legal & Company Secretary
Tel: +91-80-28394933/34/35 Extension: 254
Fax: +91-80-28395328
Email: investor.relations@dynamatics.net

Registrar and Share Transfer Agents
Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar
Madhapur, Hyderabad - 500 081
Tel: +91-40-23420815-20
Email: shobha.anand@karvy.com

Depository for Equity shares

National Securities Depository Limited
Trade World, A Wing, 4th Floor
Kamala Mills Compound
Senapathi Bapat Marg, Lower Parel
Mumbai 400 051
Tel.: +91 22 2499 4200

Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers
17th Floor,
Dalal Street, Fort,
Mumbai 400 001
Tel.: +91 22 2272 3333

Shareholders holding shares in demat/electronic form are requested to approach their Depository participants for effecting the following changes in your holdings in their records:

- Change of postal address
- Change of bank details for receiving dividends
- Incorporating of ECS for receiving dividends through money transfer
- Change in residential status
- Incorporation of PAN
- Incorporation of Nomination
- Transfer of shares or effecting transposition of names of share holders

Further, for any corporate actions like payment of dividends, etc., the Company will take your shareholding details from your DP account through the data downloaded from the Depositories.

Addresses of Stock Exchanges

Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

BSE Code- 505242

National Stock Exchange of India Limited (NSE)
"Exchange Plaza"
Bandra - Kurla Complex, Bandra East
Mumbai 400 051

NSE Code : DYNAMATECH

NOTE:

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

Tel: +91-80-28394933 / 34 / 35 (Extension: 254) (Contact: Mr. J. Devaraj – Senior Manager, Secretarial)

Email: **investor.relations@dynamatics.net**

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members of
Dynamatic Technologies Limited

We have examined all the relevant records of Dynamatic Technologies Limited ("the Company") for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the financial year ended 31 March 2014. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid Listing Agreement.

R.Vijayakumar
Practising Company Secretary
FCS - 6418; COP - 8667

Place : Bangalore
Date : May 28, 2014

> "Your beliefs become your thoughts. Your thoughts become your words. Your words become your actions. Your actions become your habits. Your habits become your values. Your values become your destiny."
>
> - Mahatma Gandhi

CORPORATE SUSTAINABILITY REPORT

MESSAGE FROM THE CEO & MANAGING DIRECTOR

If Dynamatic Technologies has been successful in consistently achieving high growth rates, it is largely due to its philosophy of proactively pursuing balanced and sustainable business policies.

These include a deep commitment to improving the quality of its products on a continual basis, providing improved value to its customers, improving the quality of life of its employees, providing a secure environment for its financiers and suppliers, and contributing to our Society, Environment and Nation.

Our approach towards sustainability has not been based on stand-alone initiatives, but rather on a holistic and integrated approach to business development. Happy employees are performers. They develop innovative products efficiently, and serve customers' needs by delivering value for money. This ensures the long-term economic relevance of our enterprise, in turn creating a secure environment for financiers and suppliers. From this basic business cycle, come profits on a sustainable basis.

The core mission is to help enrich the quality of life of the community and preserve ecological balance and heritage through a strong environment conscience.

Key Learnings

A business philosophy that abjures waste and is based on conservation and optimal utilization of resources, will also simultaneously deliver superior financial results along with a positive ecological impact.

A focus on Safety, Human Resource Development and enhancement of Intellectual Property will help de-risk the Company, and also contribute to societal development.

Eventually sustainable business policies form an important and integral part of good corporate governance.

Udayant Malhoutra
CEO & Managing Director

1. OUR VISION, BUSINESS PHILOSOPHY AND SUSTAINABILITY

A Company like Dynamatic Technologies is essentially an organ deploying significant contribution to the growth of the country's economy and society's well being. We, therefore, are aware of the need to work beyond financial considerations and put in that little extra to ensure that we are perceived not just as corporate entities that exist for profits, but as a wholesome entity created for the good of the society and for improving the quality of life of the communities we serve. Our commitment to responsible citizenship also includes conservation of natural resources and protection of the soil, water and climate required to sustain life on earth.

- To secure market leadership, technological competence and enhance brand equity as a global leader.
- To provide a safe, nurturing and learning environment for our human resources.
- To have a zero tolerance of any transmission of wastes into the environment.
- To secure and de-risk financiers and suppliers.
- To transform the Company into a global R&D organization, with a pre-eminent market position in the Hydraulic, Automotive and Defence sectors in Asia.
- To consistently achieve returns higher than the cost of capital.
- To comply with all legal requirements expected of the Company in every country we are present.

Clean Energy generated by the JKM Wind Farm at Coimbatore

- To enhance shareholder wealth.
- To help in the creation of a strong, modern and vibrant India.
- To be an example to any corporate, anywhere in the world, in terms of global best-in-class environmental practices.
- To conduct business affairs, employing the highest standards of personal and corporate conduct.
- To wholly co-operate in proposals of the Government – Central or State, in various activities concerning social cause.

Our Vision & Business Philosophy is driven by our Values, which are:

1.1. CUSTOMER CENTRIC RESEARCH

Over the years, Dynamatic Technologies Divisions and Subsidiaries have forged deep and lasting relationships with all their stakeholders, which have enabled them to grow continuously. These relationships are based on mutual trust and respect, and upon their collective capabilities in delivering complex technological solutions, at economically viable price levels.

We are geared towards providing innovative and creative solutions to our customers on a continuous basis. Every business process is built around the customer. We firmly believe that our success is merely a reflection of our ability to delight our customers.

We interact constantly with our customers, understand their needs and endeavor to satisfy them. We strive to satisfy the customers' stated and unstated needs, by understanding applications and anticipating future trends. We spend considerable time in the field, listening to farmers, mechanics, drivers, equipment handlers... And very often suggest improvements to our customer, before their customers do. Our technology and quality processes are therefore predictive in nature, anticipating change, rather than reacting to it.

1.2 EMPHASIS ON KNOWLEDGE ACQUISITION AND APPLICATION

Dynamatic Technologies has been adopting and following world-class business practices, at its modern manufacturing facilities located at Bangalore, Chennai, Nasik (India), Swindon, Bristol (U.K.) and Erla (Germany). All are eco-friendly and designed to eliminate waste. We constantly strive to deliver superior value to our customers by challenging ourselves and pushing the boundaries of knowledge through imagination and diligence. This approach has led us to continuously innovate and develop highly engineered products, through investment in R&D, process improvements and elimination of operational inefficiencies. This has resulted in us building a successful business model for ourselves, capable of returning high yields to investors and improving the quality of life of all employees, as well as the society/ community in which we exist and work. As Dynamatic Technologies globalizes, these values will be extended across the world, and in turn, new learnings, best practices, processes and experiences will be absorbed into the existing organization.

1.3 HUMAN CAPITAL

Dynamatic Technologies is built upon a foundation of basic values, and its commitment to quality and equal opportunity. Your Company strives to attract the finest talent available and then provides a result-oriented environment based on meritocracy and egalitarianism.

At Dynamatic Technologies, we firmly believe that the key to sustained growth is not mere addition to physical capacities but is actually the ability to dramatically enhance and utilize human capabilities.

1.4 SOCIETAL LINKAGES

We are proud of our civilizational heritage, and the values of our ancient land; the values of trust and integrity. The need to contribute to society, and care for our environment. The value of enduring relationships.

PARTICIPATIVE Management

Dynamatic has a built a culture of participative management that enables its employees to contribute proactively to the Company's growth and stability. Recently, Dynamatic Hydraulics™, India, transferred its Gear Pump machine shop to a new location in record time with no loss of production, due to the proactive participation of its workforce.

At the same time, as we globalize, we travel with an open mind, learning from and contributing to every society we are part of.

2. DIMENSIONS OF SUSTAINABILITY

2.1. SUSTAINABILITY POLICY

We at Dynamatic Technologies are driven by the fundamental objective of enhancing the value of the Company to all stakeholders, such as shareholders, customers, suppliers, financiers, employees and to the society at large. We firmly believe that sustained growth can only be fostered by developing a work ethic founded upon the core values of integrity, transparency, professionalism, empowerment and accountability. We endeavor to uphold and nurture these core values in all facets of operations. Being a responsible corporate citizen, we understand that sustained growth can only come about when equal attention is paid to all elements of the Triad of Sustainability, namely Economic Growth, Environment Friendliness and Social Equity. We believe that such growth can only be achieved through a firm commitment to these elements over the long term, and are prepared to take actions commensurate to this goal.

2.2 THE TRIAD OF SUSTAINABILITY

At Dynamatic Technologies, the path to sustainability has the following elements:

Economic Growth, Environment-Friendliness and Social Equity.

2.2.a. ECONOMIC GROWTH

- Value Engineering: reduction of raw material consumption by optimizing product design.
- Maximize our efforts in developing new products and cost effective applications through continuous innovation.

ASSET LIGHT Growth

While enhancing operative margins through an improved sales mix, the Company has also shrunk its Balance Sheet by selling off non-core assets. This will improve the return on capital employed (ROCE). In future, we plan to only own essential facilities, and to lease non-core assets.

- Development of complete hydraulic solutions for mechanized agriculture, earth moving, material handling, machine tools, defense and
  precision parts for aerospace applications.
- Secure market leadership, technological competence and brand equity as a global leader.
- Maximization of productivity and maintenance of cost leadership.
- Continue to enhance the value of the Company to the shareholders.

2.2 b. ENVIRONMENT- FRIENDLINESS

- Treatment of wastage water and using it for gardening as a process of water conservation.
- Rainwater harvesting.
- All business processes are designed to ensure that no wastage is transmitted to our environment.
- Energy consumption in each plant is monitored, optimized and minimized.
- Design and Redesign products that are safe, energy saving and environment friendly.
- Design all our processes with efficiency and energy conservation in mind.
- Wind farm to harness renewable source of energy.

2.2.c. SOCIAL EQUITY

- Not allowing any form of discrimination in employment or promotion.
- Imparting training and development programs to facilitate multi-tasking and multi-skilling.
- Practicing safety norms and help protection. Standing as a model by winning safety awards.
- Emissions: the air quality in our plants is continuously monitored for suspended particulate matter, and is kept well within safe limits.
- Foster a culture of empowerment.
- Elevation of workers into management cadre.
- Promote the usage of six sigma practices amongst all employees.

GENDER Sensitisation

Dynamatic constantly strives to create a safe work environment where all employees can work without fear of prejudice, gender bias or sexual harassment. Towards this, the Company conducted a series of gender sensitization workshops at its facilities in Bangalore and Chennai to educate employees about The Sexual Harassment of Women At The Work Place (Prevention, Prohibition and Redressal) Act 2013 and to promote awareness about the various forms of sexual harassment.

- Practice open dialogue with employees, customers, government agencies, trade associations and with communities all around our facilities.
- Undertake disaster relief programs in times of need (earthquake, floods, Tsunami, etc.).
- Interactive sessions with local community.
- Increase employment of Women.
- Increase employment of individuals coming from disadvantaged communities.

ETHICS

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

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

CORPORATE GOVERNANCE

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

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

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

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Ministry of Corporate Affairs (MCA) vide its circulars dated April 21, 2011 and April 29, 2011, has taken a 'Green Initiative in the Corporate Governance', thereby allowing companies to serve documents to its shareholders through electronic mode.

Environment conservation and sustainable development are continuously on your Company's radar and therefore your Company supports MCA in this initiative.

Accordingly, the Company advised its shareholders to register their email IDs with the Company / Registrar & Share Transfer Agent to enable sending documents such as notices of general meeting (s), annual reports and other communications to the shareholders through e-mail. In a phased manner, sending hard copies of communications will be discontinued. All such documents shall be available on the Company's website **www.dynamatics.com** and shall also be kept open for inspection at the Registered Office of the Company during office hours.

SOCIAL Responsibility

Dynamatic has constituted a Board Level Corporate Social Responsibility Committee to streamline its Corporate Social Responsibility (CSR) initiatives. The Committee will be supported by a core management team comprising of business and corporate functional heads and recently appointed Ernst & Young in an advisory capacity.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DYNAMATIC TECHNOLOGIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Dynamatic Technologies Limited ("the Company"), which comprise the balance sheet as at 31 March 2014, the statement of profit and loss and the cash flow statement of the Company for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ("ICAI"). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2014;

b. in the case of the statement of profit and loss, of the profit for the year ended on that date; and

c. in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

(a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the balance sheet, the statement of profit and loss and the cash flow statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Act read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and

(e) on the basis of written representations received from the directors as at 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W

Vineet Dhawan
Partner
Membership number: 092084

Place : Bangalore
Date : 28 May 2014

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in our report to the members of Dynamatic Technologies Limited ("the Company") for the year ended 31 March 2014. We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once in two years. In accordance with this policy, fixed assets were verified in the previous year and no material discrepancies were observed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.

(ii) (a) The inventory, except goods-in-transit and stock lying with third parties, has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.

