

DYNAMATIC TECHNOLOGIES LIMITED

ANNUAL **REPORT**

2016 - 2017



*Transformation*





**“We are what we think. All that we are arises with our thoughts. With our thoughts, we make the world.**

- The Buddha

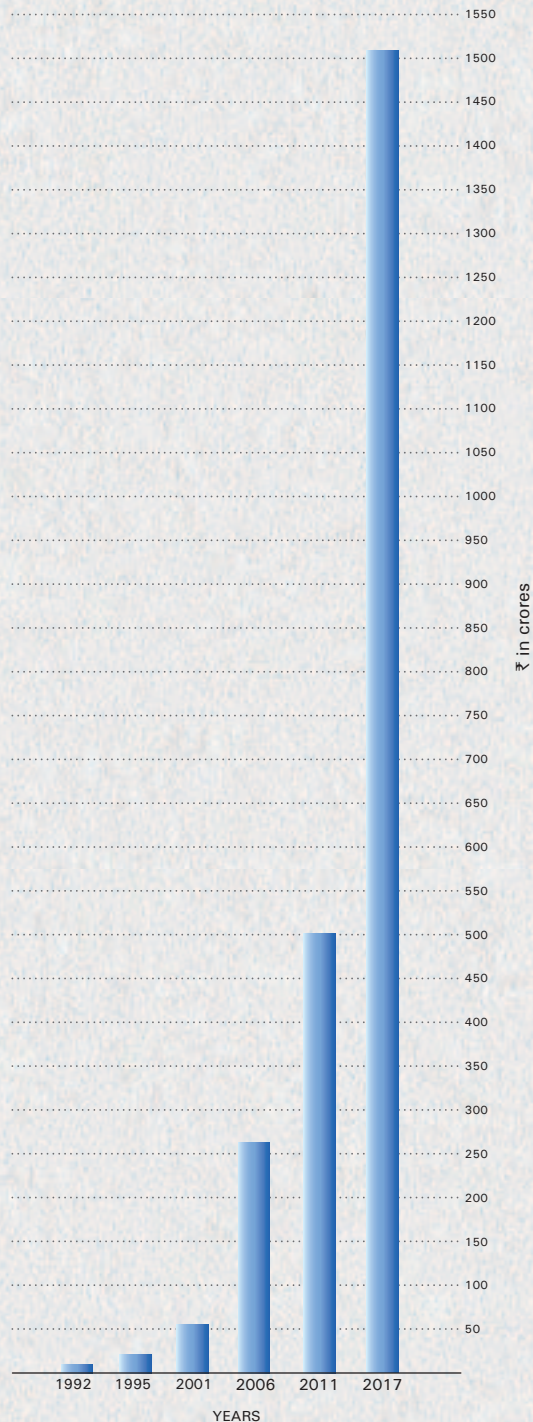
**Dear Fellow Shareholder,**

On behalf of the Board of Directors of Dynamic Technologies Limited and its subsidiaries, I take pleasure in presenting before you Audited Financial Statements for the year 2016-17.

During the year under review, your Company recorded Consolidated Net Revenue of ₹15,078 million with Consolidated EBIDTA of ₹1,654 million & Net Profit Before Tax of ₹327 million.

The graph on the right shows your Company’s growth over the past 25 years, reflecting the expansion and evolution of its design and precision engineering capabilities into distinct business segments of Hydraulics, Automotive & Metallurgy and Aerospace & Defence.

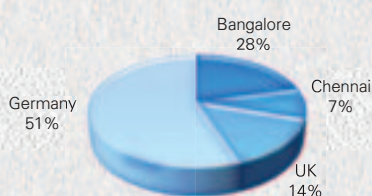
Dynamic Technologies has grown from its roots in India, and now has a global sales and technology footprint, with manufacturing plants in UK, Germany and India, service facilities in USA, and networked, collaborative design and engineering capabilities spread out across the Organisation.



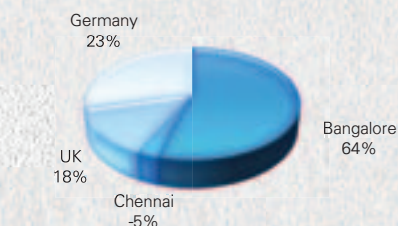
**“The success of the young entrepreneur will be the key to India’s transformation in the new millennium.”**

- Dhirubhai Ambani

**NET REVENUE**



**EBIDTA**



**SEGMENT WISE REVENUE**



The aggregated sales for 2016-17 excludes the turnover recorded by your Company’s wholly owned subsidiaries as well as Inter-Division/Company Sales of ₹94 crores from Dynametal®, Dynamic Hydraulics™, Dynamic Wind Farm, JKM Ferrotech Limited, India and Dynamic Limited, UK.

\*₹10 million = ₹1 crore



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

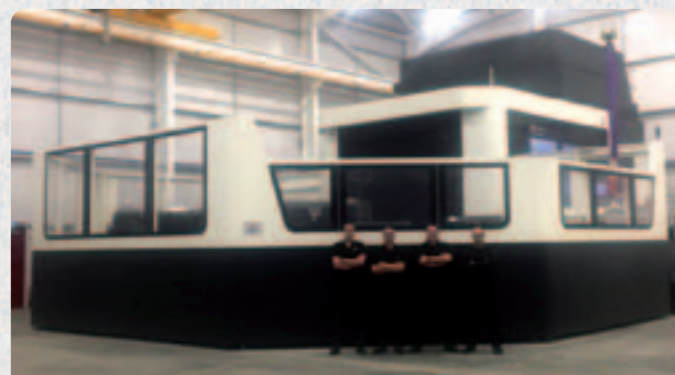
During the past year, the Company has built state-of-the-art facilities at its existing sites in order to execute new orders from its customers.



The new Machine Shop (above) at Eisenwerk Erla GmbH, Germany will machine 1.1 million castings delivered to BMW as a sole supplier from the Foundry. It is fully robotised (below), and increases the value added within the Company, thereby improving margins.



In order to ramp-up your Company's programs for Airbus and Boeing, we have successfully extended our Aerospace activities from Bristol to Swindon. This has included expansion of the existing facility to house the first high precision Giga-Milling Centre (below) installed at a manufacturing facility in the United Kingdom.



Keeping in mind the large opportunities your Company has in the Aerospace sector, we had acquired 27 acres adjacent to the Bangalore International Airport to build 'Dynamatic Aerotropolis'. On 15th February 2017, we inaugurated the first Hangar at this site (above) to produce fuselage aerostructures for Bell Helicopter.



On 4th May 2017, the New Airbus A330 Flap-Track-Beam facility was inaugurated by Sir Tom Williams (COO, Airbus Group), Dr. Klaus Richter (CPO, Airbus Group), Mr. Franck Martin (Head, Airbus Aerostructures), Mr. Pierre de Bausset (Chairman, Airbus Group, India) and Dr. Srinivasan Dwarakanath (President, Airbus India). The manufacturing process at this plant was successfully developed collaboratively by your Company in India and the United Kingdom.

**“Collective wisdom is better than individual wisdom, and diverse collective wisdom is best of all”**



Stage 1 Assembly line for Airbus A330 Flap-Track-Beams (above)

**“The achievements of an organization are the results of the combined effort of each individual”**

- Vince Lombardi

Your Company's facilities in India, UK & Germany have the potential to be expanded and modified at a much lower cost than it would normally entail on greenfield sites, which in itself is a big advantage going forward. More importantly, each Dynamatic facility is already home to a significant talent pool that can be utilised for growth.

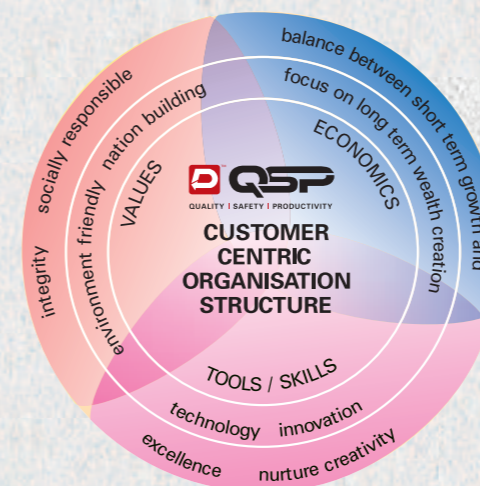
Imparting and nurturing talent, expanding employment opportunities, creating the skills valued by our customers, growing our business for shareholders, and expanding economic activity wherever we are present; this is a long and difficult process, but one that leads to creation of stakeholder wealth on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

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

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

**Udayant Malhoutra**

Chief Executive Officer & Managing Director



## HIGHLIGHTS OF THE YEAR

### UK Prime Minister Visits Dynamatic

On 8th November 2016, the British Prime Minister, Theresa May, visited Dynamatic Technologies' facility in Bangalore as Airbus took delivery of the first commercial set of A330 flap track beams, produced jointly in the UK and India.



*“This agreement between Dynamatic Technologies and Airbus highlights the strength of the UK-India partnership which will provide real benefits for both our economies and ensure we remain at the cutting edge of technology and manufacturing.*

*As iconic UK and Indian businesses, Dynamatic Technologies and Airbus are leading the way in building the strategic partnership I want to see between our two great nations. I look forward to seeing this commercial relationship continue to grow.”*

- British Prime Minister, Rt. Hon. Theresa May

### Dynamatic-Israel Aerospace Industries tie-up to manufacture Drones in India

The agreement encompasses the transfer of technology and production capabilities from Israel Aerospace Industries to Dynamatic to enable the indigenous capability for UAV systems for the benefit of Indian end-users and in support of the Indian government's "Make in India" initiative.



Mr. Joseph Weiss, IAI President & CEO, Mr. Shaul Shahar, IAI EVP and General Manager of IAI's Military Aircraft Group and Mr. Udayant Malhoutra, CEO & Managing Director, Dynamatic Technologies Limited, agreement signing ceremony during Aero India 2017.



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

## BOARD OF DIRECTORS

**Shirish Saraf**  
Additional Director, DTL

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

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

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

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

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

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

**Hanuman Kumar Sharma**  
Executive Director & Group CFO, DTL  
Business Head - Automotive  
Member of CSR Committee  
Member of Stakeholders' Committee  
Member of Finance Committee  
Director, Eisenwerk Erla GmbH, Germany  
Director, JKM Global Pte Limited, Singapore  
Director, JKM Erla Automotive Limited  
Director, Dynamatic Limited, UK  
Director, JKM Automotive Limited

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

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

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

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

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

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

**Junia Sebastian**  
Director  
JKM Ferrotech Limited

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

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

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

**Jagpal Singh**  
Head of Engineering  
Aerospace, India

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

**Lt Gen Sanjeev Madhok (Retd.)**  
PVSM, AVSM, VSM  
Head of Defence Business

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

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

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

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

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

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

**Air Cmde (Retd.) Som Deo** VSM  
General Manager,  
Aerospace Nashik

**Ravichander V**  
General Manager  
Operations  
Aerospace, India

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

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

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

**Jayagopal Gajendra**  
GM, Corporate Treasury, DTL  
Financial Controller,  
Hydraulics, India

**Nitin Ajage**  
GM, Corporate Accounting, DTL

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

**M Senthil Kumar**  
GM, Marketing  
JKM Auto & JFTL

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

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

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

**Pradeep Shankar**  
Head - Supply Chain Management  
Aerospace, India

**M Mohanavel**  
Head of Global Machining  
JKM Global Pte Ltd.

**Giulia Baima Bollone**  
Head - Facilities Design  
DTL

**Ramu M**  
GM, Operation  
Dynametal®

**Lakshmi Kamath**  
CFO,  
JKM Ferrotech Limited

**Chandra Mohan Reddy V**  
Sr. General Manager - Manufacturing  
Hydraulics Division, India

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

## SENIOR MANAGEMENT

- DIRECTORSHIPS AND AUDITOR DETAILS IN SUBSIDIARIES**
- DYNAMATIC LIMITED, UK**  
Chairman  
Mr. Udayant Malhoutra  
Director  
Mr. Michael John Handley  
Director  
Mr. Hanuman Kumar Sharma  
Director  
Mrs. Pramilla Malhoutra  
Managing Director,  
Dynamatic Hydraulics™,  
Dynamatic Limited, UK  
Mr. Raymond Keith Lawton  
Technical Director,  
Dynamatic-Oldland  
Aerospace™, Dynamatic  
Limited, UK  
Mr. Steve Hayes  
Managing Director,  
Aerospace Division,  
Dynamatic Limited, UK  
Mr. James Tucker  
Auditors  
KPMG LLP, UK  
Chartered Accountants &  
Statutory Auditors
- Director**  
Mr. Raymond Keith Lawton  
**Auditors**  
KPMG LLP, Bristol
- JKM ERLA AUTOMOTIVE LIMITED**  
Director  
Mr. Nalini Ranjan Mohanty  
Director  
Mr. Govind Mirchandani  
Director  
Mr. Hanuman Kumar Sharma  
Director  
Mrs. Pramilla Malhoutra  
Director  
Air Marshal S P Singh (Retd.)  
Auditors  
B S R & Co., LLP  
Chartered Accountants  
Bangalore
- JKM FERROTECH LIMITED**  
Director  
Mr. Nalini Ranjan Mohanty  
Director  
Mr. Govind Mirchandani  
Director  
Ms. Junia Sebastian  
Director  
Air Marshal S P Singh (Retd.)  
Director  
Mr. Suresh J Naidu  
Auditors  
KPMG AG, Germany  
Chartered Accountant &  
Statutory Auditors
- JKM GLOBAL PTE LIMITED, SINGAPORE**  
Chairman  
Mr. Udayant Malhoutra  
Director  
Mrs. Pramilla Malhoutra  
Director  
Mr. Hanuman Sharma  
Director  
Mr. Chai Chung Hoong  
Auditors  
KPMG LLP, Singapore
- JKM ERLA HOLDINGS GmbH, GERMANY**  
Chairman  
Mr. Udayant Malhoutra  
Director  
Mr. Dietmar Hahn  
Auditors  
KPMG AG, Germany  
Chartered Accountant &  
Statutory Auditors
- JKM RESEARCH FARM LIMITED**  
Director  
Mr. Suresh Jayapal Naidu  
Director  
Mrs. Pramilla Malhoutra  
Director  
Air Marshal S P Singh (Retd.)  
Auditors  
M/s. Prasad & Kumar,  
Chartered Accountants  
Bangalore
- JKM AUTOMOTIVE LIMITED**  
Director  
Mr. Hanuman Kumar Sharma  
Director  
Mr. Suresh Jayapal Naidu  
Director  
Air Marshal S P Singh (Retd.)  
Auditors  
Prasad & Kumar  
Chartered Accountants  
Bangalore
- YEW TREE INVESTMENTS LIMITED, UK**  
Chairman  
Mr. Udayant Malhoutra  
Auditors  
Prasad & Kumar  
Chartered Accountants  
Bangalore

Your Company's Organisational Structure is based on a network of highly talented people who have been empowered to deliver results. A concerted effort has been made to remove hierarchy in everything we do.



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	JKM Research Farm Limited, India		

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Vijai Kapur**

Chairman of the Board

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

Independent Director

**Mr. Govind Manik Mirchandani**

Independent Director

**Mr. Nalini Ranjan Mohanty**

Independent Director

**Ms. Malavika Jayaram**

Independent Director

**Mr. Shirish Saraf**

Independent Director

**Mr. Raymond Keith Lawton**

Non- Executive and Non-Independent Director

**Mr. Dietmar Hahn**

Non- Executive and Non-Independent Director

**Mr. James Tucker**

Non- Executive and Non-Independent Director

**Mr. P S Ramesh**

Executive Director &

Chief Operating Officer - Dynamatic-Oldland  
Aerospace™, India

**Mr. Hanuman Kumar Sharma**

Group CFO & Executive Director

**Mr. Udayant Malhoutra**

CEO & Managing Director

## HEAD LEGAL, COMPLIANCE & COMPANY SECRETARY

Mr. Naveen Chandra P

## AUDITORS

M/s. B S R & Co. LLP

Chartered Accountants, Bangalore

## BANKERS

Axis Bank Limited

Bank of India

Commerzbank

DBS Bank Limited

Deutsche Leasing

Export-Import Bank of India

ICICI Bank Limited

IndusInd Bank Limited

Kotak Mahindra Bank Limited

Sachsen Bank

The Royal Bank of Scotland

## REGISTERED & CORPORATE OFFICE

### Dynamatic Technologies Limited

Dynamatic Park, Peenya Industrial Area,  
Bangalore 560 058.

Tel : +91 80 2839 4933 / 34 / 35

Fax : +91 80 2839 5823

Email : investor.relations@dynamatics.net

CIN : L72200KA1973PLC002308

Website : www.dynamatics.com

## REGISTRAR & TRANSFER AGENTS

### Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32

Gachibowli Financial District

Nanakramguda, Hyderabad 500 008

Tel : +91 40 6716 2222

Fax : +91 40 2342 0814

Email : support@karvy.com

Website : www.karvycomputershare.com

# ORGANISATION STRUCTURE

## DYNAMATIC TECHNOLOGIES LIMITED INDIA

**AUTOMOTIVE**  
(59% of FY2017 Revenues)

JKM Automotive™  
Chennai, India

JKM Ferrotech Limited  
Chennai, India

Eisenwerk Erla GmbH  
Schwarzenberg, Germany

**HYDRAULICS**  
(18% of FY2017 Revenues)

Dynamatic Hydraulics™  
Bangalore, India

Dynamatic Hydraulics™  
Swindon, UK

**AEROSPACE &  
DEFENCE**  
(23% of FY2017 Revenues)

Dynamatic-Oldland Aerospace™  
Bangalore, India

Dynamatic-Oldland Aerospace™  
Bristol, UK

Dynamatic-Oldland Aerospace™  
Swindon, UK

# DIRECTORS' PROFILE



## **Chairman**

### **Mr. Vijai Kapur**

*Chairman & Independent Director*

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



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

*Independent Director*

Mr. Krishnaswamy was a distinguished former Head of Indian Defence Services. He is credited with bringing focus towards indigenous capabilities as additional strategic dimensions of National Security Policy. He retired as the Commander of India's Defence forces in the capacity of Chairman, Chiefs of Staff Committee 2004, in addition to serving as Chief of Air Staff, Indian Air Force 2002-04.



### **Mr. Govind Mirchandani**

*Independent Director*

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



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

*Independent Director*

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



### **Ms. Malavika Jayaram**

*Independent Director*

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



### **Mr. Shirish Saraf**

*Independent Director*

Mr. Saraf is the Founder, Vice Chairman and member of the Compensation Committee of Samena Capital. He is also the Investment Manager and Director of the Samena Special Situations Funds and Samena Limestone Holdings. In September 2013, Asian Investor listed. Mr. Saraf as one of Asia's 25 most influential people in Private Equity. Mr. Saraf was educated at Charterhouse (England) and the London School of Economics.





**Mr. Raymond Keith Lawton**

*Non-Executive Director*

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



**Mr. Dietmar Hahn**

*Non-Executive Director*

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



**Mr. James Tucker**

*Non-Executive Director*

Mr. Tucker was formerly the General Manager of Oldland CNC. He has rich technical and operational experience in aeronautical manufacturing as well as excellent customer liaison skills, having managed global aerospace majors like Boeing, Airbus, GKN Aerospace and Agusta Westland. He is currently the Managing Director, Dynamic-Oldland Aerospace™, Dynamic Limited, UK.



**Mr. P S Ramesh**

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

Mr. Ramesh joined the Company in the year 1999 as a Head of Quality and spearheaded the campaign for documenting procedures, control plans and implementing ISO 9001 certification. He has been working with Dynamic Technologies for over 19 years and has progressively moved ranks to become the Chief Operating Officer of Dynamic Hydraulics™, India. He is currently the Chief Operating Officer of Dynamic-Oldland Aerospace™, India.



**Mr. Hanuman Kumar Sharma**

*Executive Director & Group Chief Financial Officer*

Mr. Sharma is a Group CFO of Dynamic group. He is a member of the Board of Directors of Dynamic Technologies Limited, JKM Erla Automotive Limited, India, Eisenwerk Erla GmbH, Germany, Dynamic Limited, UK and JKM Global Pte. Limited, Singapore. He has been working with Dynamics since 2012 and has overall experience of over 20 years in corporate finance, financial strategy, Investor Relations, Banking relations, Mergers & Acquisitions and corporate governance. Prior to joining Dynamics, he was CFO of Russian MNC Kamaz and German MNC Hoerbiger in India. Previously he was a part of Tata Motors team focusing on financial analysis and planning.



**Mr. Udayant Malhoutra**

*Chief Executive Officer & Managing Director*

Mr. Malhoutra has been associated with the Company since 1989 as the Chief Executive. During this period, he has globalised and scaled the Company's original Hydraulic business, and founded the Company's Aerospace and Metallurgical businesses. He is credited with building and nurturing a world class management team, and transforming the Company into a knowledge based organisation with global operations.



# COMPANY OVERVIEW

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

The Company is one of the world's largest manufacturers of hydraulic gear pumps and automotive turbochargers and has leadership in hydraulic gear pumps market for over 36 years. It has 60% share of the Indian organised tractor market and supplies to almost all original equipment manufacturers (OEMs) in India. Dynamatic Technologies is a pioneer and leader in the Indian private sector for the manufacture of high precision airframe structures and aerospace components. It is a tier I supplier to the global aerospace OEMs such as Airbus, Boeing, Bell Helicopters and HAL. The Company also manufactures high precision, complex metallurgical ferrous and aluminium castings for performance critical components such as turbochargers and exhaust manifolds and has capabilities to develop automotive components on single-source basis.

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

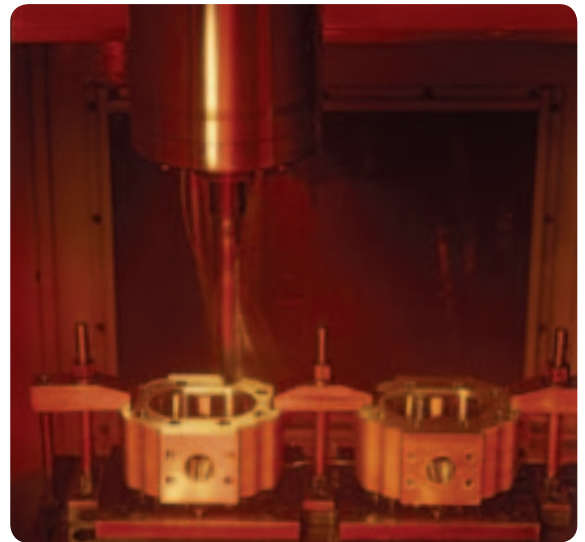
## HYDRAULICS

Dynamatic Hydraulics™ is one of the world's largest hydraulic gear pump manufacturers with two state-of-the-art manufacturing facilities located in Bangalore, India and Swindon, U.K. The Company has technology leadership in the hydraulics space globally with one of the finest in-house engineering laboratories.

### INDIA

Dynamatic Hydraulics™ is one of the largest manufacturers of hydraulic gear pumps in the world supported by the advanced research and development team and rapid prototyping capabilities. The Company has developed a customized pump for every single application ranging from agricultural tractors, harvesters, construction equipment, metal cutting, metal forming to material handling equipment. The Company has over 33% market share for pumps in agri-tractors business globally.

Dynamatic Hydraulics™ offers complete hydraulic solutions including specialized hitch control valves, distributor valves, rock shaft assemblies including 3 point linkages and a wide range of pressure and flow control valves. It also manufactures very high flow scavenging and lube oil pumps which are designed for off highway vehicles, marine and offshore equipment. The Company also designs and builds customized hydraulic solutions extending from simple hydraulic pumping units to complex marine power packs and aircraft ground support systems to turnkey industrial installations.



### KEY CUSTOMERS

**AGCO**  
**BEML**  
**CARRARO**  
**CATERPILLAR**  
**CUMMINS**  
**ESCORTS**  
**HAL**  
**JOHN DEERE**  
**M&M**  
**NEW HOLLAND**  
**SAME DEUTZ FAHR**  
**WIRTGEN**





*Dynamic Hydraulics™ Team, India*

**UK**

Dynamic Hydraulics™ facility in Swindon, UK, has over six decades of experience in the design and manufacture of gear pumps and gear motors. It supplies products to agricultural, construction and on-highway vehicle manufacturers. The facility also possesses advanced design knowledge for mobile hydraulics sector and comprehensive product testing and validation capabilities.

Product portfolio include aluminum body hydraulic gear pumps and integrated gear/piston pump packages, cast iron gear pumps, fan drive motors, integrated control valve, tandem gear pump and high value-add products combining multiple pump and valve elements in a compact unit.



**KEY CUSTOMERS**

- JOHN DEERE, USA**
- JOHN DEERE, MEXICO**
- ALEXANDER DENNIS, UK**

**KEY DISTRIBUTION & AFTERMARKET CUSTOMERS**

- TERMHOPE**
- WHITE HOUSE PRODUCTS**
- GILLIG**
- BERENDSEN**



## AEROSPACE & DEFENCE

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

Dynamic-Oldland Aerospace™ is a demonstrated leader for the development of exacting airframe structures and precision aerospace components. The Company's modern and state of the art Aerospace manufacturing facilities in India and UK deliver high value to its customers, by combining the technical competence of facilities in the UK with the cost and manufacturing advantages offered by the Indian manufacturing facilities.

### INDIA

The Company has developed a unique value proposition based on a combination of advantages that India and the UK collectively enjoy. A meticulous continuous improvement programme for increased productivity is implemented to ensure sustained growth.

Dynamic Technologies partners with Boeing for the manufacture of cabinets to house critical power and mission equipment for Boeing's P8 Maritime Reconnaissance Aircraft.

Dynamic Technologies is the single source manufacturer of Flap-Track-Beam assemblies for Airbus single aisle aircraft (A318, A319, A320 & A321). We have commenced commercial production of Flap-Track-Beam assemblies for Airbus wide bodied aircraft (A330) on a single source basis.

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

Dynamic Technologies manufactures the aft pylon assembly and cargo ramp assembly for the Boeing Chinook CH-47F Helicopter, which is Boeing Defense Systems' largest export programme out of India. The Company has developed the right ecosystem for the manufacturing of these most complex artisanal and flight critical assemblies for Boeing.

The Company has been contracted as a single-source supplier of major airframe assemblies for the Bell 407 Helicopter, one of the world's largest selling helicopters.

The industrialisation program at Dynamic Technologies has involved digitisation of over 2000 detail parts for Bell 407,



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

*- Thomas Enders, CEO Airbus*





*Dynamic-Oldland Aerospace™ Team, India*

followed by development of tooling, processes and part manufacturing. The Company has now taken up five major fuselage assemblies and ramping up to full rate production. The Aerotropolis plant is geared up for manufacturing the Major Sub-Assemblies of the Bell 407.

**UK**

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



**KEY CUSTOMERS**

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



Dynamic Homeland Security™ offers cutting-edge security solutions to enhance a nation's capabilities in countering modern day security threats. The Company's strong research and development capabilities coupled with the powerful partnerships with leading global security technology companies enables it to offer potential customers, like India's National Defence Forces, Homeland Security Forces, Police and Civilian Agencies, solutions that will enhance their abilities to prepare and plan for emergencies as well as their response and recovery skills.

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

### **PATANG™ QUADCOPTOR**

Dynamic Patang™ is a light-weight, easily deployable vertical take-off and landing unmanned aerial vehicle (UAV), capable of being launched from an area of 25m<sup>2</sup> or less, with no need of preparation of surfaces.

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

### **UNMANNED AERIAL VEHICLES**

Dynamic has partnered Israel Aerospace Industries (IAI) earlier this year for manufacture of UAVs in India.

Israel Aerospace Industries (IAI) is a globally recognized leader in the delivery of state-of-the-art systems for the defense and commercial markets. IAI offers unique solutions for a broad spectrum of requirements in space, air, land, sea, cyber, and HLS.

IAI is the largest government owned defense and aerospace company in Israel. Over the past 60 years IAI delivered, supplied and supported advanced systems for the Israeli Ministry of Defense as well as many demanding customers worldwide. IAI has been a reliable partner of the Indian MoD for over two decades with critical products and technologies.

IAI is today a world leader in UAVs with over 1,400,000 accumulated operational flight hours. Indian Military is effectively using HERONS & SEARCHER UAVs from Israel Aerospace Industries (IAI), in surveillance missions in the high altitude mountainous region as also for acquiring critical information to manoeuvre elements in the country's western deserts.



*Mobile Command and Control Vehicles from Dynamic, 'PRAHARI' are operational with the Gujarat Police as an essential ingredient of Safe City Project.*



*PATANG™ - Long Endurance Unmanned Aerial Vehicle*



*HERON MALE UAV*

*The HERONS have been able to fly in dual role and thereby fly at ranges of 400 km and extended range of 1000 km using SATCOM. Herons can operate at Altitudes of 30000 feet and are the best platforms for surveillance and reconnaissance missions at High Altitude and Hilly Terrains.*



## LAND SYSTEMS

Dynamatic has partnered Carmor to manufacture Armoured Vehicles and other Military Vehicles under MAKE IN INDIA initiative.

Carmor Integrated Vehicle Solutions which is among the international market leaders in designated vehicles for military and civilian applications. Carmor, formerly known as Hatehof, was founded in Israel in 1947 and played a key role in equipping the new state with specialized trucks and armoured vehicles. This highly respected international brand now manufactures vehicles for NATO and United Nations forces, and for civilian administrations, homeland security and military procurement departments in the Americas, across Africa, in the Middle East and the Far East.

Carmor specializes in the design and production of armoured 4x4 all-terrain military vehicles for a wide range of applications, including border patrol and peace-keeping, personnel carriers and medical evacuation.



*Riot Control Vehicles are specially designed to provide a range of non-lethal options to disperse protestors in situations of civil unrest and violent protest.*



*WOLF Light Armoured Vehicles - Rapid all-terrain 4X4 multi-purpose personnel carriers. Cost-effective and combat proven, around the world.*



*RoboGuard is a revolutionary agile scout robot, which runs along secured fences, ensuring perimeter integrity and capable of responding promptly to intrusion alerts. It consists of an autonomous unit, travelling on a monorail and carrying several sensors.*



*TunnelGuard uses sensor based technologies to prevent intrusion through tunnelling.*

## COMPREHENSIVE INTEGRATED BORDER MANAGEMENT SOLUTIONS (CIBMS)

Dynamatic has partnered MAGAL-S3 for comprehensive Border Management & Physical Security Systems.

This partnership will bring to India unique capability of integrating feed from a vast range of sensors to provide real-time intelligence and situational awareness. Magal Security Systems Ltd. develops and manufactures perimeter intrusion detection systems. Magal's systems are installed in more than 75 countries worldwide, in airports, borders, nuclear facilities, military bases, communications centers, maximum security prisons, governmental facilities and other sensitive installations. MAGAL S3 has developed its expertise on the world's most difficult border - Israel, experience that will be relevant in helping secure India's borders and facilities against intruders and terrorists. This will enhance our capability in securing our otherwise difficult to man porus borders with varied terrains.