(b) The procedures for the physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) (a) The Company has granted unsecured loans to four wholly owned subsidiary companies covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act'). The maximum amount outstanding during the year and the year-end balances of such loans are as follows:

(Amount in ₹)

Name of the Company	Maximum amount outstanding during the year	Balance as at 31 March 2014
JKM Erla Automotive Limited	374,288,885	359,288,884
JKM Ferrotech Limited	299,324,809	-
JKM Global Pte Limited	185,184,067	-
JKM Research Farm Limited	6,887,022	317,135

The Company has not granted any other secured or unsecured loans to any other company, firm or other party covered in the register maintained under Section 301 of the Act.

(b) There are no stipulations as to the repayment of the principal amount of the above loans. In our opinion, the terms and conditions on which loans have been given to JKM Ferrotech Limited and JKM Global Pte Limited are not prejudicial to the interest of the Company. Further, loans given to JKM Erla Automotive Limited and JKM Research Farm Limited are interest free. In our opinion, as these interest free loans have been given to wholly owned subsidiaries, they are not, prima facie, prejudicial to the interest of the Company. The Company has not granted any other loan, secured or unsecured, to any other company, firm or other party covered in the register maintained under Section 301 of the Act.

(c) In respect of the principal repayment of the loans given to JKM Erla Automotive Limited and JKM Research Farm Limited, the Company has not sought the repayment of the loans. Accordingly, paragraphs 4(iii)(c) and 4(iii)(d) of the Order is not applicable for the said loans. Further loans given to JKM Ferrotech Limited and JKM Global Pte Limited have been repaid during the year.

(d) The Company has taken loans from two companies covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year and the year-end balances of such loans are as follows:

(Amount in ₹)

Name of the Company	Maximum amount outstanding during the year	Balance as at 31 March 2014
Wavell Investments Private Limited	20,000,000	–
Udayant Malhoutra & Company Private Limited	39,500,000	–

The Company has not taken any other loan from any other company, firm or other party covered in the register maintained under Section 301 of the Act.

(e) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies covered in the register maintained under Section 301 of the Act, are not, prima facie, prejudicial to the interest of the Company.

(f) In the case of loans taken from the companies covered in the register maintained under Section 301 of the Act, the Company has been regular in repaying the principal amounts along with interest as stipulated.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain goods sold and services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to sale of goods and rendering of services. We have not observed any major weakness in the internal control system during the course of the audit.

(v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.

(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of ₹5 lakh with each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, except for purchases of certain items of inventories and fixed assets which are for the Company's specialised requirements and similarly for sale of certain goods and rendering of services for the specialised requirements of the buyers and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.

(vi) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, Section 58AA or other relevant provisions of the Act and the rules framed thereunder/ the directives issued by the Reserve Bank of India (as applicable) with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under Section 209(1) (d) of the Act in respect of products manufactured and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities except for Provident Fund, Sales and Income Tax which have been deposited during the year by the Company with the appropriate authorities with delays. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues that were in arrears as at 31 March 2014 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues in respect of Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty and Excise duty which have not been deposited on account of any dispute.

(x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi/ mutual benefit fund/ society.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.

(xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short term basis amounting to INR 3,168 lacs have been used for long-term investment. The aforesaid amount has been computed based on the guidance provided in the Statement on Companies (Auditor's Report) Order, 2003 issued by the Institute of Chartered Accountants of India.

(xviii) According to the information and explanations given to us, the Company has made preferential allotment of shares to Wavell Investments Private Limited, whose name is covered in the register maintained under Section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues during the year.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W

Vineet Dhawan
Partner
Membership number: 092084

Place: Bangalore
Date : 28 May 2014

BALANCE SHEET AS AT MARCH 31, 2014

(₹ in lacs)

	Note	As at 31 March 2014	As at 31 March 2013
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	**3**	**554**	541
Reserves and surplus	**4**	**14,371**	15,080
Money received against share warrants	**48**	**1,000**	1,250
		15,925	16,871
Non-current liabilities			
Long-term borrowings	**5**	**14,919**	14,539
Deferred tax liabilities (net)	**6**	**2,801**	2,801
Other long-term liabilities	**7**	**651**	1,040
Long-term provisions	**8**	**253**	156
		18,624	18,536
Current liabilities			
Short-term borrowings	**9**	**9,656**	13,177
Trade payables	**10**	**8,757**	8,758
Other current liabilities	**11**	**9,678**	9,246
Short-term provisions	**12**	**183**	75
		28,274	31,256
		62,823	66,663
ASSETS			
Non-current assets			
Fixed assets			
- Tangible fixed assets	**13**	**29,467**	26,691
- Intangible fixed assets	**13**	**2,179**	2,465
- Capital work in progress		**56**	7,228
- Intangible fixed assets under development		**-**	188
		31,702	36,572
Non-current investments	**14**	**7,040**	7,040
Long-term loans and advances	**15**	**1,294**	2,951
Other non-current assets	**16**	**565**	584
		8,899	10,575
Current assets			
Inventories	**17**	**6,114**	6,063
Trade receivables	**18**	**6,896**	6,857
Cash and bank balances	**19**	**1,288**	427
Short-term loan and advances	**20**	**5,838**	4,528
Other current assets	**21**	**2,086**	1,641
		22,222	19,516
		62,823	66,663
Significant accounting policies	**2**		

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

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W

Vineet Dhawan
Partner
Membership No.: 092084

Place : Bangalore
Date : 28 May 2014

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

UDAYANT MALHOUTRA
CEO and Managing Director

VIJAI KAPUR
Chairman

HANUMAN SHARMA
Chief Financial Officer

NAVEEN CHANDRA P
DGM - Compliance, Legal & Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)

	Note	31 March 2014	31 March 2013
Revenue from operations			
Sale of products* (gross)		**41,915**	43,185
Less: excise duty		**(4,302)**	(4,322)
Sale of products (net)		**37,613**	38,863
* includes sale of raw material aggregating ₹1,815 lacs (previous year: ₹Nil)			
Contract revenue	44	**2,946**	1,759
Other operating revenues	22	**2,333**	1,800
		42,892	42,422
Other income	23	**1,473**	333
Total revenue		**44,365**	42,755
Expenses			
Cost of materials and components consumed	24	**20,861**	20,816
Change in inventories of finished goods and work-in-progress	25	**80**	(260)
Employee benefits	26	**4,838**	4,692
Finance costs	27	**5,957**	4,396
Depreciation and amortisation		**2,816**	2,629
Other expenses	28	**9,632**	10,339
Total expenses		**44,184**	42,612
Profit before exceptional items and tax		**181**	143
Exceptional items	29	**(150)**	-
Profit before tax		**31**	143
Tax expenses			
Minimum alternative tax charge		**23**	-
Minimum alternative tax entitlement		**(23)**	-
Deferred tax charge		**-**	113
Profit after tax		**31**	30
Earning per equity share [nominal value of share ₹10 each (previous year ₹10 each)]			
Basic and diluted		**0.57**	0.55
Number of shares used in computing earnings per share			
Basic and diluted	46	**5,416,763**	5,414,703
Significant accounting policies	2		

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

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W

Vineet Dhawan
Partner
Membership No.: 092084

Place : Bangalore
Date : 28 May 2014

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

UDAYANT MALHOUTRA
CEO and Managing Director

VIJAI KAPUR
Chairman

HANUMAN SHARMA
Chief Financial Officer

NAVEEN CHANDRA P
DGM - Compliance, Legal & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(₹ in lacs)

	31 March 2014	31 March 2013
Cash flow from operating activities		
Profit before tax	31	143
Adjustments:		
Depreciation and amortisation	**2,816**	2,629
Finance costs	**5,957**	4,396
Interest income	**(166)**	(283)
(Profit)/ Loss on sale of fixed assets, net	**(1,233)**	25
Bad debts written off	**238**	40
Provision for doubtful debts, net	**(95)**	356
Unrealised foreign exchange differences	**68**	16
Operating cash flow before working capital changes	**7,616**	7,322
(Increase)/ Decrease in trade receivables	**(18)**	2,228
Increase in inventories	**(51)**	(174)
Increase in loans and advances and other assets	**(1,404)**	(358)
Decrease in trade and other payables	**(206)**	(529)
Increase/ (Decrease) in provisions	**205**	(43)
Cash generated from operations	**6,142**	8,446
Income taxes paid, net	**(132)**	(73)
Net cash generated from operating activities (A)	**6,010**	8,373
Cash flows from investing activities		
Purchase of fixed assets	**(1,023)**	(2,194)
Proceeds from sale of fixed assets	**2,925**	297
Loans given to subsidiaries	**(3,161)**	(4,147)
Repayment of loan by subsidiaries	**4,642**	-
Movement in deposits with the bank	**(337)**	-
Interest received	**375**	176
Net cash provided by /(used in) investing activities (B)	**3,421**	**(5,868)**

(₹ in lacs)

	31 March 2014	31 March 2013
Cash flows from financing activities		
Proceeds from issue of share warrants	**750**	1,250
Proceeds from borrowings	**7,574**	870
Repayment of borrowings	**(7,600)**	(3,958)
Proceeds from shareholders	**125**	470
Repayment to shareholders	**(595)**	-
(Repayments)/Proceeds from cash credits/working capital loans (net)	**(2,895)**	1,445
(Repayments)/Proceeds from buyer's credit (net)	**(56)**	1,830
Repayment of public deposits (net)	**(140)**	(28)
Interest paid	**(5,785)**	(4,444)
Sales tax deferral payment	**(107)**	(77)
Dividend paid	**(3)**	(128)
Net cash used in financing activities (C)	**(8,732)**	(2,770)
Net increase/ (decrease) in cash and cash equivalents (A + B +C)	**699**	(265)
Cash and cash equivalents at the beginning of the year	**148**	413
Cash and cash equivalents at the end of the year	**847**	148

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W

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

Vineet Dhawan
Partner
Membership No.: 092084

UDAYANT MALHOUTRA
CEO and Managing Director

VIJAI KAPUR
Chairman

HANUMAN SHARMA
Chief Financial Officer

NAVEEN CHANDRA P
DGM - Compliance, Legal
& Company Secretary

Place : Bangalore
Date : 28 May 2014

1 Company overview

Dynamatic Technologies Limited ("the Company") was incorporated in 1973 as Dynamatic Hydraulics Limited under provisions of the Companies Act, 1956 ('the Act'). In 1992, the name of the Company was changed to Dynamatic Technologies Limited. The Company is in the business of manufacturing automotive components, hydraulics gear pumps, aerospace components and wind farm power generation. The Company is listed in India with National Stock Exchange and Bombay Stock Exchange.

2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a) Basis of accounting and preparation of financial statements

The financial statements are prepared and presented in accordance with the Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention on accrual basis other than the assets revalued. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, ('the Rules') and the relevant provisions of the Act to the extent applicable. The accounting policies have been consistently applied by the Company. The financial statements are presented in Indian rupees rounded off to the nearest lacs.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) Fixed assets and depreciation

Tangible fixed assets are stated at the cost of acquisition or construction, less accumulated depreciation. All costs incurred in bringing the assets to its working condition for intended use have been capitalised.

The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

The Company had revalued certain land, building, plant and machineries and electrical installations based on valuations done by an external expert in the year 1991-92 and in 2010-11. Other than land, additional depreciation due to revaluation is adjusted out of revaluation reserve. An increase in net book value arising on revaluation of fixed assets is credited directly to owner's interests under the heading of revaluation reserves and is regarded as not available for distribution. On disposal of a previously revalued item of fixed asset, the difference between net disposal proceeds and the net book value is charged or credited to statement of profit and loss except that, to the extent such a loss is related to an increase which was previously recorded as a credit to revaluation reserve and which has not been subsequently reversed or utilised, it is charged directly to that account. The amount standing in revaluation reserve following the retirement or disposal of an asset which relates to that asset is transferred to Statement of profit and loss.

Borrowing costs directly attributable to the acquisition/ construction of the qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the statement of profit and loss in the period in which they are incurred.

Exchange differences arising in respect of translation/ settlement of long term foreign currency borrowings attributable to the acquisition of a depreciable asset are also included in the cost of the asset.

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

Depreciation on fixed assets is provided using the straight-line method. The rates of depreciation prescribed in Schedule XIV to the Act are considered as minimum rates. If the Management's estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of the remaining useful life on a subsequent review is shorter than envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the Management's estimate of the useful life/ remaining useful life. Pursuant to this policy, depreciation on the following fixed assets has been provided at the following rates (straight line method), which are higher than the corresponding rates prescribed in Schedule XIV:

Class of assets	**Rate per annum**
Data processing equipment	25%
Furniture and fixtures	10%
Office equipment	
- Mobile phones	50%
- Others	20%
Plant and machinery (wind farm)	10%

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

Depreciation is provided on a pro-rata basis for all assets purchased or sold during the year.

d) Intangibles fixed assets

(i) Acquired intangible assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss.

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

(ii) Internally generated intangible assets

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

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

Intangible assets are amortized in the statement of profit or loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Accordingly, at present, these are being amortized on straight line basis. In accordance with the applicable Accounting Standard, the Company follows a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. However, if there is persuasive evidence that the useful life of an intangible asset is longer than ten years, it is amortized over the best estimate of its useful life. Such intangible assets and intangible assets that are not yet available for use are tested annually for impairment.

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

Application software	4 years
Prototype/ Product development	10 years

e) Inventories

(i) Inventories are carried at the lower of cost and net realisable value.

(ii) Cost of inventories comprises purchase price and all incidental expenses incurred in bringing the inventory to its present location and condition. The method of determination of cost is as follows:

- Raw materials and components – on a first in first out method
- Stores and spares – on a first in first out method
- Work-in-progress – includes costs of conversion
- Finished goods – includes costs of conversion
- Goods in transit – at purchase cost

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

(iv) Inventories are valued at lower of cost or net realizable value. The comparison of cost and net realisable value is made on an item-by-item basis.

(v) The net realisable value of work-in-progress is determined with reference to the net realisable value of related finished goods. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

(vi) The provision for inventory obsolescence is assessed on a quarterly basis and is provided as considered necessary.

f) Employee benefits

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

Post employment benefits

Defined contribution plans

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.

Defined benefit scheme

Gratuity liability is a defined benefit scheme and is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. The Company's gratuity scheme is administered by Life Insurance Corporation of India. Actuarial gain/(losses) are charged to the statement of profit and loss.

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-cumulating compensated absences is recognized in the period in which the absences occur.

g) Revenue recognition

Revenue from sale of products (including scrap sales) is recognized when the risks and rewards of ownership are transferred to customers. The amount recognized as sales is exclusive of excise duty, sales tax, trade and quantity discounts. Revenue from sale of products has been presented both gross and net of excise duty.

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

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

Unbilled revenues included in other current assets represent cost and earnings in excess of billings as at the balance sheet date. Unearned revenues included in current liabilities represent billings in excess of earnings as at the balance sheet date.

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

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

h) Foreign currency transactions and balances

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

All monetary assets and liabilities denominated in foreign currency are restated at the rates existing at the year end and the exchange gains/ losses arising from the restatement is recognized in the statement of profit and loss.

i) Derivative instruments and Hedge accounting

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

Premium or discount on foreign exchange forward contracts taken to hedge foreign currency risk of an existing asset / liability is recognised in the statement of profit and loss over the period of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss of the reporting period in which the exchange rates change.

The Company has applied the principles of AS 30 ' Financial Instruments: Recognition and Measurement', to the extent that the application of the principles does not conflict with existing accounting standards and other authoritative pronouncements of the Company Law Board and other regulatory requirements.

The derivatives that qualify for hedge accounting and designated as cash flow hedges are initially measured at fair value and are re-measured at a subsequent reporting date and the changes in the fair value of the derivatives i.e. gain or loss is recognized directly in shareholders' funds under "hedge reserve" to the extent considered effective. Gain or loss upon fair value on derivative instruments that either do not qualify for hedge accounting or are not designated as cash flow hedges or designated as cash flow hedges to the extent considered ineffective, are recognized in the statement of profit and loss.

It is the policy of the Company to enter into derivative contracts to hedge the risk of foreign exchange rate fluctuation and interest rate risk related to loan liabilities. The derivative arrangements are coterminous with the loan agreement and it is the intention of the Company not to foreclose such arrangements during the tenure of the loan. Accordingly, the Company designates and applies cash flow hedge accounting on such types of arrangements.

Hedge accounting is discontinued when the hedging instrument expires, sold, terminated, or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss on the hedging instrument recognized in shareholder's funds under "hedge reserve" is retained until the forecasted transaction occurs subsequent to which the same is adjusted against the related transaction in statement of profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholder's fund is transferred to statement of profit and loss in the same period.

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

j) Warranties

Warranty costs are estimated by the Management on the basis of technical evaluation and past experience. The Company accrues the estimated cost of warranties at the time when the revenue is recognised.

k) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current–non-current classification scheme of revised Schedule VI.

l) Provisions and contingencies

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

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

m) Impairment of assets

The Company periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised.

n) Leases

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

o) Income-tax

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax asset/ liability as at the balance sheet date resulting from timing differences between book profit and tax profit are not considered to the extent that such asset/ liability is expected to get reversed in the future years within the tax holiday period. Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized. Minimum Alternate Tax ('MAT') paid in accordance with the laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the balance sheet if there is convincing evidence that the Company will pay normal tax in the near future.

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

p) Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive equity shares during the year.

q) Cash flow statement

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

	As at 31 March 2014	As at 31 March 2013
		(₹ in lacs)
3. Share capital		
Authorised		
Equity shares		
20,000,000 (previous year 20,000,000) equity shares of ₹10 each	**2,000**	2,000
Preference shares		
500,000 (previous year 500,000) redeemable cumulative preference shares of ₹100 each	**500**	500
	2,500	2,500
Issued, subscribed and fully paid up		
Equity shares		
5,540,050 (previous year 5,414,703) equity shares of ₹10 each (refer note 48)	**544**	541
	544	541

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

Particulars	31 March 2014		31 March 2013	
	Number of shares	Amount (₹ in lacs)	Number of shares	Amount (₹ in lacs)
Shares outstanding at the beginning of the year	**5,414,703**	**541**	5,414,703	541
Share issued during the year*	**125,347**	**13**	-	-
Shares outstanding at the end of the year	**5,540,050**	**554**	5,414,703	541

* refer note 48

Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining asset of the Company after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of equity shares allotted as fully paid-up without payment being received in cash during the period of five years immediately preceding the balance sheet date is given below:

Particulars	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
No of shares issued	-	-	-	-	-

Details of equity shares allotted as fully paid-up bonus shares during the period of five years immediately preceding the balance sheet date is give below:

Particulars	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
No of shares issued	-	-	-	-	-

The Company has not bought back any shares during the period of five years immediately preceding the balance sheet date.

Particulars of shareholders holding more than 5% shares of a class of shares

Particulars	31 March 2014		31 March 2013	
	Number	% of total share in the class	Number	% of total share in the class
Equity shares of ₹10 each fully paid-up held by				
- Udayant Malhoutra	**795,248**	**14.35%**	898,048	16.59%
- JKM Holdings Private Limited	**912,538**	**16.47%**	912,538	16.85%
- Udayant Malhoutra and Company Private Limited	**642,011**	**11.59%**	642,011	11.86%
- JKM Offshore India Private Limited	**442,071**	**7.98%**	442,071	8.16%
- Samena Special Situations Mauritius	**467,455**	**8.44%**	467,455	8.63%
- FID Funds (Mauritius) Limited	-	-	391,908	7.24%
- Wavell Investments Private Limited	**281,828**	**5.09%**	-	-
- Citigroup Global Markets Mauritius Private Limited	**373,327**	**6.74%**	373,327	6.89%

(₹ in lacs)

	As at 31 March 2014	As at 31 March 2013
4. Reserves and surplus		
Capital reserves		
At the commencement and at the end of the year	**15**	15
	15	15
Capital redemption reserve		
At the commencement and at the end of the year	**240**	240
	240	240
Securities premium account		
At the commencement of the year	**7,311**	7,311
Additions during the year (refer note 48)	**988**	-
At the end of the year	**8,299**	7,311
Hedge reserve		
At the commencement of the year	**(1,495)**	(1,600)
(Addition)/ deletion during the year	**(341)**	105
At the end of the year (refer note 43)	**(1,836)**	(1,495)
Reserve on amalgamation		
At the commencement and at the end of the year	**154**	154
	154	154
Revaluation reserve		
At the commencement of the year	**2,013**	2,018
Less: Additional depreciation charged on revalued assets	-	(5)
Less: Revaluation reserve transferred to profit on sale of assets (refer note 49)	**(1,387)**	-
At the end of the year	**626**	2,013
General reserve		
At the commencement and at the end of the year	**3,138**	3,138
	3,138	3,138
Surplus in the statement of profit and loss balance		
At the commencement of the year	**3,704**	3,674
Profit for the year	**31**	30
At the end of the year	**3,735**	3,704
	14,371	15,080

	As at 31 March 2014	As at 31 March 2013
		(₹ in lacs)
5. Long-term borrowings		
Secured		
Term loans		
- From bank @	**9,673**	12,859
- Financial institutions @@	**5,080**	1,288
- from others *	**1**	14
Unsecured		
Deferred payment liability		
- Sales tax deferral loan **	**46**	181
Deposits from shareholders * **	-	2
Deposits from others #	**119**	195
	14,919	14,539

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

Details of repayment terms, interest and maturity	Nature of security
Term loan from bank aggregating ₹3,985 lacs (previous year ₹5,712 lacs) repayable in 14 quarterly instalments. The rate of interest ranges from 16% - 17% per annum.	First pari passu charge on the entire movable and immovable fixed assets of the Company, present and future (other than those exclusively charged). Second pari passu charge on the entire current assets of the Company, present and future.
Term loan from bank aggregating ₹4,193 lacs (previous year ₹5,500 lacs) repayable in 46 monthly instalments. The rate of interest ranges from 15%-16% per annum.	
Term loan from bank aggregating ₹1,200 lacs (previous year ₹1,500 lacsl) repayable in 16 quarterly instalments. The rate of interest ranges from 12%-13% per annum.	
Term loan from bank aggregating ₹1,848 lacs (previous year ₹2,048 lacs) repayable in 10 quarterly instalments. The rate of interest is 14% per annum.	
Term loan from bank aggregating ₹Nil lacs (previous year ₹852 lacs).	
Term loan from bank aggregating ₹1,637 lacs (previous year ₹2,508 lacs) repayable in 3 half yearly instalments. The rate of interest is LIBOR plus 2 % per annum.	
Term loan from bank aggregating to ₹1,200 lacs (previous year ₹Nil lacs) repayable in 8 half yearly instalments with initial moratorium of six months with the rate of interest of 15% per annum.	
Term loan from bank aggregating ₹237 lacs (previous year ₹327) repayable in 32 monthly instalments. The rate of interest ranges from 11%-12 % per annum.	

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

Details of repayment terms, interest and maturity	Nature of security
Term loan from financial institutions aggregating to ₹4,800 lacs (previous year: ₹Nil lacs) repayable in 8 half yearly instalments. The rate of interest is 17.5% p.a	First pari passu charge on the entire movable and immovable fixed assets of the Company, present and future (other than those exclusively charged). Second pari passu charge on the entire current assets of the Company, present and future.
Term loan from financial institutions aggregating to ₹396 lacs (previous year: ₹515 lacs) repayable in 31 monthly instalments. The rate of interest ranges from 14%-15% p.a	Secured by way of exclusive charge on assets financed by Siemens Financial Services Private Limited.
Term loan from financial institutions aggregating to ₹804 lacs (previous year ₹1,096 lacs) repayable in 11 quarterly instalments. The rate of interest ranges from 13% to 14% p.a	Exclusive charge of GE Capital Services India (GECSI) on assets (as approved by GECSI) financed from the GE loan in accordance with deed of hypothecation.
Term loan from financial institutions aggregating to ₹131 lacs (previous year: ₹106 lacs) payable in 47 to 50 monthly instalments from the date of purchase. The rate of interest is 15% per annum	Exclusive charge on assets financed

* Secured by hypothecation of vehicle. The amount is payable in 36 monthly installments from the date of purchase. The rate of interest for the outstanding vehicle loan ranges from 9.75% p.a to 11.50% p.a.

** To promote the industries in backward area (i.e. @ Irungattukottai) Government of Tamil Nadu, announced a sales tax loan facility. To avail the facility, the Company has entered into an agreement with the Sales tax department for deferring payment of sales tax collected during financial year 2001-02 to 2005-06. The deferred amount will be repaid by 2015-16. The amount repayable in 2014-15 is ₹116 lacs and accordingly disclosed in current maturities of long term debts in "Other current liabilities".

*** Deposits from shareholders carry interest rate in the range 10-11 % and are repayable within 1- 3 years from respective date of deposit.

\# Deposits from others carry interest rate in the range 10-11 % and are repayable within 1- 3 years from respective date of deposit.

(₹ in lacs)

	As at 31 March 2014	As at 31 March 2013
6. Deferred tax liabilities (net)		
Deferred tax liabilities		
Fixed assets	**3,544**	3,260
	3,544	3,260
Deferred tax assets		
Provision for gratuity	**65**	4
Provision for compensated absences	**68**	55
Provision for doubtful receivables	**173**	206
Provision for warranty	**15**	20
Unabsorbed depreciation and business loss	**422**	174
	743	459
	2,801	2,801
7. Other long term liabilities		
Advance from customer	-	209
Derivative liability (refer note 43)	**633**	821
Others	**18**	10
	651	1,040
8. Long-term provision		
Provision for employee benefits		
Gratuity (refer note 38)	**80**	9
Compensated absences	**173**	147
	253	156

(₹ in lacs)

		As at 31 March 2014	As at 31 March 2013
9.	**Short term borrowings**		
	Secured		
	Loans repayable on demand		
	Cash credit and working capital demand loans*	**7,269**	9,956
	Unsecured		
	From banks		
	- Foreign currency buyer's credit **	**268**	324
	- Vendor bill discounting #	**2,119**	2,427
	Borrowings from shareholders## (refer note 41)	-	470
		9,656	13,177

* Cash credit and working capital demand loans from banks carry interest ranging between 14.25% - 16.75% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock and book debts of the Company.