## **AUTOMOTIVE & METALLURGY**

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

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

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



*JKM Automotive™ Team, India*



### **KEY CUSTOMERS**

**BMW**

**BREMBO**

**DAIMLER**

**GETRAG FORD**

**HYUNDAI**

**ISUZU**

**MAN**

**MANDO**

**RENAULT NISSAN**

**TATA MOTORS**

**TURBO ENERGY**

**VOLKSWAGEN**



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

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

Eisenwerk Erla GmbH is one of the preferred suppliers for engine castings and turbocharger housings for the leading global automotive manufactures. With a history of over 630 years, Eisenwerk Erla possesses one of the finest ferrous foundries in Europe, capable of manufacturing extremely intricate ferrous castings from difficult-to-cast materials. It also has strong R&D capabilities with patented technologies specific to the automotive industry. It uses different materials for the castings as SiMo, Ni-Resist and heat resistant steel for turbocharger castings. During FY2017, the company established a new automated machining plant for the finishing of an important casting to a leading automotive manufacturer.

Product portfolio include exhaust manifolds, exhaust gas line, clamping strips, support straps, crankshaft bearing caps, turbine housing and other components for turbo charged engines.



## **KEY CUSTOMERS**

**AUDI**

**ADDISON**

**BORG WARNER**

**BOSCH MAHLE TURBOSYSTEMS**

**BMW**

**CHASSIS BRAKES**

**DAIMLER**

**HALDEX**

**HYUNDAI MOTORS**

**IHI CHARGING SYSTEMS**

**ISUZU**

**MAN**

**MANDO**

**SUNDARAM FASTENERS**

**TURBO ENERGY**

**VOEGELE**

**VOLKSWAGEN**

**WOOSU**

## ENGINEERING & DESIGN

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

The Company employs around 60 scientists and 600 engineers with expertise in Mechanical Engineering, Advanced Computer Aided Engineering, Materials & Metallurgical Engineering, Fluid Dynamics and Defence & Aerospace Research.

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

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

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

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

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

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

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

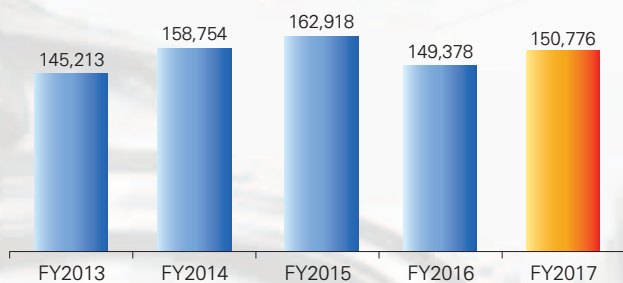




# CONSOLIDATED FINANCIAL HIGHLIGHTS

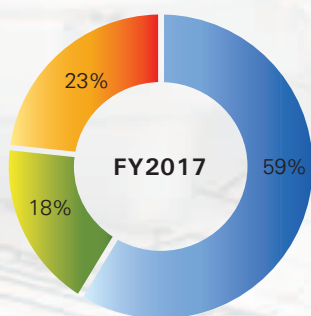
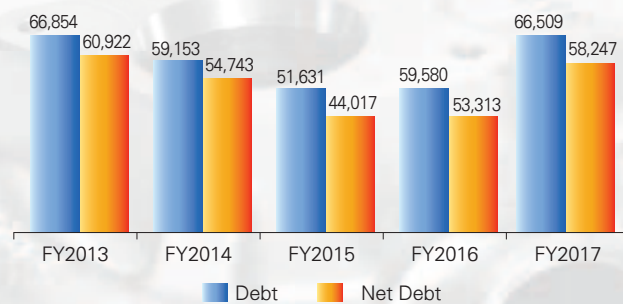
## REVENUE & BREAK UP

(₹ in Lacs)

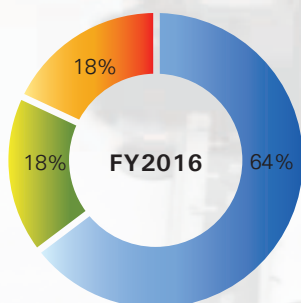
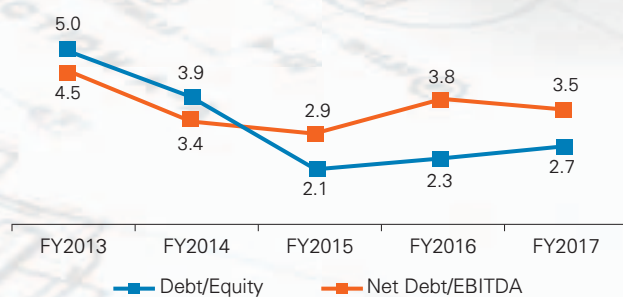


## DEBT & LEVERAGE RATIOS

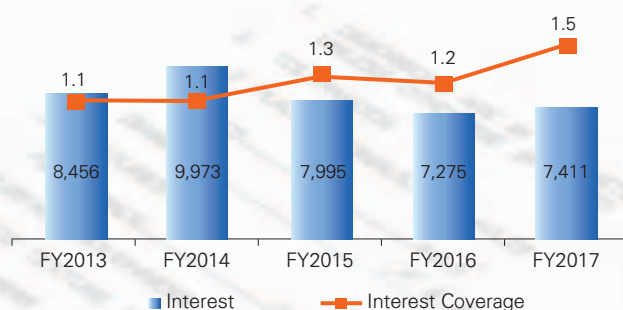
(₹ in Lacs)



■ Automotive ■ Hydraulics ■ Aerospace & Defence



■ Automotive ■ Hydraulics ■ Aerospace & Defence









DIRECTORS' REPORT TO SHAREHOLDERS

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**DIRECTORS'** REPORT TO SHAREHOLDERS

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DIRECTORS' REPORT TO SHAREHOLDERS

## DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors are pleased to present their 42nd Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2017.

### 1. FINANCIAL RESULTS

The Financial Results of the Company for the year ended 31st March, 2017, were as follows:

(₹ in Lacs)

Particulars	Standalone		Consolidated	
	Year Ended 31 March 2017	Year Ended 31 March 2016	Year Ended 31 March 2017	Year Ended 31 March 2016
Gross Sales	53,180	45,883	1,54,084	1,52,809
Net Sales	50,540	43,137	1,50,776	1,49,378
Profit (Before Other Income, Interest, Depreciation & Taxation) (EBITDA)	9,760	7,430	16,534	14,108
Other Income	1,196	401	594	499
Interest & Finance Charges	5,709	5,163	7,411	7,275
Depreciation	3,114	2,911	5,439	5,243
Net Profit Before Taxation and Exceptional Items	2,133	(243)	4,278	2,089
Exceptional Items	(788)	-	(1,012)	-
Net Profit Before Taxation and after Exceptional Items	1,345	(243)	3,266	2,089
Provision for Taxation:				
- Current Tax	739	(104)	1,971	1,212
- Deferred Tax Charge	(153)	(268)	(165)	(351)
Net Profit After Tax	759	129	1,460	1,228
Balance brought forward from previous year	5,969	5,840	9,782	8,554
<b>Amount available for appropriation</b>	<b>6,728</b>	5,969	<b>11,242</b>	9,782
Appropriations				
Dividend on Equity Shares – Interim	-	-	-	-
Proposed Final Dividend on Equity Shares	-	-	-	-
Tax on Dividend	-	-	-	-
Transfer to General Reserve	-	-	-	-
Balance carried to Balance Sheet	<b>6,728</b>	5,969	<b>11,242</b>	9,782

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

### COMPANY PERFORMANCE

Consolidated net sales for FY2017 increased marginally by 0.9% to ₹150,776 lacs as compared to ₹149,378 lacs in FY2016. However, on a constant currency basis, FY2017 revenue if adjusted for a foreign exchange impact of ₹1,643 lacs would have been ₹152,419 lacs, representing a growth of 2.0% y-o-y.

Consolidated EBITDA (excluding other income) for FY2017 increased by 17.2% to ₹16,534 lacs as compared to ₹14,108 lacs compared to the same period last year. This EBITDA (excluding other income) growth was achieved despite the impact of ₹509 lacs on account of unfavorable foreign exchange variations. After adjusting for this impact, EBITDA (excluding other income) for the year was ₹17,044 lacs, representing a growth of 20.8% compared to FY2016. EBITDA (excluding other income) margin for the year under review improved by 152 basis points (bps) to 11.0% from 9.4% in FY2016. This improvement in the margin was primarily driven by

strong operating margin profile of Aerospace & Defence and Hydraulics segments. Consolidated net profit after tax (PAT) for the year increased by 19.0% to ₹1,460 lacs as compared to same period last year. PAT for the year included a one-time impact of ₹1,012 lacs on account of various expenses such as prepayment charges, processing fees and ancillary charges incurred by the Company towards pre-payment of loan funds to the banks and financial institutions. Adjusting for this one-time impact, PAT for FY2017 increased by 73.4% to ₹2,130 lacs.

The Aerospace & Defence segment recorded a robust revenue growth of 28.1% to reach ₹34,568 lacs compared ₹26,981 in FY2016. Successful deliveries of new projects along with a robust and continuing order book execution was the primary driver for this growth during the year. Segment EBITDA increased to ₹10,473 lacs from ₹7,636 lacs in FY2016, indicating a growth of 37.2%. This includes the turnover from the Aerospace division of Dynamatic Limited, UK, a subsidiary



of the Company, to the extent of ₹11,916 lacs and segment EBITDA of ₹8,092 lacs.

During the year, the Aerospace & Defence segment continued its focus on product innovation and advanced technology platform. The division announced commercial production of Airbus A330 Long Range FTBs to be manufactured in India and UK during the life of the program. The Company also inaugurated new Aerospace facility in Bangalore - Dynamatic Aerotropolis in February 2017 with the strategic focus of further strengthening the Aerospace business. This facility has started order execution for Airbus A330 and Bell Helicopter during the year under review.

The revenues from Hydraulics segment increased by 6.0% to ₹27,692 lacs compared to ₹26,136 lacs in the same period last year. Segment EBITDA for the division improved by 22.0% to ₹3,978 lacs compared to ₹3,257 in FY2016. This growth was primarily driven by a strong performance of the Hydraulics segment in India and supported by marginal growth of the UK facility on a constant currency basis compared to same period last year. The Company has established a sales office in the US during the year which is expected to help Dynamatic to expand further in the North American market.

The Automotive and Metallurgy business was ₹88,395 lacs, a decline of 8.0% from ₹96,052 compared to same period last year. Segment EBITDA was ₹2,939 compared to ₹3,929 in FY2016. The performance of this segment remained subdued due to impact of demonetization in the second half of the fiscal year. The global Volkswagen challenges further added to the subdued performance of the division during the year.

### SHARE CAPITAL

As of March 31, 2017, the Company had an authorized share capital of ₹2,000 lacs, divided into 2,00,00,000 equity shares of ₹10/- each and ₹500 lacs divided into 5,00,000 redeemable cumulative preference shares of ₹100/- each. During the year under review, there was no change in the Company's issued, subscribed and paid-up equity share capital. As of 31st March, 2017, the Company had issued, subscribed and paid-up equity share capital of ₹634.14 lacs divided into 63,41,443 equity shares of ₹10/- each.

### TRANSFER TO RESERVES

During the year under review, your Directors do not propose to transfer any amount to General Reserve.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has duly complied with the provisions of Section 186 of the Companies Act, 2013 during the year under review. The details of loans availed by the Company during the year under review are mentioned in the notes to accounts that form part of this Annual Report.

### DIVIDEND

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

### CAPITAL EXPENDITURE

During the year under review, your Company incurred capital expenditure of ₹8,049 lacs for physical infrastructure and ₹2,997 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.

### DEPOSITS

During the year under review, the Company neither accepted any deposits nor there were any amounts outstanding at the beginning of the year which were classified as 'Deposits' in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 and hence, the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Companies Act, 2013 is not applicable.

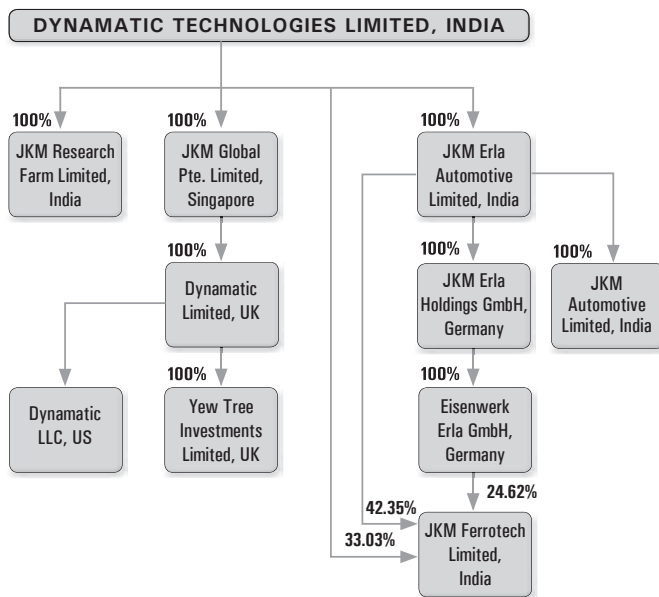
### SUBSIDIARIES

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

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

In terms of provisions of Section 136 of the Companies Act, 2013, the Company shall place separate audited accounts of the Subsidiary Companies on its website at **www.dynamatics.com**

The structure of Dynamatic Technologies Limited and its subsidiaries as on 31st March 2017 is appended hereunder :



## INDIAN SUBSIDIARIES

**JKM Research Farm Limited, India, (JRFL)** is a wholly owned subsidiary of the Company. It continues to be the Research & Development facilitator to the Company. It operates a unique facility for testing and analysing complete tractor aggregates and systems.

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

**JKM Ferrotech Limited, India (JFTL)** is a subsidiary of Dynamatic Technologies. JFTL is into the manufacturing of ferrous alloy and castings, having its operations in Gummidipoondi, Tamil Nadu. This subsidiary has expertise in producing High Si-Mo automotive components and is certified to the highest quality standards specified by the Automotive Industry.

**JKM Automotive Limited (JAL)** is a wholly owned subsidiary of JKM Erla Automotive Limited.

## OVERSEAS SUBSIDIARIES

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

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

**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)** is a subsidiary of the Company. Eisenwerk has been in business for over 630 years and is a preferred supplier to leading global OEMs such as Audi, BMW, Borg Warner Turbo Emission Systems, Volkswagen and Daimler. The capabilities of this subsidiary includes high precision, complex metallurgical products for automotive engines and turbochargers.

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

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

During the year under review, the Board of Directors at their meeting held on 11th November, 2016 appointed Mr. Shirish Saraf (DIN: 01918219) as an Additional Director of the Company. Mr. Ramesh Venkataraman, an Independent Director, stepped down from the directorship effective 5th May, 2016.

Terms of Mr. Vijai Kapur (DIN: 00056415) and Air Chief Marshal S. Krishnaswamy (Retd.) (DIN: 00056250) as Independent Directors of the Company will come to an end on 13th August 2017. As per Company's policy on age criteria, the said Independent Directors would not be seeking re-appointment.

The Board places on record its sincere appreciation for all the contributions of the outgoing Directors. Mr. Hanuman Kumar Sharma (DIN: 07012725) and Mr. P S Ramesh (DIN: 05205364), Directors of the Company would retire by rotation in accordance with section 152 of the Companies Act, 2013 and being eligible, offers themselves for re-appointment.

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

### Declaration by Independent Directors

The Company has received declaration from all Independent Directors that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and regulation 27(2) of the Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 (hereinafter referred as the "Listing Regulations"). The Company keeps a policy of transparency and arm's length while dealing with its Independent Directors. There were no pecuniary transactions entered into with the Independent Directors apart from sitting fees. The Independent Directors have also confirmed that they have complied with the Company's code of conduct.

### Key Managerial Personnel (KMP)

During the year under review, the Company has designated following personnel as KMPs as per the definition under Section 2(51) and Section 203 of the Act:

- Mr. Udayant Malhoutra, CEO & Managing Director
- Mr. Hanuman Kumar Sharma, Group CFO & Executive Director
- Mr. P S Ramesh, Executive Director & COO - Aerospace, India
- Mr. Naveen Chandra P., Head Legal, Compliance and Company Secretary

### BOARD MEETINGS

The Company prepares a Board and allied committee meeting calendar and circulates to all the directors in advance for their concurrence. During FY2017, four meetings of the Board of Directors were held.

Details of the composition of the Board and its Committees and of the Meetings held, attendance of the Directors at such Meetings and other relevant details are provided in the Corporate Governance Report. These Board meetings were held during the FY2017 and not more than one hundred and twenty days had intervened between two consecutive meetings of the Board.

### COMMITTEES OF BOARD OF DIRECTORS

The Board has seven committees viz; the Audit and Risk Management Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee,



Technology & Strategy Development Committee, Finance Committee, Corporate Social Responsibility Committee and Independent Directors' Committee. Details of all the Committees of Board of Directors as per the Secretarial Standard-1 as issued by the Institute of Company Secretaries of India have been disclosed in the Corporate Governance Report. The Board has accepted all the recommendations made by all the Committees of Board of Directors during the year under review.

### **FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS**

An appropriate induction for new directors and ongoing training for all directors ensure high corporate governance in the Company. Dynamatic conducts induction programme for every new independent director to provide them an opportunity to build an understanding about Dynamatic, its businesses and the markets and regulatory environment in which it operates; familiarize with its management and its operations so as to gain a clear understanding of their roles and responsibilities and contribute significantly towards the growth of the Company. They have full opportunity to interact with Senior Management Personnel and are provided all the documents required and sought by them for enabling them to have a good understanding of the Company, its various operations and the industry in which it operates. Dynamatic Technologies firmly believes that a Board, which is well informed /familiarised with the Company, can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders' expectations.

During the year under review, the Company had carried out familiarisation programme for Independent Directors by organizing workshop at Auto unit, Eisenwerk Erla GmbH, Germany; Aerospace unit, Dynamatic Limited, Bristol, UK and Hydraulics unit, Dynamatic Limited, Swindon, UK.

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

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

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

### **DIVERSITY IN THE BOARD**

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us retain our competitive advantage. The Board has adopted a policy on appointment, continuation and cessation of Directors which sets out the approach to diversity in the composition of the Board. The Company has an optimum mix of executive and non-executive, independent directors and woman director.

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

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

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

### **REMUNERATION POLICY**

The philosophy for remuneration of directors, KMP and all other employees of the Company is based on the commitment of fostering a culture of leadership with trust. Furthermore, the Company believes in providing an opportunity that has a strong linkage to and reinforces the performance culture of the Company. The remuneration policy is aligned to this philosophy. The Company has laid down remuneration policy which is designed to attract, motivate, retain manpower and improve productivity by creating a congenial work environment, encouraging initiative, personal growth and teamwork besides offering appropriate remuneration package. Pursuant to the applicable provisions of the Companies Act, 2013 and the Listing Regulations, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company and Individual Directors, including Independent Directors. The said policy has been enclosed as **Annexure 3**.

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

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

Dynamatic Technologies understands the significance of growing its business in a socially responsible way. The Company believes that CSR is not an obligation but an intrinsic part of the overall corporate values. The objective of the Company is to grow its business, whilst reducing the environmental impact of its operations and increasing

its positive social impact. Growing responsibly is crucial for creating long-term sustainable stakeholder value. In pursuit of this objective, a Corporate Social Responsibility (CSR) Committee has been formed by the Company which oversees and facilitates deliberation on the social and environmental consequences of each of the decisions made by the Board. The Committee also takes into account the interests of all shareholders, customers, employees, suppliers, business partners, local communities and other organisations in the Board's decision making. The Company has formulated the CSR Policy under the guidance of Ernst & Young taking into consideration the requirements of the stakeholders of the Company. The said policy has been approved by the Board and is available on the website of the Company ([www.dynamics.com/investor.html](http://www.dynamics.com/investor.html))

Pursuant to the provisions of section 135, 198 & other applicable provisions of the Companies Act read with applicable rules, although CSR initiatives are not mandatory for the Company for the time being in force, it has voluntarily undertaken various initiatives during the year which are summarized below:

- **Skill Development:** The Company conducted skill development training for both instructors and students at Industrial Training Institute (ITI), Devanahalli, Bangalore. This was conducted with the objective to bridge the gap between industry and academic institute.
- **Courses on Aerospace Engineering:** Finalized the contractors for constructing a building that would be used as dedicated facility to impart courses on aerospace engineering.
- **Plantation:** With the objective to increase greenery and conserve the environment, Dynamatic seeded Rose plants in the ITI campus. Various fruit plants were also planted and their maintenance is also undertaken by the Company.
- **Drinking Water:** A bore well was dug for the supply of drinking water in the ITI campus and water purifiers were also installed.

#### **RISK MANAGEMENT POLICY**

The Company believes that managing risks goes hand-in-hand with maximising returns. To this effect, there is a robust process in place to identify key risks across the Group and prioritise relevant action plans to mitigate these risks. The Audit & Risk Management Committee has been entrusted with the responsibility to assist the Board members about the risk assessment and its minimization procedures, which includes discussing the management submissions on risks, prioritising key risks and approving action plans to mitigate such risks. The Policy suggests framing an appropriate response action for the key risks identified, so as to make sure that risks are adequately compensated or mitigated.

The main objectives of the said policy are:

- i. To ensure that all the current and future material risk exposures of Dynamatic Technologies are identified,

assessed, quantified, appropriately mitigated and managed;

- ii. To establish a framework for Dynamatic Technologies' risk management process and to ensure company-wide implementation;
- iii. To ensure systematic and uniform assessment of risks related with each of the units of Dynamatic Technologies;
- iv. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices; and
- v. To assure business growth with financial stability.

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

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

The Company has adopted a Vigil Mechanism Policy through which all stakeholders including Directors and employees may report unethical behavior, malpractices, wrongful conduct, fraud, violation of the Company's code of conduct without fear of reprisal. Details of complaints received and the action taken are reviewed by the Audit & Risk Management Committee. During the year under review, the Company / Committee has not received any such complaint. The functioning of the vigil mechanism is reviewed by the Audit & Risk Management Committee from time to time. The policy on vigil mechanism may be accessed on the Company's website (<https://www.dynamics.com/investor.html>)

#### **POLICY FOR SAFETY AND WELL BEING OF WOMEN**

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

#### **AUDITORS**

##### **Statutory Auditors**

M/s. B S R & Co. LLP, Chartered Accountants are the Statutory Auditors of the Company for a period of five years with effect from 14th August 2014. M/s. B S R & Co., LLP have confirmed to the Company that they are not disqualified under section 141 of the Companies Act, 2013, or any other applicable provisions for the time being in force and are eligible for being appointed as statutory auditors of the Company. M/s. B S R & Co., LLP have also confirmed to the Company that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013.

The report of the Statutory Auditors along with notes to Schedules is enclosed to this report. The observations made in the Auditors' Report are self-explanatory and therefore do



not call for any further comments. The Auditor's Report does not contain any qualification, reservation or adverse remark.

#### **Cost Auditors**

As per Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a Cost Accountant in practice. M/s Rao, Murthy & Associates were appointed as Cost Auditors of the Company for the FY2017 conduct cost audits pertaining to relevant products prescribed under the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time.

#### **Internal Auditors**

The Internal Audit function is responsible for assisting the Audit & Risk Management Committee on an independent basis with a full status of the risk assessments and management. M/s. Ernst & Young, LLP were appointed as Internal Auditors of the Company for the FY2017.

#### **Secretarial Auditor**

The Company had appointed Mr. R Vijayakumar, Company Secretary in practice in Bangalore, to conduct its Secretarial Audit for the financial year ended 31st March, 2017. The Secretarial Auditors have submitted their report, confirming compliance by the Company of all the provisions of the applicable corporate laws. The Report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is annexed as **Annexure 4** to this report.

#### **Tax Auditors**

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

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

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

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The Company has a well-placed, proper and adequate internal financial control system ensures adherence to its philosophy of sustainable growth with proactive risk management. The Company's internal financial control system also comprises due compliances with Company's policies, standard operating procedures and audit and compliance by an in-house internal audit division, supplemented by internal audit checks from M/s. Ernst & Young, LLP, the Internal Auditors and various transaction auditors and cover all offices, factories and key business areas.

The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by direct reporting to the Audit & Risk Management Committee of the Board. A CEO and CFO Certificate, forming part of the Corporate Governance Report, further confirms the existence and effectiveness of internal controls and reiterates their responsibilities to report deficiencies to the Audit & Risk Management Committee and rectify the same. During the year under review, no material or serious observation has been received from the Statutory Auditors and the Internal Auditors of the Company on the inefficiency or inadequacy of such controls.

#### **OTHER DISCLOSURES**

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

There were no material changes / commitments affecting the financial position of the Company or that may require disclosure, between 31st March, 2017 and the date of Board's Report.

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

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

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

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

##### **Demat Suspense Account unclaimed shares**

As on 31st March, 2017 there are 110 members, holding 4,423 equity shares of ₹10/- each, lying in the escrow account due to non-availability of their correct particulars. A detailed note in this regard is provided in the Corporate Governance Section under "Suspense Account for the unclaimed shares". The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

##### **Extract of the Annual Return**

Pursuant to the provisions of section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in form MGT 9 is enclosed as **Annexure 5** to this Annual Report.

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

The Company confirms that it has paid the Annual Listing Fees for the year FY2018 to the NSE and the BSE where the Company's equity shares are listed.

## Consolidated Financial Statements

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

## RELATED PARTY TRANSACTIONS

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

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

## ENVIRONMENTAL PROTECTION MEASURES

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

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

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

### Conservation of Energy

All our facilities in India and abroad are built with the environment in mind and the processes are designed for efficiency, energy conservation and to ensure that no waste is transmitted into the environment. The industrial complexes are highly

energy efficient and completely non-polluting. This is being systematized and quantifiable by implementing ISO 14000.

## Technology Absorption

Research & Development plays a vital role in developing and adopting new technologies to enhance our operational efficiencies. The Company owns the world's best hydraulic technologies. The Company has added technology from Plessey through the acquisition of Dynamatic Limited, UK, in 2007.

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

## Research & Development (R&D)

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

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

## Expenditure on Research & Development

(₹ in lacs)

Particulars		31st March, 2017	31st March, 2016
A.	Capital	28	52
B.	Recurring	523	635
	<b>Total</b>	<b>551</b>	<b>687</b>



## FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars of foreign exchange earnings and outgo are as follows:

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
a. Total Foreign Exchange Earned	24,460	16,608
b. Total Foreign Exchange Used	8,562	7,439
• Import of Raw materials, components, stores and spares	8,154	5,840
• Foreign Travel	41	85
• Interest	169	121
• Capital Expenditure	93	1336
• Others	105	57

## MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

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

## CORPORATE GOVERNANCE

Corporate Governance is a set of principles, processes and systems which govern a company. The Company believes that an effective corporate governance practices provides a strong foundation for a successful enterprise. The key principles on which a sound Corporate Governance system is based are independence, transparency, accountability, responsibility, compliance, ethics, values and trust. Corporate Governance enables an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders.

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

A detailed report on Corporate Governance, pursuant to the requirements of Regulation 34 of the Listing Regulations, forms part of the Annual Report. The certificate from the Practicing Company Secretary confirming compliance of the Corporate Governance norms as stipulated in the Listing Regulations is also included in the Annual Report.

## PROMOTERS

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

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

## DIRECTORS' RESPONSIBILITY STATEMENT

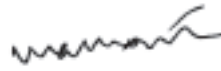
Pursuant to the section 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of knowledge and belief and according to the information and explanations obtained by them, hereby confirm that:

- in the preparation of accounts for the financial year ended 31st March, 2017, the applicable Accounting Standards have been followed with proper explanation relating to material departures if any.

- b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit & Loss Account of the Company for the year under review.
- c. the Directors have taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. the Directors have prepared the accounts for the financial year ended 31st March, 2017, on a 'going concern' basis.
- e. the Directors have laid down internal financial controls to be followed by the company and that the internal financial controls are adequate and are operating effectively.
- f. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and the systems are adequate and operating effectively.
- g. Pursuant to the provisions of the Companies Act, 2013 (as amended from time to time), dividends which remained unclaimed for a period of seven years, have been transferred by the Company to the Investor Education and Protection Fund.

commitment has enabled the Company to be on the forefront of the industry. We also take this opportunity to thank all our customers without whom our success story would not have been possible.

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



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



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

**Place : Bangalore**  
**Date : 29 May 2017**

**HUMAN RESOURCES**

The Company believes that human resources are critical for the overall success of the organization and ensures to undertake best efforts for maintaining a cordial relationship with the employees. Dynamatic's focus has always been to acquire, nurture and develop the best talent to prepare them for leadership roles within the organization. Various initiatives to improve the skills of its employees through training initiatives are ongoing exercise at the Company. Such initiatives are important to ensure job enrichment, engagement and accountability for performance, career progression, reward, recognition and welfare of the employees. Your Company has an excellent track record of cordial and harmonious industrial relations and over the years not a single man-day has been lost on account of labor unrest.

**ACKNOWLEDGMENTS**

Your Directors would like to wish their sincere appreciation to the investors, financial institutions and banks for their continued support during the year. Your Directors would like to thank the regulatory authorities and government authorities and agencies for their continued guidance and support. Your Directors also wish to place on record their deep sense of appreciation to employees and executives at all levels for their efforts and dedication. Their hard work and



**ANNEXURE - 1**  
**Form AOC-1**

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

(₹ in lacs)

Sl. No.	Name of the Subsidiary	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities (excluding (2) & (3))	Investments		% of Holding	Turnover	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend (incl. dividend tax)
						Long-term	Current						
1		2	3	4	5			6	7	8	9	10	11
<b>Foreign Subsidiaries (Reporting currency reference mentioned against each Subsidiary)</b>													
1	Dynamic Limited UK (a)	5,298	5,806	18,210	7,106	-	-	100%	22,088	2,358	469	1,889	-
2	Yew Tree Investments Ltd,UK (a)	-	852	586	(266)	-	-	100%	-	69	19	50	-
3	JKM Erla Holdings GmbH, Germany (c)	17	17,864	23,953	6,072	21,544	-	100%	-	(351)	-	(351)	-
4	Eisenwerk Erla GmbH, Germany (c)	1,108	11,819	35,259	22,332	4,172	-	100%	77,358	2,734	715	2,019	-
5	JKM Global Pte Limited, Singapore (b)	8,189	4	8,951	758	8,662	-	100%	-	(414)	-	(414)	-
<b>Indian Subsidiaries</b>													
6	JKM Erla Automotive Limited	10,456	2,810	13,271	5	13,250	-	99.99%	-	(1,197)	-	(1,197)	-
7	JKM Ferrotech Limited	16,651	(13,641)	12,550	9,540	69	-	99.99%	9,330	(1,311)	-	(1,311)	-
8	JKM Research Farm Limited	500	111	621	10	-	-	99.99%	-	32	16	16	-

Details of reporting currency and the rate used for converting.

Reporting Currency Reference	For Conversion		
	Currency	Average Rate (in ₹)	Closing Rate (in ₹)
a	GBP	87.71	80.88
b	SGD	48.35	46.39
c	EURO	73.61	69.25



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



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

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

Place : Bangalore  
Date : 29<sup>th</sup> May, 2017

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

## ANNEXURE - 2

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

1. Details / Disclosures of Ratio of Remuneration to each Director to the median employee's remuneration of the Employees of the Company (Ratio) for the financial year 2016-17 and the percentage increase in remuneration of Directors and Key Managerial Personnel (KMP) (%) during the financial year 2016-17:

Name & Designation	Category	2015-16 (in ₹)	2016-17 (in ₹)	Increase/Decrease	Ratio	% increase
Mr. Udayant Malhoutra CEO & Managing Director	Director and KMP	73,85,534	79,29,012	5,43,478	01:22	7.36%
Mr. Hanuman Kumar Sharma Group CFO & Executive Director	Director and KMP	66,23,360	1,01,68,702	35,45,342	01:28	53.53%
Mr. P S Ramesh Executive Director & COO, Dynamic- Oldland Aerospace™, India	Director and KMP	53,03,710	57,22,096	4,18,386	01:16	7.89%
Mr. Naveen Chandra, Head Legal, Compliance and Company Secretary	KMP	18,50,376	23,99,562	5,49,186	01:07	29.68%

Name of the Director	Sitting Fees (INR)
Mr. Vijai Kapur	1,00,000
Air Chief Marshal S. Krishnaswamy (Retd.)	6,50,000
Mr. Govind Mirchandani	7,50,000
Ms. Malavika Jayaram	2,50,000
Mr. Nalini Ranjan Mohanty	3,00,000
Mr. Shirish Saraf	1,00,000

7. Details of the employees drawing remuneration of ₹8.50 lakhs per month or ₹1.02 crores per annum

Name	<b>Mr. Hanuman Kumar Sharma</b>
Designation	Group CFO & Executive Director
Remuneration (CTC) received during 2016-17	₹1,01,68,702
Nature of Employment Contractual / otherwise	Regular
Nature of Duties	Financial Planning & Control
Qualification	CA, CS, CWA, MBA & B.Com.
Experience	20 years
Age	44 years
Last Employment	CFO - Kamaz Vectra Motors
Date of commencement of Employment	17-09-2012
No. of Share	Nil
% of Paid up Capital	Nil
Relationship with other Directors	Nil

2. The percentage increase in the median remuneration of employees in this financial year is -0.60%.
3. The number of permanent employees on the rolls of company: 1,175
4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:  
The average percentage increase in the salaries of employees other than the managerial personnel is 04.10%.
5. Average percentage increase in the managerial remuneration is 23.34%.  
Affirmation that the remuneration is as per the Remuneration Policy of the Company: It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.
6. The percentage of equity shares held by the employee in the company (greater than 2% of paid-up capital): NIL.  
Whether any such employee is a relative of any director or manager of the company and if so, name of such Director or Manager – Not applicable.



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



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

**Place : Bangalore**  
**Date : 29<sup>th</sup> May, 2017**



## ANNEXURE - 3

### DYNAMATIC TECHNOLOGIES LIMITED REMUNERATION POLICY

#### Preamble

- 1.1 The Remuneration Policy (hereinafter referred to as the 'Policy') of Dynamatic Technologies Limited and its Indian subsidiaries (hereinafter collectively referred to as "Dynamatic") is designed to attract, motivate, retain manpower, and improve productivity by creating a congenial work environment, encouraging initiative, personal growth and team work, besides offering appropriate remuneration package. The policy reflects DYNAMATIC's objectives for good corporate governance as well as sustained long term value creation for shareholders.
- 1.2 This Policy applies to Directors, senior management including its Key Managerial Personnel (KMP) and other employees of DYNAMATIC.

#### Guiding Principle

- 2.1 The guiding principle is that the remuneration and other terms of employment shall be competitive in order to ensure that DYNAMATIC can attract and retain competent executives.
- 2.2 The Remuneration Policy for executives reflects the overriding remuneration philosophy and principles of the DYNAMATIC. When determining the Remuneration Policy and arrangements for Executive Directors/ KMP's, the Nomination and Remuneration Committee ('NRC') considers pay and employment conditions with peers / elsewhere in the competitive market to ensure that pay structures are appropriately aligned and that levels of remuneration remain relevant in this context.
- 2.3 The NRC while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.
- 2.4 The NRC while considering a remuneration package ensures a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.
- 2.5 The NRC considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

#### Reward Principles and Objectives

- 3.1 This Policy is guided by a common reward framework and set of principles and objectives as envisaged under section 178 of the Companies Act 2013, inter-alia principles pertaining to determining qualifications, positive attributes, integrity and independence.

#### Directors

- 4.1 The Board have decided to pay the Independent directors remuneration in the form of sitting fees for attending Board and allied Committee meetings. The quantum of sitting fee is fixed by the Board of Directors from time to time subject to statutory provisions. Presently sitting fee is ₹50,000 for every meeting attended by the Independent Directors.
- 4.2 When considering the appointment and remuneration of Whole Time Directors, the NRC considers pay and employment conditions in the industry, merit and seniority of the person and the paying capacity of DYNAMATIC.
- 4.3 The term of office and remuneration of Whole Time Directors are subject to the approval of the Board of Directors, shareholders and the limits laid down under the Companies Act from time to time.
- 4.4 Minimum Remuneration: if, in any financial year, the company has no profits or its profits are inadequate, the company shall pay remuneration to whole-time Directors in accordance with the provisions of the Schedule V of the Company's Act 2013, and if it is not able to comply with such provisions, with the prior approval of the Central Government.

#### Reward Policy

- 5.1 Remuneration packages for Whole Time Directors are designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The Whole Time Directors' remuneration comprises salary, perquisites, performance based commission/ reward apart from retirement benefits like Provident Fund, Superannuation, Gratuity etc. as per rules of DYNAMATIC.
- 5.2 The Whole Time Directors are entitled to customary non-monetary benefits such as conveyance allowance, house rent allowance, leave travel allowance, communication facilities, etc. Their terms of appointment provide for severance payments as per the Companies Act.

5.3 Remuneration also aims to motivate personnel to deliver Company's key business strategies, create a strong performance oriented environment and reward achievement of meaningful targets over the short and long term.

#### **Key Managerial Personnel and Senior Management**

6.1 Appointment of KMP & senior management and cessation of their service are subject to the approval of the NRC and the Board of Directors. Remuneration of KMP and other senior management personnel is decided by the CEO & Managing Director on recommendation of the Whole Time Director concerned, where applicable, broadly based on the Remuneration Policy in respect of Whole Time Directors. Total remuneration comprises:

- (a) Fixed Base Salary: set at a level aimed at attracting and retaining executives with professional and personal competence, showing good performance towards achieving Company goals.
- (b) Perquisites: in the form of house rent allowance, conveyance allowance, reimbursement of medical expenses, telephone, leave travel, etc.
- (c) Retirement Benefits: contribution to PF, superannuation, gratuity, etc. as per Statute.
- (d) Performance Linked Incentive: performance appraisal is carried out annually and promotions/ increments/ rewards are decided by CEO & MD based on the appraisal and recommendation of the concerned Whole Time Director, where applicable.
- (e) Provident Fund: contribution made in accordance with applicable laws and employment agreements.
- (f) Severance Payment: in accordance with terms of employment, and applicable statutory requirements, if any.

#### **Other Employees**

7.1 Remuneration of other employees is fixed from time to time as per the guiding principles outlined above and considering industry standards and cost of living. In addition to basic salary they are also provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable. Policy of motivation/ reward/ severance payments are applicable to this category of personnel as in the case of those in the management cadre.

#### **Disclosure of Information**

8.1 Information on the total remuneration of members of the Company's Board of Directors, Whole Time Directors and KMP/ senior management personnel may be disclosed in the Company's annual financial statements as per statutory requirements.

#### **Application of the Remuneration Policy**

9.1 This Policy shall continue to guide all future employment of Directors, Company's Senior Management including Key Managerial Personnel and other employees.

Any departure from the Policy can be undertaken only with the approval of the Board of Directors.

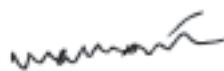
#### **Approval of the Remuneration Policy**

10.1 This Policy shall apply to all future employment agreements with members of Company's Senior Management including Key Managerial Person and Board of Directors.

10.2 This Policy is binding on the Board of Directors. Any departure from the Policy shall be recorded and reasoned in the Board meeting minutes.

#### **Dissemination**

11.1 This Policy shall be published on the website at <http://www.dynamics.com/investor.html>



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



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

**Place : Bangalore**  
**Date : 29 May, 2017**



## ANNEXURE - 4

### Form No. MR-3

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To

The Members of

#### **Dynamic Technologies Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Dynamic Technologies Limited ("the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion there on.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made here in after:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2017 and made available to me, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made hereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) SEBI (Prohibition of Insider Trading) Regulations, 2015;
  - c) SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
  - d) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The major head/groups of Acts, Laws and Regulations as applicable to the Company are (i) Industrial Laws; (ii) Labour Laws; (iii) Environmental and prevention of pollution Laws; (iv) Tax Laws; (v) Economic and Commercial Laws; (vi) Legal Metrology Act, 2009 and (vii) Acts prescribed under Shops and Establishment Act of various local authorities.

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

- (i) Meetings of the Board of Directors (SS-1); and
- (ii) General Meetings

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

I further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Women Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. During the year under audit, no dissenting views were found in the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has carried out following specific event / actions having major bearing on the Company's affairs in pursuance of the above referred laws.

Shareholders have passed following Special Resolutions by way of postal ballot / e-voting vide notice dated August 10, 2016:

- i. Pursuant to the provisions of section 180(1)(a) of the Companies Act, 2013, to Mortgaging/creating charge on the assets of the Company to secure the loans availed by the Company up to a limit of ₹1000 Crores (Indian Rupees One Thousand Crores);
- ii. Pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013, to increase the borrowing limits ₹1000 Crores (Indian Rupees One Thousand Crores); and
- iii. Pursuant to the provisions of section 186 of the Companies Act, 2013, to make investment or give loan, guarantee or provide security upto ₹1000 Crores (Indian Rupees One Thousand Crores) at any point of time



**R. Vijayakumar**

Company Secretary in Practice  
FCS – 6418; COP – 8667

Place : Bangalore

Date : 29 May 2017

To

The Members of

**Dynamatic Technologies Limited**

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively are the responsibilities of the management of the Company. My responsibility is to express an opinion on these secretarial records, systems, standards and procedures based on audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure the correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.



**R. Vijayakumar**

Company Secretary in Practice  
FCS – 6418; COP – 8667

Place : Bangalore

Date : 29 May 2017



**ANNEXURE - 5****FORM NO. MGT 9 (Extract of Annual Return as on financial year ended on 31.03.2017)****Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.****I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L72200KA1973PLC002308
2.	Registration Date	07-03-1973
3.	Name of the Company	Dynamatic Technologies Limited
4.	Category/Sub-category of the Company	Company Limited by Shares, Indian Non-Government Company
5.	Address of the Registered office & contact details	Dynamatic Park, Peenya, Bangalore - 560058.
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

**Standalone**

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	Turnover amount in ₹ lacs	% to total turnover of the company
1	Hydraulic products	2813	19,178	38%
2	Aerospace Products	3030	22,652	45%
3	Automotive Products	2930	7,400	15%
4	Others	-	1,310	2%
	<b>Total Revenue</b>		<b>50,540</b>	<b>100%</b>

**Consolidated**

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	Turnover amount in ₹ lacs	% to total turnover of the company
1	Hydraulic products	2813	27,683	18%
2	Aerospace Products	3030	34,569	23%
3	Automotive Products	2930	79,065	53%
4	Iron Castings	2431	9,330	6%
5	Others	-	129	0%
	<b>Total Revenue</b>		<b>1,50,776</b>	<b>100%</b>

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	Percentage of shares held
1.	JKM Research Farm Limited, India	U85110KA1994PLC016696	Subsidiary	100%
2.	JKM Ferrotech Limited, India	U27310KA2007PLC102763	Subsidiary	100% (Direct Holding - 33.03%, remaining holding through subsidiaries)
3.	JKM Erla Automotive Limited, India	U35122KA2011PLC056973	Subsidiary	100%
4.	JKM Automotive Limited	U28110KA2017PLC102660	Subsidiary	99.40% (Through JKM Erla Automotive Limited)
5.	JKM Global Pte. Limited, Singapore		Subsidiary	100%
6.	Dynamatic Limited, UK		Subsidiary	100%
7.	Yew Tree Investments Limited, UK		Subsidiary	100%
8.	JKM Erla Holdings GmbH, Germany		Subsidiary	100%
9.	Eisenwerk Erla, GmbH, Germany		Subsidiary	100%
10.	Dynamatic LLC, US		Subsidiary	-

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) as at 31<sup>st</sup> March, 2017**

**A) Category-wise Share Holding**

CATEGORY CODE	CATEGORY OF SHAREHOLDER	No. of Shares held at the beginning of the year [As on 1 <sup>st</sup> April 2016]				No. of Shares held at the end of the year [As on 31 <sup>st</sup> March 2017]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
(1)	<b>INDIAN</b>									
(a)	Individual /HUF	7,77,617	Nil	7,77,617	12.26	7,15,117	Nil	7,15,117	11.28	-0.99
(b)	Central Government/State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	24,64,628	Nil	24,64,628	38.87	24,68,128	Nil	24,68,128	38.92	+0.06
(d)	Financial Institutions / Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total A(1) :</b>	<b>32,42,245</b>	<b>0</b>	<b>32,42,245</b>	<b>51.13</b>	<b>31,83,245</b>	<b>Nil</b>	<b>31,83,245</b>	<b>50.20</b>	<b>-0.93</b>
(2)	<b>FOREIGN</b>									
(a)	Individuals (NRIs/Foreign Individuals)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total A(2) :</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>Total A= A(1)+ A(2)</b>	<b>32,42,245</b>	<b>0</b>	<b>32,42,245</b>	<b>51.13</b>	<b>32,42,245</b>	<b>31,83,245</b>	<b>31,83,245</b>	<b>50.20</b>	<b>-0.93</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
(1)	<b>INSTITUTIONS</b>									
(a)	Mutual Funds /UTI	6,96,896	10,503	7,07,399	11.16	8,20,552	10,503	8,31,055	13.11	+1.95
(b)	Financial Institutions /Banks	5,338	Nil	5,338	0.08	2,981	Nil	2,981	0.05	-0.04
(c)	Central Government / State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f)	Foreign Institutional Investors	9,20,371	Nil	9,20,371	14.51	9,30,624	Nil	9,30,624	14.68	+0.16
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i)	Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total B(1) :</b>	<b>16,22,605</b>	<b>10,503</b>	<b>16,33,108</b>	<b>25.75</b>	<b>17,54,157</b>	<b>10,503</b>	<b>17,64,660</b>	<b>27.83</b>	<b>+2.07</b>
(2)	<b>NON-INSTITUTIONS</b>									
(a)	Bodies Corporate	2,27,189	2,486	2,29,675	3.62	1,99,721	2,453	2,02,174	3.19	-0.43
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	7,76,728	1,34,767	9,11,495	14.37	7,01,211	1,29,351	8,30,562	13.10	-1.28
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	2,91,872	Nil	2,91,872	4.60	3,31,421	Nil	3,31,421	5.23	+0.62
(c)	Others									
	Clearing Members	3,989	Nil	3,989	0.06	1,150	Nil	1,150	0.02	-0.04
	Non Resident Indians	25,192	66	25,258	0.40	12,219	66	12,285	0.19	-0.20
	NRI Non-Repatriation	Nil	Nil	Nil	Nil	12,145	Nil	12,145	0.19	+0.19
	Trusts	3,801	Nil	3,801	0.06	3,801	Nil	3,801	0.06	Nil
(d)	Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total B(2) :</b>	<b>13,28,771</b>	<b>1,37,319</b>	<b>14,66,090</b>	<b>23.12</b>	<b>12,61,668</b>	<b>1,31,870</b>	<b>13,93,538</b>	<b>21.98</b>	<b>-1.14</b>
	<b>Total B= B(1)+ B(2) :</b>	<b>29,51,376</b>	<b>1,47,822</b>	<b>30,99,198</b>	<b>48.87</b>	<b>30,15,825</b>	<b>1,42,373</b>	<b>31,58,198</b>	<b>49.80</b>	<b>+0.93</b>
	<b>Total (A + B) :</b>	<b>61,93,621</b>	<b>1,47,822</b>	<b>63,41,443</b>	<b>100.00</b>	<b>61,99,070</b>	<b>1,42,373</b>	<b>63,41,443</b>	<b>100.00</b>	<b>0.00</b>
<b>(C)</b>	<b>Shares held by custodians, against which Depository Receipts have been issued</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(1)	Promoter and Promoter Group									
(2)	Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>GRAND TOTAL (A + B + C) :</b>	<b>61,93,621</b>	<b>1,47,822</b>	<b>63,41,443</b>	<b>100.00</b>	<b>61,99,070</b>	<b>1,42,373</b>	<b>63,41,443</b>	<b>100.00</b>	<b>Nil</b>



**B) SHAREHOLDING OF PROMOTER AND PROMOTERS' GROUP - AS AT 31<sup>ST</sup> MARCH, 2017**

SN	SHAREHOLDER'S NAME	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	MR. UDAYANT MALHOUTRA	7,72,679	12.18	6.84	7,10,179	11.20	0.007	-0.99
2	M/S. JKM HOLDINGS PRIVATE LIMITED	9,12,538	14.39	5.52	9,12,538	14.39	2.84	Nil
3	M/S. UDAYANT MALHOUTRA AND COMPANY PRIVATE LIMITED	6,42,011	10.12	10.12	6,42,011	10.12	0	Nil
4	M/S. WAVELL INVESTMENTS PRIVATE LIMITED	4,44,781	7.01	2.46	4,48,281	7.07	2.46	+0.06
5	M/S. JKM OFFSHORE INDIA PRIVATE LIMITED	4,42,071	6.97	0	4,42,071	6.97	0	Nil
6	M/S. GREENEARTH BIOTECHNOLOGIES LIMITED	22,927	0.36	0	22,927	0.36	0	Nil
7	MRS. BAROTA MALHOUTRA	4,938	0.08	0	4,938	0.08	0	Nil
8	M/S. VITA PRIVATE LIMITED	100	0.00	0	100	0.00	0	Nil
9	M/S. CHRISTINE HODEN (INDIA) PRIVATE LIMITED	100	0.00	0	100	0.00	0	Nil
10	M/S. PRIMELLA SANITARY PRODUCTS PRIVATE LIMITED	100	0.00	0	100	0.00	0	Nil

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

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of shares	% of total shares of the company				No of Shares	% of total shares of the company
1	UDAYANT MALHOUTRA	772679	12.18	31-03-2016			7,72,679	12.18
				16-09-2016	-3,500	Transfer	7,69,179	12.13
				28-10-2016	-51,000	Transfer	7,18,179	11.33
				20-01-2017	-8,000	Transfer	7,10,179	11.20
2	JKM HOLDINGS PRIVATE LIMITED	912538	14.39	31-03-2017			7,10,179	11.20
				31-03-2016			9,12,538	14.39
3	UDAYANT MALHOUTRA AND COMPANY PRIVATE LIMITED	642011	10.12	31-03-2017			9,12,538	14.39
				31-03-2016			6,42,011	10.12
4	WAVELL INVESTMENTS PRIVATE LIMITED	444781	7.01	31-03-2016			4,44,781	7.01
				23-09-2016	3,500	Transfer	4,48,281	7.07
5	JKM OFFSHORE INDIA PVT LTD	442071	6.97	31-03-2017			4,48,281	7.07
				31-03-2016			4,42,071	6.97
6	GREENEARTH BIOTECHNOLOGIES LTD	22927	0.36	31-03-2017			4,42,071	6.97
				31-03-2016			22,927	0.36
7	BAROTA MALHOUTRA	0	0.00	31-03-2017			22,927	0.36
				31-03-2016			4,938	0.08
8	VITA PRIVATE LTD	100	0.00	31-03-2017			4,938	0.08
				31-03-2016			100	0.00
9	CHRISTINE HODEN (INDIA) PRIVATE LIMITED	100	0.00	31-03-2017			100	0.00
				31-03-2016			100	0.00
10	PRIMELLA SANITARY PRODUCTS PVT LTD	100	0.00	31-03-2017			100	0.00
				31-03-2016			100	0.00

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

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Shareholding during the Year	Reason	Increase/Decrease in share holding		Date	Cumulative Shareholding during the Year	
		No of shares	% of total shares of the company			Increase/Decrease in share holding	No of Shares		% of total shares of the company	
1	SAMENA SPECIAL SITUATIONS MAURITIUS	4,67,455	7.37	31-03-2016				31-03-2016	4,67,455	7.37
				02-09-2016	Transfer	13,618	4,81,073	7.59		
				09-09-2016	Transfer	8,285	4,89,358	7.72		
				16-09-2016	Transfer	3,397	4,92,755	7.77		
				23-09-2016	Transfer	3,538	4,96,293	7.83		
				30-09-2016	Transfer	914	4,97,207	7.84		
				07-10-2016	Transfer	1,141	4,98,348	7.86		
				28-10-2016	Transfer	54,425	5,52,773	8.72		
				18-11-2016	Transfer	460	5,53,233	8.72		
				25-11-2016	Transfer	1,781	5,55,014	8.75		
2	SAMENA SPECIAL SITUATIONS MAURITIUS	0	0.00	02-12-2016	Transfer	740	5,55,754	8.76		
				23-12-2016	Transfer	-5,55,754	-	0.00		
				31-03-2017			-	0.00		
				31-03-2016			-	0.00		
				23-12-2016	Transfer	5,55,754	5,55,754	8.76		
				31-03-2017			5,55,754	8.76		
				31-03-2016			2,57,645	4.06		
				15-04-2016	Transfer	534	2,58,179	4.07		
				06-05-2016	Transfer	2,200	2,60,379	4.11		
				13-05-2016	Transfer	780	2,61,159	4.12		
3	HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND	2,57,645	4.06	27-05-2016	Transfer	1,200	2,62,359	4.14		
				03-06-2016	Transfer	6,400	2,68,759	4.24		
				24-06-2016	Transfer	7,500	2,76,259	4.36		
				15-07-2016	Transfer	21,082	2,97,341	4.69		
				29-07-2016	Transfer	4,700	3,02,041	4.76		
				05-08-2016	Transfer	764	3,02,805	4.78		
				26-08-2016	Transfer	1,600	3,04,405	4.80		
				30-09-2016	Transfer	1,460	3,05,865	4.82		
				07-10-2016	Transfer	494	3,06,359	4.83		
				14-10-2016	Transfer	1,500	3,07,859	4.85		
28-10-2016	Transfer	44,000	3,51,859	5.55						
31-03-2017			3,51,859	5.55						



4	GOLDMAN SACHS INDIA FUND LIMITED	1,79,011	2.82	31-03-2016			1,79,011	2.82
				31-03-2017			1,79,011	2.82
5	ALCHEMY INDIA LONG TERM FUND LIMITED	1,25,001	1.97	31-03-2016			1,25,001	1.97
				27-01-2017	-10,000	Transfer	1,15,001	1.81
				31-03-2017			1,15,001	1.81
6	HDFC TRUSTEE COMPANY LIMITED - HDFC INFRASTRUCTURE	1,20,000	1.89	31-03-2016			1,20,000	1.89
				31-03-2017			1,20,000	1.89
7	MUKUL MAHAVIR PRASAD AGRAWAL	1,00,000	1.58	31-03-2016			1,00,000	1.58
				31-03-2017			1,00,000	1.58
			1.31	31-03-2016			82,978	1.31
8	SBI MAGNUM TAXGAIN SCHEME	82,978		03-06-2016	5,248	Transfer	88,226	1.39
				17-06-2016	19,132	Transfer	1,07,358	1.69
				31-03-2017			1,07,358	1.69
9	NEHA SANGHVI	82,000	1.29	31-03-2016			82,000	1.29
				31-03-2017			82,000	1.29
10	LASHIT SANGHVI	82,000	1.29	31-03-2016			82,000	1.29
				31-03-2017			82,000	1.29
			1.26	31-03-2016			80,215	1.26
				03-06-2016	5,248	Transfer	85,463	1.35
11	SBI MAGNUM MULTIPLIER FUND	80,215		15-07-2016	5,500	Transfer	90,963	1.43
				19-08-2016	6,147	Transfer	97,110	1.53
				31-03-2017			97,110	1.53

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

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of shares	% of total shares of the company				No of Shares	% of total shares of the company
1	Udayant Malhoutra	772679	12.18	31/03/2016			772679	12.18
				16/09/2016	-3500	Transfer	769179	12.13
				28/10/2016	-51000	Transfer	718179	11.33
				20/01/2017	-8000	Transfer	710179	11.20
2	Air Chief Marshal S. Krishnaswamy (Retd.)	69	0.0007	31/03/2016			69	0.0007
				31/03/2017			69	0.0007

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(in ₹ lacs)

Particulars	Secured loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
1) Principal Amount	34,718	19	-	34,737
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	19	-	-	19
<b>Total(1 + 2 + 3)</b>	<b>34,737</b>	<b>19</b>	<b>-</b>	<b>34,756</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	51,228	948	-	52,176
Reduction	34,718	19	-	34,737
Net Change	16,510	929	-	17,439
<b>Indebtedness at the end of the financial year</b>				
1) Principal Amount	51,228	948	-	52,176
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	2	-	-	2
<b>Total(1 + 2 + 3)</b>	<b>51,230</b>	<b>948</b>	<b>-</b>	<b>52,178</b>

## VI. REMUNERATION OF DIRECTORS & KEY MANAGERIAL PERSONNEL

Compensation paid to the Directors for the financial year ended 31st March, 2017:

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

(in ₹)

Sl. No.	Particulars of Remuneration	Name of Managing Director / Whole Time Director (WTD) / Key Managerial Personnel				Total Amount
		Mr. Udayant Malhoutra (MD & CEO)	Mr. P S Ramesh (WTD)	Mr. Hanuman Kumar Sharma (WTD & Group CFO)	Mr. Naveen Chandra P (Company Secretary)	
1	<b>Gross salary</b>					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	72,44,004	53,61,600	94,23,694	22,08,570	2,42,37,868
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	12,51,683	7,20,496	7,45,008	4,12,659	31,29,846
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	<b>Total (A)</b>	<b>84,95,687</b>	<b>60,82,096</b>	<b>1,01,68,702</b>	<b>26,21,229</b>	<b>2,73,67,714</b>
	<b>Ceiling as per the Act</b>	<b>1,20,00,000</b>	<b>1,20,00,000</b>	<b>1,20,00,000</b>	-	

### B. Remuneration to other Directors

in ₹ (Rupees)

Name of Directors	Sitting Fee for attending Board / Committee Meeting (Gross)	Commission	Others	Total	Total Managerial Remuneration	Overall ceiling as per Act
<b>Non- Executive &amp; Independent Directors</b>						
Mr. Vijai Kapur	1,00,000	-	-			2,00,000
Air Chief Marshal S. Krishnaswamy (Retd.)	6,50,000	-	-			13,00,000
Mr. Govind Mirchandani	7,50,000	-	-			15,00,000
Ms. Malavika Jayaram	2,50,000	-	-			5,00,000
Mr. Nalini Ranjan Mohanty	3,00,000	-	-			6,00,000
Mr. Shirish Saraf	1,00,000					2,00,000
<b>Other Non- Executive &amp; Non-Independent Directors</b>						
Mr. Raymond Keith Lawton	-	-	-	-	-	-
Mr. Dietmar Hahn	-	-	-	-	-	-
Mr. James David Tucker	-	-	-	-	-	-

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



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



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

Place : Bangalore  
Date : 29 May, 2017



**ANNEXURE – 6**

**AOC-2**

**1. Details of contracts/arrangement/transactions not at arm's length basis: Nil**


**2. Details of contracts/arrangement/transactions at arm's length basis: refer below table**

(₹ in lacs)

Name of related party	Nature of relationship	Nature of contracts/ arrangement/ transactions	Transactions during the year ended 31st March 2017	Date of approval by the Board	Amount Paid as a advance
Dynamatic Limited, UK	Step Subsidiary	Sale of manufactured goods	113	As per Listing Regulations, appropriate omnibus approval have been obtained at the Audit and Risk Management Committee Meetings held on 10th August 2016, 11th November 2016, 13th February 2017 and 29th May 2017	Nil
		Purchase of raw materials	1,553		Nil
		Management fees	426		Nil
JKM Global Pte Limited, Singapore	Subsidiary	Interest income	186		Nil
		Loans and advances given (including reinstatement)	30		Nil
		Loans and advances repaid (including reinstatement)	(1,583)		Nil
JKM Research Farm Limited	Subsidiary	Expenses- rent	48		Nil
JKM Erla Automotive Limited	Subsidiary	Loans and advances given	8,368		Nil
		Loans and advances repaid	(8,488)		Nil
		Other income-interest income	706		Nil
Eisenwerk Erla GmbH, Germany	Step Subsidiary	Management fees income	756		Nil
JKM Ferrotech Limited	Step Subsidiary	Sales of raw materials	5		Nil
		Purchase of raw materials and components	2,075		Nil
		Other income-interest income	102	Nil	
		Loans and advances given	1,917	Nil	
		Loans and advances repaid	(1,917)	Nil	
JKM Holdings Private Limited	Companies over which key management personnel or relatives of such personnel are able to exercise significant influence (other related entities)	Rent paid	4	Nil	
Wavell Investments Private Limited		Short term borrowings taken	216	Nil	
		Short term borrowings repaid	(216)	Nil	
		Interest expenses	3	Nil	
Udayant Malhoutra	Chief Executive Officer and Managing Director	Managerial remuneration	85	Nil	
Hanuman Kumar Sharma	Executive Director and Group CFO	Managerial remuneration	102	Nil	
P. S. Ramesh	Executive Director and Chief Operating Officer- Aerospace, India	Managerial remuneration	61	Nil	
Naveen Chandra	Head Legal, Compliances and Company Secretary	Managerial remuneration	26	Nil	
Udita Malhoutra	Relative of Key Managerial Person	Rent paid	4	Nil	

Place : Bangalore  
Date : 29 May, 2017

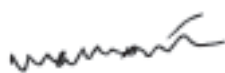
  
**Udayant Malhoutra**  
CEO & Managing Director  
DIN : 00053714

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

## CERTIFICATION BY CEO & GROUP CFO OF THE COMPANY

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

1. We have reviewed the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement of the Company and all the schedules and notes on accounts and the Board's report;
2. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
3. The financial statements, and other financial information included in this report, present in all material respects a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as at, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations.
4. There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
5. We are responsible for establishing and maintaining internal controls for financial reporting of the Company regularly evaluating the effectiveness of internal control systems of the Company pertaining to financial reporting and disclosure to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any.
6. We have disclosed, all relevant information wherever applicable, to the Company's Auditors and the Audit & Risk Management Committee of the Company's Board :
  - A. We have eliminated all significant deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarise and report financial data and have evaluated the effectiveness of internal control systems of the Company in consultation with the statutory and internal auditors of the Company.
  - B. Any significant changes in internal controls over financial reporting during the year;
  - C. All significant changes in accounting policies during the year, if any, and the same have been disclosed in the notes to the financial statements; and
  - D. Any instances of significant fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal control system.
7. We further confirm that the Company has framed a specific Code of Conduct for the members of the Board of Directors and senior management personnel of the Company pursuant to SEBI (LODR) Regulations, 2015;
8. All the members of the Board and Senior management personnel of the Company have affirmed due observance of the said Code in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2017



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



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

Place : Bangalore  
Date : 29 May 2017

## BUSINESS OVERVIEW

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

The Company is one of the world's largest manufacturers of hydraulic gear pumps and automotive turbochargers and has leadership in hydraulic gear pumps market for over 36 years. It has 60% share of the Indian organized tractor market with supplies to almost all OEMs in India. Dynamatic Technologies is a pioneer and leader in the Indian private sector for the manufacture of high precision airframe structures and aerospace components. It is a tier I supplier to the global aerospace OEMs such as Airbus, Boeing, Bell Helicopters and HAL. The Company also manufactures high precision, complex metallurgical ferrous and aluminium castings for performance critical components such as turbochargers and exhaust manifolds and has capabilities to develop automotive components on single-source basis.

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

The Company is vertically integrated, with its own alloy-making and casting capabilities as well as its own captive green energy sources. Dynamatic Technologies operates in three business segments: Automotive & Metallurgy, Hydraulics and Aerospace & Defence.