** The Company has taken foreign currency buyer's credit, which carry interest ranging between 1.29% - 2.154% for 180 days and are renewable at 6 monthly rest for a maximum of one year.

\# The Company has availed vendor bill discounting facility from banks which carry interest between 13% - 13.50% p.a., and is payable within 90 days from date of bills discounted.

\## The loan carries interest @ 16.75% to 18.00 % p.a. and is repayable in various instalments by 15 July 2013.

		As at 31 March 2014	As at 31 March 2013
10.	**Trade payables**		
	Due to micro and small enterprises (refer note 45)	-	-
	Dues to creditors other than micro and small enterprises *	**5,977**	5,601
	Acceptances	**2,780**	3,157
		8,757	8,758
	* includes amounts payable to related parties, refer note 41	-	210

		As at 31 March 2014	As at 31 March 2013
11.	**Other current liabilities**		
	Current maturities of long-term borrowings (refer note 5)*	**5,938**	6,374
	Capital creditors	**377**	321
	Acceptances for capital goods	-	97
	Accrued expenses	**878**	511
	Book overdraft	**131**	-
	Interest accrued but not due on borrowings	**474**	302
	Employee related liabilities	**466**	484
	Derivative liability (refer note 43)	**1,061**	531
	Advance from customer	**157**	386
	Dealer deposits	**56**	55
	Unpaid dividend	**25**	28
	Statutory liabilities	**115**	157
		9,678	9,246

* Includes current maturities of term loans from banks ₹4,627 lacs (previous year: ₹5.588 lacs), current maturities of term loans from financial institutions ₹1,051 lacs (previous year: ₹429 lacs), current maturities of term loans from others ₹13 lacs (previous year: ₹77 lacs), current maturities of sales tax deferral loan ₹116 lacs (previous year: ₹88 lacs) and current maturities of deposits from shareholders and others category ₹131 lacs (previous year: ₹192 lacs)

		As at 31 March 2014	As at 31 March 2013
12.	**Short-term provisions**		
	Provision for employee benefits:		
	Gratuity (refer note 38)	**112**	3
	Compensated absences	**27**	13
	Others		
	Provision for warranties (refer note 39)	**44**	56
	Provision for income tax	-	3
		183	75

13. FIXED ASSETS

(₹ in lacs)

Particulars	Gross Block				Accumulated depreciation					NET BLOCK	
	As at 1 April 2013	Additions	Disposals	As at 31 March 2014	As at 1 April 2013	Depreciation for the year	Adjustment due to revaluations	Disposals	As at 31 March 2014	As at 31 March 2014	As at 31 March 2013
Tangible assets (Leased)											
Leasehold Improvements	-	113	-	113	-	6	-	-	6	107	-
Tangible assets (Owned)											
Land (refer note 49)#	3,866	7,452	1,473	9,845	-	-	-	-	-	9,845	3,866
Buildings (refer note 49)	6,006	50	1,513	4,543	1,188	201	-	254	1,135	3,408	4,818
Plant and machinery	28,130	591	517	28,204	12,868	1,897	-	224	14,541	13,663	15,262
Measuring instruments	333	22	-	355	103	14	-	-	117	238	230
Electrical installations	856	1	-	857	281	40	-	-	321	536	575
Data processing equipment	703	27	10	720	607	37	-	9	635	85	96
Office equipment	306	4	11	299	234	24	-	10	248	51	72
Furniture and fixtures	307	2	-	309	203	20	-	-	223	86	104
Tools, dies and moulds	1,637	66	28	1,675	742	162	-	1	903	772	895
Vehicles	646	1	38	609	235	59	-	19	275	334	411
Motor boat	402	-	-	402	40	20	-	-	60	342	362
Total tangible assets (A)	**43,192**	**8,329**	**3,590**	**47,931**	**16,501**	**2,480**	**-**	**517**	**18,464**	**29,467**	**26,691**
Intangible assets											
Application software	609	56	-	665	472	48	-	-	520	145	137
Prototype development	2,865	-	6	2,859	537	288	-	-	825	2,034	2,328
Total intangible assets (B)	**3,474**	**56**	**6**	**3,524**	**1,009**	**336**	**-**	**-**	**1,345**	**2,179**	**2,465**
Total (A) + (B)	**46,666**	**8,385**	**3,596**	**51,455**	**17,510**	**2,816**	**-**	**517**	**19,809**	**31,646**	**29,156**
Previous year	43,454	3,823	611	46,666	15,134	2,660	5	289	17,510	29,156	

Note:

1. **Depreciation for the year is reflected as follows:**	**Year ended 2014**	Year ended 2013
Depreciation as per statement of profit and loss	**2,816**	2,629
Depreciation considered under intangible assets (including CWIP)	-	31
	2,816	2,660

During the year, the Company based on the possession certificate issued during the year has capitalized the land admeasuring 27.65 acres. The Company is in the process of completing the registration.

	As at 31 March 2014	As at 31 March 2013
		(₹ in lacs)
14. Non-current investments		
(valued at cost unless stated otherwise)		
Other than trade investments		
Investment in equity instruments		
a) Investment in subsidiary - unquoted		
1) 4,999,930 (previous year 4,999,930) equity shares of ₹10 each fully paid up of JKM Research Farm Limited	**500**	500
2) 14,571,451 (previous year 14,571,451) equity shares of $1 each of JKM Global Pte Limited, Singapore*	**4,739**	4,739
3) 17,999,994 (previous year 17,999,994) equity shares of ₹10 each of JKM Erla Automotive Limited	**1,800**	1,800
	7,039	7,039
b) Investment in other entities - unquoted		
1) 5,000 (previous year - 5,000) equity shares of ₹10 each of Harasfera Design Private Limited	**1**	1
2) 921,530 (previous year 921,530) equity shares of ₹10 each of Murablack (India) Limited	**92**	92
Provision for diminution in value	**(92)**	(92)
	1	1
	7,040	7,040
Aggregate book value of unquoted investments	**7,040**	7,040

* Shares pledged with State Bank of India, London and Punjab National Bank (International) Limited, London, for availing loan facilities by JKM Global Pte Limited, Singapore (subsidiary) and Dynamatic Limited, UK (step subsidiary).

	As at 31 March 2014	As at 31 March 2013
15. Long term loans and advances		
Loans and advances to related parties		
Unsecured, considered good		
Loans and advances to subsidiaries (refer to note 41)	-	2,015
Loans and advances to Others		
Unsecured, considered good		
Capital advances	**171**	113
Security deposits	**638**	447
Advance income tax	**485**	376
	1,294	2,951
16. Other non-current assets		
Interest accrued on loan to a subsidiary (refer note 41)	-	323
Prepaid expenses	**161**	32
Other bank balances		
Bank deposits with more than 12 months maturity	**404**	229
	565	584

	As at 31 March 2014	(₹ in lacs) As at 31 March 2013
17. Inventories		
(Valued at lower of cost and net realizable value)		
Raw materials*	**2,856**	2,660
Work-in-progress	**1,122**	1,449
Finished goods	**1,487**	1,293
Stores and spares	**649**	661
	6,114	6,063
* includes goods in transit current year: ₹89 lacs (previous year: ₹59 lacs)		
18. Trade receivables		
Unsecured		
Outstanding for period exceeding six months		
- Considered good*	**1,499**	1,970
- Considered doubtful	**511**	606
Other debts		
- Considered good*	**5,397**	4,887
	7,407	7,463
Less: Provision for doubtful receivables	**(511)**	(606)
	6,896	6,857
* Includes amounts receivable from related parties, refer note 41	**626**	668
19. Cash and bank balances		
Cash and cash equivalents		
- Cash on hand	**13**	7
- Balance with banks		
- on current accounts	**834**	141
	847	148
Other bank balances		
- on fixed deposit accounts (original maturity of more than 3 months)	**38**	43
- on margin money deposit accounts	**378**	208
-unpaid dividend account	**25**	28
	1,288	427
20. Short term loan and advances		
Loans and advances to related parties		
Unsecured, considered good		
Loans to subsidiaries (refer note 41)	**3,596**	3,062
Loans and advances Others		
Unsecured, considered good		
Advances to supplier	**939**	444
Cenvat receivable	**581**	463
Value added tax receivable	**238**	112
Loans to employees	**37**	42
Minimum alternate tax credit entitlement	**417**	394
Others	**30**	11
	5,838	4,528
21. Other current assets		
Unbilled revenue (refer note 44)	**1,346**	1,378
Prepaid expenses	**595**	261
Interest accrued on loan to a subsidiary (refer note 41)	**114**	-
Others	**31**	2
	2,086	1,641

(₹ in lacs)

		For the year ended 31 March 2014	For the year ended 31 March 2013
22.	**Other operating revenues**		
	Management fees (refer note 47)	**1,318**	700
	Scrap sales	**1,015**	1,100
		2,333	1,800
23.	**Other income**		
	Interest income	**166**	283
	Profit on sale of fixed assets (net) (refer note 49)	**1,233**	-
	Miscellaneous income	**74**	50
		1,473	333
24.	**Cost of materials consumed***		
	Inventory of materials at the beginning of the year	**2,660**	2,794
	Add: purchases	**21,057**	20,682
	Less: closing stock	**2,856**	2,660
		20,861	20,816

* the consumption disclosed is based on the derived figures.

Major raw material and components consumed		
Aluminum extrusions	**1,374**	1,253
Castings	**5,798**	5,163
Steel	**688**	666
Components	**6,539**	4,401
Aluminum alloy	**2,954**	8,491
Others*	**3,508**	842
	20,861	20,816

* Individual values of these are less than 10% of total raw material and components consumed

25.	**Changes in inventory of finished goods and work-in-progress**		
	Opening stock		
	- Finished goods	**1,293**	727
	- Work-in-progress	**1,449**	1,672
		2,742	2,399
	Closing stock		
	- Finished goods	**1,487**	1,293
	- Work-in-progress	**1,122**	1,449
		2,609	2,742
	Impact of excise duty on change in stock of finished goods	**(53)**	83
		80	(260)

(₹ in lacs)

Particulars	31 March 2014 Opening inventory	31 March 2014 Closing inventory	31 March 2014 (Increase)/ decrease in inventory	31 March 2013 Opening inventory	31 March 2013 Closing inventory	31 March 2013 (Increase) / decrease in inventory
Manufactured goods						
Hydraulic gear pump	**592**	**384**	**208**	291	592	(301)
Exhaust-manifold	**71**	**134**	**(63)**	58	71	(13)
Compressor housing	**36**	**53**	**(17)**	9	36	(27)
Water pump	**46**	**111**	**(65)**	21	46	(25)
Case front	**100**	**38**	**62**	81	100	(19)
Special product	**70**	**80**	**(10)**	55	70	(15)
Intake manifold	**82**	**30**	**52**	17	82	(65)
Rocker arm. - A & B	**15**	**84**	**(69)**	42	15	27
Others	**281**	**573**	**(292)**	153	281	(128)
	1,293	**1,487**	**(194)**	727	1,293	(566)
Less: excise duty on finished goods	**(181)**	**(128)**	**(53)**	(98)	(181)	83
	1,112	**1,359**	**(247)**	629	1,112	(483)
Work-in-progress						
Pumps	**670**	**677**	**(7)**	889	670	219
Valves	**64**	**80**	**(16)**	145	64	81
Intake manifold	**183**	**-**	**183**	190	183	7
Others	**532**	**365**	**167**	448	532	(84)
	1,449	**1,122**	**327**	1,672	1,449	223
	2,561	**2,481**	**80**	2,301	2,561	(260)

(₹ in lacs)

	For the year ended 31 March 2014	For the year ended 31 March 2013
26. Employee benefits		
Salaries, wages and bonus	**3,929**	3,846
Contribution to provident fund and other funds	**467**	361
Workmen and staff welfare expenses	**442**	485
	4,838	4,692
27. Finance costs		
Interest expense	**5,957**	4,396
	5,957	4,396

(₹ in lacs)

		For the year ended 31 March 2014	For the year ended 31 March 2013
28.	**Other expense**		
	Consumption of stores, loose tools and spare parts	**1,552**	1,828
	Subcontractor charges	**1,498**	1,627
	Power and fuel	**1,171**	1,279
	Rent	**730**	606
	Repairs and maintenance:		
	- buildings	**11**	39
	- plant and machinery	**281**	261
	- others	**492**	550
	Rates and taxes	**172**	87
	Legal and professional fees	**702**	644
	Travelling and conveyance expenses	**520**	695
	Printing and stationery	**62**	60
	Communication expenses	**65**	73
	Foreign exchange loss (net)	**925**	842
	Provision for doubtful debts (net)	**(95)**	356
	Bad debts written off	**238**	40
	Insurance	**146**	132
	Cash discount	**95**	57
	Freight outward	**171**	283
	Sales promotion and advertisement	**15**	36
	Selling expenses	**305**	168
	Loss on sale of fixed assets (net)	-	25
	Warranty and replacement expenses	**14**	30
	Security charges	**126**	104
	Directors sitting fees	**9**	11
	Bank charges	**206**	229
	Miscellaneous	**221**	277
		9,632	10,339
29.	**Exceptional items**		
	Expenses incurred towards loan funds raised*		
	Professional charges	**150**	-
		150	-

* Pertains to various expenses incurred by the Company such as professional and other ancillary charges towards loan funds raised from KKR India Financial Services Private Limited, a Non Banking Financial Corporation.