The **Automotive & Metallurgy** division supplies engine, transmission, turbocharger and chassis parts to the leading global OEMs. It also manufactures high precision, complex metallurgical ferrous castings for automobile engines and turbochargers. The Company possesses modern ferrous and non-ferrous foundries as well as modern state-of-the-art automotive component manufacturing facilities in India and Germany, and is able to vertically integrate the competence and locational advantages of its facilities to deliver greater value to its customers.

The **Dynamatic Hydraulics™** is one of the world's largest Hydraulic Gear Pumps manufacturers with two state-of-the-art manufacturing facilities located in India and the U.K. This division manufactures hydraulic gear pumps with aluminium or cast iron body, motors, hand pumps, hitch control valves, rock shaft assemblies, lube and water pumps and related products and complete hydraulic solutions for the Indian and overseas markets.

The **Aerospace & Defence** is a pioneer and leader in the Indian private sector for the manufacture of high precision airframe structures and aerospace components. Its products

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

## RESEARCH & DEVELOPMENT

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

The Company owns 21 patents to its credit in various countries including India, USA, UK, Germany and other European countries. There are 3 patent applications which are pending for registration.

Besides the patents mentioned above, the Company has registered eight trademarks and applied for multiple others in various countries including India, USA and UK. Dynamatic Technologies 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 and 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, best in class engineering capabilities and intellectual property with several patented products and designs. This facility provides testing and validation of new products for various OEM customers.

## GLOBAL MACROECONOMIC SCENARIO

Global economy in the first half of 2016 was held back due to ongoing volatility in certain regions, subdued global trade, weak investments, Brexit referendum and uncertainty about trade policy in the US. However, the global economy gained momentum during the second half of 2016 with rebound in manufacturing activity in the US and with resilient performance in the UK. The appreciation in the US dollar strained growth in emerging economies but China and India managed to register a robust performance in 2016 with its strong economic fundamentals and government policy support. The gradual stabilization of macroeconomic conditions in these economies coupled with rebound in commodity prices has allowed global economy to register a growth of 2.3% in 2016 and is projected to rise to 2.7% in 2017 (Source: World Bank).

Euro Area (consisting of Germany, France, Italy and Spain) growth slowed to 1.6% in 2016 from 2.0% in 2015 following



the United Kingdom's vote to exit the European Union, concerns about banking sector profitability and elevated non-performing loans in some countries. Growth in the Euro Area in 2017 is projected to slow marginally to 1.5% with lower oil prices, increased policy uncertainties and lingering banking sector concerns. However, UK economy showed resilience amidst the economic challenges such as fall in Sterling following the Brexit and it continues to register a growth of 2.0% in 2016, slightly lower than the 2.2% growth in 2015.

Emerging and developing economies grew by only 3.4% in 2016 due to weak global trade which was offset to a certain extent by some pickup in domestic demand and is projected to rise to 4.2% in 2017. Low commodity prices and weak global trade continue to create challenging conditions for commodity exporting countries. Growth in emerging and developing economies is expected to be driven by recovery in commodity exports and significant fiscal stimulus in major economies in particular, the United States which could support a more rapid recovery in global activity.

## INDIAN ECONOMY

The Indian economy continued to outperform most of the emerging markets despite the global headwinds and is projected to register a robust growth of 7.1% in FY2017. India's trade deficit narrowed down to US\$ 112.4 billion in FY2017 from US\$ 130.1 billion in last year. The foreign exchange reserves increased by US\$ 21.6 billion during FY2017 as compared to an increase of US\$ 17.9 billion during FY2016.

The Indian economy exhibited strong resilience despite weak global growth and increasing global uncertainty. This was driven by strong support from government and Reserve Bank of India policy initiatives, increased domestic demand and consumption. The economy lost some momentum in the second half of FY2017 due to the demonetization initiative which impacted the consumer spending and was also reflected in the financial performance of the corporates. The long term benefit of the process appears to be emerging with a gradual move towards a digital economy. The growth in inflation as measured by the Wholesale price index (WPI) in 2016-17 was 1.7% as per the new base of 2011-12 against 3.7% with the 2004-05 base. Index of Industrial Production (IIP) showed a rise of 5.0% in the year 2016-17 as compared to 3.4% in 2015-16 driven by a rebound in the industrial activity.

International Monetary Fund (IMF) retains its India's GDP growth forecast at 7.2% for FY2018 supported by prudent budget, economic reforms and implementation of the Good and Service Tax (GST) which will provide the much needed stimulus to achieve the higher growth trajectory. India's medium term growth prospects are favourable, driven by pick up in consumption demand, higher public investment and on the back of strong macroeconomic fundamentals.

## INDUSTRY OVERVIEW AND SEGMENT DISCUSSION

### HYDRAULICS

#### Industry Overview and Outlook

With the return of normal monsoon in FY2017 after two consecutive years of draught like situation, the Indian agricultural economy has showed early signs of a recovery. The agricultural GDP is expected to be 4.1% or ₹1.11 trillion (US\$ 1,640 billion) as per the Economic Survey Report. The sector is well supported by the government of India initiatives which aims towards rural development and agri-mechanization. India is one of the largest manufacturers of farm equipment such as tractors, harvesters and tillers. India accounts for nearly one-third of the global tractor production, with the tractor production in the country estimated to increase from 0.57 million units in FY2016 and reach to 16 million units by 2030. Expectation of a good monsoon, favorable government policies, rising farm income, increase agricultural machinery mechanism, irrigation facilities and penetration of agrochemicals will drive the growth of agricultural economy in India.

Construction and equipment industry has returned to the growth path in FY2017 after a slowdown over the last couple of years. The industry grew after the much required push from the government in terms of budget allocation and resuming stalled projects, especially in the road sector. This has led to an increase in capacity utilisation to 50-70% from around 40% in 2010-11. Construction equipment industry in India is expected to reach US\$ 5 billion by FY2020 from US\$ 3 billion in FY2016. Increased investment from private players across various infrastructure segments, ranging from roads, communications, power and airports is driving the growth. The industry going forward is expected to experience certain challenges post the implementation of the Goods and Service Tax in India. Around 50% of the total construction equipment fall under the 28% tax bracket. These include equipment such as wheeled-loaders, backhoe loaders, soil compactors, and excavators. This is anticipated to impact the cash flow of contractors who cater to infrastructure sector and adversely affect the current surge of infrastructure related activities.

#### Segment Overview

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

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

The demand for equipment with higher horse power (HP) (i.e. over 50 HP) is expected to continue to grow faster than the industry both in the domestic market as well as for exports. Dynamatic Technologies is strategically positioned to cater to this market sector with highest installed capacity in India to produce tandem pumps.

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

### Operational and Financial Performance

(₹ in lacs)

Particulars	FY2017	FY2016	Change (%)
<b>Revenue</b>	<b>27,693</b>	<b>26,137</b>	<b>6.0%</b>
India	19,076	16,546	15.3%
UK	8,617	9,591	(10.1)%
<b>EBITDA</b>	<b>3,978</b>	<b>3,257</b>	<b>22.1%</b>
<i>Margin %</i>	<i>14.4%</i>	<i>12.5%</i>	
India	3,348	2,826	18.5%
<i>Margin (%)</i>	<i>17.6%</i>	<i>17.1%</i>	
UK	630	431	46.1%
<i>Margin (%)</i>	<i>7.3%</i>	<i>4.5%</i>	

During the year, Indian business registered strong growth of 15.3% coupled with margin expansion of 47 bps. On a constant currency basis UK registered a marginal growth in revenue. Profit margin for UK operations expanded by 281 bps. Good monsoon and higher agricultural production during the year resulted in increased demand for tractor. Going forward, we anticipate the performance in India to remain strong on the back of improved farm sentiment and investment in the infrastructure market. We have also established sales office in the US and Company expects to further expand in North American market.

### AUTOMOTIVE & METALLURGY

#### Industry Overview and Outlook

The global auto industry continued its momentum of growth in the year 2016 and 88.1 million cars and light commercial vehicles were sold worldwide in 2016, a growth of 4.8% compared to the same period last year. The global growth was majorly driven by China's double-digit growth in sales. European car sales grew by 6.5 % to 15.1 million in 2016, a nine year high. This demand was propelled by growth across the region's key markets despite political instability

and economic uncertainty following key events in 2016 such as Brexit. In US, the rising consumer confidence was favorable for the industry as a result the vehicle sales registered the seventh consecutive year over year sales growth to 17.55 million from 17.47 million in 2015. In the emerging markets, India showed its strength with more than 3.3 million units sold as a result of growing prosperity and the greater availability of consumer credit. India's growth offset decline in sales from other emerging markets.

The Indian automobile industry has evolved multifold over the last few years and has registered a strong growth in FY2017. The auto industry produced a total 25.3 million vehicles in FY2017, including passenger vehicles, commercial vehicles, three wheelers and two wheelers, as against 24.0 million in FY2016. Passenger Vehicles production grew by 5.4% in FY2017. Commercial Vehicles sales increased by 4.2% driven by Light Commercial Vehicles which increased by 7.4% y-o-y. The Indian passenger vehicle sales surpassed the mark of 3 million during the year registering the growth of 9.2% thereby registering its best performance in last five years. While the growth momentum was strong in the first six months, sales were impacted in the second half due to the demonetization. The passenger vehicle space was impacted for a brief period and regained normalcy by January 2017. The Society of Indian Automotive Manufacturers (SIAM) has forecasted a growth of 7-9% for the domestic passenger vehicle sales in the FY2018. It is expected that the primary driver for this growth would be 7th pay commission payout and better rabi output. Meanwhile, the implementation of the Goods and Services Tax (GST) might benefit the auto industry and companies engaged in manufacturing in terms of significant reduction in logistics and supply chain costs.

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

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

The exports market presents another key growth avenue for the Company. Dynamatic Technologies has started exporting performance critical castings to major global OEMs from its foundries in India and Germany. The Company is striving to increase sales of performance critical castings through this channel to drive higher profitability.

## Segment Overview

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

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

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

The JKM Ferrotech Limited, India, facility in Chennai has expertise in producing Brake parts, Chassis Parts, Engine Cooling Systems and Turbo charger parts. Foundry is certified for various quality standards like ISO/TS16949, ISO 14001 and OHSAS 18001. Business added few new customers during the year including Turbo Energy, ISUZU. TEL has a JV with BorgWarner in India and this is our first foray into the turbo charger business.

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

Eisenwerk Erla GmbH, Germany, is a preferred supplier of precision, complex metallurgical products for automotive engines and turbochargers to leading global automotive OEMs including Audi, BMW, Borg Warner Turbo Emission Systems, Daimler and Volkswagen. With a history of over 630 years,

Eisenwerk Erla possesses one of the finest ferrous foundries in Europe, capable of manufacturing extremely intricate ferrous castings from difficult-to-cast materials. It also has strong R&D capabilities with patented technologies specific to the automotive industry. During the year, the first "Machining Facility" was inaugurated at Eisenwerk Erla GmbH, Germany. This is fully robotized facility for machining at Erla, which incorporates the latest technological innovations and will allow Dynamatic to increase its competitiveness in manufacturing high value precision parts of BMW. It is also expected to drive the both revenue and profitability in the coming year.

## Operational and Financial Performance

(₹ in lacs)

Particulars	FY2017	FY2016	Change (%)
<b>Revenue</b>	<b>88,395</b>	96,052	(8.0)%
India	<b>11,038</b>	12,906	(14.5)%
Germany	<b>77,357</b>	83,146	(7.0)%
<b>EBITDA</b>	<b>2,938</b>	3,929	(25.2)%
<i>Margin %</i>	<i>3.3%</i>	<i>4.1%</i>	
India	<b>(808)</b>	(401)	Nm
<i>Margin (%)</i>	<i>(7.3)%</i>	<i>(3.1)%</i>	
Germany	<b>3,746</b>	4,330	(13.5)%
<i>Margin (%)</i>	<i>4.8%</i>	<i>5.2%</i>	

Recovery in the global auto sector remains fragmented and the overall automotive business demand remained subdued which had an adverse impact on the Company's performance during FY2017. Growth in Germany was impacted by the global Volkswagen issues. New orders building up in India and new machining facility commissioned in Germany is expected to drive both revenue and profitability in the coming year.

## AEROSPACE & DEFENCE

### Industry Overview and Outlook

With rising passenger traffic, increasing military and defence expenditures globally, the demand for aircrafts is expected to increase. As Indian manufacturing capabilities advance over the years, it is expected to capture a large share of this opportunity. The Indian aerospace industry is one of the fastest-growing in the world with an expanding consumer base. The robust growth of the aerospace industry has also led global leaders to look to India as an attractive manufacturing platform. Factors driving progress in the aerospace industry include strong economic growth leading to rapidly expanding domestic aircraft demand, the liberalization of civil aviation policies, offset requirements, a robust domestic manufacturing base, cost advantages, a large talent pool, the ability to leverage IT competitiveness and a liberal Special Economic Zones law that provides attractive fiscal benefits for developers and manufacturers. However, the industry



is facing certain challenges such as access to technology, availability of funding, high cost of raw material and stringent certification processes.

### Commercial Aerospace

During 2016-2035 period, global commercial aircraft fleet is expected to grow at a CAGR of 4%. Boeing has forecasted a need for over 39,600 aircrafts to be added during the same period with 38% deliveries to airlines in the Asian region. Airbus has forecasted demand for 33,070 new aircraft deliveries. Around 42% of the total demand is expected to come from replacement of the existing aircrafts and 58% will be the incremental growth. Single-aisle airplanes will continue to dominate the world's fleet with around 71% share of new deliveries during 2016-2035. A majority of these deliveries will be around Asia-Pacific region – with India, China, South East Asia and the Middle East being the key markets for the global aircraft majors.

Currently, OEMs and Tier-1 suppliers source 70% of their requirements from manufacturers in the US and Europe. However, to de-risk and diversify the supplier base and to be closer to the consumption regions, Tier-1 suppliers and OEMs are now looking to develop suppliers in Asia, particularly in India and China. Airbus is planning to increase its cumulative sourcing from India to \$2 billion by 2020 from \$500 million currently. Boeing is planning to fulfil its offset obligations (more than \$2 billion by 2020) through commercial and military aerospace sourcing, increased from \$500 million in 2015. Other OEMs such as UTC, Lockheed Martin and Rolls Royce are also setting up their manufacturing facilities in India and developing supply chain for their global requirements.

The National Civil Aviation Policy was released by the Ministry of Civil Aviation in June 2016 lays with the vision to create an eco-system to make flying affordable for the masses. This includes incentivizing civil aerospace sourcing through defence offsets, inviting global OEMs to set up their manufacturing facilities in India and promoting MRO facilities in the country. This further increases the growth potential of the domestic civil aviation industry.

### Defence Aerospace

India's defence budget for FY2017 is over \$38 billion representing a 9.7% CAGR over 2008-2017 period. Over a longer period of 15 years, India Airforce is expected to spend about \$150 billion on aircrafts and aero engines. This reflects a large pipeline of orders and a growing need for Indian sourcing partners. Furthermore, a strong procurement pipeline of over \$80 billion over the next decade opens up significant opportunities for Indian system integrators and component suppliers. About half of this order book is for the aerospace segment. Some of the major contracts include Rafale Fighter Jet, AVRO Replacement Program, Light Utility Helicopter, A330 Multirole Tanker Transport Aircraft, Apache Chinook

Heavy Duty Helicopter, Tejas Light Combat Helicopter, Kamov Helicopters and Fifth Generation Fighter Aircraft.

With simplified offset norms, changes in defence procurement procedures (DPP) and easing of FDI restrictions, there is a significant opportunity for the private sector companies towards aerospace segment which has made investment in building capacities and technology platform.

*Source: FICCI – KPMG*

### Segment Overview

**Dynamatic-Oldland Aerospace™, India**, is a pioneer and a recognized leader in the Indian private sector for the development of complex aero-structures and manufacture of aircraft parts and accessories. The Company is also vertically integrated to manufacture CNC and sheet metal components, with soft and hard tooling assembly, jig manufacturing and has comprehensive engineering capabilities. The Aerospace & 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, spot welding and nondestructive testing and Airbus/Boeing approved. This is the first time such capabilities have been developed in the Indian private sector.

The Company has successfully executed important projects for national defence agencies such as DRDO and HAL. Its products include the wing and rear fuselage for the LAKSHYA, India's first pilotless target aircraft and ailerons and flaps for the HJT-36 Intermediate Jet Trainer (IJT). Dynamatic Technologies also manufactures and assembles major airframe structures for the Sukhoi 30MKI fighter bomber, which is a part of the largest defence program in India. Six different control surfaces – vertical fins, ventral fins, horizontal stabilizers, slats, canard and airbrake form part of an aircraft. Over 60 Aircrafts sets have been produced and supplied to HAL, Nasik from our facility in Nasik.

The Company is also a Tier 1 for Boeing Defence for the manufacture of cabinets used to keep critical power and mission equipment for the P-8 program, a multi-mission maritime patrol aircraft customized for the Indian Navy. The success of this program has enabled Boeing to place orders on Dynamatic for all the global requirement of P8-A making the company a Single Source supplier globally.

Boeing further enhanced the relationship with Dynamatic, India by placing one of its most complex structural assembly Cargo Ramp & Aft Pylon assemblies of Chinook Helicopters. This program involved a large industrialization with over 60% of the parts done in house & remaining was established by creating an ecosystem of suppliers around the world who are managed by Dynamatic.

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 2009 as a Tier II supplier. Dynamatic Technologies 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. First Article was delivered last year and the series commercial production was started in the presence of Rt. Hon. Ms. Therese May, Prime Minister of UK visiting the facility. The project has a deep industrialization with over 96% of details manufactured within Dynamatic and Final assembly shipped to Airbus. The company is projected to be a single source in 2018 making the company the largest Flap Track Beam manufacturer in the world.

Bell Helicopters with whom Dynamatic had signed a MoU has established into a Single source supplier of Major sub-assembly structures of the Cabin of the Bell 407 model. Dynamatic has expanded its manufacturing for Bell at its new facility near the Bangalore International Airport where all the assemblies are getting manufactured.

### Technology & Quality

Dynamatic being a Tier 1 company for OEMs has continuously invested in technology for the making the business more cost effective and world class. The company has put in best practices by implementing Lean Manufacturing, Continuous Improvement programs etc. the company has also launched QSP – Quality, Safety & Productive as its new business initiative to emphasis on these aspects to the customer.

The Company has state-of-the-art Rubber Press, Inspection equipment like CMM, Laser Tracker etc., Paint Booths, high accuracy 5-axis machines which are one of the largest giga milling machines in the country. This giga milling machine comes with a special probing software system enhancing the capability of the machine beyond a CMM.

The company has also launched a Skill initiative for its complete work force both Direct & Indirect using a software called CATi (Competency Assessment & Training Identification). The software is designed to map each of the employees skill levels and the training needs. This in turn enables the management to provide required training to the work force.

**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 Technologies specializes in reverse engineering, fixtures and design manufacturing.

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

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

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

### Operational and Financial Performance

(₹ in lacs)

Particulars	FY2017	FY2016	Change (%)
<b>Revenue</b>	<b>34,568</b>	<b>26,981</b>	<b>28.1%</b>
India	<b>22,652</b>	14,748	53.6%
UK	<b>11,916</b>	12,233	(2.6)%
<b>EBITDA</b>	<b>10,473</b>	<b>7,636</b>	<b>37.2%</b>
<i>Margin %</i>	<i>30.3%</i>	<i>28.3%</i>	
India	<b>8,092</b>	5,979	35.3%
<i>Margin (%)</i>	<i>35.7%</i>	<i>40.5%</i>	
UK	<b>2,381</b>	1,657	43.7%
<i>Margin (%)</i>	<i>20.0%</i>	<i>13.5%</i>	

Successful deliveries of new projects along with robust and continuing order book execution, led to substantial revenue growth for both Q4 and full year FY2017. Company has strong order book and the orders execution of Airbus and Bell Helicopters begins at the new facility in Bangalore. This will result in increased production going forward.

## JKM Wind Farm

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

## FINANCIAL CONDITION

### Share Capital

(₹ in lacs)

Year Ended 31st March	FY2017	FY2016	Change (%)
Share Capital	<b>634</b>	634	-
Reserve & Surplus	<b>24,007</b>	25,126	(4.5)%

The Company had an Authorized Share Capital of ₹2,000 lacs, as on March 31st, 2017, divided into 20,000,000 shares with face value of ₹10 each. The issued, subscribed and paid-up share capital was ₹634 lacs, as on March 31st, 2017 unchanged from March 31st, 2016.

The Reserves and Surplus were ₹24,007 lacs, as on March 31st, 2017, decrease of ₹1,119 lacs compared to March 31st, 2016.

The increase is attributable to:

(₹ in lacs)

Profit generated during the year	<b>1,460</b>
Foreign currency monetary item translation difference account	<b>231</b>
Hedge Reserve	<b>92</b>
<b>Total</b>	<b>1,783</b>

Offset by:

(₹ in lacs)

Foreign currency translation reserve	<b>2,109</b>
Debit balance arising on consolidation	<b>793</b>
<b>Total</b>	<b>2,902</b>
<b>Net Change</b>	<b>(1,119)</b>

## Borrowings

(₹ in lacs)

Year Ended 31st March	FY2017	FY2016	Change (%)
Long term borrowings	<b>50,923</b>	50,379	1.1%
Short term borrowings	<b>15,586</b>	9,201	69.4%
<b>Total</b>	<b>66,509</b>	<b>59,580</b>	<b>11.6%</b>

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

## Fixed Assets

(₹ in lacs)

Year Ended 31st March	FY2017	FY2016	Change (%)
Tangible fixed assets	<b>52,541</b>	51,657	1.7%
Intangible fixed assets	<b>3,990</b>	1,649	142.0%
Capital work in progress	<b>2,433</b>	2,861	(15.0)%
<b>Total</b>	<b>58,964</b>	<b>56,167</b>	<b>5.0%</b>

The decline in tangible and intangible fixed assets can be primarily attributed to depreciation during the year. Capital work in progress is primarily attributed to the automotive unit.

## Capital Expenditure

During the year under review, your Company incurred capital expenditure of ₹8,049 lacs for physical infrastructure and ₹2,997 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.

## Inventories

The inventories of the Company mainly comprise of raw material of ₹7,956 lacs, work in progress of ₹14,063 lacs, finished goods of ₹2,717 lacs and stores and spares of ₹1,005 lacs. The account showed increase of ₹129 lacs during the year, primarily due to the new projects in the aerospace division.



## OPPORTUNITIES & THREATS

### **GST implementation to boost Make in India Initiative:**

GST would improve demand and competitiveness of 'Made in India' products. GST implementation would benefit supply chain efficiency with cost reduction in terms of transportation and storage of goods. It will also reduce the burden of indirect taxes as GST aims to eliminate the cascading impact of double taxation.

### **Favorable Climatic Conditions and Increasing Farm**

**Mechanization:** Expectation of favorable monsoon in FY2018 along with increased policy support from government has led to improved farm sentiments. The growing need of modern agricultural equipment and mechanization is driving the demand for equipment such as tractors, harvesters and tillers.

**Promising Industry Dynamics:** Indian automotive industry registered a robust growth in FY2017 and momentum is expected to continue going forward. The Society of Indian Automotive Manufacturers (SIAM) has forecasted a growth of 7-9% for the domestic passenger vehicle sales in the FY2018 driven by rising disposable incomes, rapid urbanization, lower finance costs, agricultural automation and industrial growth all support further penetration of automotive vehicles across India.

### **Strong Technology and Manufacturing Platform:**

Dynamatic Technologies is always committed to enhance its exiting capabilities and with that focus it has made significant investments, in particular the Aerospace segment. Going ahead, the Company's performance is anticipated to benefit from ramp-up of order book in the Aerospace segment. Furthermore, an upturn in the industry demand in the Auto and Hydraulics segments will result in significant improvement in the overall performance of the Company.

**Diverse Product Portfolio and End Market Segments:** The operation of Dynamatic Technologies is diversified over three key business segments, namely Automotive, Hydraulics and Aerospace. This spread ensures that the Company performance is relatively stable and not dependent on any single industry segment. The Company has an optimum mix of high growth and stable end markets.

## RISKS & CONCERNS

**Competition:** The business environment in which the Company operates is highly competitive in nature. In addition, it is standard practice for OEMs to maintain multiple suppliers for their products. However, Dynamatic Technologies believes that this is not a major concern as they always focus on enhancing the quality of the product

and to ensure customer satisfaction. Furthermore, the longstanding relationship that it has with the global OEMs is an added advantage.

**Technological Changes:** The business segments in which the Company operates are very technology driven and as a result the life cycle of products is generally lower. Dynamatic Technologies believes the technological enhancement is integral part of the culture of the organization. The Company work closely with its customers to better understand their needs and develop products to suit their requirements. Also the dedicated R&D Center of the Company is engaged in design and prototyping of new products, improvement of existing designs and continuous improvement of existing processes.

**Foreign Currency Fluctuations:** Given the nature and the scale of the business, the Company's operations are exposed to various foreign currencies. As a result, the volatility in the foreign exchange rates can impact the financial performance. However, the Company is closely monitoring these risks and adopting appropriate hedges / forward contract to mitigate such risks.

**Global Macroeconomic Uncertainty:** Given the global nature of the Company's business, its operations are directly dependent on the general economic conditions. Over the last few years, global economic growth has remained volatile and several key markets have faced economic challenges. The Company closely monitors the factors impacting the macroeconomic performance in its key markets and to counter these risks continues to broaden its product segments, increase customer base and enhance geographic reach.

**Risk Management:** The various Strategic Business Units of the Company are managed by experienced operating officers with the support of a very strong team with diverse experience in operations and finance. These operation officers are independently responsible for monitoring risk associated with their respective areas of operation.

## RISK MANAGEMENT

The Company emphasizes on achieving the corporate strategic objectives by following best practices in Risk Management. It has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework. This mechanism is implemented as an integral part of our business processes across the entire Dynamatic

Technologies operations and includes recording, monitoring, and controlling internal enterprise business risks and appropriate actions are immediately taken to mitigate such risks.

### **QUALITY MANAGEMENT SYSTEM (QMS)**

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

During FY2017, your Company has successfully completed the surveillance audits to ISO: 9001 specifications for Quality Management System and also to ISO:14001 specifications for its Environmental Management System. Your Company's QMS which is compliant to ISO standards since 1999, has evolved and matured and is highly system driven. These two management systems which are merged and called as Integrated Management System (IMS) and was audited by UL DQS India. The Surveillance audit which was for 6 man days was successfully completed and your company has been awarded a certification by UL DQS India for the next year surveillance audit year 2017-18. JKM Automotive division successfully completed recertification audit by TUV NORD and accredited with ISO/TS 16949:2009 , ISO 9001: 2008 certification in accordance with IATF rules.

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

Lean Management concepts together with 5S tools are being used on the shop floor to increase the overall equipment effectiveness (OEE) of the operations. This is achieved by reducing rejections, set ups, cycle time and through effective material management. The EPP has resulted in the participation of employees in innovative activities and their contributions have resulted in continual improvements to work and work processes. During this financial year, special attention was paid towards risk assessment and mitigation activities. Disaster recovery plan was revisited and meticulously followed.

### **SUPPLY CHAIN MANAGEMENT (SCM) AND PRODUCTIVITY**

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

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

- Speed to market management tools like Just in Time (JIT) manufacturing and distribution, vendor managed inventory (VMI) of child parts and efficient customer response
- Improving quality and productivity within operational areas such as warehousing, logistics, inventory management and packaging
- Value Addition and Value Engineering (VAVE) involvement with vendors to drive the cost down
- Vendor rating linked scheduling
- Supplier audits and onsite training
- Global tax minimization including transfer pricing & customs duties
- Integrated customer services cell to handle customer complaints and warranty claims.

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

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

## ENVIRONMENT SAFETY AND HEALTH

Dynamatic Technologies is committed to adopt the best environmental technologies to create and ensure healthy workplace to ensure zero incidents of occupational hazards. Sustainable progress has been made in the area of Process Safety and implementation of Employee Health and Safety Management System at work place reducing hazards at work place to the minimum level. The Company is fully committed towards the protection of environment, conservation of energy and health and safety of its employees. These objectives are considered as an integral part of operations and the Company's vision of a sustainable and responsible growth.

### Environment Safety

The Company 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. To that an adequate sky lighting has been provided in the new Aerospace facility at Dynamatic Aerotropolis to maximise illumination through natural light and minimise the use of electric power. Techniques such as rain water harvesting and waste water treatment have been adopted at all plants to minimize water consumption and wastage. The Company's facilities are non-polluting and are ISO: 14000 certified.

### Health and Safety of Employees

The Company is constantly striving to provide a safe working environment and sustainable health benefits to the employees. The Company has well-equipped safety installations and conducts periodic safety drills, training programmes, awareness workshops and audits to achieve its aim of zero accidents.

Dynamatic has continued its efforts in addressing and complying with health and safety requirements. Awareness campaigns have been undertaken to ensure the use of personnel protective equipment (PPE) at work. All employees implicitly abide by the Company's philosophy of Quality Safety & Productivity (D-QSP).

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

## MATERIAL DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company continues its global growth with special emphasis on "Make in India". Pursuit of Dynamatic's vision and values is ensured through a robust process of hiring, training, inspiring and sharing to promote greater synergies between various Business Units of the Company.

The focus of the HR team in all Business Units is to promote excellence through Merit and Value based work culture. Business HR representatives work closely with Corporate HR to implement policies at business level towards enhancing transparency and trust for better industrial relation and welfare objectives.

The strategies and efforts of the Company's Corporate HRD are guided and honed by the Nomination & Remuneration Committee, a Board level committee. The HR team strives to improve the quality of work place experience for all employees through programmes and policies that enable Leaders and Managers to systematically create a great work environment.

The Company ensures safe work practices through adherence to laid down processes, procedures and work discipline on the shop floor. Appropriate training programmes and demonstrations are held from time to time to ensure compliance. On-site healthcare facilities, health and accident insurance coverage and support in maintaining special health requirements are various initiative undertaken by the Company.

The company prides itself in its extremely competent and committed workforce. This enables the company to effectively engage the committed work force of 3247 personnel. The low attrition rate has enabled the company to retain its well trained and disciplined work force.

### Work Culture

The Corporate Human Resource Department continuously reviews the strategic policies, HR practices and work environment to make them current, humane and enjoyable through constant endeavour to inculcate sound work ethos and values among all employees. The Company prides itself in maintaining cordial industrial relations with its work force by promoting inclusiveness and sense of belonging amongst all its employees.

### Highlights for the Year

- Training calendars including technical skills and soft skills programmes have been working effectively and helped



the employees to improve their skills in all aspects. At Corporate level, HR conducts training and development programme for senior leaders, middle management and associates across all divisions of the Company in India.

- Internal complaints committees to address any cases of Sexual Harassment have been set up at all divisions. Policy on prevention, prohibition and redressal of sexual harassment at workplace is given wide publicity and awareness sessions are held at all locations. There have been no complaints of sexual harassment in the organization during this period.
- Dynamic has been chosen by various Training Establishments of Defence Forces for industrial visits by senior officers. Teams from National Defence College, Defence Services Staff College and Army War College visited our Aerospace facilities.
- Festivals such as Kannada Rajyothsava, International Women's Day and Ayudha Pooja celebrated at Bangalore, with participation from all employees in associated cultural and sports programmes.
- Renewal of ISO 14001:2004 for Environment Management System (EMS) for Aerospace Division for the period 2017-18 has been successfully completed. Similarly, renewal of certification for Hydraulics Division for Integrated Management Systems comprising Quality as well as Environmental Management System has been completed.