(₹ in lacs)

30. Commitment

1. Capital Commitment

Particulars	As at 31 March 2014	As at 31 March 2013
Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	**835**	288

2. Other Commitment

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

31. Contingent liabilities

The details of contingent liabilities are as under:

Particulars	As at 31 March 2014	As at 31 March 2013
Corporate guarantee	**23,986**	22,075

32. Particulars of managerial remuneration

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Salaries and allowances (including bonus)	**40**	134
Contribution to provident fund	**3**	7
Perquisites	**26**	11
Total	**69**	152

The remuneration does not include gratuity and compensated absences as the same has been provided based on the actuarial valuation determined for the Company as a whole.

33. Auditors' remuneration (included in legal and professional charges)*

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Statutory audit fees	**49**	45
Other services	**47**	46
Out-of-pocket expenses	**3**	3
Total	**99**	94

*excludes service tax

34. Lease transactions

a) The Company is obligated under cancellable operating leases for office, residential facilities and vehicles. Lease rental expense under cancellable operating leases during the year was ₹235 lacs (previous year ₹269 lacs).

b) The Company is obligated under non-cancellable operating leases for plant and machinery. Lease rental expense under non-cancellable operating leases during the year was ₹495 lacs (previous year ₹337 lacs).

(₹ in lacs)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Payable within one year	**589**	431
Payable between one and five years	**1,596**	1,498
Payable after 5 years	-	-

35. Details of imported and indigenous raw materials and components consumed

(₹ in lacs)

Particulars	For the year ended 31 March 2014		For the year ended 31 March 2013	
	Value	%	Value	%
Imported	**2,042**	**10%**	4,309	21%
Indigenous	**18,819**	**90%**	16,507	79%
	20,861	**100%**	20,816	100%

36. Details of imported and indigenous stores and spares consumed

(₹ in lacs)

Particulars	For the year ended 31 March 2014		For the year ended 31 March 2013	
	Value	%	Value	%
Imported	**183**	**12%**	167	9%
Indigenous	**1,369**	**88%**	1,661	91%
	1,552	**100%**	1,828	100%

37. Value of imports on C.I.F. basis

(₹ in lacs)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Raw materials and components	**2,013**	4,060
Stores and spares	**199**	196
Capital goods	**30**	122
	2,242	4,378

38. Gratuity plan

The following table sets out the status of the funded gratuity plan as required under revised AS 15 'Employee benefits'

(₹ in lacs)

Particulars	As at 31 March 2014	As at 31 March 2013
Change in defined benefit obligation		
Opening defined benefit obligation	**742**	739
Current service cost	**69**	52
Interest cost	**62**	57
Benefits settled	**(124)**	(107)
Actuarial losses	**114**	1
Closing defined benefit obligation	**863**	742
Change in plan assets		
Plan assets at the beginning of the year, at fair value	**730**	691
Expected return on plan assets	**54**	54
Contributions	**14**	82
Benefits settled	**(125)**	(107)
Actuarial losses/(gain)	**(2)**	10
Plan assets at the end of the year, at fair value	**671**	730
Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets at the end of the year	**671**	730
Present value of the defined benefit obligations at the end of the year	**(863)**	(742)
Liability recognized in the balance sheet	**(192)**	(12)
Gratuity cost for the period		
Current service cost	**69**	52
Interest on defined benefit obligation	**62**	57
Net actuarial losses/(gain)	**116**	(9)
Return on plan assets	**(54)**	(54)
Total, included in "Employee benefit expense"	**193**	46
Assumptions at the valuation date		
Discount factor	**9.17%**	8.25%
Expected rate of return on plan assets	**8.00%**	8.00%
Expected rate of salary increase	**6.00%**	6.00%
Attrition rate	**5.00%**	5.00%
Retirement age	**58**	58
Expected Employer's contribution over one year	**₹60 lacs**	₹20 lacs

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

Five Year Information

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

	2014	2013	2012	2011	2010
Present value of DBO	**863**	742	739	661	508
Fair value of plan assets	**671**	730	691	592	494
Funded status [Surplus / (Deficit)]	**(192)**	(12)	(48)	(69)	(14)
Experience loss / (gain) adjustments on plan liabilities	**114**	1	7	(6)	(2)
Experience loss / (gain) adjustments on plan assets	**(2)**	10	7	2	5

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

Provision for warranties

(₹ in lacs)

Particulars	As at 31 March 2014	As at 31 March 2013
Opening balance	**56**	56
Provision	**14**	30
Utilized during the year	**(26)**	(30)
Closing balance	**44**	56

Warranty provision is utilised to make good the amount spent on spares, labour, and all other related expenses on the event of failure of automotive products. All the amounts are expected to be utilised in the ensuing year. Outflows are expected to maintain the same trend as that of past years. No amount is expected as a reimbursement towards this cost.

40. Expenditure and earnings in foreign currency

(₹ in lacs)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Expenditure in foreign currency		
Travelling	**8**	38
Interest	**92**	204
Others	**3**	8
	103	250
Earnings in foreign currency		
Exports of goods on F.O.B. basis	**10,847**	10,210
Interest	**127**	107
Management fee	**1,318**	700
	12,292	11,017

41. Related party transactions:

(a) Names of related parties and relationship

Sl. No.	Name of related parties	Relationship
(i)	JKM Global Pte Limited, Singapore	Subsidiary
(ii)	JKM Research Farm Limited, India	Subsidiary
(iii)	JKM Erla Automotive Limited, India	Subsidiary
(iv)	Dynamatic Limited, UK	Step subsidiary
(v)	JKM Erla Holdings GmbH, Germany	Step subsidiary
(vi)	Eisenwerk Erla GmbH, Germany	Step subsidiary
(vii)	JKM Ferrotech Limited	Step subsidiary
(viii)	Harasfera Design Private Limited	Associate
(ix)	JKM Holdings Private Limited	Companies over which key management personnel or relatives of such personnel are able to exercise significant influence (other related entities)
(x)	JKM Human Resources Private Limited (Related party up to 31 December 2013)	
(xi)	JKM Offshore (India) Private Limited	
(xii)	Udayant Malhoutra and Company Private Limited	
(xiii)	Wavell Investments Private Limited	
(xiv)	Vita Private Limited	
(xv)	Udayant Malhoutra	Chief Executive Officer and Managing Director
(xvi)	V Sunder	Non-executive director (retired with effect from 3 June 2013)
(xvii)	N Rajagopal	Executive Director and Chief Operating Officer up to 22 August 2013
(xviii)	Pramilla Malhoutra	Relatives of KMP
(xix)	Udita Malhoutra	
(xx)	Barota Malhoutra	

(b) Transactions with related parties and year end balances

(₹ in lacs)

Sl. No.	Name of related party	Description of the transaction	Transactions during the year ended		Outstanding balance [receivable / (payable)]	
			31 March 2014	31 March 2013	As at 31 March 2014	As at 31 March 2013
(i)	Dynamatic Limited, UK	Sale of manufactured goods	**434**	522	**92**	256
		Purchase of raw materials	-	70	-	(159)
		Management fees	**502**	-	-	-
(ii)	JKM Global Pte Limited, Singapore	Interest income	**127**	107	**114**	323
		Loans and advances (repaid)/given including foreign exchange reinstatement gain	**(1,583)**	77	-	1,583*
(iii)	JKM Research Farm Limited	Expenses- rent	**108**	108	-	-
		Loans and advances given/(repaid)	**(66)**	51	**3****	69**
(iv)	JKM Erla Automotive Limited	Loans and advances given	**3,161**	221	**3,593****	432*
(v)	Eisenwerk Erla GmbH, Germany	Management fees income	**816**	700	-	-
(vi)	JKM Ferrotech Limited	Sales of raw materials	**1,815**	-	**534**	412
		Sale of power	**99**	590	-	-
		Sale of fixed asset	**272**	301	-	-
		Labour charges	**17**	32	-	-
		Purchase of fixed assets	**6**	-	-	-
		Purchase of raw materials	**2,796**	2,744	-	-
		Other income- interest	-	141	-	-
		Loans and advances (repaid) /given	**(2,993)**	3,798	-	2,993**
(vii)	Harasfera Design Private Limited	Legal and professional charges paid	**21**	19	-	-
(viii)	JKM Holdings Private Limited	Rent paid	**4**	4	-	-
		Short term borrowing repaid	-	50	-	-
		Final dividend paid	-	18	-	-
(ix)	JKM Human Resources Private Limited	Expenses- salaries and wages	**683**	761	-	(51)
(x)	JKM Offshore (India) Private Limited	Final dividend paid	-	9	-	-
(xi)	Udayant Malhoutra and Company Private Limited	Final dividend paid	-	13	-	-
		Interest expenses	**8**	67	-	-
		Short term borrowings	**125**	270	-	(270)
		Short term borrowings repaid	**395**	-	-	-
(xii)	Wavell Investments Private Limited	Short term borrowings	-	200	-	(200)
		Short term borrowings repaid	**200**	-	-	-
		Proceeds from share warrants	**750**	-	-	-
		Interest expenses	**9**	-	-	-
(xiii)	Udayant Malhoutra	Final dividend paid	-	18	-	-
		Managerial remuneration	**48**	54	-	-
(xiv)	V Sunder	Managerial remuneration	-	29	-	-
(xv)	N Rajagopal	Managerial remuneration	**21**	45	-	-
(xvi)	Pramilla Malhoutra	Rent paid	**24**	24	-	-
(xvii)	Udita Malhoutra	Rent paid	**4**	4	-	-
(xviii)	Others	Final dividend paid	-	2	-	-

*disclosed under long term loans and advances
**disclosed under short term loans and advances

42. Segment information

Information about Primary Business Segments:

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

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

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

Information relating to business segments for the year ended 31 March 2014:

(₹ in lacs)

Particulars	HPE	AUC	ASP	Others	Unallocated	Total
A. Primary segment reporting						
(i) Revenue						
Sales and services	20,039	17,531	9,525	99	-	47,194
Less: excise duty	(2,332)	(1,939)	(31)	-	-	(4,302)
Total revenue	**17,707**	**15,592**	**9,494**	**99**	**-**	**42,892**
(ii) Results						
Segment result	2,591	(1,880)	3,866	88	-	4,665
Add: Other income	-	-	-	-	1,473	1,473
(Less): interest expense	-	-	-	-	(5,957)	(5,957)
(Less): Exceptional items	-	-	-	-	(150)	(150)
Profit/(loss) before taxation	**2,591**	**(1,880)**	**3,866**	**88**	**(4,634)**	**31**
(Less): provision for taxation	-	-	-	-	-	-
Net profit after tax	**2,591**	**(1,880)**	**3,866**	**88**	**(4,634)**	**31**
(iii) Other information						
Segment assets	11,809	16,822	17,897	2,898	13,397	62,823
Segment liabilities	4,263	5,811	2,992	23	18,890	31,979
Capital expenditure	259	289	476	1	-	1,025
Depreciation	660	1,499	628	29	-	2,816
Other non-cash expenses	69	77	65	-	-	211

Information relating to business segments for the year ended 31 March 2013:

(₹ in lacs)

Particulars	HPE	AUC	ASP	Others	Unallocated	Total
A. Primary segment reporting						
(i) Revenue						
Sales and services	18,575	21,048	6,706	415	-	46,744
Less: excise duty	(2,112)	(2,187)	(23)	-	-	(4,322)
Total revenue	**16,463**	**18,861**	**6,683**	**415**	**-**	**42,422**
(ii) Results						
Segment result	2,388	(941)	2,498	261	-	4,206
Add: Other income	-	-	-	-	333	333
(Less): interest expense	-	-	-	-	(4,396)	(4,396)
Profit/(loss) before taxation	**2,388**	**(941)**	**2,498**	**261**	**(4,063)**	**143**
(Less): provision for taxation	-	-	-	-	(113)	(113)
Net profit after tax	**2,388**	**(941)**	**2,498**	**261**	**(4,176)**	**30**
(iii) Other information						
Segment assets	11,128	22,401	16,282	2,993	13,859	66,663
Segment liabilities	3,564	6,434	2,556	14	22,685	35,253
Capital expenditure	22	655	1,175	-	-	1,852
Depreciation	637	1,344	570	78	-	2,629
Other non-cash expenses	23	222	167	-	-	412

B. Secondary segment reporting

Information relating to geographical segment for the year ended 31 March 2014

(₹ in lacs)

Particulars	31 March 2014			31 March 2013		
	In India	Outside India	Total	In India	Outside India	Total
Revenue (Including other income)	**32,073**	**12,292**	**44,365**	31,738	11,017	42,755
Carrying amount of segment assets	**59,515**	**3,308**	**62,823**	61,572	5,091	66,663
Capital expenditure	**1,025**	-	**1,025**	1,852	-	1,852

43. Derivative instruments

As of 31 March 2014, the Company has recognized a cumulative loss of ₹1,836 lacs (2013: ₹1,495 lacs) relating to derivative instruments (comprising of foreign currency forward contracts) that are designated as effective cash flow hedges in the shareholders' fund.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding as at:

(in lacs)

Particulars		As at 31 March 2014	As at 31 March 2013
Designated derivative instruments			
Forwards sell	**GBP**	**65**	107

As of the balance sheet date, the Company has foreign currency exposures that are not hedged by a derivative instrument or otherwise as detailed below:

Particulars	As at 31 March 2014		As at 31 March 2013	
	Amount in original currency in lacs	Amount in ₹ lacs	Amount in original currency in lacs	Amount in ₹ lacs
Trade receivables				
USD	**28**	**1,669**	33	1,842
EURO	**7**	**604**	8	540
GBP	**3**	**336**	10	797
Loans receivable				
USD	-	-	24	1,314
EURO	-	-	4	275
Interest receivable				
SGD	**2**	**114**	7	323
Advance paid				
CHF	-	**1**	-	-
USD	-	**17**	-	-
Trade payables				
USD	**5**	**318**	40	2,160
EURO	-	**17**	3	247
CHF	-	-	-	2
GBP	-	**20**	-	22
JPY	-	-	66	38

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

(₹ in lacs)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Contract revenue recognized as revenue for the year	**2,946**	1,759
Aggregate amount of contract cost incurred for contracts in progress at the reporting date	**915**	813
Recognized profits (less recognized losses) for contracts in progress at the reporting date	**431**	565
Unbilled revenues (contract revenue recognized in excess of billings) presented under other current assets	**1,346**	1,378
Advance received from customer	**144**	591

45. Dues to Micro and Small Enterprises

According to the information available with the Company, there are no dues payable to Micro and Small Enterprises as defined under the "The Micro, Small and Medium Enterprises Development Act, 2006". The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneur's Memorandum Number as allocated after filling of the Memorandum. Further there are no dues payable to small scale industries (previous year: ₹Nil).

46. Computation of weighted average number of shares

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Weighted average number of equity shares outstanding at the beginning of the year	**5,414,703**	5,414,703
Add: Weighted average number of equity shares issued during the year;		-
- 125,347 number of shares issued on 26 March 2014	**2,060**	
Weighted average number of equity shares outstanding during the year	**5,416,763**	5,414,703

47. Management fee represents the cost with an agreed markup for rendering executive management, finance accounting, human resources services, legal and other miscellaneous services to its step down subsidiaries.

48. Pursuant to a resolution passed in the Extraordinary General Meeting of shareholders dated 25 March 2013, amounts aggregating ₹67,500,166 and ₹57,499,994 (being 25% of the total value of warrants at the date of allotment) has been brought in by Mr Udayant Malhoutra in his capacity as Promoter and by Wavell Investments Private Limited, being a Promoter group company, towards subscription of 338,440 and 288,300 convertible warrants of ₹797.78 each respectively. These warrants give the right to the warrant holders to subscribe for one equity share of ₹10 each in the Company per warrant which is exercisable within 18 (eighteen) months from the date of allotment i.e. 26 March 2013.

Out of 288,300 convertible warrants issued to Wavell Investments Private Limited, the Board vide its circular resolution dated 26 March 2014 has accorded its approval to allot 125,347 equity shares by conversion of 125,347 convertible warrants at a price of ₹797.78 each (face value of ₹10 and premium of ₹787.78). Accordingly, the Company has received balance 75% of total value of 125,347 warrants aggregating ₹75,000,000 towards the allotment of 125,347 equity shares on conversion of these 125,347 warrants.

49. During the year, the Company has transferred its right on leasehold land located at the SIPCOT area in Tamil Nadu along with the building and superstructure constructed on it for aggregate consideration of ₹2,854 lacs. Accordingly, the Company has credited ₹1,295 lacs to the statement of profit and loss account including adjustment of revaluation reserve of ₹1,387 lacs.

50. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international as well as specified domestic transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international as well as specified domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W

VINEET DHAWAN
Partner
Membership No.: 092084

Place : Bangalore
Date : 28 May 2014

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

UDAYANT MALHOUTRA
CEO and Managing Director

VIJAI KAPUR
Chairman

HANUMAN SHARMA
Chief Financial Officer

NAVEEN CHANDRA P
DGM - Compliance, Legal & Company Secretary

DYNAMATIC LIMITED, UK

business report
2013 - 2014

DYNAMATIC LIMITED, UK

DIRECTORS

Mr. Udayant Malhoutra	- Chairman
Mr. Michael John Handley	- Director
Mr. Raymond Keith Lawton	- Managing Director, Hydraulics Division
Mr. Ian Patterson	- Director & Chief Technology Officer, Hydraulics Division
Mr. James Tucker	- Managing Director, Aerospace Division

FINANCE HEAD AND COMPANY SECRETARY

Mr. Tony Atkins, FCCA

AUDITORS

KPMG LLP, UK

Chartered Accountants & Statutory Auditors

BANKERS

State Bank of India, UK

Royal Bank of Scotland, UK

REGISTERED OFFICE

Cheney Manor, Swindon, Wiltshire SN2 2PZ, England

OPERATING PLANTS

Hydraulics Division

Cheney Manor, Swindon, Wiltshire SN2 2PZ, England

Aerospace Division

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

FINANCIAL RESULTS

DYNAMATIC LIMITED, UK		
Particulars	**Year ended 31.03.2014 *₹ in Lacs****	**Year ended 31.03.2013 *₹ in Lacs****
Sales	**26,972**	23,247
EBITDA	**3,385**	3,124
Interest	**229**	394
Depreciation	**706**	689
PBT *[Before Unrealised Forex Gain / (Loss) & Extraordinary item]*	**2,450**	2,041
Unrealised Forex *Gain/(Loss) & Extraordinary item*	**(10)**	(58)
PBT *[After Unrealised Forex Gain / (Loss) & Extraordinary item]*	**2,440**	1,983
Tax Charge / (credit)	**335**	523
Profit After Tax	**2,105**	1,460

** Numbers restated as Indian GAAP*

DYNAMATIC HYDRAULICS™, DYNAMATIC LIMITED, UK

REVIEW OF BUSINESS 2013-2014

Dynamatic Hydraulics™, Swindon saw a small reduction in sales from £14,800K in 2012/13 to £14,648K in 2013/14. The trend of strong sales remained throughout this last financial year with sales remaining at almost the same level as the previous year. This volume of sales has enabled the plant to continue to run a full day shift and also maintain the small twilight shift to run the key equipment required to match both the production and capacity demands. As we have moved towards the end of this financial year one of the main OEM tractor platforms, in CNH Brazil, came to an end in the third quarter and we shipped our last pumps in November 2013. We have also come to the end of the Womack military vehicle contract along with the gear pump business in Gima, France. This will have a significant effect on the Swindon sales next year although this will be offset somewhat by anticipated increases in sales with Alexander Dennis in the UK and CNH Aftermarket sales in France.

The Swindon plant has continued to focus on all of its lean initiatives which have been the basis of all of the continuous improvement projects undertaken within this last year. In line with the forecast and budgeted reduction in sales the workforce now stands at 132, including 2 apprentices, which is at our lowest ever level. There has also been a continuation of the employee engagement program which is aimed at empowering all employees to get involved in all aspects of the business the main drivers being aimed at improving efficiency and reducing costs.

The result of all of these initiatives has resulted thus far in record levels of plant efficiency which stood at 90.1% for the last year which is a 7% increase over 2012/13. With reduced sales planned for the next financial year it is vital that the business continues to focus on these initiatives in order, that even with these lower sales, we continue to achieve increased efficiencies and hence improved profitability. This also works hand in hand with improving all of our quality metrics which internally means reduction of scrap levels but also, more importantly, lifts our quality performance with all of our customer base and in particular the major OEM customers such as John Deere, Muncie, ZF, Terex etc.

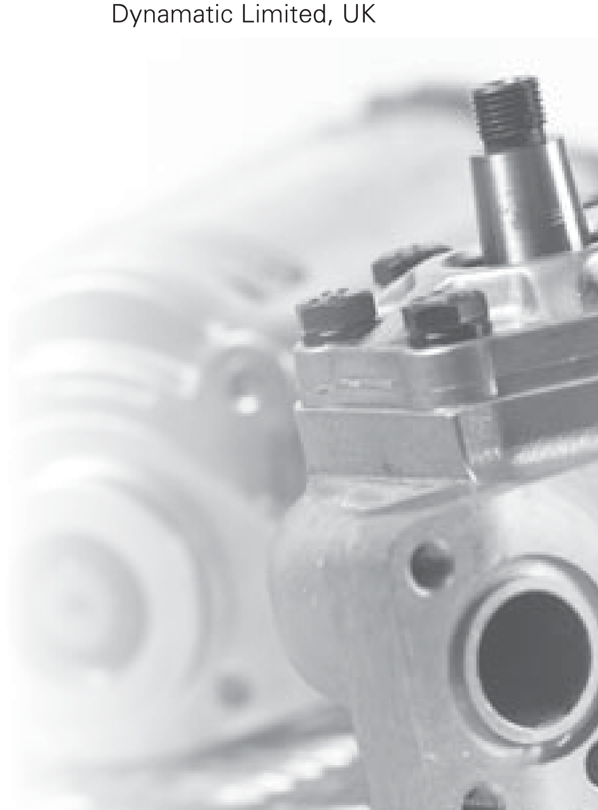
Future Outlook

Looking forward to 2014/15 it will be one of initially stabilising and consolidating the existing OEM business in particular and looking for and taking the opportunity, wherever possible, to grow business both within and also beyond the existing customer base. In particular we are exploring new opportunities within the John Deere group of companies. We are also actively seeking to grow further the cast iron pump product range that was launched into Terex based in Northern Ireland across other customers and we are particularly targeting growth in the North American market for both our Aluminium and Cast Iron pump range. Although the sales budget for this forthcoming year is showing a reduction, as described previously, we continue to drive all of the lean initiatives and cost reduction activities and the target is to improve again EBIDTA against lower sales in this next financial year. We are also looking to build upon the grinding machine investment made in early 2013 which were the first new machine tools we have taken delivery of since 2000. This type of new, faster and more efficient equipment is another important factor in improving our plant efficiency and reducing costs. We are currently evaluating proposals on new machining centres to machine all Group 2 bodies.

The activity in growing the Aerospace footprint within the Hydraulics facility is currently under review and evaluation and in line with the anticipated growth of the UK aerospace business we are looking at utilising further space in Bay 1 of the Cheney Manor facility. In line with this, and due to the fact that the current lease with Swindon Borough Council is due to end in July 2015, we have continued to explore other facility options with the council as the age and condition of the current building is giving cause for concern in terms of its overall condition. We are also however in parallel with this looking at the costs and possibility of a repair/ refurbishment of the Cheney Manor facility to try and re-life it for a further 5/10 years.

In summary the year ahead is both challenging from a sales viewpoint, whilst also providing an opportunity for Swindon to stabilise and further build upon the significant gains in PBT and EDITDA achieved last year with more focus on growing our major OEM customer base.

Raymond Keith Lawton
Managing Director
Dynamatic Hydraulics™
Dynamatic Limited, UK



REVIEW OF BUSINESS 2013-2014

In the UK, the total aerospace market is estimated to generate £20 billion of sales per annum and provides 250,000 jobs. Not only do we have world class companies such as BAE and Rolls Royce but a whole raft of high quality businesses such as GKN Aerospace, Airbus UK, Spirit Aerosystems, GE Aviation supplying and supporting this important and growing UK market. Dynamatic-Oldland Aerospace™ division is fortunate to be working with all of these companies and prides itself on developing relationships further to enhance its order book and in turn provide the customer with high quality engineered products incorporating the complete global engineering solution.

Dynamatic-Oldland Aerospace™ division in the UK continues to have a good mix of business across a varied range of aircrafts.

We achieved sales of £13.38mil against a forecast of £13.73mil; this was an overall increase in sale in the annual period to March 2013 £12.15m of 10.1%. There was a reduction of 19.2% in PBT on last year's results due to Sales mix versus cost of sales, machine tool breakdowns and Capex Depreciation. Great emphasis has been placed on increasing productivity further with the expansion of our existing twilight shift in the Bristol site, implementation of our PIP (process improvement plan), expansion into the Swindon aerospace site and rental of faster, larger machine tools. This will increase capacity to support the predicted aircraft rate increases and enable us to expand our order book and maintain a good return. The sales budget for 2014/2015 is £13.92mil. All departments of the Bristol site have excelled throughout the year and at times faced some very difficult situations with regards to machine tool breakdown pushing out the customer delivery schedules. Overall we produced 250,500 parts in the year with an internal RFT (right first time) of 98.3%, 24 concessions were submitted, the majority being Dassault project and a total of 258 first off articles and 200 continuing FAI for Dassault project from 2012/2013 production of over 400.