Training Center inaugurated last year in Aerospace Division is working well and over 4000 hours of technical training have been conducted on various skills. Topics like Safety, 5S, Quality, and skills required for drilling, riveting, counter sinking and sealant application are covered extensively. Students from ITI Devanahalli were given training in aerospace manufacturing as part of the curriculum developed by our Skills Development Cell.

- **"Competency Assessment and Training Identification (CATI)"** launched last year has matured well and is very effective in capturing competencies and defining training needs. This has created better informed and trained workforce, which has been well appreciated by our customers.
- Employee Participation Program (Suggestion Scheme) is working well in creating a sense of inclusiveness amongst the employees.
- A special Camp for three days was organized by Hydraulics Division to facilitate making the Aadhaar Card. Over 500 Employees benefited from this Camp.

## 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 Dynamic Technologies' future business developments and economic performance. While these forward looking statements indicate the Company's assessment and future expectations concerning the development of business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with the Company, legislative developments, and other key factors that could affect the business and financial performance. Dynamic Technologies undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

# RISK MANAGEMENT REPORT

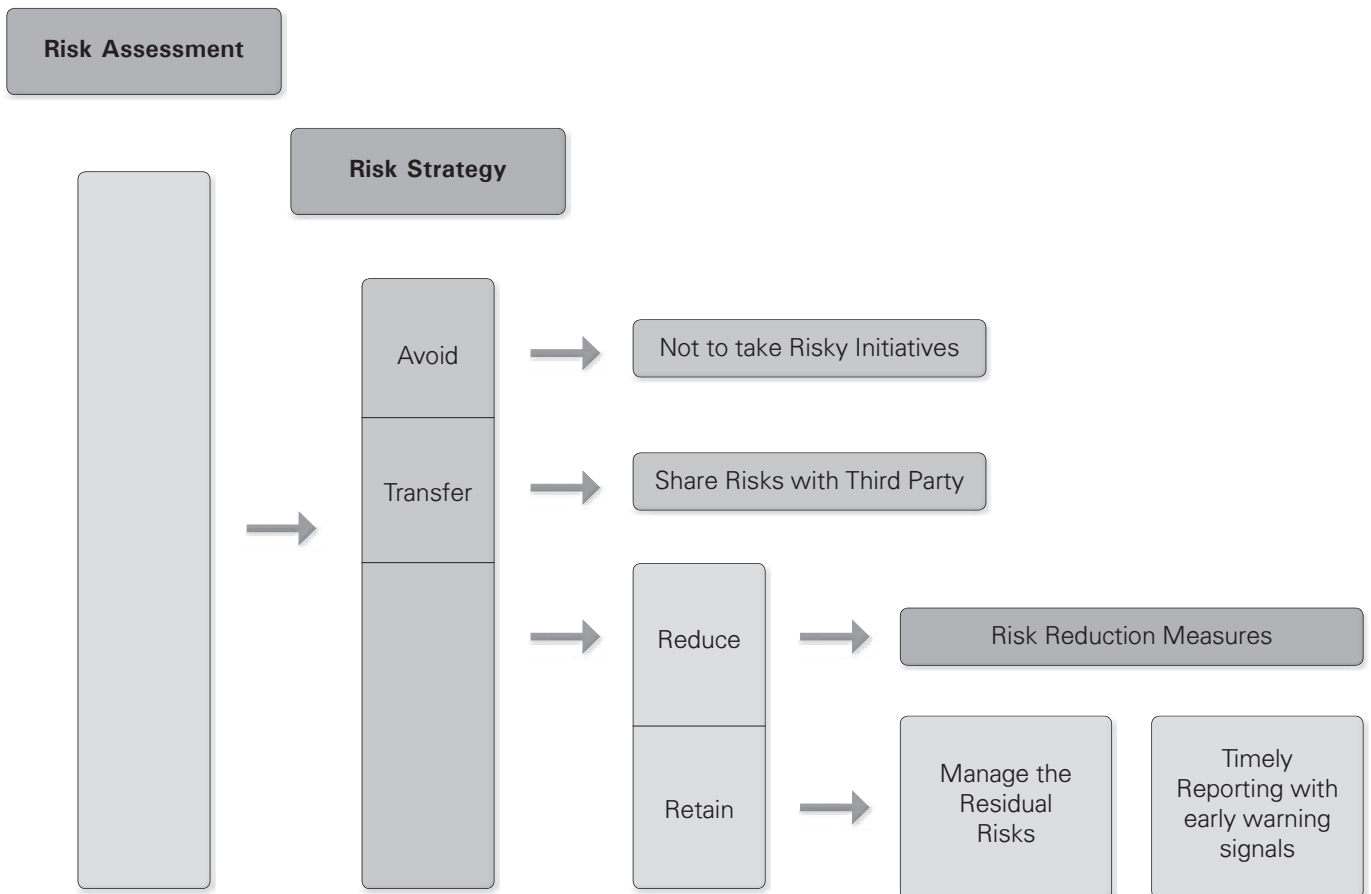
The following section discusses various dimensions of our risk management. The risk-related information outlined in this section is not exhaustive and is for information purposes only. The discussion may contain statements, which may be forward looking in nature. Our business model is subject to uncertainties that could cause actual results to differ materially from those reflected in the forward looking statements. Readers are advised to refer to the detailed discussion of risk factors and related disclosures in our regulatory filings, and exercise their own judgment in assessing risks associated with the Company.

## Overview:

The Company has a well-defined Risk Management Policy which has been developed after taking cognizance of the relevant statutory guidelines, Company internal guidelines, empirical evidences and stakeholder feedback. Dynamic Technologies believes that Risk Management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the Company environment. The Company has a robust enterprise risk management (ERM) framework in place which helps it to identify, assess, mitigate and monitor risks to its business objectives. ERM at Dynamic Technologies seeks to minimize the adverse impact of risks to our key business objectives and enables the Company to leverage market opportunities effectively. Our business plans articulate the key business objectives of the Company through a set of specific goals that have to be achieved in the short-term and strategic goals aimed at achieving our aspirations in the medium term. Several risks can impact the achievement of a business objective. Similarly, a single risk can impact the achievement of several business objectives. Our risk management practices seek to sustain and enhance the long-term competitive advantage of the Company. Our core values and ethics provide the platform for our risk management practices.

## Dynamic Technologies Limited Risk Management Framework

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



## Risk Management: Governance Structure

Our risk management framework works at various levels across the enterprise. The key roles and responsibilities regarding risk management in the Company are summarized as follows:

Level	Key roles and responsibilities
Risk Council (RC)	<ul style="list-style-type: none"> <li>• Comprises Chief Executive Officer (CEO), Chief Operating Officer/s (COO) and Group Chief Financial Officer (CFO)</li> <li>• Responsible for oversight of risk management practices including, identification, impact assessment, monitoring, mitigation, and reporting</li> <li>• Reviewing enterprise risks for the achievement of business objectives periodically, initiating mitigation actions, identifying owners for mitigation actions, and reviewing progress of mitigation actions</li> <li>• Formulation and deployment of risk management policies and procedures</li> <li>• Providing updates to the Audit and Risk Management Committee and the Board from time to time on the enterprise risks and actions taken</li> </ul>
Chief Risk Officer (CRO)	<ul style="list-style-type: none"> <li>• Headed by Group Chief Financial Officer (CFO) who also acts as CRO</li> <li>• Comprises the network of risk managers from business units and specialist groups</li> <li>• Facilitating the execution of risk management practices in the enterprise, in the areas of risk identification, impact assessment, monitoring, mitigation and reporting</li> <li>• Providing periodic updates to Risk Council and quarterly updates to the Risk Management Committee on risks to key business objectives and their mitigation</li> <li>• Working closely with business units, business enabling functions and mitigation action owners in deploying mitigation measures and monitoring their effectiveness</li> </ul>
Business Unit Risk Managers	<ul style="list-style-type: none"> <li>• Managing their functions as per the Company's risk management practices</li> <li>• Ensuring compliance to policies and procedures laid out by the Company in their respective business units</li> <li>• Managing risks concomitant to the business decisions relating to their unit, span of control or area of operations</li> <li>• Ensuring effectiveness of risk mitigation actions in their units</li> <li>• Reporting risk events and incidents relating to their unit in a timely manner</li> </ul>



## Key Business Objectives

We have a business planning process and we quarterly review the business objectives of the Company. The corporate performance is measured, monitored and managed on an ongoing basis. The focus of risk management is to assess risks to the achievement of these business objectives and to deploy mitigation measures. This is done through periodic review meetings of the Risk Management Committee and the Risk Council.

## Risk categories

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

- **Strategy:** Risks to the successful execution of the Company's articulated strategies. These originate from the choices we make on markets, business mix, resources and delivery models that can potentially impact our competitive advantage in the medium and long-term.
- **Business:** Risks relating to the inherent characteristics of our industry such as competitive structure, emergence of new business models, technological landscape, extent of linkage to economic environment and regulatory structure.
- **Operations:** Risks inherent to business operations including those relating to quality, delivery, cost competition. Operational risks are assessed primarily on three dimensions - business process effectiveness, compliance to policies and procedures, and strength of underlying controls.

## Key Risk Management Practices

The key risk management practices include those relating to identifying key risks to our business objectives, impact assessment, risk analysis, risk evaluation, risk reporting and disclosures, risk mitigation and monitoring, and integration with strategy and business planning.

**Risk identification and impact assessment:** Risk register and internal audit findings also provide inputs for risk identification and assessment. Risk survey of executives across units, functions and subsidiaries is conducted on an annual basis to seek inputs on key risks. Operational risks are assessed primarily on three dimensions, namely, strength of underlying controls, compliance to policies and procedures and business process effectiveness.

**Risk Evaluation:** Risk evaluation is carried out to decide the significance of risks to the Company.

**Risk Reporting and Disclosure:** Risks to the achievement of key business objectives through the maintenance of Risk register are reported and discussed with the Risk Council and Committee.

**Risk mitigation and monitoring:** Risk mitigation is done based on risk score which is based on risk impact and risk probability. Risk are transferred, treated or tolerated based on Risk scores.

**Integration with strategy and business planning:** Identified risks to the business objectives in the near term, medium-term and long-term are used as one of the key inputs for the development of strategy and annual business plan. Key strategic initiatives are identified to mitigate specific risks.

## Risk Management Highlights for the Year

During the last fiscal, our risk management practices continued to focus on mitigating risks relating to supply chain, delivery and quality of OEMs in our all three segments. Impact of risks relating to our public reputation, our competitive position and differentiation in aerospace segments, and volatile currency movements also required continuous focus during the year.

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

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



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

SEBI with an objective to improve the standards of Corporate Governance in India, in line with the needs of dynamic market mandates listed entities to bring in transparency and accountability, and report the same in the Annual Report for the benefit of the stakeholders.

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

The Company believes that a strong disclosure regime is a pivotal feature of market-based monitoring of corporate conduct and is central to the ability of shareholders to exercise their voting rights effectively and that Corporate Governance is vital in enhancing and retaining its stakeholders' trust. The guiding principles of Corporate Governance are becoming an integral part of the business. The Company's Board exercises its fiduciary responsibility in a broad sense in every facet of its operations. The Company's long standing commitment to the high standards of Corporate Governance and ethical business practices is a fundamental shared value of its Board of Directors, Management and Employees.

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

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

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

The Company's commitments towards Corporate Governance started well before the law mandated such practice. The Company continuously reviews its Corporate Governance policies and practices with the clear goal of not merely complying with statutory requirements in letter and spirit but also to constantly endeavour to implement the best international practices of corporate governance in the overall interest of all stakeholders.

### **Some Corporate Governance Initiatives:**

- **Comprehensive Digital Compliance Management System:**

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

- **Board e-Portal:**

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

- **Paperless Board/Committee Meetings:**

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

- **Induction kit to Directors:**

The Company has rolled out an induction document to help newly appointed Directors to understand the business, get familiarized with the top management, the fellow Board members, the qualities expected of a Director, person whom a Director could contact in case any clarifications or any update on business performance is required etc. Besides providing a comprehensive induction to the new Directors, the induction kit outlines the statutory powers, duties & obligations of Directors, forms to be filed by them periodically etc. and thus serves as a ready reference to Directors.

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

The Company has formulated criteria for evaluation of the performance of the Board, Committees, individual Directors and the Chairman of the Board.

- **Remuneration policy:**

The Company has formulated the Remuneration Policy and the same has been approved by the Board on



recommendation of Nomination and Remuneration Committee of the Board. The policy has been posted on the website of the Company ([www.dynamics.com](http://www.dynamics.com))

- **Corporate Social Responsibility:**

Though not mandatory the Company has constituted Corporate Social Responsibility Committee ('CSR Committee') for overseeing and facilitating deliberation on the social and environmental consequences of each of the decisions made by the Board; effectively factoring the interests of all Shareholders, customers, employees, suppliers, business partners, local communities and other organizations in the Board's decision making; developing the CSR Policy and monitoring the same from time to time. The Company has formulated the CSR Policy under the guidance of Ernst & Young, international consultants taking into consideration the requirements of the stakeholders of the Company. The said policy has been approved by the Board and the same has been posted on the website of the Company ([www.dynamics.com](http://www.dynamics.com))

- **Related Party Transactions Policy:**

The Company has formulated Related Party Transactions Policy which has been approved by the Board on recommendation of Audit and Risk Management Committee. The said Policy has been hosted on the website of the Company ([www.dynamics.com](http://www.dynamics.com))

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

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

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

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

- **Policy on Archival of documents**

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

- **Policy on preservation of documents**

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

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

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

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

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

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

The Company is having an effective whistle blower policy enabling the stakeholders including Directors and employees to freely communicate their concerns about illegal or unethical practices. The said policy has been hosted on the website of the Company. ([www.dynamics.com](http://www.dynamics.com))

- To ensure best governance, the Company has in place, Code of Business Conduct for Board Members & senior management personnel, Key Accounting Policies etc.
- These guidelines are constantly monitored and reviewed by the Board from time to time.
- The Board is kept abreast of all significant changes in the legislations which have a bearing on the Directors and / or the Board's operation in any manner from time to time.
- Mr. R Vijayakumar, Company Secretary in practice had conducted the Corporate Governance Audit for the year under review. The Annual Corporate Governance Audit Report on Corporate Governance was placed before the Board which is made part of this Annual Report.

## 1. BOARD OF DIRECTORS

The Company's policy is to have an appropriate mix of Executive, Non-Executive and Independent Directors to maintain the independence of the Board. As on 31st March, 2017, the Board consisted of twelve (12) members of whom nine (9) are Non-Executive Directors comprising of six (6) independent Directors which includes a Woman Director and three (3) Executive Directors out of which one (1) Executive Director is also a Promoter. The Board periodically reviews changes in composition or its size. Chairman of the Board is a Non-Executive Independent Director. There are no inter-se relationship between the Directors on the Board.

**COMPOSITION OF THE BOARD AND DIRECTORSHIPS/SHAREHOLDINGS IN THE COMPANY/MEMBERSHIP HELD BY DIRECTORS DURING THE YEAR 2016-17**

Name of the Director	Category	Indian Companies (Public Companies excluding this Company)	Committee Memberships (Excluding this Company) (Only Audit Committee and Stakeholders' Relationship Committee have been disclosed)*		Shareholding in the Dynamatic
			As Chairman	As Member	
Mr. Vijai Kapur	Independent Director	-	-	-	NIL
Air Chief Marshal S. Krishnaswamy (Retd.)	Independent Director	Mahindra Telephonics Integrated Systems Limited	-	-	69
Mr. Govind Mirchandani	Independent Director	1. JKM Erla Automotive Limited	-	Audit Committee	NIL
		2. JKM Ferrotech Limited	-	Audit Committee	NIL
Ms. Malavika Jayaram	Woman Independent Director	-	-	-	NIL
Mr. Nalini Ranjan Mohanty	Independent Director	1. Indian Metals and Ferro Alloys Limited	-	Audit Committee	NIL
		2. JKM Erla Automotive Limited	Audit Committee	-	NIL
		3. JKM Ferrotech Limited	Audit Committee	-	NIL
Mr. Shirish Saraf	Independent Director	1. Mahindra Two Wheelers Limited	-	-	NIL
		2. Tejas Networks Limited			
Mr. Raymond Keith Lawton	Non-Executive and Non-Independent Director	-	-	-	NIL
Mr. Dietmar Hahn	Non-Executive and Non-Independent Director	-	-	-	NIL
Mr. James David Tucker	Non-Executive and Non-Independent Director	-	-	-	NIL
Mr. P S Ramesh	Executive Director	-	-	-	NIL
Mr. Hanuman Kumar Sharma	Executive Director	1. JKM Erla Automotive Limited	-	-	NIL
		2. JKM Automotive Limited	-	-	NIL
Mr. Udayant Malhoutra	Promoter and Managing Director	1. Centrust Financial Limited	-	-	7,10,179
		2. Greearth Biotechnologies Limited	-	-	
		3. SAN Engineering and Locomotive Company Limited	-	-	

**Notes:**

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

None of the Directors are nominees of any bank / financial institution during the year 2016-17.

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

### **Responsibilities of the Chairman and Executive Directors**

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

Mr. Hanuman Kumar Sharma and Mr. P. S. Ramesh are the Executive Directors of the Company along with Mr. Udayant Malhoutra (Managing Director) who is also a Promoter during the year under review.

The Executive Directors of the subsidiary companies incorporated abroad are part of the Board as Non-Executive Directors of the Company. There is clear demarcation of responsibilities and authority among these officials.

The senior management makes periodic presentations to the Board on the Company performance and business growth of the business units.

### **Independent Directors**

An Independent Director is a person other than an officer or employee of the Company or its subsidiaries or any other individual having a material pecuniary relationship or transactions with the Company which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. All the independent directors possess the requisite qualifications and are experienced in diversified fields.

Separate meetings of Independent Directors are held periodically without intervention of management / key managerial personnel / non-independent directors.

### **Board membership criteria**

The criteria for membership of the Board is governed by the 'Policy for appointment, continuation, retirement and resignation of Directors' which is closely monitored by the Nomination & Remuneration Committee of the Board.

### **Selection of New Directors**

The Board is responsible for the selection, screening and selecting new Directors through its 'Nomination & Remuneration Committee'. This Committee makes recommendations to the Board for the induction of any new Director.

The Company facilitates continual education program to all its Directors. All support is provided to the Directors, if they wish to attend any educational program of their choice.

### **Term of Directors**

Independent Directors term are governed by applicable provisions of the Companies Act, 2013, which in any case doesn't exceed 2 consecutive terms of 5 years each.

Executive Directors are normally appointed for a maximum term not exceeding 3 years, liable to retire by rotation, but are eligible for re-appointment.

Non-Executive and Non-Independent Directors are liable to retire by rotation in accordance with applicable provisions of the Companies Act, 2013, but shall be eligible for re-appointment.

### **Evaluation Mechanism**

Formal evaluation of the Board is made based on the guidelines laid down by the Nomination & Remuneration Committee.

### **Balanced Board**

The Nomination & Remuneration Committee of the Board determines the representation of experts from various realms on the Board from time to time. Currently the Board is well composed with representation of experts from finance, legal, investment banking, engineering, marketing, management, defence etc. Head of various business verticals are also given opportunity to be part of the Board so as to enable them understand the constant requirements of the Board and also enable the Board to understand the challenges and opportunities of the respective businesses.

To ensure and drive down gender diversity across Dynamic group and ensure gender balance on the Board, the Nomination & Remuneration Committee emphasises having representation of more women Directors on the Board.

### **Board Continuity and Succession Planning**

The Nomination & Remuneration Committee of the Board is vested with the responsibility of ensuring continuity in the Board Management by recommending suitable candidates to the Board, beforehand, in place of those retiring.

As mentioned above, the Dynamic's Board is well represented with experts from various realms. While ensuring continuity in the Board Management, the Nomination & Remuneration Committee endeavours to fulfil the position of the retiring Director by choosing candidates, ideally, from the same realm as that of the retiring Director so as to ensure balanced representation of Directors on the Board at all times.

### **Board Compensation policy / Remuneration policy**

On recommendation of Nomination and Remuneration Committee, the Board at its meeting held on 23rd March, 2015 approved remuneration policy applicable to the Directors, senior management including Key Managerial Personnel and other employees of the Company. The same has been uploaded on the website of the Company. (**www.dynamics.com**)

The Nomination & Remuneration Committee determines and recommends to the Board the compensation payable to the Directors and senior managerial personnel of the Company. The Nomination & Remuneration Committee reviews the performance of Executive Directors annually and approves the compensation within the limits set by the Shareholders at the Shareholders meetings.

Only sitting fees is paid to the Independent Directors for attending the Board / Committee Meetings in person/video conferencing and the said amount paid is within the limits specified by the Central Government from time to time.

No Non-executive Directors have pecuniary relationship or transaction with Company.



Compensation to Directors (CTC) for the year ended March 31, 2017 is as follows:

in ₹ (Rupees)

Name of the Director	Remuneration		Total
	Sitting fees*	Salary	
Mr. Vijai Kapur	1,00,000	-	1,00,000
Air Chief Marshal S. Krishnaswamy (Retd.)	6,50,000	-	6,50,000
Mr. Govind Mirchandani	7,50,000	-	7,50,000
Ms. Malavika Jayaram	2,50,000	-	2,50,000
Mr. Nalini Ranjan Mohanty	3,00,000	-	3,00,000
Mr. Shirish Saraf	1,00,000	-	1,00,000
Mr. Raymond Keith Lawton	-	-	-
Mr. Dietmar Hahn	-	-	-
Mr. James David Tucker	-	-	-
Mr. P. S. Ramesh <i>Executive Director &amp; COO, Dynamatic-Oldland Aerospace™, India</i> <i>Tenure: 14th November, 2014 to 13th November, 2017</i>	-	57,22,096	57,22,096
Mr. Hanuman Kumar Sharma <i>Group CFO &amp; Executive Director</i> <i>Tenure: 14th November, 2014 to 13th November, 2017</i>	-	1,01,68,702	1,01,68,702
Mr. Udayant Malhoutra <i>(CEO &amp; Managing Director)</i> <i>Tenure: 1st October, 2014 to 30th September, 2017</i>	-	79,29,012	79,29,012

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

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

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

As per the disclosures required under the provision of Part II, Section II, B (IV) of Schedule V of the Companies Act, 2013, apart from Mr. Udayant Malhoutra, CEO & Managing Director, Mr. Hanuman Kumar Sharma, Group CFO & Executive Director and Mr. P S Ramesh, Executive Director and COO - Aerospace, India no other Directors are entitled to remuneration package such as salary, benefits, bonus, stock options, pensions etc. Mr. Hanuman Kumar Sharma shall be entitled to a remuneration of about ₹10,00,249 per month and Mr. P S Ramesh shall be entitled to a remuneration of about ₹5,51,024 per month. Mr. Udayant Malhoutra shall be entitled to a remuneration of about ₹7,00,000 per month.

The above remuneration of the Directors are exclusive of performance linked incentive that the Directors may be entitled to.

None of the Directors are entitled to any severance fees or compensation for loss of office.

As on date, the Company has not implemented any stock option schemes for Directors.

## BOARD MEETINGS AND ATTENDANCE AT BOARD MEETINGS

### Scheduling and selection of Agenda for Board / Committee meetings

- The Company holds a minimum of four Board meetings each year, which are pre-scheduled at the end of each quarter. Notice of the meeting is sent to the Directors with an advance notice of at least 7 days. Apart from the four pre-scheduled Board meetings, additional Board meetings may be convened at any time in case of exigencies. Where circumstances so require, the Board may approve resolutions by circulation as permitted by law.
- All divisions / departments of the Company are expected to plan their requirements well in advance, particularly with regard to matters requiring discussion / approval / decision at Board / Committee meetings. All such matters are communicated to the Company Secretary well in advance so that the appropriate background notes are circulated to the Board members for meaningful discussion. Video Conference facility is provided to enable Directors who are unable to participate in the meeting in-person.

During the year 2016-17, 4 (four) Board meetings were held. The dates on which the Board Meetings were held are as follows:

- 27th May, 2016
- 10th August, 2016
- 11th November, 2016
- 13th February, 2017

The aforesaid Board meetings were held during the year 2016-17 and not more than one hundred and twenty days has intervened between two consecutive meetings of the Board.

### Board meetings and the attendance of Directors during the year 2016-17

Name of the Director	Attended	Participation Via Video-Conference	Attended last AGM held on 11th August 2016
Mr. Vijai Kapur	1	-	Yes
Air Chief Marshal S. Krishnaswamy (Retd.)	3	-	No
Mr. GovindMirchandani	4	-	Yes
Ms. MalavikaJayaram	3	-	Yes
Mr. Nalini Ranjan Mohanty	4	-	Yes
Mr. Shirish Saraf (Appointed as Additional Director w.e.f. 11.11.2016)	1	1	N.A.
Mr. Raymond Keith Lawton	2	1	No
Mr. Dietmar Hahn	2	1	Yes
Mr. James David Tucker	2	1	No
Mr. P. S. Ramesh	4	-	Yes
Mr. Hanuman Kumar Sharma	4	-	Yes
Mr. Udayant Malhoutra	4	-	Yes

### **Availability of information to Board members**

The Board has unencumbered access to any relevant information of the Company. At Board Meetings, employees/ persons who can provide further insights to the items being discussed are invited. The Company has ensured that all key events concerning the governance of the Company's affairs are brought before the Board well in advance. The Company also places before the Board all those details as required under Listing Regulations.

The information regularly supplied to the Board includes annual operation plans and budgets, capital budgets and updates, quarterly results of the operating divisions or business segments, minutes of the meetings of the Board and Committees, general notice of interest, recommending dividend keeping in view the Company's profitability and the requirement of funds for the future growth of the Company, determining Directors who need to retire by rotation and recommending fresh appointments of Directors / Auditors, authentication of annual accounts and approving Directors' Report, materially important litigations, show cause, demand, prosecution and penalty notices, fatal or serious accidents, material effluent or pollution problems, issues involving public or product liability claims, details of joint ventures, acquisition of companies or collaborations agreements, intellectual property related matters, human resource development, investments, subsidiaries, foreign exchange exposure, company's risk management policies, non-compliance of regulatory, statutory or listing requirements, Shareholder services and long term strategic plans of the Company and principal issues that the Company expects to face in the future. The Board also notes and reviews the functioning of its Committees regularly along with the minutes of the meeting of the Board of its material subsidiaries Companies.

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

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

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

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

are entered in the minutes book within 30 (thirty) days of the conclusion of the meeting.

### **Post Meeting follow-up mechanism**

The Company has an effective follow-up mechanism to ensure that decisions taken by the Board / Committee are implemented in a time bound manner, both in letter and in spirit. Action taken reports are placed at every Board/ Committee meeting which explains the action taken on every past decision of the Board / Committee. This mechanism ensures that Board decisions are subject to effective post meeting follow-up and monitoring.

### **BOARD COMMITTEES**

Currently, the Board has seven (7) Committees:

1. Audit & Risk Management Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee
4. Technology & Strategy Development Committee
5. Corporate Social Responsibility Committee
6. Finance committee
7. Independent Directors' Committee

### **Procedure at Committee Meetings**

The Company's guidelines relating to Board meetings are applicable to Committee meetings as far, as may be practicable. Minutes of the proceedings of the Committee meetings are placed before the Board for perusal and records. The quorum for the meetings is either two members or one third of the members of the Committee, whichever is higher.

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

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

The Audit & Risk Management Committee has met four times in the FY 2016-17 and not more than four months had elapsed between two meetings.

### **Objective**

The Audit & Risk Management committee assists the Board in its responsibility:

- To oversee the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliances with the legal and regulatory requirements.



- To oversee the audit of the Company's financial statements, appointment, independence and performance of Internal Auditors and the Company's risk management policy.

### Composition

The Audit & Risk Management Committee of the Board comprises the following 3 (three) Independent Directors as on 31st March, 2017:

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

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

All the members of the Committee are Independent and financially literate. The members of the Committee have adequate expertise in finance, accounting and financial management. The composition of the Audit & Risk Management Committee meets the requirements of Section 177 of the Companies Act, 2013 and part C of schedule II of the Listing Regulations.

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

The terms of reference of the Audit & Risk Management Committee covers all matters specified in part C of schedule II of the Listing Regulations and also those specified in section 177 of the Companies Act, 2013. The terms of reference of the Audit & Risk Management Committee include the following:

- To review and recommend appointment / re-appointment, remuneration and terms of appointment of auditors of the company and, if required, the replacement or removal of the auditors including chief internal auditor; (auditors includes statutory auditors, cost auditors, tax auditors and internal auditors).
- To review and monitor the auditor's independence and performance, effectiveness of audit process (audit includes statutory audit, cost audit, tax audit and internal audit).
- To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To evaluate internal financial controls and risk management systems and review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure

coverage and frequency of internal audit and call for any comments of the auditors about internal control systems.

- To review with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
- To discuss with the internal auditors any significant findings and follow up there on.
- To discuss the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- To review the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the Company.
- To examine the auditors' report.
- To review with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report.
- To review with the management, the quarterly financial statements before submission to the Board for approval.
- To approve related party transaction and / or any subsequent modification of related party transactions. The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.
- To scrutinize inter-corporate loans and investments;
- To conduct valuation of undertakings or assets of the company, wherever it is necessary.

- To review with the management, the statement of uses, application of funds / end use of the funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- To investigate into any matter in relation to the items specified in section 177(4) of the Act or any other matter referred to it by the Board and for this purpose to obtain any professional advice from any external sources or experts and for this purpose the Committee shall have full access to information contained in the records of the Company.
- To hear the auditors and Key Managerial Personnel of the Company in the meetings of the Committee when it considers the auditor's report and to seek information from any employee of DTL.
- To monitor and review the vigil mechanism established by the Company and ensure that the said mechanism safeguards victimisation of persons.
- To oversee of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism.
- To approve appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- To discuss with the management and analyse financial condition and results of operations;
- To review management letters, letters of internal control weaknesses issued by the statutory auditors and also the review the internal audit reports relating to internal control weaknesses;
- To carry out any other function as is mentioned under Section 177 of the Companies Act, 2013 and the Listing Agreement entered with stock exchanges.

#### **Attendance at Audit & Risk Management Committee Meetings held during the year 2016-17**

Audit & Risk Management Committee meetings were held on:

- 27<sup>th</sup> May, 2016
- 10<sup>th</sup> August, 2016
- 11<sup>th</sup> November, 2016
- 13<sup>th</sup> February, 2017

<b>Name of the Member</b>	<b>No. of meetings attended</b>
Mr. Vijai Kapur, Chairman of the Audit & Risk Management Committee	1
Air Chief Marshal S. Krishnaswamy (Retd.)	3
Mr. Govind Mirchandani	4

The Internal Auditors, representatives of the Statutory Auditors, Chief Financial Officer and CEO & Managing Director of the Company attend as invitees and participate in the Committee meeting/s to review and discuss financial performance, disclosure practices, internal control systems, internal audit reports, feedback reports of management and financial policies of the Company so that the Committee is able to oversee the financial reporting process, make appropriate financial disclosures and implement the terms of reference as mandated by the Board and the terms of the Listing Regulations. The Statutory Auditors and Internal Auditor actively participate and recommend the required policies and changes from time to time.