Future Outlook

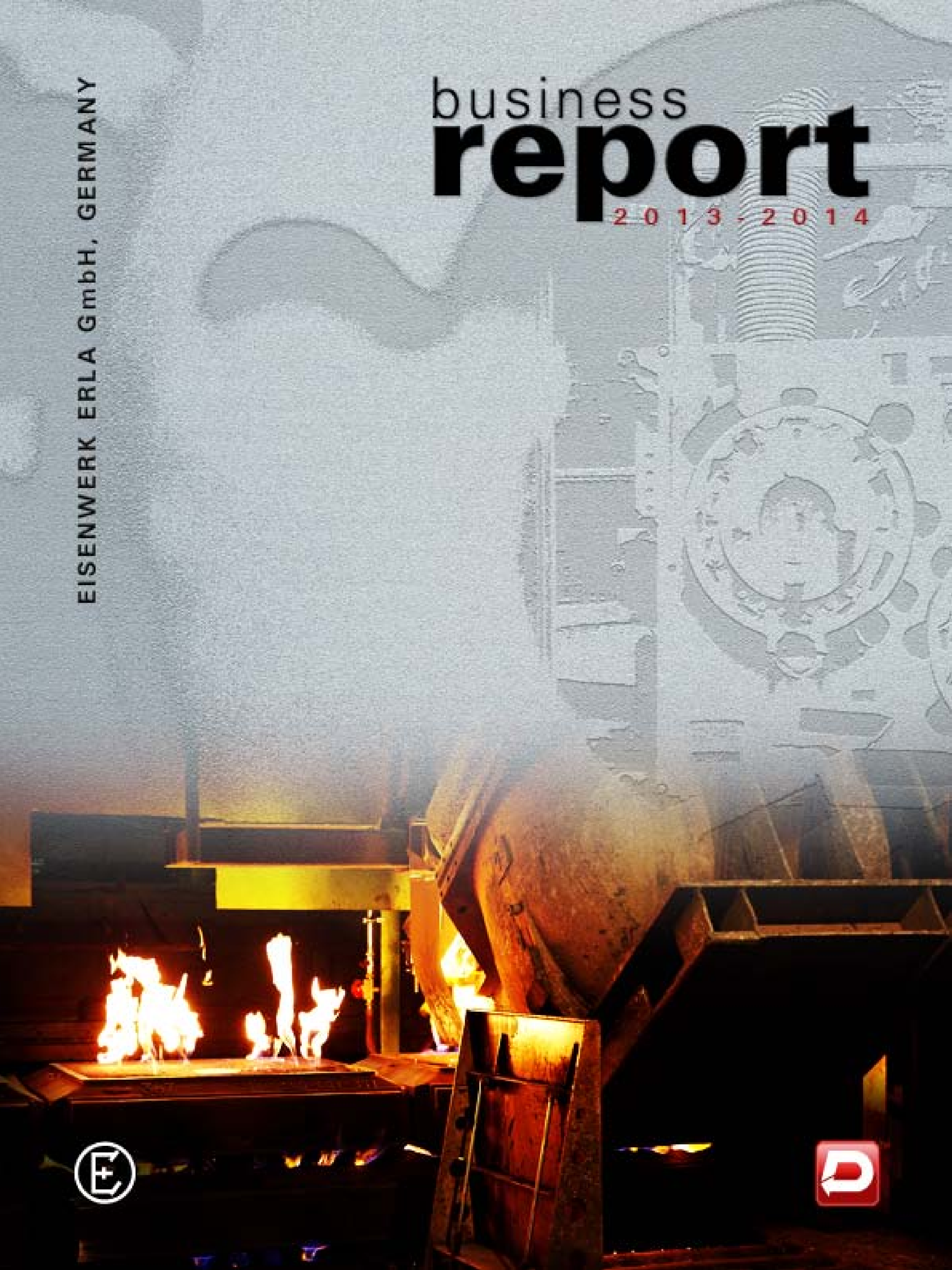
Whilst the global economic crisis has since had a significant impact on sales worldwide, prospects for the aerospace sector look positive, with the market predicted to be valued at US$1190 billion by end of 2014. This is underpinned by the large order backlog of both Boeing and EADS. The US is the largest market accounting for 59% of the global aerospace & defence sector, followed by Europe with 22% share and Asia-Pacific with 9%. We are confident that with the planned introduction of large 5 axis machine tools, increased shifts, lean principles to utilise and increase capacity with further use of automation that the Dynamatic-Oldland Aerospace™, UK division will continue to maintain steady sales growth and its competitive edge.

James Tucker
Managing Director
Aerospace Division
Dynamatic Limited, UK

EISENWERK ERLA GmbH, GERMANY

business report

2013 - 2014



REVIEW OF BUSINESS 2013-2014

DIRECTORS

Mr. Udayant Malhoutra - Chairman
Mr. Dietmar Hahn - Managing Director
Mr. Hanuman Sharma - Director
Mr. Enrico Fischer - Chief Financial Officer

FINANCE HEAD AND COMPANY SECRETARY

Mr. Hendrik Kindel

LAWYER

Dr. Hans-Hein Thomas

AUDITORS

KMPG AG, Germany
Chartered Accountant & Statutory Auditors

BANKERS

Commerzbank, Germany
GE Capital, Germany
Sachsen Bank, Germany
DBS Bank, Singapore/India

REGISTERED OFFICE

Gießereistraße 1, 08340 Schwarzenberg / Erzgebirge, Germany

OPERATING PLANTS

Eisenwerk Erla GmbH, Gießereistraße 1, 08340 Schwarzenberg / Erzgebirge, Germany

FINANCIAL RESULTS

Particulars	Year ended 31.03.2014 ₹ *in Lacs**	Year ended 31.03.2013 ₹ *in Lacs**
Sales	**88,163**	76,311
EBITDA	**5,612**	4,970
Interest	**2,529**	2,079
Depreciation	**669**	522
PBT	**2,638**	2,369
Tax charge / *(credit)*	**827**	715
Profit After Tax	**1,811**	1,654

** Numbers restated as Indian GAAP*

Eisenwerk Erla closed the business year 2013-14 with a turnover of 108.3 Mio Euro, which is nearly at the same level as the year before. The budgeted target of 115 Mio was not reached due to two main reasons: Firstly, the level of planned Nickel price was higher than the achieved stock market price and secondly, the team was unable to sell its planned quantities of main turbine housing due to the on-going Euro crisis which impacted the market demands in first half of the year. The second half year was characterized by a gentle economic recovery which enabled Eisenwerk Erla to almost reach its targets in terms of tonnage. In the last year, Eisenwerk Erla started main turbine housing projects for VW engines (1.2l and 1.4l) which were running with planned high numbers. Three stainless steel prototype projects (Audi, Daimler, Mitsubishi) were cast successfully. The foundry worked with 400 employees in a 3-shift-system.

Outlook for the year 2014-15

The turnover target for the business year 2014-15 is 112 Mio Euro. The team at Eisenwerk Erla expects the economic recovery to continue at a slow pace, with Eisenwerk Erla being able to produce existing strategically projects in high quantities as expected by its customers. Furthermore, the team will work towards lowering internal and external costs and implementing further investments and projects for steel castings.

Dietmar Hahn
Managing Director

business
report
2013-2014

JKM FERROTECH LIMITED, INDIA

REVIEW OF BUSINESS 2013-2014

DIRECTORS

Mr. S. Uppili - Executive Director
Rear Admiral Rajender Singh (Retd.) - Director
Mr. Suresh Naidu - Director

AUDITORS

B S R & Associates
Chartered Accountants, Bangalore

BANKERS

Bank of India, Chennai
Axis Bank Limited, Chennai

REGISTERED OFFICE

K-4, Phase I SIPCOT Industrial Complex,
Gummidipoondi, Thiruvallur District, Tamil Nadu, India

OPERATING PLANTS

K-4, Phase I SIPCOT Industrial Complex,
Gummidipoondi, Thiruvallur District, Tamil Nadu, India

FINANCIAL RESULTS

Particulars	Year ended 31.03.2014 ₹ *in Lacs*	Year ended 31.03.2013 ₹ *in Lacs*
Sales	**11,594**	10,899
EBITDA	**(182)**	(701)
Interest	**1,012**	1360
Depreciation	**927**	789
PBT *Before Unrealized Forex Gain / (Loss)*	**(2,080)**	(2,851)
Tax charge / *(credit)*	-	1,035
Profit (Loss) After Tax	**(2,080)**	(3,961)

JKM Ferrotech Limited ('JFTL') was vibrant with multiple activities last year as the entire focus was on profitability and turning the Company around. JFTL has adopted a different method of monitoring the foundry financials and profitability-conventional RM ratio does not provide any clue on the health of the Ferrous Foundry. JFTL moved from this to contribution per ton of Liquid metal. JFFTL could take this lead and directed all our activities in tune with this:

Future Outlook

- Price increase obtained from customers like MANDO and SFL.
- All internal efficiency parameters improved to achieve a good level of contribution per ton of liquid metal-.
- Yield improvement done on 45 products with an average yield improvement increased by over 100% by proper metallurgical concepts and tooling.
- For increased sales the Company had only two shifts there by reducing power and manpower drastically.
- With all the above JFTL could prove PBT neutral on some months and the same trend will continue in the current financial year.
- Currently 50% of JFTL's sales is export to Europe and this will go up further in the coming months.
- Now the entire focus is on profitable sales growth and despite automotive recession we are seeing a good growth potential.

S. Uppili
Executive Director

JKM RESEARCH FARM LIMITED, INDIA

business report

2013-2014

REVIEW OF BUSINESS 2013-2014

DIRECTORS

Mr. Udayant Malhoutra	- Chairman
Mrs. Pramilla Malhoutra	- Director
Rear Admiral Rajender Singh (Retd.)	- Director

AUDITORS

M/s. Prasad and Kumar
Chartered Accountants, Bangalore

REGISTERED OFFICE

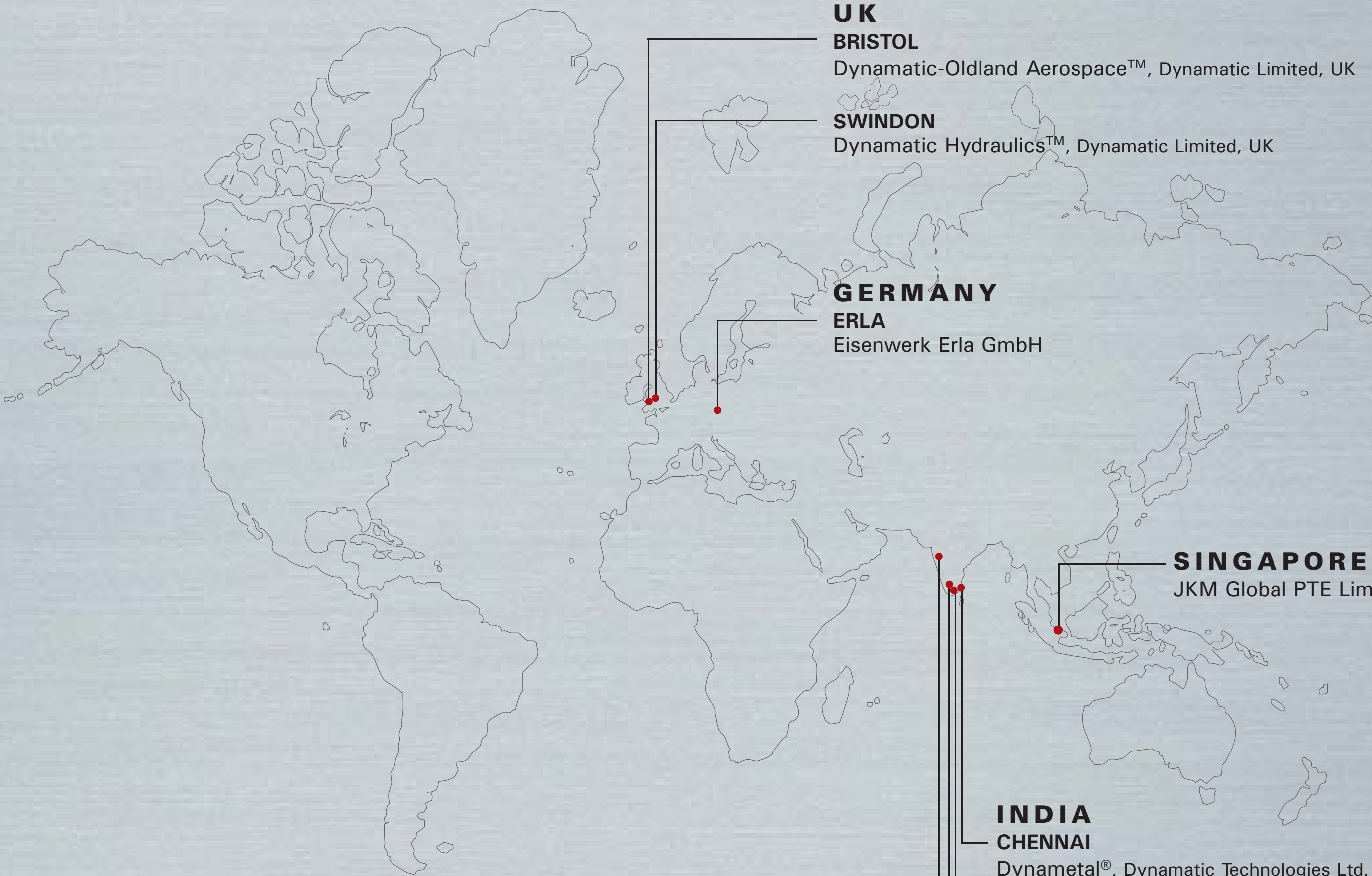
Dynamatic Park, Peenya, Bangalore 560 058 India

JKM Research Farm Limited (JRFL) has established an agricultural farm admeasuring approximately 65 acres in the vicinity of Bangalore.