Mr. Vijai Kapur, Chairman of the Audit & Risk Management committee was present at the Annual General Meeting held on 11th August, 2016.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The Company had constituted a "Remuneration Committee" at its Board meeting held on 7th July, 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 22nd July, 2006. Further, the Committee was renamed as the "**Leadership, HRD & Remuneration Committee**" with effect from 11th February, 2008. The powers to recommend the appointment of Directors were earlier vested with the Nomination Committee of the Board and the powers to decide on the appointment of senior management, remuneration aspects of the Directors / senior management and macro HRD matters of the Company was vested with the Leadership HRD & Remuneration Committee.

With a view to meet the requirements of section 178 of the Companies Act, 2013, which requires appointment of all Directors (Independent, Executive and Non-Executive), appointment of senior management and remuneration to Directors / senior management be decided by one single committee known as the '**Nomination and Remuneration Committee**', it was decided to merge the Nomination Committee and Leadership, HRD & Remuneration Committee into a single Committee called as '**Nomination and Remuneration Committee**'. The combined unified Nomination and Remuneration Committee takes care of the functions of both Nomination Committee and Leadership, HRD & Remuneration Committee.

#### **Terms of reference / Objectives**

The objectives of the said Committee are:

- Identifying persons and recommending their appointment / removal to / from the Board;
- Carrying out evaluation of Directors' performance;
- Formulating a criteria for determining qualifications, positive attributes and independence of a Director;
- Board succession planning, ensuring balanced representation of experts from various realms;
- 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 who are the employees of its core management team excluding the BODs and would comprise the Heads of the department and all Executives in the grade of General Manager and above;
- Laying down criteria for appointment of Directors, Senior Management and Key Managerial Personnel.

#### **Composition**

The Committee comprises 3 (three) Independent Directors as on March 31, 2017:

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

Mr. Govind Mirchandani, an Independent Director, is the Alternate Chairman to Air Chief Marshal S. Krishnaswamy (Retd.).

In terms of the Regulation 19 of the Listing Regulations read with the provisions of Section 178 of the Companies Act, 2013, all the members of the Nomination and Remuneration Committee are independent directors.

#### **Attendance at the Nomination and Remuneration Committee Meetings held during the year 2016-17**

The Nomination and Remuneration Committee was constituted by the Board on November 8, 2013. During the FY 2016-17, the Committee had 2(two) meetings.

Nomination and Remuneration Committee meetings were held on:

- 10<sup>th</sup> November, 2016
- 13<sup>th</sup> February, 2017

<b>Name of the Member</b>	<b>No. of meetings attended</b>
Air Chief Marshal S. Krishnaswamy (Retd.)	2
Mr. Vijai Kapur	0
Mr. Govind Mirchandani	2

#### **Performance evaluation criteria for Directors**

The Company has in place performance evaluation mechanism for all Directors which consists of several attributes and once in every year the performance of independent directors are being evaluated based on these attributes. The evaluation for the year 2016-17 was carried out during the month of February 2017.

Independent Directors' performance are evaluated based on inter-alia following criteria:

1. Role as a Board Member
2. Strategy & Risk Management
3. Interpersonal Skills

#### **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

##### **Objective**

The primary object of this Committee is to service the shareholders and 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 Stakeholders' Relationship Committee comprises 4 (four) Directors as on 31st March, 2017. They are:

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



## Attendance at the Committee Meetings held during the year 2016-17

The Committee Meetings were held on:

- 27<sup>th</sup> May, 2016
- 10<sup>th</sup> August, 2016
- 10<sup>th</sup> November, 2016
- 13<sup>th</sup> February, 2017

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

### Compliance officer

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

### Investor Grievance report for the year 2016-17

The details of the types and number of grievances received and resolved during this period are as under:

Nature of grievances	Received during the year	Resolved during the year	Pending during the year
Non-receipt of Dividend Warrants	Nil	Nil	Nil
Non-receipt of Duplicate Shares	Nil	Nil	Nil
Non-receipt of Share Certificates after transfer	Nil	Nil	Nil
Non-receipt of annual reports	Nil	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

32 requests (613 Equity shares) for transfers and 6 requests (522 Equity shares) for transmissions, transposition and deletion of name and 56 requests (5,515 Equity shares) for dematerialization were received and approved by the Company. The Company has approved all requests which had fulfilled the legal requirements. In case of those requests where additional information/clarifications were required, the Shareholders have been intimated about the requirements.

All requests / communications from Shareholders including request for annual reports, revalidation of dividend

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

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

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

### Suspense Account for the unclaimed shares

Pursuant to Regulation 39(4) read with schedule VI of the Listing Regulations, the Company has sent three reminders to Shareholders with regard to unclaimed shares out of the shares issued by the Company. Further in terms of the said provision, the Company has opened a demat suspense account with Karvy Stock Broking Limited for crediting unclaimed shares and any corporate benefits in terms of securities accruing on such shares, like, bonus shares, split etc. and thereafter shall be transferred by the listed entity in accordance with provisions of Section 124 and 125 of the Companies Act, 2013 and rules made thereunder. With respect to shares held in physical form, the same is in the process of dematerialization and would be transferred to demat suspense account shortly.

### Details of suspense account

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

- Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the year; 119 Shareholders and 5,077 shares.
- 9 Number of Shareholders who approached the Company for transfer of 654 shares from suspense account during the year.
- 9 Number of Shareholders to whom 654 shares were transferred from suspense account during the year.
- Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year; 110 Shareholders and number of shares were 4423.

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 Stakeholders’ Committee**

A Share Transfer Committee has been constituted by the Board to ensure timely and efficient servicing of requests for share transfers and transmissions.

#### **Composition**

The Committee comprises the following members as on March 31, 2017:

- **Mr. Udayant Malhoutra, Chairman**
- Mr. Govind Mirchandani
- Mr. Naveen Chandra

The Committee is vested with the responsibility of approving cases which comply with the required provisions of the applicable laws of India relating to share transfers, transmissions, transpositions, duplicate share certificates, exchange, consolidations, etc. on a fortnightly basis. The status on complaints and share transfers is reported to the Stakeholders’ Committee and subsequently to the Board.

Share transactions in electronic form can be effected in a much simpler and faster manner. After confirmation of sale / purchase transaction from the broker, Shareholders should approach the depository participant with a request to debit or credit the account for the transaction. Shareholders are periodically requested to utilize the demat facility.

The Company has also entered into a corporate arrangement with Geojit BNP Paribas, who are experts in offering services for dematerialization of shares. As per the arrangement, the Shareholders can open demat and trading accounts with Geojit BNP Paribas absolutely free of cost. The Annual Maintenance Charges have been waived off exclusively for the Shareholders of the Company for the first year. The transaction cost and brokerage are also very nominal.

#### **Technology & Strategy Development Committee**

The Technology & Strategy Development Committee, which was constituted by the Board in 2003, provides direction on the Company’s Research and Development strategy and on key issues pertaining to R&D technology. The Committee also reviews and updates the skills and competence required, the structure and the process needed to ensure that the R&D initiatives of today result in products necessary for the sustained and long term growth of the Company. The Committee is instrumental in augmenting the Intellectual properties of the Company.

Resultant is the host of patents and trademarks for the Company’s products and process in India and across the globe from time to time.

#### **Objectives**

- Develop products and technologies keeping in mind the customers and business strategy of the Company.
- Provide effective project support and assurance to production and its business.
- Provide best technical assistance available across the globe.
- Exploit synergies through cutting edge technologies.
- Deploy scientists, engineers to meet current and future business needs.
- Promote and develop Intellectual Property to processes and products.
- Work as a Design & Developmental partner with customers in future technologies across the units.
- Innovation on extreme efficiency, value, maximization to serve the new market conditions and safety and reliability of assets, across the Company as a part of its DNA.

#### **Composition**

The Board level Technology & Strategy Development Committee comprises 8 (Eight) Directors as on 31st March, 2017.

The Committee comprises the following members:

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

The Technical and Operations heads attend the Committee meeting to present the improvements made with regard to new technical products and innovation, which deliver greater value to its existing and new customers.

## Finance Committee

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

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

## Composition

The Board level Finance Committee comprises 5 (Five) Directors as on 31st March, 2017.

The Committee comprises the following members:

- **Mr. Govind Mirchandani - Chairman**
- Ms. Malavika Jayaram
- Mr. Hanuman Kumar Sharma
- Mr. P S Ramesh
- Mr. Udayant Malhoutra

## Corporate Social Responsibility Committee

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

## Composition

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

## Independent Directors Committee

In order to facilitate independent meetings of the Independent Directors without the intervention of the management, an Independent Directors' Committee has

been constituted in accordance with the requirements of Companies Act, 2013.

## Composition

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

## CEO and CFO Certification

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

## Code of conduct

In compliance with Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics ('the Code'), all the members of the Board and senior management personnel affirmed compliance to the said Code as on 31st March, 2017.

## GENERAL BODY MEETINGS

### ANNUAL GENERAL MEETINGS ('AGM') / EXTRAORDINARY GENERAL MEETING ('EGM') / POSTAL BALLOT APPROVALS:

Location, date and time of the Annual General Meetings/Extraordinary General Meetings held during the preceding three years and the special resolutions passed thereat are as follows:

Year	Venue	Date and Time	Special Resolution Passed
2013-14 AGM	Registered Office, Bangalore	14 <sup>th</sup> August, 2014 at 10.00 am	<ul style="list-style-type: none"> <li>• Appointment of Mr. Vijai Kapur as an Independent Director of the Company</li> <li>• Appointment of Air Chief Marshal S Krishnaswamy as an Independent Director of the Company</li> <li>• Appointment of Mr. Govind Mirchandani as an Independent Director of the Company</li> <li>• Appointment of Ms. Malavika Jayaram as an Independent Director of the Company</li> <li>• Re-appointment of Mr. Udayant Malhoutra as the CEO and Managing Director of the Company</li> <li>• Special resolution under section 180 (1)(a) of the Companies Act, 2013</li> <li>• Special resolution under section 180 (1)(c) of the Companies Act, 2013</li> </ul>
2014-15 EGM	Registered Office, Bangalore	11 <sup>th</sup> October, 2014 at 10.00 am	<ul style="list-style-type: none"> <li>• Issue of further securities through Qualified Institutions Placement</li> </ul>
2014-15 AGM	Taj Vivanta, Yeshwantpur, Bangalore	14 <sup>th</sup> August, 2015 at 10.00 am	<ul style="list-style-type: none"> <li>• Appointment of Mr. Rajendra Babu Subodh as Executive Director of the Company.</li> </ul>
2015-16 Postal Ballot*	Postal Ballot	25 <sup>th</sup> May, 2015	<ul style="list-style-type: none"> <li>• Approval for allocating the ceiling of 26% of the paid up equity share capital of the Company</li> <li>• Appointment of Mr. P. S. Ramesh as Executive Director and Chief Operating Officer – Hydraulics, India and payment of remuneration thereon.</li> <li>• Appointment of Mr. Hanuman Kumar Sharma as Executive Director and Chief Financial Officer and payment of remuneration thereon</li> <li>• Alteration of Memorandum of Association of the Company</li> <li>• Alteration of Articles of Association of the Company</li> </ul>
2015-16 AGM	Taj Vivanta, Yeshwantpur, Bangalore	11 <sup>th</sup> August, 2016 at 10.00 am	<ul style="list-style-type: none"> <li>• There were no special resolutions passed in the meeting</li> </ul>
2016-17 Postal Ballot*	Postal Ballot	15 <sup>th</sup> November, 2016	<ul style="list-style-type: none"> <li>• Special resolution under section 180 (1)(a) of the Companies Act, 2013</li> <li>• Special resolution under section 180 (1)(c) of the Companies Act, 2013</li> <li>• Special resolution under section 186 of the Companies Act, 2013</li> </ul>

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



## PROCEDURE FOR POSTAL BALLOT

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

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

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

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

To allow the shareholders to vote on the resolutions proposed at the AGM, the Company has arranged for a remote e-voting facility. The Company has engaged Karvy Computershare Private Limited to provide e-voting facility to all the members. Members who hold shares physical or demat as on 2nd August 2017 shall be eligible to participate in the e-voting. The facility for voting through ballot will also be made available at the AGM, and the members who have not already cast their vote by remote e-voting can exercise their vote at the AGM.

## SUBSIDIARY COMPANIES

All the subsidiary companies of the Company are professionally driven by their respective Boards for management in the best interests of their stakeholders. The Executive Directors of the Subsidiaries may be

nominated as Non-Executive Directors of the Company. Financial statements, in particular the investments / loans made by the unlisted subsidiary companies, are reviewed quarterly by the Audit and Risk Management Committee of the Board. All minutes of the meetings of the Board of subsidiary companies are placed before the Company's Board regularly.

A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board periodically.

## DISCLOSURES TO SHAREHOLDERS

### Communication to the Shareholders

The quarterly results of the Company are published in all India editions of the 'Business Standard' / 'Financial Express'/'Economic Time' and in the Bangalore edition of 'Sanjevani'. The results are displayed on the Company's website **www.dynamics.com** within 24 hours of release. The Company's website is regularly updated with enterprise-wide news and events of material importance. Official announcements and media releases are sent to the Stock Exchanges regularly.

Conference calls with Analysts and Shareholders / Investors are conducted as may be necessary from time to time. Presentations made to the institutional investors are hosted on the Company's website **www.dynamics.com**

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

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

### Management Discussion and Analysis Report

This forms part of the Directors' Report.

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

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

### Remuneration of Directors

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

## Non Compliances

There are no instances of non-compliance by the Company or penalties and strictures imposed on the Company by Stock Exchanges or Securities and Exchange Board of India or any statutory authorities, on any matter related to capital markets during the last three years.

## Disclosure of materially significant Related Party Transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the management, their relatives, or Subsidiaries, etc. that may have potential conflict with the interests of the Company at large.

All related party transactions have been entered into in the ordinary course of business and were placed before the Audit & Risk Management Committee in a summarized form.

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

## Whistle Blower Policy and Vigil Mechanism

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

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

## General Shareholder Information

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

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

The equity shares of the Company are listed on both National Stock Exchange of India Limited (NSE - with a scrip code of DYNAMATECH) and Bombay Stock Exchange Limited (BSE - with a scrip code of 505242).

The Company has paid the listing fee for the year 2017-18 to the Stock Exchanges, where the shares of the Company are listed in India.

## Unclaimed Dividend

Section 124 & 125 of the Companies Act, 2013 read with applicable rules 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 dividend	Due date for transfer to IEPF
<b>2009-10</b>			
Final Dividend	22.09.2010	21.09.2017	21.10.2017
<b>2010-11</b>			
Interim Dividend - I	12.11.2010	11.11.2017	11.12.2017
Interim Dividend - II	07.02.2011	06.02.2018	06.03.2018
Final Dividend	13.08.2011	12.08.2018	12.09.2018
<b>2011-12</b>			
Interim Dividend - I	14.11.2011	13.11.2018	13.12.2018
Interim Dividend - II	13.02.2012	12.02.2019	12.03.2019
Final Dividend	28.09.2012	27.09.2019	27.10.2019

Such Shareholders who have not claimed their dividend are advised to claim the same. Before transferring any amount to IEPF, the Company has been giving individual intimation to the Shareholders in respect of whose unclaimed dividend the amount is being transferred, at least six months before the due date for such transfer.

## ANNUAL GENERAL MEETING FOR THE YEAR 2016-17

<b>Date and time:</b>	<b>9th August, 2017 at 10:00 AM</b>	
<b>Venue:</b>	<b>'Vivanta' by Taj, #2275 Tumkur Road, Yeshwantpur, Bangalore 560 022, Karnataka, India</b>	
<b>Financial calendar:</b>	Our tentative calendar for declaration of results for the financial year 2017-18 is given below:	
	<b>Calendar for Reporting:</b>	
	<b>Quarter ended</b>	<b>Release of results</b>
	30th June, 2017	On or before 14th August, 2017
	30th September, 2017	On or before 14th November, 2017
	31st December, 2017	On or before 14th February, 2018
	31st March, 2018	On or before 30th May 2018
<b>Date of book closure</b>	Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of the Listing Regulations, the Register of Members and Share Transfer Books of the Company will be closed from <b>Thursday, 3<sup>rd</sup> August, 2017 to Wednesday, 9th August, 2017 (both days inclusive)</b> .	
<b>Dividend payment date</b>	The Board of Directors of the Company have not recommended any dividend for the financial year 2016-17.	

### 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 42nd Annual General Meeting of the Company. Any Shareholder having any grievance on the e-voting can contact at the coordinates mentioned in the 'Investor Guide', towards the end of this report.

### International Securities Identification Number (ISIN)

ISIN is the identification number for traded shares, which needs to be quoted in every transaction relating to the dematerialized shares of the Company. The ISIN for Company's equity shares is INE221B01012.

### Corporate Identity Number (CIN)

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

### Share Transfer System

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

### Distribution of Shareholding as on March 31, 2017

Sl. No.	Category (Amount)	No. of Holders	% To Holders	Amount (₹)	% To Equity
1	1 - 5,000	9,113	95.98	46,54,200	7.34
2	5,001 - 10,000	182	1.92	13,09,900	2.07
3	10,001 - 20,000	108	1.14	15,63,630	2.47
4	20,001 - 30,000	22	0.23	5,40,670	0.85
5	30,001 - 40,000	9	0.09	3,23,820	0.51
6	40,001 - 50,000	10	0.11	4,93,610	0.78
7	50,001 - 1,00,000	19	0.20	13,42,670	2.12
8	1,00,001 & Above	32	0.34	5,31,85,930	83.87
	<b>TOTAL:</b>	<b>9,495</b>	<b>100</b>	<b>6,34,14,430</b>	<b>100</b>

**SHAREHOLDING PATTERN AS ON MARCH 31, 2017**

Category	No. of Shares	% of shareholding
<b>PROMOTERS HOLDING</b>		
<b>Indian Promoters</b>		
JKM Holdings Private Limited	9,12,538	14.39
Udayant Malhoutra	7,10,179	11.20
Udayant Malhoutra and Company Private Limited	6,42,011	10.13
Wavell Investments Private Limited	4,48,281	7.07
JKM Offshore India Private Limited	4,42,071	6.97
Greenearth Biotechnologies Limited	22,927	0.36
Barota Malhoutra	4,938	0.08
Vita Private Limited	100	0.00
Christine Hoden (India) Private Limited	100	0.00
Primella Sanitary Products Private Limited	100	0.00
<b>TOTAL</b>	<b>31,83,245</b>	<b>50.20</b>
<b>NON-PROMOTERS HOLDING</b>		
Mutual Funds / UTI	8,31,055	13.11
Financial Institutions / Banks	2,981	0.05
Central Government / State Government (S)	0	0.00
Venture Capital Funds	0	0.00
Insurance Companies	0	0.00
Foreign Institutional Investors	9,30,624	14.67
<b>SUB TOTAL</b>	<b>17,64,660</b>	<b>27.83</b>
<b>OTHERS</b>		
Private Corporate Bodies	2,02,174	3.19
Indian Public	11,61,983	18.32
Clearing Agents	1,150	0.02
NRIs/OCBs	24,430	0.38
Trust	3,801	0.06
<b>SUB TOTAL</b>	<b>13,93,538</b>	<b>21.97</b>
<b>GRAND TOTAL</b>	<b>63,41,443</b>	<b>100</b>

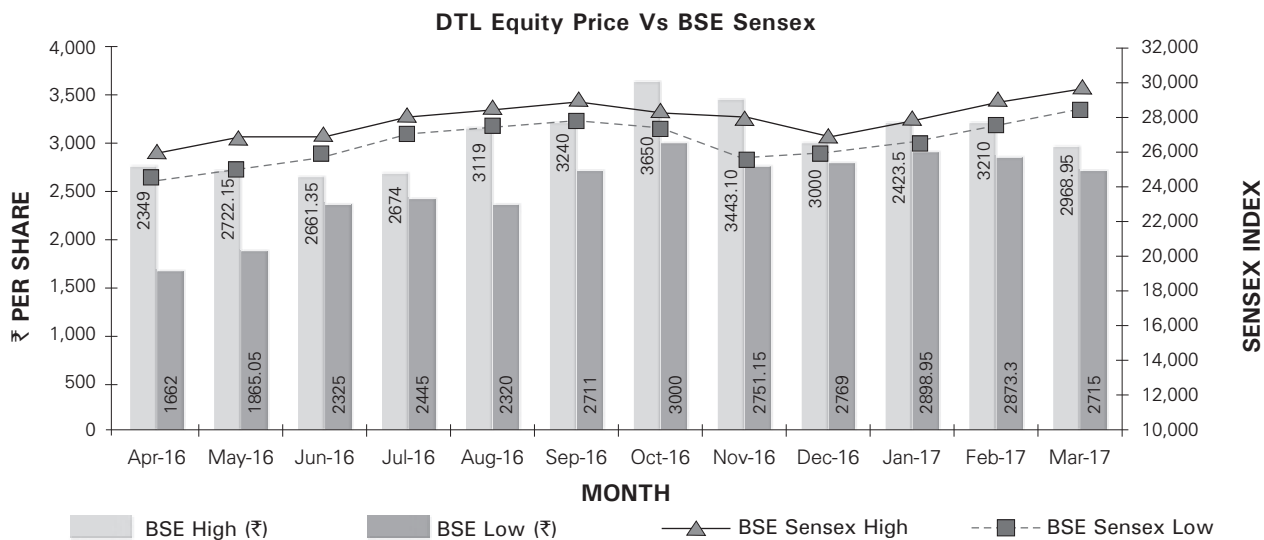
**Share market price data**

The monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Limited and National Stock Exchange of India Limited for the year 2016-2017:

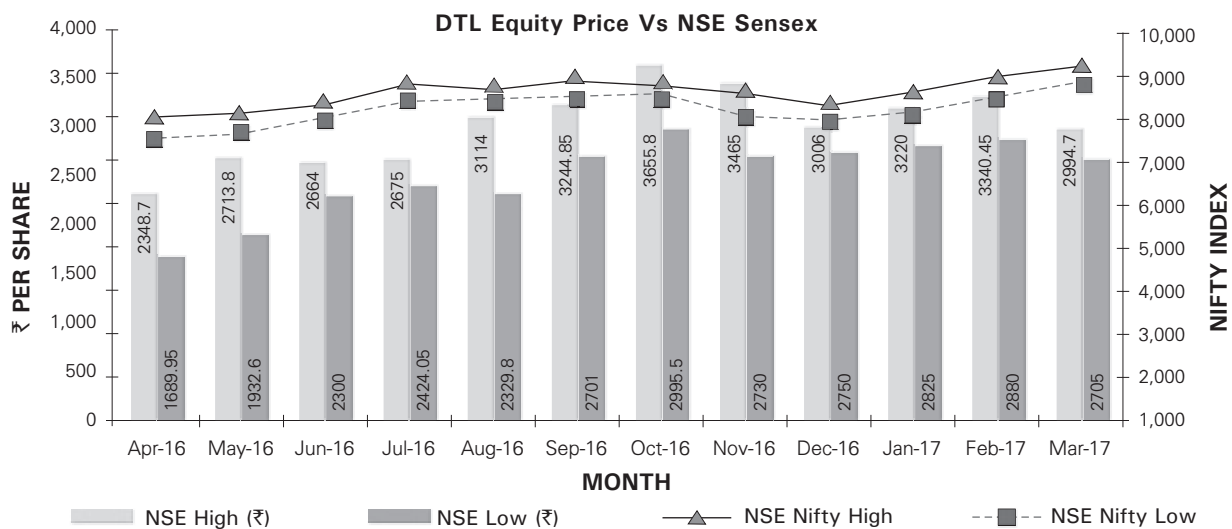
Month	BSE			NSE		
	High (₹)	Low (₹)	Volume of shares traded	High (₹)	Low (₹)	Volume of shares traded
Apr-16	2,349	1,662	26,377	2,349	1,690	1,20,998
May-16	2,722	1,865	21,822	2,714	1,933	1,20,849
Jun-16	2,661	2,325	31,375	2,664	2,300	1,18,291
Jul-16	2,674	2,445	7,060	2,675	2,424	47,481
Aug-16	3,119	2,320	31,317	3,114	2,330	1,23,711
Sep-16	3,240	2,711	20,594	3,245	2,701	69,829
Oct-16	3,650	3,000	1,01,005	3,656	2,996	1,02,814
Nov-16	3,443	2,751	12,559	3,465	2,730	65,670
Dec-16	3,000	2,769	3,154	3,006	2,750	19,126
Jan-17	3,220	2,899	4,387	3,220	2,825	52,965
Feb-17	3,210	2,873	4,964	3,340	2,880	39,544
Mar-17	2,969	2,715	8,000	2,995	2,705	25,041



## COMPARISON OF COMPANY'S SHARE PRICE MOVEMENT WITH BSE SENSEX



## COMPARISON OF COMPANY'S SHARE PRICE MOVEMENT WITH NSE SENSEX



**Note:** High and Low are in rupees per traded share. Volume is the total monthly shares traded.

### Status of Dematerialisation of shares

Particulars	March 31, 2016		March 31, 2017	
	No. of shares	% of total shares	No. of shares	% of total shares
National Securities Depository Limited	59,34,134	93.58	59,66,763	94.09
Central Depository Services (I) Limited	2,59,487	4.09	2,32,307	3.66
<b>Total Dematerialized</b>	<b>61,93,621</b>	<b>97.67</b>	<b>61,99,070</b>	<b>97.75</b>
Physical	1,47,822	2.33	1,42,373	2.25
<b>Grand Total</b>	<b>63,41,443</b>	<b>100.00</b>	<b>63,41,443</b>	<b>100</b>

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

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

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

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

The corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 have been duly complied.

#### **PLANT LOCATIONS:**

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

## INVESTOR GUIDE

### Investor Contacts

For queries relating to financial statements / shares / dividends / complaints / Investor correspondence

#### Mr. Naveen Chandra P

Head Legal, Compliance & Company Secretary  
Tel: +91-80-2839 4933 / 34 / 35 Extension: 248  
Fax: +91-80-2839 5328  
Email id: investor.relations@dynamics.net

#### Registrar and Share Transfer Agents

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32  
Gachibowli Financial District,  
Nanakramguda, Hyderabad – 500 008  
Tel: +91-40- 6716 1500  
Email: shobha.anand@karvy.com

### Depository for Equity shares

#### National Securities Depository Limited

Trade World, A Wing, 4th Floor  
Kamala Mills Compound, Senapathi Bapat Marg,  
Lower Parel, Mumbai 400 051  
Tel: +91-22-24994200

#### Central Depository Services (India) Limited

Phiroze Jeejeebhoy Towers  
17th Floor, Dalal Street, Fort, Mumbai 400 001  
Tel.: +91-22-2272 3333

**Shareholders holding shares in demat/electronic form are requested to approach their Depository participants for effecting the following changes in your holdings in their records:**

- Change of postal address / email id / contact details
- Change of bank details for receiving dividends
- Incorporating of ECS for receiving dividends through money transfer
- Change in residential status
- Incorporation of PAN
- Incorporation of Nomination
- Transfer of shares or effecting transposition of names of share holders

Further, for any corporate actions like payment of dividends, etc., the Company will take your shareholding details from your DP account through the data downloaded from the Depositories.

#### NOTE:

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

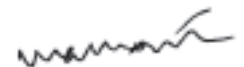
Tel: +91-80-28394933 / 34 / 35 (Extension: 254) (Contact: Mr. J. Devaraj, AGM - Secretarial)

Email: [investor.relations@dynamics.net](mailto:investor.relations@dynamics.net)

## DECLARATION

I, Udayant Malhoutra, CEO & Managing Director of the Company hereby declare that all the members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2017.

Place : Bangalore  
Date : 29 May 2017



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

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To  
The Members of  
**Dynamatic Technologies Limited**

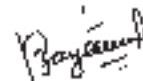
The Members of Dynamatic Technologies Limited

I have examined all the relevant records of Dynamatic Technologies Limited ("the Company") for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (LODR) Regulations, 2015 for the financial year ended 31st March 2017. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid Regulations, 2015.

Place : Bangalore  
Date : 29 May 2017



**R. Vijayakumar**  
Company Secretary in Practice  
FCS – 6418; COP – 8667





**“Your beliefs become your thoughts. Your thoughts become your words. Your words become your actions. Your actions become your habits. Your habits become your values. Your values become your destiny.”**

- Mahatma Gandhi

## CORPORATE SUSTAINABILITY REPORT

### MESSAGE FROM THE CEO & MANAGING DIRECTOR

If Dynamatic Technologies has been successful in consistently achieving high growth rates, it is largely due to its philosophy of proactively pursuing balanced and sustainable business policies.

These include a deep commitment to improving the quality of its products on a continual basis, providing improved value to its customers, improving the quality of life of its employees, providing a secure environment for its financiers and suppliers, and contributing to our Society, Environment and Nation.

Our approach towards sustainability has not been based on stand-alone initiatives, but rather on a holistic and integrated approach to business development. Happy employees are performers. They develop innovative products efficiently, and serve customers' needs by delivering value for money. This ensures the long-term economic relevance of our enterprise, in turn creating a secure environment for financiers and suppliers. From this basic business cycle, come profits on a sustainable basis.

The core mission is to help enrich the quality of life of the community and preserve ecological balance and heritage through a strong environment conscience.

### Key Learnings

A business philosophy that abjures waste and is based on conservation and optimal utilization of resources, will also simultaneously deliver superior financial results along with a positive ecological impact.

A focus on Safety, Human Resource Development and enhancement of Intellectual Property will help de-risk the Company, and also contribute to societal development.

Eventually sustainable business policies form an important and integral part of good corporate governance.

**Udayant Malhoutra**  
CEO & Managing Director

DIN : 00053714

## 1. OUR VISION, BUSINESS PHILOSOPHY AND SUSTAINABILITY

A Company like Dynamatic Technologies is essentially an organ deploying significant contribution to the growth of the country's economy and society's well being. We, therefore, are aware of the need to work beyond financial considerations and put in that little extra to ensure that we are perceived not just as corporate entities that exist for profits, but as a wholesome entity created for the good of the society and for improving the quality of life of the communities we serve. Our commitment to responsible citizenship also includes conservation of natural resources and protection of the soil, water and climate required to sustain life on earth.

- To secure market leadership, technological competence and enhance brand equity as a global leader.
- To provide a safe, nurturing and learning environment for our human resources.
- To have a zero tolerance of any transmission of wastes into the environment.
- To secure and de-risk financiers and suppliers.
- To transform the Company into a global R&D organization, with a pre-eminent market position in the Hydraulic, Automotive and Defence sectors in Asia.
- To consistently achieve returns higher than the cost of capital.
- To comply with all legal requirements expected of the Company in every country we are present.



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

- To enhance shareholder wealth.
- To help in the creation of a strong, modern and vibrant India.
- To be an example to any corporate, anywhere in the world, in terms of global best-in-class environmental practices.
- To conduct business affairs, employing the highest standards of personal and corporate conduct.
- To wholly co-operate in proposals of the Government – Central or State, in various activities concerning social cause.

*Our Vision & Business Philosophy is driven by our Values, which are:*

### 1.1. CUSTOMER CENTRIC RESEARCH

Over the years, Dynamatic Technologies Divisions and Subsidiaries have forged deep and lasting relationships with all their stakeholders, which have enabled them to grow continuously. These relationships are based on mutual trust and respect, and upon their collective capabilities in delivering complex technological solutions, at economically viable price levels.

We are geared towards providing innovative and creative solutions to our customers on a continuous basis. Every business process is built around the customer. We firmly believe that our success is merely a reflection of our ability to delight our customers.

We interact constantly with our customers, understand their needs and endeavor to satisfy them. We strive to satisfy the customers' stated and unstated needs, by understanding applications and anticipating future trends. We spend considerable time in the field, listening to farmers, mechanics, drivers, equipment handlers... And very often suggest improvements to our customer, before their customers do. Our technology and quality processes are therefore predictive in nature, anticipating change, rather than reacting to it.

### 1.2 EMPHASIS ON KNOWLEDGE ACQUISITION AND APPLICATION

Dynamatic Technologies has been adopting and following world-class business practices, at its modern manufacturing facilities located at Bangalore, Chennai, Nasik (India), Swindon, Bristol (U.K.) and Erla (Germany). All are eco-friendly and designed to eliminate waste. We constantly strive to deliver superior value to our customers by challenging ourselves and pushing the boundaries

## EMPLOYEE

### Engagement

To promote professional excellence, greater engagement and enhance motivation, visits were organised for employees to Air Force Training establishments. Certificate "Going the Extra Mile"(GEM) along with an award is presented to the team of employees, who distinguish themselves in their work output and adherence to company work ethos.



of knowledge through imagination and diligence. This approach has led us to continuously innovate and develop highly engineered products, through investment in R&D, process improvements and elimination of operational inefficiencies. This has resulted in us building a successful business model for ourselves, capable of returning high yields to investors and improving the quality of life of all employees, as well as the society/community in which we exist and work. As Dynamatic Technologies globalises, these values will be extended across the world, and in turn, new learnings, best practices, processes and experiences will be absorbed into the existing organization.

### 1.3 HUMAN CAPITAL

Dynamatic Technologies is built upon a foundation of basic values, and its commitment to quality and equal opportunity. Your Company strives to attract the finest talent available and then provides a result-oriented environment based on meritocracy and egalitarianism.

At Dynamatic Technologies, we firmly believe that the key to sustained growth is not mere addition to physical capacities but is actually the ability to dramatically enhance and utilize human capabilities.

### 1.4 SOCIETAL LINKAGES

We are proud of our civilisational heritage, and the values of our ancient land; the values of trust and integrity. The need to contribute to society, and care for our environment. The value of enduring relationships.

At the same time, as we globalize, we travel with an open mind, learning from and contributing to every society we are part of.

## 2. DIMENSIONS OF SUSTAINABILITY

### 2.1. SUSTAINABILITY POLICY

We at Dynamic Technologies are driven by the fundamental objective of enhancing the value of the Company to all stakeholders, such as shareholders, customers, suppliers, financiers, employees and to the society at large. We firmly believe that sustained growth can only be fostered by developing a work ethic founded upon the core values of integrity, transparency, professionalism, empowerment and accountability. We endeavor to uphold and nurture these core values in all facets of operations. Being a responsible corporate citizen, we understand that sustained growth can only come about when equal attention is paid to all elements of the Triad of Sustainability, namely Economic Growth, Environment Friendliness and Social Equity. We believe that such growth can only be achieved through a firm commitment to these elements over the long term, and are prepared to take actions commensurate to this goal.

### 2.2 THE TRIAD OF SUSTAINABILITY

At Dynamic Technologies, the path to sustainability has the following elements: Economic Growth, Environment-Friendliness and Social Equity.

#### 2.2.a. ECONOMIC GROWTH

- Value Engineering: reduction of raw material consumption by optimizing product design.
- Maximize our efforts in developing new products and cost effective applications through continuous innovation.

- Development of complete hydraulic solutions for mechanized agriculture, earth moving, material handling, machine tools, defense and precision parts for aerospace applications.
- Secure market leadership, technological competence and brand equity as a global leader.
- Maximization of productivity and maintenance of cost leadership.
- Continue to enhance the value of the Company to the shareholders.

#### 2.2 b. ENVIRONMENT- FRIENDLINESS

- Treatment of wastage water and using it for gardening as a process of water conservation.
- Rainwater harvesting.
- All business processes are designed to ensure that no wastage is transmitted to our environment.
- Energy consumption in each plant is monitored, optimized and minimized.
- Design and Redesign products that are safe, energy saving and environment friendly.
- Design all our processes with efficiency and energy conservation in mind.
- Wind farm to harness renewable source of energy.

#### 2.2.c. SOCIAL EQUITY

- Not allowing any form of discrimination in employment or promotion.
- Imparting training and development programs to facilitate multi-tasking and multi-skilling.
- Practicing safety norms and help protection. Standing as a model by winning safety awards.
- Emissions: the air quality in our plants is continuously monitored for suspended particulate matter, and is kept well within safe limits.
- Foster a culture of empowerment.
- Elevation of workers into management cadre.
- Promote the usage of six sigma practices amongst all employees.
- Practice open dialogue with employees, customers, government agencies, trade associations and with communities all around our facilities.



**CONTINUED**

Excellence

- **Best Supplier Award by HAL to Aerospace Division, Nashik for two consecutive years, 2015-16 & 2016-17**
- **Best Supplier Award by Swaraj to Hydraulics Division for 2016-17**
- **Four Star Supplier Rating by Hyundai to JKM Automotive for excellence in Quality (zero PPM) bear testimony to our pursuit towards continued Excellence.**

- 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 Dynamic 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.

## SOCIAL Responsibility



Dynamic reaches out to the communities it is a part of, to assist in local area development, both social and environmental. Engagement with IIT, Devanahalli was enhanced through extensive plantation and provision of Bore well for drinking water. 10 conventional machines were reconditioned and additional equipment provided for conducting courses on Aerospace Engineering. Theory and practical training for 45 students, for two weeks, in disciplines of Turner, Filter & Machinist was conducted as part of skill development.

## 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.dynamics.com](http://www.dynamics.com) and shall also be kept open for inspection at the Registered Office of the Company during office hours.



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# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DYNAMATIC TECHNOLOGIES LIMITED

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Dynamatic Technologies Limited ("the Holding Company"), and its subsidiaries (including step subsidiaries) (collectively referred to as "the Group"), which comprises the consolidated balance sheet as at 31 March 2017, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (financial position), consolidated profit or loss (financial performance) and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries (including step subsidiaries), the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2017 and its consolidated profit and its consolidated cash flows for the year ended on that date.

## Other Matters

We did not audit the financial statements/financial information of seven subsidiaries (including step subsidiaries), whose financial statements/ financial information reflect total assets of ₹67,527 lacs and net assets of ₹36,468 lacs as at 31 March 2017, total revenues of ₹99,804 lacs and net cash inflows amounting to ₹377 lacs for the year ended on that date, as considered in consolidated financial statements.

These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of these subsidiaries (including step subsidiaries), and our report in terms of Section 143(3) of the Act, insofar as it relates to the aforesaid subsidiaries (including step subsidiaries), is based solely on the reports of the other auditors.

Of the above:

- a. Five of these subsidiaries (including step subsidiaries) are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries. The Holding Company's management has converted the financial statements of these subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. This has been done on the basis of a reporting package prepared by the Holding Company which covers accounting and disclosure requirements applicable to the consolidated financial statements under the generally accepted accounting principles in India. The reporting packages made for this purpose have been audited by the other auditors and reports for consolidation purposes of those other auditors have been furnished to us. Our opinion on the consolidated financial statements, insofar as it relates to these entities, is based solely on the aforesaid audit reports of these other auditors.
- b) One subsidiary located outside India whose financial statements and other financial information has been prepared in accordance with accounting principles generally accepted in that country and which has been audited by other auditors under generally accepted auditing standards applicable in that country. The Holding Company's Management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's Management. Our opinion on the consolidated financial statements insofar as it relates to the financial statements/ financial information of such subsidiary located outside India, is based solely on the report of the other auditors and the conversion adjustments prepared by the Management of the Holding Company and audited by us.

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

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and other financial information of subsidiaries (including step subsidiaries) as noted in the 'Other matters' paragraph, we report, to the extent applicable, that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
  - (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of other auditors;
  - (c) the consolidated balance sheet, the consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - (d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;
  - (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2017, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies (including step subsidiaries) incorporated in India, none of the directors of the Holding Company and subsidiary companies (including step subsidiaries) incorporated in India is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiaries (including step subsidiaries) incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries (including step subsidiaries), as noted in the 'Other matters' paragraph;



- i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 31 to the consolidated financial statements;
- ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer Note 39 to the consolidated financial statements;
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies (including step subsidiaries) incorporated in India; and
- iv. the Holding Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 of the Holding Company and its subsidiary companies (including step subsidiaries) incorporated in India and these are in accordance with the books of accounts maintained by the Holding Company and its subsidiary companies (including step subsidiaries) incorporated in India. Based on the audit procedures and relying on the management representation we report that the disclosure is in accordance with the books of accounts maintained by the Holding Company and its subsidiary companies (including step subsidiaries) incorporated in India and as produced by the management. Refer Note 48 to the consolidated financial statements.

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

*Chartered Accountants*

Firm registration number: 101248W/W-100022



**Supreet Sachdev**

*Partner*

Membership number: 205385

Place : Bengaluru

Date : 29 May 2017

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## ANNEXURE - A

### TO THE INDEPENDENT AUDITOR'S REPORT

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

In conjunction with our audit of the consolidated financial statements of Dynamatic Technologies Limited ("the Holding Company") and its subsidiaries (including step subsidiaries) (collectively referred to as "the Group") as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Dynamatic Technologies Limited and its subsidiary companies (including step subsidiaries), which are companies incorporated in India, as of that date.

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

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

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of subsidiary companies incorporated in India, in terms of their reports referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies (including step subsidiaries) incorporated in India.

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

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

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

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

#### **Opinion**

In our opinion and based on the consideration of the reports of the other auditors referred to in the 'Other Matters' paragraph below, the Holding Company and its subsidiary companies (including step subsidiaries), which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

#### **Other Matters**

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

Our opinion is not modified in respect of the above matters.

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

*Chartered Accountants*

Firm registration number: 101248W/W-100022



**Supreet Sachdev**

*Partner*

Membership number: 205385

Place : Bengaluru

Date : 29 May 2017

# CONSOLIDATED BALANCE SHEET AS AT

(₹ in lacs)

	Note	31 March 2017	31 March 2016
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	634	634
Reserves and surplus	4	24,007	25,126
		24,641	25,760
<b>Non-current liabilities</b>			
Long-term borrowings	5	46,861	39,993
Deferred tax liabilities (net)	6	2,318	2,530
Other long-term liabilities	7	118	148
Long-term provisions	8	977	797
		50,274	43,468
<b>Current liabilities</b>			
Short-term borrowings	9	15,586	9,201
Trade payables	10		
-Total outstanding dues of micro enterprises and small enterprises; and		-	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises		24,338	24,024
Other current liabilities	11	8,659	14,567
Short-term provisions	12	1,453	1,228
		50,036	49,020
		124,951	118,248
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill (refer note 46)		8,261	9,356
		8,261	9,356
Fixed assets			
- Tangible assets	13	52,541	51,657
- Intangible assets	13	3,990	1,649
- Capital work in progress		2,433	2,861
		58,964	56,167
Non-current investments	14	69	9
Long-term loans and advances	15	2,538	2,600
Other non-current assets	16	623	783
		3,230	3,392
<b>Current assets</b>			
Inventories	17	25,741	25,612
Trade receivables	18	15,194	12,281
Cash and bank balances	19	8,262	6,767
Short-term loan and advances	20	4,100	3,560
Other current assets	21	1,199	1,113
		54,496	49,333
		1,24,951	1,18,248
<b>Significant accounting policies</b>	2		

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

As per our report of even date attached

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



**Supreet Sachdev**  
Partner  
Membership number: 205385

Place : Bengaluru  
Date : 29 May 2017

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



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



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



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

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

(₹ in lacs)

	Note	31 March 2017	31 March 2016
<b>Revenue from operations</b>			
Sale of products (gross)		152,881	151,466
Less: Excise duty		(3,308)	(3,404)
Sale of products (net)		149,573	148,062
Other operating revenues	22	1,203	1,316
<b>Total revenue from operations</b>		<b>150,776</b>	<b>149,378</b>
Other income	23	594	499
<b>Total revenue</b>		<b>151,370</b>	<b>149,877</b>
<b>Expenses</b>			
Cost of materials and components consumed	24	84,590	85,018
Changes in inventories of finished goods and work-in-progress	25	(786)	(1,111)
Employee benefits expense	26	22,998	21,924
Finance costs	27	7,411	7,275
Depreciation and amortisation expense		5,439	5,243
Other expenses	28	27,440	29,439
<b>Total expenses</b>		<b>147,092</b>	<b>147,788</b>
<b>Profit before exceptional items and tax</b>		<b>4,278</b>	<b>2,089</b>
Exceptional expense	29	1,012	-
<b>Profit before tax</b>		<b>3,266</b>	<b>2,089</b>
<b>Tax expense</b>			
Income tax		1,971	1,212
Deferred tax (credit)		(165)	(351)
<b>Profit after tax</b>		<b>1,460</b>	<b>1,228</b>
<b>Earning per equity share [nominal value of share ₹10 each (previous year ₹10 each)]</b>			
Basic and diluted	41	23.02	19.36
<b>Significant accounting policies</b>	2		

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

As per our report of even date attached

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



**Supreet Sachdev**  
Partner  
Membership number: 205385

Place : Bengaluru  
Date : 29 May 2017

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



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



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



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



## CASH FLOW STATEMENT FOR THE YEAR ENDED

(₹ in lacs)

	31 March 2017	31 March 2016
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>3,266</b>	2,089
Adjustments:		
Depreciation and amortisation expense	<b>5,439</b>	5,243
Finance costs	<b>7,411</b>	7,275
Interest income	<b>(177)</b>	(114)
Bad debts written off	<b>59</b>	4
Provision for bad and doubtful debts	<b>17</b>	45
Provision no longer required written back	<b>(6)</b>	(70)
Unrealised foreign exchange differences, net	<b>(213)</b>	268
Loss on sale of fixed asset, net	<b>20</b>	9
Amortisation of foreign currency monetary item translation difference account	<b>271</b>	387
<b>Operating cash flow before working capital changes</b>	<b>16,087</b>	15,136
(Increase) in trade receivables	<b>(3,062)</b>	(977)
(Increase) in loans and advances and other assets	<b>(496)</b>	(648)
(Increase) in inventories	<b>(129)</b>	(2,897)
Increase / (decrease) in trade payables and other current liabilities	<b>410</b>	(3,398)
Increase/ (decrease) in short term and long term provisions	<b>276</b>	(105)
Adjustment for foreign exchange in operating activity	<b>952</b>	(1,206)
<b>Cash generated from operations</b>	<b>14,038</b>	5,905
Income taxes paid	<b>(1,582)</b>	(1,653)
<b>Net cash generated from operating activities (A)</b>	<b>12,456</b>	4,252
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	<b>(10,441)</b>	(5,537)
Proceeds from sale of fixed assets	<b>8</b>	275
Investment in shares	<b>(60)</b>	(9)
(Increase)/ decrease in deposits with banks	<b>(1,233)</b>	356
Interest received	<b>177</b>	114
<b>Net cash used in investing activities (B)</b>	<b>(11,549)</b>	(4,801)

**Cash flows from financing activities**

Payment on account of redemption of preference shares	-	(864)
Proceeds from borrowings from other than shareholders	<b>40,044</b>	29,786
Repayment of borrowings to other than shareholders	<b>(38,284)</b>	(17,795)
Loans taken from shareholders	<b>216</b>	600
Repayment of loans to shareholders	<b>(216)</b>	(1,675)
Inter-corporate deposits (repaid)/ taken (net)	<b>(1,031)</b>	1,270
Deferral sales tax payment	-	(45)
Proceeds/(repayments) of cash credits/ working capital loans (net)	<b>6,405</b>	(4,497)
Repayments of buyer's credit (net)	<b>(19)</b>	(273)
Interest paid	<b>(7,364)</b>	(7,495)
Dividend paid out of unclaimed dividend	<b>(6)</b>	(4)
<b>Net cash used in financing activities (C)</b>	<b>(255)</b>	(992)
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>652</b>	(1,541)
Cash and cash equivalents at the beginning of the year	<b>5,988</b>	7,328
Effect of exchange rate changes on cash and cash equivalents	<b>(449)</b>	201
Cash and cash equivalents at the end of the year (refer note 19)	<b>6,191</b>	5,988

As per our report of even date attached

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

Chartered Accountants

Firm Registration

Number: 101248W/W-100022



**Supreet Sachdev**

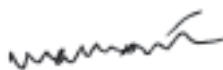
Partner

Membership number: 205385

Place : Bengaluru

Date : 29 May 2017

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



**UDAYANT MALHOUTRA**  
CEO & Managing Director

DIN : 00053714



**HANUMAN KUMAR SHARMA**  
Group CFO & Executive Director

DIN : 07012725



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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 Company overview

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

### 2 Significant Accounting Policies

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

#### a. Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements of Dynamatic Technologies Limited and its subsidiaries (including step subsidiaries) (collectively referred to as the ‘Group’) have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the accounting principles generally accepted in India (‘GAAP’). GAAP comprises mandatory accounting standards specified under Section 133 of the Companies Act, 2013 (‘Act’) read with relevant rules thereunder, the provisions of the Act, other pronouncements of the Institute of Chartered Accountants of India (‘ICAI’), and the guidelines issued by the Securities and Exchange Board of India (‘SEBI’). The consolidated financial statements are prepared by adopting uniform accounting policies between the group companies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s separate consolidated financial statements. The financial statements are prepared in Rupees in lacs unless otherwise stated.

#### b. Principles of consolidation

The consolidated financial statements include the results of the following subsidiaries (including step subsidiaries):

Sl. No.	Subsidiaries	Subsidiary/ Step Subsidiary	Country of incorporation	Effective group shareholding%
1	JKM Erla Automotive Limited (JEAL)	Subsidiary	India	99.99
2	JKM Erla Holdings GmbH (JEHG)	Step Subsidiary	Germany	100
3	EisenwerkErla GmbH (EEG)	Step Subsidiary	Germany	100
4	JKM Ferrotech Limited (JFTL)	Step Subsidiary	India	99.99
5	JKM Global Pte Limited (JGPL)	Subsidiary	Singapore	100
6	Dynamatic Limited (DL, UK)	Step Subsidiary	United Kingdom	100
7	Yew Tree Investments Limited (YTIL)	Step Subsidiary	United Kingdom	100
8	Dynamatic US, LLC (DUS)	Step Subsidiary	USA	100
9	JKM Research Farm limited (JRFL)	Subsidiary	India	99.99

Consolidated financial statements have been prepared on the following basis:

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

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

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

#### c. Use of estimates

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

#### d. Fixed assets and depreciation

##### Tangible assets

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 nonrefundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date are shown under capital advances. The cost of the fixed asset not ready for its intended use on such date, is disclosed under capital work-in progress.

The 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. An increase in net book value arising on revaluation of fixed assets is credited directly to shareholders' fund under the heading of revaluation reserves and is regarded as not available for distribution. On disposal of a previously revalued item of fixed asset, the difference between net disposal proceeds and the net book value is charged or credited to statement of profit and loss except that, to the extent such a loss is related to an increase which was previously recorded as a credit to revaluation reserve and which has not been subsequently reversed or utilised, it is charged directly to that account. The amount standing in revaluation reserve following the retirement or disposal of an asset which relates to that asset is transferred to General Reserve.

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.

Spare parts that are held for use in the production or supply of goods or services and are expected to be used during more than a period of twelve months have been capitalised at their respective carrying amounts.

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Group. Depreciation for assets purchased/ sold during a period is proportionately charged. The Group estimates the useful lives for fixed assets as follows:-

<b>Class of assets</b>	<b>Estimated useful life (in years)</b>
Assets taken on lease – Plant and machinery/ Tools and dies/ leasehold improvements	Period of lease or useful life of assets whichever is lower
Leasehold land	Over the period of lease
Buildings	30 years
Plant and machinery/ Measuring instruments/ Electrical installations* (Shift depreciation)	10 years, 13 years and 21 years for 3 shifts, 2 shifts and 1 shift respectively
Data processing equipment	4 years
Office equipment	5 years
Furniture and fixtures	5 - 10 years
Tools, dies and moulds	9 years
Vehicles*	10 years
Motor boat*	20 years

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

Freehold land is not depreciated.

### **Intangibles Fixed Assets**

#### **(i) Acquired intangible assets**

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

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

#### **(ii) Internally generated intangible assets**

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



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

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

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

Class of assets	Estimated useful life (in years)
Application software	4 years
Prototype development	10 years
Non-compete fees	10 years

#### e. Inventories

- (i) Inventories are carried at the lower of cost and net realisable value.
- (ii) Cost of inventories comprises purchase price and all incidental expenses incurred in bringing the inventory to its present location and condition. The method of determination of cost is as follows:
  - Raw materials and components – on a weighted average basis

- Stores and spares – on a weighted average basis
  - Work-in-progress – includes costs of conversion
  - Finished goods – includes costs of conversion
  - Goods in transit – at purchase cost
- (iii) Fixed production overheads are allocated on the basis of normal capacity of production facilities.
  - (iv) The comparison of cost and net realisable value is made on an item-by-item basis.
  - (v) The net realisable value of work-in-progress is determined with reference to the net realisable value of related finished goods. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.
  - (vi) The provision for inventory obsolescence is assessed on a periodically basis and is provided as considered necessary

#### f. Employee benefits

##### Defined contribution plan

##### Provident fund

A defined contribution plan is a post-employment benefit plan under which an entity makes specified monthly contribution towards Employee Provident Fund to Government administered Provident Fund Scheme which is a defined contribution plan. The Group's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

##### Defined benefit plan

##### Compensated absences

The employees of the Group are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accumulating compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absence as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The calculation of the Group's obligation is performed annually by an independent actuary using the projected unit credit method as at the reporting date. Non-accumulating compensated absences are recognized in the period

in which the absences occur. The Group recognizes actuarial gains and losses immediately in the statement of profit and loss.

#### **Gratuity**

The Group's gratuity benefit scheme are defined benefit plans. The Group's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Group's obligation is performed annually by an independent actuary using the projected unit credit method as at the reporting date.

In accordance with the Payment of Gratuity Act, 1972, the Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is managed by the Life Insurance Corporation of India (LIC).

The Group recognises all actuarial gains and losses arising from defined benefit plans immediately in the statement of profit and loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the statement of profit and loss. The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

#### **g. Revenue recognition**

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

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

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

Lease/sub-lease rental income is recognized when billable in accordance with the terms of the contract with the clients.

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

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

#### **h. Foreign currency transactions and balances**

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

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

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

#### **Integral and non-integral operations**

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

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

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

#### **i. Derivative instruments and Hedge accounting**

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

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

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

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

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

Hedge accounting is discontinued when the hedging instrument expires, sold, terminated, or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss on the hedging instrument recognized in shareholder's funds under "hedge reserve" is retained until the forecasted transaction occurs subsequent to which the same is adjusted

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

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

#### **j. Warranties**

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

#### **k. Investment**

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

Investment are either classified as current or long-term based on Management's intention at the time of purchase.

Investment that are readily realisable 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.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.

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

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

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

#### **m. Impairment of assets**

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

#### **n. Goodwill**

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

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

#### **o. 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 income computation and disclosure standards notified by the Central Government of India) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax asset / liability as at the balance sheet date resulting from timing differences between book profit and tax profit are not considered to the extent that such asset / liability is expected to get reversed in the future years within the tax holiday period. Deferred tax assets are recognized only to the extent that there is reasonable certainty that the

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

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

#### **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 Group did not have any potentially dilutive equity shares during the year.

#### **q. Government grants and subsidies**

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

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

#### **r. 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.

#### **s. Cash and cash equivalents**

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



(₹ in lacs)

**As at**  
**31 March 2017**                      **As at**  
**31 March 2016**

**3. Share capital****Authorised****Equity shares**

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

**2,000**

2,000

**Preference shares**

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

**500**

500

**2,500****2,500****Issued, subscribed and fully paid up****Equity shares**

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

**634**

634

**634****634****Reconciliation of shares outstanding at the beginning and at the end of the year:**

Particulars	31 March 2017		31 March 2016	
	Number of shares	Amount (₹ in lacs)	Number of shares	Amount (₹ in lacs)
Shares outstanding at the beginning of the year	<b>63,41,443</b>	<b>634</b>	63,41,443	634
Shares outstanding at the end of the year	<b>63,41,443</b>	<b>634</b>	63,41,443	634

**Rights, preferences and restrictions attached to equity shares:**

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining asset of the Company after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

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

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

**Particulars of shareholders holding more than 5% of equity shares**

Particulars	31 March 2017		31 March 2016	
	Number of shares	% of total share in the class	Number of shares	% of total share in the class
Equity shares of ₹10 each fully paid-up held by				
Udayant Malhoutra	7,10,179	11.20%	7,72,679	12.18%
JKM Holdings Private Limited	9,12,538	14.39%	9,12,538	14.39%
Udayant Malhoutra and Company Private Limited	6,42,011	10.12%	6,42,011	10.12%
JKM Offshore India Private Limited	4,42,071	6.97%	4,42,071	6.97%
Samena Special Situations Mauritius	5,55,754	8.76%	4,67,455	7.37%
Wavell Investments Private Limited	4,48,281	7.07%	4,44,781	7.01%
HDFC Trustee Company Limited	5,69,650	8.98%	4,75,436	7.50%

(₹ in lacs)

	As at 31 March 2017	As at 31 March 2016
<b>4. Reserves and surplus</b>		
<b>Capital reserves</b>		
At the commencement and at the end of the year	15	15
	<u>15</u>	<u>15</u>
<b>Capital redemption reserve</b>		
At the commencement and at the end of the year	240	240
	<u>240</u>	<u>240</u>
<b>Securities premium account</b>		
At the commencement of the year	14,641	15,074
Less: Premium on redemption of preference shares#	-	(433)
At the end of the year	<u>14,641</u>	<u>14,641</u>
<b>Hedge reserve</b>		
At the commencement of the year	(92)	(631)
Less: adjustment during the year	92	539
At the end of the year (refer note 38)	<u>-</u>	<u>(92)</u>
<b>Other reserves (Redemption premium accrual)</b>		
At the commencement of the year	-	395
Less: Redemption premium accrual used for redemption of preference shares#	-	(395)
At the end of the year	<u>-</u>	<u>-</u>
<b>Reserve on amalgamation</b>		
At the commencement and at the end of the year	154	154
	<u>154</u>	<u>154</u>

	As at 31 March 2017	(₹ in lacs) As at 31 March 2016
<b>Revaluation reserve</b>		
At the commencement of the year	469	472
Less: Adjustment during the year	-	(3)
At the end of the year	<u>469</u>	<u>469</u>
<b>General reserve</b>		
At the commencement and at the end of the year	3,010	3,010
	<u>3,010</u>	<u>3,010</u>
<b>Subsidy received</b>		
At the commencement and at the end of the year	25	25
	<u>25</u>	<u>25</u>
<b>Debit balance arising on consolidation</b>		
At the commencement of the year	(3,765)	(2,972)
Add: Depreciation on fair valuation of fixed assets	(793)	(793)
At the end of the year	<u>(4,558)</u>	<u>(3,765)</u>
<b>Surplus in the statement of profit and loss</b>		
At the commencement of the year	9,782	8,554
Add: Profit for the year	1,460	1,228
At the end of the year	<u>11,242</u>	<u>9,782</u>
<b>Foreign currency translation reserve</b>		
At the commencement of the year	878	511
Add: Additions during the year (includes reinstatement of goodwill, refer note 46)	(2,109)	367
At the end of the year	<u>(1,231)</u>	<u>878</u>
<b>Foreign currency monetary item translation difference account</b>		
At the beginning of the year	(231)	(316)
Add: Exchange loss arising on account of reinstatement of loan (refer note 47)	(40)	(302)
Less: Amount amortised during the year to statement of profit and loss (refer note 47)	271	387
At the end of the year	<u>-</u>	<u>(231)</u>
	<u>24,007</u>	<u>25,126</u>

# During the year ended 31 March 2015, JEAL had made partial redemption of 22,78,306 Non-cumulative Redeemable Preference Shares ('NCRPS') at a price of ₹219.46 aggregating to a redemption value of ₹5,000 lacs. Further, during the previous year ended 31 March 2016, JEAL has redeemed the remaining 3,57,694 NCRPS at a price of ₹241.44 aggregating to ₹863.61 lacs as full and final settlement. The redemption premium is met out of JEAL's existing securities premium and premium arising out of the fresh issue of equity shares.