As you are aware, the Hydraulic division of Dynamatic Technologies Limited (DTL) is engaged in the design and manufacture of products which find extensive application in mechanized farming and earth moving sectors. Being a global major in Design and Development and manufacture of such products, JRFL is continuously engaged in finding innovative solutions to upgrade the products of its customers. In this regard, JRFL provides a unique opportunity to DTL to test and validate its products in real time field conditions. During the year under review, JRFL has made an operational income of ₹108 lacs. The Profit Before Tax for the year amounted to ₹39 lacs as against previous year profit of ₹75 lacs.

Udayant Malhoutra
Chairman

CUSTOMER CENTRIC ORGANISATION STRUCTURE
VALUES
ECONOMICS
TOOLS / SKILLS
integrity
socially responsible
environment friendly
nation building
balance between short term growth and
focus on long term wealth creation
technology
innovation
excellence
nurture creativity



UK

BRISTOL
Dynamatic-Oldland Aerospace™, Dynamatic Limited, UK

SWINDON
Dynamatic Hydraulics™, Dynamatic Limited, UK

GERMANY

ERLA
Eisenwerk Erla GmbH

SINGAPORE

JKM Global PTE Limited

INDIA

CHENNAI
Dynametal®, Dynamatic Technologies Ltd.
JKM Automotive™, Dynamatic Technologies Ltd.

JKM Ferrotech Limited

COIMBATORE
JKM Wind Farm, Dynamatic Technologies Ltd

BANGALORE
Dynamatic Hydraulics™, Dynamatic Technologies Ltd.
Dynamatic Homeland Security™, Dynamatic Technologies Ltd.
Dynamatic-Oldland Aerospace™, Dynamatic Technologies Ltd.
Powermetric® Design, Dynamatic Technologies Ltd.

JKM Research Farm Limited

NASIK
Dynamatic-Oldland Aerospace™, Dynamatic Technologies Ltd.

Dynamatic Technologies Limited

www.dynamatics.com

Dynamatic Limited, UK

www.dynamatics.com

Eisenwerk Erla GmbH, Germany

JKM Ferrotech Limited

www.jkm-erla.com

DYNAMATIC TECHNOLOGIES LIMITED

Dynamatic Park Peenya Bangalore 560 058 India Tel +91 80 2839 4933 / 34 / 35 Fax +91 80 2839 5823

DYNAMATIC TECHNOLOGIES LIMITED

Registered Office: Dynamatic Park, Peenya, Bangalore 560 058

Sl. No.:

POSTAL BALLOT FORM

(For usage by Shareholders who are unable to use e-voting facility)

Resolution number	Resolution	Vote		
		For	Against	Abstain
	ORDINARY BUSINESS			
1	Adoption of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Auditors for the financial year ended March 31, 2014.			
2	Appoint Messrs. B S R & Co., LLP, Chartered Accountants, Bangalore, as the Statutory Auditors of the Company.			
	SPECIAL BUSINESS			
3	Appoint Mr. Vijai Kapur as an Independent Director on the Board of the Company.			
4	Appoint Air Chief Marshal S. Krishnaswamy (Retd.) as an Independent Director on the Board of the Company.			
5	Appoint Mr. Govind Mirchandani as an Independent Director on the Board of Company.			
6	Appoint Ms. Malavika Jayaram as an Independent Director on the Board of Company.			
7	Appoint Mr. Nalini Ranjan Mohanty as an Independent Director on the Board of Company.			
8	Appoint Mr. Ramesh Venkataraman as an Independent Director on the Board of Company.			
9	Approve mortgaging / creating charges on properties of the Company to secure the loans availed by the Company.			
10	Approve borrowing monies, where the monies borrowed together with the monies already borrowed, exceeds the aggregate of its paid-up capital and free reserves.			
11	Re-appoint Mr. Udayant Malhoutra as CEO & Managing Director of the Company for a term of 3 (three) years.			
12	Consider and approve the retirement of Mrs. Claire Louise Tucker, Director of the Company by rotation under section 152 of the Companies Act, 2013.			
13	Consider and approve ratification of remuneration agreed to be paid to M/s. Rao, Murthy and Associates, Cost Auditors of the Company.			

Name of the Shareholder: ....

Folio No. ....; **DP ID/ Client ID:**...

Number of shares held ....

Place :

Date : **Signature of the Member/s**

Please take care to:

1. Insert your name, the number of shares held by you, your folio number / DP ID / Client ID at the space provided in the ballot form.
2. You may please cast your vote against each of the resolutions (for / against / abstain from voting).
3. Please insert the date of signing the ballot form.
4. Ensure that you sign the ballot form.
5. Please use the enclosed business reply envelope for posting the ballot form so as to reach the Company on or before Wednesday, August 6, 2014.

FORM OF PROXY

Folio No. ______________________

DP. ID-Client ID No. ______________________

No. of Shares held ______________________

DYNAMATIC TECHNOLOGIES LIMITED
Registered Office: Dynamatic Park, Peenya, Bangalore 560 058

I/We.. of...

in the district of .... being a member / members of above

named Company hereby appoint Mr. / Mrs. ....

of .... in the district of ....

or failing him/her Mr. / Mrs. ....

of .... in the district of ....

as my/our Proxy to attend and vote for me/us and on my/our behalf at the **Thirty Ninth Annual General Meeting** of the Company, to be held on **Thursday, August 14, 2014 at 10.00 a.m.** and at any adjournment thereof.

Signed this .... day of .... 2014 Signature...

ATTENDANCE SLIP

Folio No. ______________________

DP. ID-Client ID No. ______________________

No. of Shares held ______________________

DYNAMATIC TECHNOLOGIES LIMITED
Registered Office: Dynamatic Park, Peenya, Bangalore 560 058

Members attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of meeting hall.

I hereby record my presence at the **Thirty Ninth Annual General Meeting** of the above named Company, at Dynamatic Park, Peenya, Bangalore – 560 058 on **Thursday, the 14th day of August, 2014 at 10.00 am IST.**

Name of the attending Shareholder / Proxy Regd. Folio No. (in CAPITALS)

....

(SIGNATURE OF PROXY HOLDER / SHAREHOLDER)

NOTE:

Shareholders / Proxies are requested to bring the Attendance Slip with him/her when they come to the meeting.

DYNAMATIC TECHNOLOGIES LIMITED

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

Serial No. :

Name and Registered Address of the Sole/First named Member :

Name(s) of the Joint Member(s), if any :

Registered Folio No. / DP & Client ID No. :

Number of Equity Shares held :

Dear Member,

Subject: Procedure and instructions for 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 39th (thirty ninth) Annual General Meeting (AGM) of the Company to be held on Thursday, August 14, 2014 at 10.00 am IST. The Company has engaged the services of Karvy Computershare Private Limited ('Karvy') to provide the e-voting facility. Members can cast their vote online from **August 4, 2014 at 9.00 AM to August 6, 2014 till 5.00 PM (both days inclusive)**

The e-voting particulars/login credentials for shareholders whose email id is not registered is set out below:

EVEN (E- Voting Event Number)	USER ID	PASSWORD/PIN

For shareholders whose email ID is registered with Company or Registrar and Transfer Agent or Depository participant the password is shared seperately on their respective registered email ID.

The procedure and instructions for e-voting are as follows:

i. Open your web browser during the voting period and navigate to 'https://evoting.karvy.com'

ii. Enter the login credentials (i.e., user-id &password) mentioned here above shared on your registered email ID.

User – ID	For Members holding shares in Demat Form:- a) For NSDL :- 8 Character DP ID followed by 8 Digits Client ID b) For CDSL :- 16 digits beneficiary ID For Members holding shares in Physical Form:- • Event no. followed byFolio Number registered with the company
Password	Your Unique password is printed here above / shared on your registered email ID.
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.
Login	After entering these details appropriately, click on "LOGIN".

iii. Members holding shares in Dematerialized / Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting on resolution/s of any other Company on which they are eligible to vote, provided that said company has opted for e-voting through **Karvy Computershare Private Limited e-Voting platform** itself. If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your exiting login id and password are to be used. System will prompt you to change your password and update any contact details like mobile no., email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

iv. You need to login again with the new credentials.

v. On successful login, system will prompt you to select the 'Event_No' i.e., '**Dynamatic Technologies Limited – 1179**.

vi. On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting .Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder does not want to cast his/her vote, he/she may select 'ABSTAIN'
vii. After selecting the resolution and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
viii. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
ix. Corporate/Institutional Members (corporate /Fls/Flls/Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Company and the Scrutinizer through e-mail to naveen.c@dynamatics.net and vijay@viesva.com with copy to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name-39th AGM of Dynamatic".
x. It is reiterated that, the Members can cast their vote online from **August 4, 2014 at 9.00 AM to August 6, 2014 till 5.00 PM (both days inclusive)**

General instructions:

a. The e-voting period commences on August 4, 2014 (9.00 am IST) and ends on August 6, 2014 (5.00 p.m. IST). During this period, Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Thursday, July 10, 2014, may cast their vote electronically. The e-voting module shall also be disabled by Karvy for voting after August 6, 2014, 5.00 p.m. Once the vote on a resolution is cast by the Shareholder, the Shareholder shall not be allowed to change it subsequently.
b. Members who are unable to use the e-voting facility may kindly send the duly completed ballot form (enclosed to the Notice calling the AGM) using the enclosed business reply envelop, so as to reach the Company on or before August 6, 2014, 5 p.m.
c. Members have the option to request for physical copy of the ballot form by sending an e-mail to investor.relations@dynamatics.net, mentioning therein their Folio / DP ID and Client ID number.
d. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on Thursday, July 10, 2014.
e. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and ballot shall be treatedas invalid.
f. Mr. R. Vijayakumar, Practicing Company Secretary (membership number FCS 6418), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
g. The Scrutinizer shall, within a period of not exceeding three working days from the conclusion of the-voting period, unlock the votes in the presence of at least two witnesses, not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.
h. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.dynamatics.net and on the website of Karvy Computershare Pvt. Ltd. within two days of the passing of the resolutions at the AGM, and shall be communicated to Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
i. All documents referred to in the accompanying Notice and the Statement pursuant to section 102(1) of the Companies Act, 2013, will be available for inspection at the Registered Office of the Company during business hours on all working days up to the date of declaration of the result of the 39th Annual General Meeting of the Company.
j. Any Shareholder having any grievance on the e-voting can contact Karvy's toll free No. **1-800-34-54-001** or Registrar & Transfer Agents / Company at the coordinates mentioned under the 'Investor Guide', hereunder:

Investor Guide:

For any queries relating to financial statements / shares / dividends / complaints / any investor correspondence, you may please contact:

Mr. Naveen Chandra P
DGM – Compliance, Legal & Company Secretary
Dynamatic Park, Peenya,
Bangalore – 560 058
Tel: +91-80-28394933/34/35 Extension: 254
Fax: +91-80-28395328
Email id: investor.relations@dynamatics.net

Registrar and Share Transfer Agents
Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar
Madhapur, Hyderabad – 500 081
Tel: +91-40-23420815-20
Email: shobha.anand@karvy.com

Registered Office:
Dynamatic Park, Peenya

Bangalore – 560 058
May 28, 2014

By order of the Board of Directors
for **DYNAMATIC TECHNOLOGIES LIMITED**
Sd/-
Naveen Chandra P
DGM-Compliance, Legal & Company Secretary

DYNAMATIC TECHNOLOGIES LIMITED

Form – A

1.	Name of the Company:	Dynamatic Technologies Limited
2.	Annual financial statements for the year ended	March 31, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	None

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Udayant Malhoutra
CEO & Managing Director

....
Hanuman Sharma
Chief Financial Officer

....
Vineet Dhawan
Partner-B S R & Associates, LLP
Statutory Auditors of the Company

....
Vijai Kapur
Chairman of Audit Committee

Dynamatic Park Peenya Bangalore 560 058 India
Tel +91 80 2839 4933 / 34 / 35 Fax +91 80 2839 5823
www.dynamatics.com

Corporate Identity Number: L72200KA1973PLC002308