(₹ in lacs)

	As at 31 March 2017	As at 31 March 2016
<b>5. Long-term borrowings</b>		
<i>Secured</i>		
<b>Term loans</b>		
- From banks [refer footnote(ii)]	38,231	17,091
- Financial institutions [refer footnote(iii)]	8,000	21,119
Finance lease obligation*	391	513
Inter-corporate deposits #@ (refer note 36)	239	1,270
	46,861	39,993

(i) (Including current maturities of the long term borrowings shown under other current liabilities) (read along with note 44)

Details of repayment terms, interest and maturity	Nature of security
Term Loan from banks aggregating to ₹28,900 lacs (previous year ₹Nil ) repayable in 32 quarterly instalments with rate of interest @ 11.25% per annum.	First ranking pari passu charge on movable and immovable fixed assets of the Company, present and future. Second ranking pari passu charge on all current assets of the Company. Pledge of the shares of subsidiaries and personal guarantee issued by the promoter.
Term loan from bank aggregating ₹485 lacs (previous year ₹751 lacs) with repayable in 14 quarterly instalments with the rate of interest LIBOR plus 2.75% per annum.	Secured by way of charge over assets of Yew Tree Investments Limited and Dynamatic Limited UK and by way of corporate guarantees given by Yew Tree Investments Limited and Dynamatic Limited UK
Term loan from bank aggregating to ₹10,234 lacs (previous year ₹11,270 lacs) repayable in 8 quarterly instalments. The rate of interest is EURIBOR plus 2.25% per annum.	Secured by movable and immovable Fixed assets of Eisenwerk Erla Holding GmbH.
Term loan aggregating ₹1,920 lacs (previous year ₹2,248 lacs) is repayable in 12 quarterly instalments. The rate of interest ranges from 12.25% - 16.45% per annum.	Secured, by way of first charge on present and future fixed assets, including leasehold land, and second charge on current assets. Corporate guarantee given by Dynamatic Technologies Limited, JKM Erla Automotive Limited and personal guarantee given by promoter
Term loan aggregating ₹535 lacs (previous year: ₹616 lacs) is repayable in 12 quarterly instalments. The rate of interest ranges from 12.25% - 16.45% per annum	Secured, by way of first charge on current assets and second charge on leasehold land. Corporate guarantee given by Dynamatic Technologies Limited, JKM Erla Automotive Limited and personal guarantee given by promoter.
Term loan from bank aggregating ₹Nil (previous year ₹2,861 lacs, amount of ₹288 lacs repayable in the month of September 2016 with rate of interest 15% per annum and amount of ₹2,573 lacs repayable in 4 half yearly instalments with interest rate of LIBOR plus 4% per annum). However, the entire loan has been repaid during the year.	First pari passu charge on the entire movable and immovable fixed assets of the Company, present and future (other than those exclusively charged). Second pari passu charge on the entire current assets of the Company, present and future.
Term loan from bank aggregating ₹Nil (previous year ₹4,499 lacs repayable in 17 quarterly instalments with the rate of interest @11.75% per annum). However, the entire loan has been repaid during the year.	First pari passu charge on the entire moveable and immovable fixed assets of the Company.
Term loan from bank aggregating ₹Nil (previous year ₹60 lacs repayable in 8 monthly instalments. The rate of interest @ 11.75% per annum). However, the entire loan has been repaid during the year.	First and exclusive hypothecation on the machinery procured out of term loan.
Term loan from bank aggregating to ₹Nil (previous year ₹1,690 lacs) repayable in 4 half yearly instalments. The rate of interest @ 11.75% per annum). However, the entire loan has been repaid during the year.	The Security provided consists of pledge of share of Dynamatic Limited, UK and corporate guarantee given by the Company and JKM Erla Automotive Limited.
Term loan from bank aggregating to ₹Nil (previous year ₹984 lacs) repayable in 2 half yearly instalments. The rate of interest is LIBOR plus 3% per annum). However, the entire loan has been repaid during the year.	Secured by first pari passu charge on the fixed assets of JKM Erla Automotive Limited and corporate guarantee given by the Company



(ii) (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 institution aggregating to ₹8,000 lacs (previous year ₹Nil) repayable in 32 quarterly instalments with rate of interest @ 11.25% per annum.	First ranking pari passu charge on movable and immovable fixed assets of the Company, present and future. Second ranking pari passu charge on all current assets of the Company. Pledge of the shares of subsidiaries and personal guarantee issued by the promoter.
Term loan from financial institutions aggregating ₹Nil (previous year ₹11,716 lacs repayable in 49 monthly instalments with rate of interest of SBI base rate plus 3.15% per annum). However, the entire loan has been repaid during the year.	First pari passu charge on the movable fixed assets of the Company, present and future (other than those exclusively charged) and immovable properties of the Company. Second pari passu charge on the entire current assets of the Company, present and future. Also secured by personal guarantee of promoter.
Term loan from financial institutions aggregating ₹Nil (previous year ₹4,877 lacs repayable in 51 monthly instalments with rate of interest of SBI base rate plus 3.30% per annum). However, the entire loan has been repaid during the year.	
Term loan from financial institutions aggregating ₹Nil (previous year ₹1,296 lacs repayable in 52 monthly instalments. The rate of interest @ 14% per annum). However, the entire loan has been repaid during the year.	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating ₹Nil (previous year ₹102 lacs repayable in 7 monthly instalments. The rate of interest @ 14% per annum). However, the entire loan has been repaid during the year.	Secured by way of exclusive charge on assets financed and secured by way of personal guarantee given by promoter.
Term loan from financial institutions aggregating ₹Nil (previous year ₹160 lacs repayable in 47 monthly instalments. The rate of interest ranges from 11% to 13% per annum). However, the entire loan has been repaid during the year.	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating ₹Nil (previous year ₹176 lacs repayable in 54 monthly instalments. The rate of interest ranges from 11% to 13% per annum). However, the entire loan has been repaid during the year.	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating ₹Nil (previous year ₹66 lacs repayable in 25 monthly instalments. The rate of interest @15% per annum). However, the entire loan has been repaid during the year.	Secured by way of exclusive charge on assets financed.
Term Loan from financial institutions aggregating to ₹Nil (previous year ₹5,000 lacs payable in 3 annual instalments of 25% of the loan amount for the first two instalments and 50% of the loan amount for the last instalment w.e.f 3 December 2018. The rate of interest is IFIN benchmark rate minus 3%). However, the entire loan has been repaid during the year.	The term loan is secured by first pari passu charge on the fixed assets of JKM Erla Automotive Limited and corporate guarantee of Dynamatic Technologies Limited, holding company.

\* Leasing Finance / Hire Purchase from banks aggregating to ₹610 lacs (previous year ₹737 lacs) repayable in maximum 66 monthly instalments. The Leasing facility is secured by way of exclusive charge on assets financed by them and partly by corporate guarantee given by the Holding Company.

@ Deposit from Wavell Investments Private Limited aggregating ₹239 lacs (previous year: ₹1,120 lacs) repayable in 8 equated quarterly instalments. The rate of interest is 18% per annum.

Deposit from Conbar India Private Limited aggregating to ₹Nil (previous year: ₹150 lacs) with interest rate @ 18% per annum was repaid during the year.

**As at**  
**31 March 2017**                      **As at**  
**31 March 2016**

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

Fixed assets	<u>3,309</u>	<u>3,409</u>
	<b>3,309</b>	<b>3,409</b>

**Deferred tax assets**

Provision for gratuity and compensated absences	422	356
Provision for doubtful debts	227	216
Others	<u>342</u>	<u>307</u>
	<u>991</u>	<u>879</u>

**Deferred tax liabilities (net)**

	<u>2,318</u>	<u>2,530</u>
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\* In absence of the virtual certainty, the Group has recognised the deferred tax asset on unabsorbed loss and depreciation to the extent of deferred tax liability in case of certain subsidiaries.

The movement in deferred tax holding workings includes a foreign currency translation adjustment of ₹65 lacs which is credited to Reserves and Surplus.

**7. Other long term liabilities**

Derivative liability (refer note 38)	-	32
Rent equalisation reserve	82	68
Others	<u>36</u>	<u>48</u>
	<u>118</u>	<u>148</u>

**8. Long-term provisions****Provision for employee benefits**

Gratuity (refer note 34)	719	582
Compensated absences	258	215
	<u>977</u>	<u>797</u>

As at  
31 March 2017

As at  
31 March 2016

**9. Short term borrowings***Secured***Loans repayable on demand****From Banks**

Cash credit and working capital demand loans*	14,339	8,918
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*Unsecured***From banks**

- Foreign currency buyer's credit**	-	19
- Short Term Loan***	948	-
- Vendor bill discounting#	299	264

	15,586	9,201
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\* Cash credit and working capital demand loans from banks carry interest rate ranging between 8.50% - 12.50% per annum, computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by first pari passu charge by way of hypothecation on all current assets of the Company both present and future and second pari passu charge on the movable and immovable fixed assets of the Company.

\*\* The Company has taken foreign currency letter of credit /buyer's credit, which carry interest rate ranging between LIBOR plus 1% to LIBOR plus 1.5% per annum for 180 days which have been repaid during the year.

\*\*\* Short term loan from bank carries rate of interest @ 12.00% per annum repayable in 6 equal monthly instalments and secured by way of personal guarantee given by promoter.

# The Group has availed vendor bill discounting facility from banks which carry interest rate between 16.05% - 17.10%. per annum, and is payable within 90 days from date of discounting of bills.

**10. Trade payables**

Due to micro and small enterprises (refer note 40)	-	-
Dues to creditors other than micro and small enterprises	22,529	22,481
Acceptances	1,809	1,543
	24,338	24,024

**11. Other current liabilities**

Current maturities of long-term borrowings* (refer note 5)	4,062	10,386
Capital creditors	714	304
Retention money	136	146
Accrued expenses	946	1,092
Rent equalisation reserve	9	-
Interest accrued but not due on borrowings**	91	44
Employee related liabilities	1,754	1,945

		(₹ in lacs)
Derivative liability (refer note 38)	-	59
Advance from customer	70	82
Dealer deposits	61	64
Unpaid dividend	12	18
Statutory liabilities	332	302
Others	472	125
	<u>8,659</u>	<u>14,567</u>

\* Includes current maturities of secured term loans from banks ₹3,843 lacs (previous year : ₹7,888 lacs), current maturities of secured term loans from financial institutions ₹Nil lacs (previous year ₹2,274 lacs) and current maturities of finance lease obligation ₹219 lacs (previous year ₹224 lacs).

\*\* Includes due to related party (refer note 36) 89 1

## 12. Short-term provisions

### Provision for employee benefits

Gratuity (refer note 34)	266	228
Compensated absences	94	162

### Others

Provision for warranties (refer note 35)	352	250
Provision for income tax, net of advance tax and tax deducted at source	690	561
Others	51	27
	<u>1,453</u>	<u>1,228</u>



**13(A). FIXED ASSETS**

(₹ in lacs)

Particulars	Gross block				Accumulated depreciation/amortisation				Net block		
	As at 1 April 2016	Translation Adjustment	Additions	Disposals/Adjustment**	As at 31 March 2017	As at 1 April 2016	Translation Adjustment	Depreciation/amortisation for the year	Disposals/Adjustments**	As at 31 March 2017	As at 31 March 2016
<b>Tangible assets (owned)</b>											
Freehold Land	2,797	(62)	114	-	2,849	-	-	-	-	2,849	2,797
Building#	12,649	(664)	2,475	(190)	14,270	3,273	(374)	467	(186)	11,090	9,376
Plant and Machinery	56,889	(2,770)	3,638	(231)	57,526	32,664	(2,096)	4,009	(517)	23,466	24,225
Measuring instruments	873	-	104	-	977	194	-	55	-	728	679
Electrical installations	1,821	-	148	-	1,969	437	-	30	-	1,502	1,384
Data processing equipment	1,184	(62)	161	-	1,283	995	(57)	91	-	254	189
Office equipment	2,274	(287)	791	(84)	2,694	1,025	(157)	289	(68)	1,605	1,249
Furniture and fixtures	562	(61)	344	-	845	434	(26)	91	-	346	128
Tools, dies and moulds	4,392	(288)	185	81	4,370	2,487	(148)	585	11	1,435	1,905
Vehicles	342	(10)	12	-	344	172	(4)	33	-	143	170
Motor boat	402	-	-	-	402	101	-	20	-	281	301
Leasehold improvements	560	-	77	-	637	126	-	120	-	391	434
<b>Tangible assets (Leased)</b>											
Land*	8,484	-	-	-	8,484	28	-	5	-	8,451	8,456
Plant and Machinery	314	-	-	(314)	-	21	-	-	(21)	-	293
Tools, dies and moulds	82	-	-	(82)	-	11	-	-	(11)	-	71
<b>Total tangible assets (A)</b>	<b>93,625</b>	<b>(4,204)</b>	<b>8,049</b>	<b>(820)</b>	<b>96,650</b>	<b>41,968</b>	<b>(2,862)</b>	<b>5,795</b>	<b>(792)</b>	<b>52,541</b>	<b>51,657</b>
<b>Intangible assets (owned)</b>											
Application software	1,145	(23)	145	(23)	1,244	901	(26)	130	(23)	262	244
Prototype development	2,855	(222)	2,852	-	5,485	1,450	-	307	-	3,728	1,405
Non-competee fee	965	(143)	-	-	822	965	(143)	-	-	-	-
<b>Total intangible assets (B)</b>	<b>4,965</b>	<b>(388)</b>	<b>2,997</b>	<b>(23)</b>	<b>7,551</b>	<b>3,316</b>	<b>(169)</b>	<b>437</b>	<b>(23)</b>	<b>3,990</b>	<b>1,649</b>
<b>Total (A) + (B)</b>	<b>98,590</b>	<b>(4,592)</b>	<b>11,046</b>	<b>(843)</b>	<b>1,04,201</b>	<b>45,284</b>	<b>(3,031)</b>	<b>6,232</b>	<b>(815)</b>	<b>56,531</b>	<b>53,306</b>

# Includes factory building constructed during the year amounting to ₹1,516 lacs (including borrowing cost capitalised aggregating ₹56 lacs) on the Karnataka Industrial Areas Development Board ('KIADB') leased land for aerospace division.

\* Aggregating ₹7,523 lacs allotted by Karnataka Industrial Areas Development Board ('KIADB') and ₹962 lacs allotted by State Industries Promotion Corporation of Tamil Nadu Limited ('SIPCO').

\*\* During the year, the Company has foreclosed the leasing arrangement of plant and machinery and tools, dies and moulds with the Leasing Company and have acquired such assets and depreciation has been charged over the remaining useful life of the asset. Accordingly, the gross block value and the accumulated depreciation of assets have been transferred from leased assets to owned assets.

Depreciation for the year is reflected as follows:	Year ended 2017	Year ended 2016
Depreciation as per Profit and loss account	5,439	5,243
Fair value depreciation	793	793
<b>Total</b>	<b>6,232</b>	<b>6,036</b>

**13(B). FIXED ASSETS**

(₹ in lacs)

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

\* Refer footnote in note 13(A)

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

(₹ in lacs)

	As at 31 March 2017	As at 31 March 2016
<b>14. Non-current investments</b>		
<i>(valued at cost unless stated otherwise)</i>		
<b>Trade investments</b>		
Investment in equity instruments		
Investment in other entities - unquoted		
1) 9,000 (previous year: 9,000) equity shares of face value of ₹100 each of Rengaraj Ispat Industries Pvt Ltd	9	9
2) 6,00,000 (previous year: Nil) equity shares of face value of ₹10 each of Kamachi Industries Limited	60	-
	<u>69</u>	<u>9</u>
Aggregate book value of unquoted non-current investments	69	9
<b>15. Long term loans and advances</b>		
<i>Unsecured, considered good</i>		
Capital advances	334	101
Electricity deposits	1,168	1,080
Security deposits	22	77
Advances to suppliers	863	874
Other deposits	115	190
Advance tax and tax deducted at source, net of provisions	36	278
	<u>2,538</u>	<u>2,600</u>
<b>16. Other non-current assets</b>		
Bank deposits due to mature after 12 months from the reporting date (refer note 19)	33	98
Prepaid expenses	590	685
	<u>623</u>	<u>783</u>
<b>17. Inventories</b>		
<i>(Valued at lower of cost and net realisable value)</i>		
Raw materials*	7,956	7,864
Work-in-progress	14,063	12,066
Finished goods	2,717	4,737
Stores and spares	1,005	945
	<u>25,741</u>	<u>25,612</u>
* Includes raw material in transit current year: ₹126 lacs (previous year: ₹106 lacs)		
<b>18. Trade receivables</b>		
<b>Unsecured</b>		
Outstanding for a period exceeding six months from the date they became due for payment		
- Considered good	1,162	1,366
- Considered doubtful	773	769
Less: Provision for doubtful receivables	(773)	(769)
	<u>1,162</u>	<u>1,366</u>
Other receivables		
- Considered good	14,032	10,915
	<u>15,194</u>	<u>12,281</u>

(₹ in lacs)

	As at 31 March 2017	As at 31 March 2016
<b>19. Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	26	182
Balance with banks		
- on deposit accounts (with original maturity of 3 months or less)#	53	327
- on current accounts	6,112	5,479
	<u>6,191</u>	<u>5,988</u>
<b>Other bank balances</b>		
- on deposit accounts (having original maturity of more than 3 months)#	2,059	761
- unpaid dividend account	12	18
	<u>8,262</u>	<u>6,767</u>
# The Company has placed these deposits as a margin money or under lien for various matters		
<b>Details of Bank deposits:</b>		
i) Bank deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	53	327
ii) Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	2,059	761
iii) Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer note 16)	33	98
	<u>2,145</u>	<u>1,186</u>
<b>20. Short term loan and advances</b>		
<i>Unsecured, considered good</i>		
Advances to supplier	804	985
Cenvat receivable	2,148	1,847
Value added tax receivable	965	561
Loans to employees	40	30
Minimum alternate tax credit entitlement	-	18
Security deposit	76	73
Others	67	46
	<u>4,100</u>	<u>3,560</u>
<b>21. Other current assets</b>		
Prepaid expenses	1,013	927
Export incentive receivable	80	164
Other receivables	106	22
	<u>1,199</u>	<u>1,113</u>
	<b>For the year ended 31 March 2017</b>	<b>For the year ended 31 March 2016</b>
<b>22. Other operating revenues</b>		
Scrap sales	1,035	980
Export incentives	168	336
	<u>1,203</u>	<u>1,316</u>



	(₹ in lacs)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>23. Other income</b>		
Interest income	177	114
Provision no longer required written back	6	70
Foreign exchange gain, net	287	196
Profit on sale of fixed assets (net)	-	7
Miscellaneous income	124	112
	<u>594</u>	<u>499</u>
<b>24. Cost of materials and components consumed*</b>		
Inventory of materials at the beginning of the year	7,864	6,854
Add: purchases	84,682	86,028
Less: closing stock	7,956	7,864
	<u>84,590</u>	<u>85,018</u>
* The consumption disclosed is based on the derived figures rather than actual records of issues		
<b>25. Changes in inventories of finished goods and work-in-progress</b>		
Opening stock		
- Finished goods	4,737	3,340
- Work-in-progress	12,066	11,631
	<u>16,803</u>	<u>14,971</u>
Closing stock		
- Finished goods	2,717	4,737
- Work-in-progress	14,063	12,066
	<u>16,780</u>	<u>16,803</u>
Add: Impact of excise duty on change in stock of finished goods	81	(185)
Add: Foreign currency translation adjustments	(890)	906
	<u>(786)</u>	<u>(1,111)</u>
<b>26. Employee benefits expense</b>		
Salaries, wages and bonus	19,720	18,619
Contribution to provident fund and other funds*	816	1,218
Workmen and staff welfare expenses	2,462	2,087
	<u>22,998</u>	<u>21,924</u>
* The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to ₹394 lacs (previous year: ₹342 lacs) and Pension Fund for the year aggregated to ₹133 lacs (previous year: ₹129 lacs)		
<b>27. Finance costs</b>		
Interest expense	7,259	6,817
Other borrowing costs	152	458
	<u>7,411</u>	<u>7,275</u>

For the year ended  
31 March 2017      For the year ended  
31 March 2016

**28. Other expense**

Consumption of stores, loose tools and spare parts	2,705	3,057
Subcontractor charges	4,709	4,606
Power and fuel	6,410	7,526
Rent (refer note 33)	2,735	2,492
Repairs and maintenance:		
- buildings	338	600
- plant and machinery	1,950	1,985
- others	1,134	1,138
Rates and taxes	461	564
Legal and professional	1,612	1,533
Travelling and conveyance expense	830	889
Printing and stationery	203	141
Communication expense	159	162
Foreign exchange loss (net)	152	776
Provision for doubtful debts (net)	17	45
Bad debts written off	59	4
Insurance	575	580
Cash discount	263	384
Freight outward and material handling charges	950	1,272
Sales promotion and advertisement	355	338
Loss on sale of fixed assets (net)	20	16
Warranty and replacement expenses	49	(142)
Security charges	258	238
Selling expenses	560	330
Membership and subscriptions	87	110
Bank charges	143	227
Miscellaneous expense	706	568
	<b>27,440</b>	<b>29,439</b>

**29. Exceptional expense**

Loan prepayments and its ancillary costs (refer note 45)	1,012	-
	<b>1,012</b>	<b>-</b>

### 30. Commitments

#### Capital commitments

(₹ in lacs)

Particulars	As at 31 March 2017	As at 31 March 2016
Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	2,013	1,244

#### Other Commitment

(₹ in lacs)

Particulars	As at 31 March 2017	As at 31 March 2016
Contract to be executed on account of operating lease	2,265	-

There are no other material commitments.

### 31. Contingent liabilities

The details of contingent liabilities are as under:

(₹ in lacs)

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

Particulars	As at 31 March 2017	As at 31 March 2016
Sales tax, Custom, and Excise duty related matter	266	219
Income taxes	30	53
Employees' bonus*	75	75

\* The Payment of Bonus (Amendment) Act, 2015 (hereinafter referred to as the Amendment Act 2015) was enacted on 31 December 2015 according to which the eligibility criteria of salary or wages as per section 2(13) has been increased from ₹10,000 per month to ₹21,000 per month and the ceiling for computation of such salary or wages has been increased from ₹3,500 per month to ₹7,000 per month or the minimum wage for the scheduled employment, as fixed by the appropriate government, whichever is higher. The reference to scheduled employment has been linked to the provisions of the Minimum Wages Act, 1948. The Amendment Act 2015 is effective retrospectively from 1 April 2014. Accordingly, the Group has computed the bonus for the year ended 31 March 2015 aggregating ₹75 lacs. The Group believes that no provision is currently required on the basis of the stay granted by the two High Courts of India on the retrospective application of the amendment. For the year ended 31 March 2017 and 31 March 2016 respectively, the Group has accounted the bonus and paid/accrued along with salaries.

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

(₹ in lacs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Statutory audit fees	52	52
Other services	64	64
Out-of-pocket expenses	6	6
<b>Total</b>	<b>122</b>	<b>122</b>

\*excludes service tax

### 33. Lease transactions

- The Group is obligated under cancelable operating leases for office, residential facilities. Lease rental expense under operating leases during the year was ₹336 lacs (previous year ₹386 lacs).
- The Group is obligated under non-cancelable operating leases for land, building, plant and machinery. Lease rental expense under non-cancellable operating leases during the year was ₹2,399 lacs (previous year ₹2,106).

Particulars	As at 31 March 2017	As at 31 March 2016
Payable within one year	3,305	2,479
Payable within one and five years	10,247	7,255
Payable after five years	4,663	5,029

c) The Group has taken plant and machinery, measuring instrument and tools, dies and moulds under finance lease. Future minimum lease payments under finance lease obligations as at 31 March 2017 are :

Period	Minimum Lease	Future Interest	Present value of minimum lease
Payable within one year	267	48	219
Payable between one and five years	485	94	391
Payable after five years	-	-	-

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

Period	Minimum Lease	Future Interest	Present value of minimum lease
Payable within one year	204	40	164
Payable between one and five years	446	69	513
Payable after five years	-	-	-

### 34. Gratuity plan

#### Defined Benefit 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 2017	As at 31 March 2016
Opening defined benefit obligation	1,350	1,340
Current service cost	95	95
Interest cost	109	106
Benefits settled	(79)	(154)
Actuarial (gain) / loss	35	(37)
<b>Closing defined benefit obligation</b>	<b>1,510</b>	<b>1,350</b>
<b>Change in plan assets</b>		
Plan assets at the beginning of the year, at fair value	540	648
Expected return on plan assets	43	51
Contributions	25	1
Benefits settled	(79)	(154)
Actuarial gain/ (loss)	(4)	(6)
<b>Plan assets at the end of the year, at fair value</b>	<b>525</b>	<b>540</b>
<b>Reconciliation of present value of the obligation and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the year	525	540
Present value of the defined benefit obligations at the end of the year	1,510	1,350
<b>Liability recognized in the balance sheet#</b>	<b>(985)</b>	<b>(810)</b>

# Disclosed ₹719 lacs (previous year: ₹582 lacs) as long term provisions and ₹266 lacs (previous year: ₹228 lacs) as short term provisions.



Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Gratuity cost for the year</b>		
Current service cost	95	95
Interest cost	109	106
Net actuarial losses/ (gain)	39	(31)
Return on plan assets	(43)	(51)
<b>Total, included in "Employee benefits expense"</b>	<b>200</b>	<b>119</b>

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Discount factor	7.26%	7.99%
Expected rate of return on plan assets	7.26%	7.99%
Expected rate of salary increase	6.00%	6.00%
Attrition rate	5.00%	5.00%
Retirement age	58	58

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

#### Five Year Information

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

(₹ in lacs)

Particulars	2017	2016	2015	2014	2013
Present value of DBO	1,510	1,350	1,340	881	757
Fair value of plan assets	525	540	648	673	730
Funded status [Surplus / (deficit)]	(985)	(810)	(692)	(208)	(27)
Experience loss / (gain) adjustments on plan liabilities	35	(37)	407	113	(1)
Experience (loss) / gain adjustments on plan assets	(4)	(6)	(3)	(2)	10

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

**(a) Provision for warranty:**

(₹ in lacs)

Particulars	As at 31 March 2017	As at 31 March 2016
Opening balance	250	336
Provision created during the year	250	197
Utilized/ reversed during the year*	(148)	(283)
<b>Closing balance</b>	<b>352</b>	<b>250</b>

Warranty provision is utilised to make good the amount spent on spares, labour, and all other related expenses in the event of failure of automotive products. All the amounts are expected to be utilised in the ensuing year. Outflows are expected to maintain the same trend as that of past years.

\*includes foreign currency translation adjustments.

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

(₹ in lacs)

Particulars	As at 31 March 2017	As at 31 March 2016
Opening balance	-	68
Provision created during the year	-	-
Utilized during the year	-	(68)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

36. **Related party transactions:**

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

Sl. No.	Name of related parties	Relationship
(i)	Harasfera Design Private Limited	Associate up to 8 March 2016
(ii)	JKM Holdings Private Limited	Companies over which key management personnel or relatives of such personnel are able to exercise significant influence (other related entities)
(iii)	Conbar India Private Limited	
(iv)	Wavell Investments Private Limited	
(v)	UdayantMalhoutra	Chief Executive Officer and Managing Director
(vi)	Hanuman Kumar Sharma	Executive Director and Group Chief Financial Officer
(vii)	P. S. Ramesh	Executive Director and Chief Operating Officer - Aerospace, India
(viii)	Subodh R	Executive Director and Chief Operating Officer (Resigned from the closing hours of 15 March 2016)
(ix)	Naveen Chandra P	Company Secretary
(x)	Udita Malhoutra	Relative of Key Managerial Person

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

(₹ in lacs)

Sl. No.	Name of related party	Description of the transaction	Transactions during the year		Outstanding balance [receivable / (payable)]	
			31 March 2017	31 March 2016	As at 31 March 2017	As at 31 March 2016
(i)	Harasfera Design Private Limited	Legal and professional charges	-	21	-	-
(ii)	JKM Holdings Private Limited	Rent expense	4	4	-	-
(iii)	Wavell Investments Private Limited	Long term borrowings repaid	-	(1,075)	-	-
		Short term borrowings taken	216	-	-	-
		Short term borrowings repaid	(216)	-	-	-
		Interest expenses	101	55	(89)@	(1)@
		Inter-corporate deposit taken	170	1,120	(239)\$	(1,120)\$
	Inter-corporate deposit repaid	(1,051)	-	-	-	
(iv)	Udayant Malhoutra	Managerial remuneration #	85	78	-	-
(v)	Conbar India Private Limited	Short term borrowings taken	-	600	-	-
		Short term borrowings repaid	-	(600)	-	-
		Interest expenses	7	25	-	(0)@
		Inter-corporate deposit taken	-	150	-	(150)\$
		Inter-corporate deposit repaid	(150)	-	-	-
(vi)	Hanuman Kumar Sharma	Managerial remuneration #	102	72	-	-
(vii)	P S Ramesh	Managerial remuneration #	61	57	-	-
(viii)	Subodh R	Managerial remuneration #	-	55	-	-
(ix)	Naveen Chandra P	Managerial remuneration #	26	23	-	-
(x)	Udita Malhoutra	Rent expense	4	4	-	-

@ aggregating ₹89 lacs (previous year: ₹1 lacs) has been disclosed under note 11 as Interest accrued but not due on borrowings under other current liabilities.

\$ aggregating ₹239 lacs (previous year: ₹1,270 lacs) has been disclosed under note 5 as Inter-corporate deposit.

# Managerial remuneration does not include gratuity and compensated absences as the same has been provided based on the actuarial valuation determined for the Group as a whole.

### 37. Segment information:

#### Information about Primary Business Segments:

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

- Hydraulics– comprising hydraulic pumps, hand pumps, lift assemblies, valves and power packs
- Automotive and aluminium castings (“AUC”) - comprising case front, water pumps, intake manifolds, exhaust manifold and Wind farm division which is into generation of power through wind energy.
- Aerospace and defence(“ASP”) - comprising airframe structures, precision aerospace, components.
- Others - comprising Corporate division and Homeland division which offers cutting edge security products and technologies which will enhance potential customer capability in countering modern day security threats.

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

#### Information relating to business segments for the year ended 31 March 2017

(₹ in lacs)

Particulars	Hydraulics	AUC	ASP	Others	Unallocated	Total
<b>(i) Revenue</b>						
External - Sales and services	29,531	89,839	34,578	136	-	154,084
Less: Excise duty	(1,849)	(1,444)	(9)	(6)	-	(3,308)
<b>Total revenue</b>	<b>27,682</b>	<b>88,395</b>	<b>34,569</b>	<b>130</b>	<b>-</b>	<b>1,50,776</b>
<b>(ii) Results</b>						
Segment result	3,115	557	9,622	(2,199)	-	11,095
Add: Other income	-	-	-	-	594	594
Less: Finance costs	-	-	-	-	(7,411)	(7,411)
Less: Exceptional expenses (refer note 45)	-	-	-	-	(1012)	(1,012)
<b>Profit/(loss) before taxation</b>	<b>3,115</b>	<b>557</b>	<b>9,622</b>	<b>(2,199)</b>	<b>(7,829)</b>	<b>3,266</b>
Less: Tax expense	-	-	-	-	(1,806)	(1,806)
<b>Net profit/ (loss) after tax</b>	<b>3,115</b>	<b>557</b>	<b>9,622</b>	<b>(2,199)</b>	<b>(9,635)</b>	<b>1,460</b>
<b>(iii) Other information</b>						
Segment assets	19,932	54,149	40,421	1,481	8,968	124,951
Segment liabilities	6,338	19,852	4,163	337	22,759	53,449
Capital expenditure	355	4,533	5,681	48	-	10,617
Depreciation and amortisation expense	947	3,173	1,215	104	-	5,439
Other non-cash expenses	15	-	50	9	-	74



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

(₹ in lacs)

Particulars	Hydraulics	AUC	ASP	Others	Unallocated	Total
<b>(i) Revenue</b>						
External – Sales and services	27,766	97,818	26,985	213	-	1,52,782
Less: Excise duty	(1,634)	(1,766)	(4)	-	-	(3,404)
<b>Total revenue</b>	<b>26,132</b>	<b>96,052</b>	<b>26,981</b>	<b>213</b>	<b>-</b>	<b>1,49,378</b>
<b>(ii) Results</b>						
Segment result	2,418	1,625	6,966	(2,144)	-	8,865
Add: Other income	-	-	-	-	499	499
Less: Finance costs	-	-	-	-	(7,275)	(7,275)
<b>Profit/(loss) before taxation</b>	<b>2,418</b>	<b>1,625</b>	<b>6,966</b>	<b>(2,144)</b>	<b>(6,776)</b>	<b>2,089</b>
Less: Tax expense					(861)	(861)
<b>Net/ (loss) profit after tax</b>	<b>2,418</b>	<b>1,625</b>	<b>6,966</b>	<b>(2,144)</b>	<b>(7,637)</b>	<b>1,228</b>
<b>(iii) Other information</b>						
Segment assets	19,957	52,845	34,735	2,997	7,714	118,248
Segment liabilities	6,873	17,293	4,866	632	22,831	52,495
Capital expenditure	551	1,409	3,700	-	26	5,686
Depreciation and amortisation expense	950	3,066	1,087	140	-	5,243
Other non-cash expenses	1	15	23	10	-	49

Secondary segment reporting

Information relating to geographical segment for the year ended

(₹ in lacs)

Particulars	31 March 2017			31 March 2016		
	In India	Outside India	Total	In India	Outside India	Total
Revenue (Including other income)	29,607	1,21,763	1,51,370	29,186	1,20,691	1,49,877
Carrying amount of segment assets	75,596	49,355	1,24,951	68,103	50,145	1,18,248
Capital expenditure	4,906	5,711	10,617	2,193	3,493	5,686

### 38. Hedged derivative instruments

The Group does not have any hedged derivative instrument as at 31 March 2017 (31 March 2016: ₹92 lacs)

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

(₹ in lacs)

Particulars		As at 31 March 2017	As at 31 March 2016
Category	Currency Hedged	Foreign currency	Foreign currency
Forward contracts			
(to hedge borrowings)	USD	-	15
	EUR	-	23

### 39. Details of Un-hedged foreign currency exposure as at the balance sheet date

As at 31 March 2017, the Group has foreign currency exposures that are not hedged by a derivative instrument or otherwise as detailed below:

Particulars	As at 31 March 2017		As at 31 March 2016	
	Foreign currency	Indian currency	Foreign currency	Indian currency
<b>Trade receivables</b>				
USD	96	6,248	66	4,396
EURO	4	251	5	408
GBP	13	1,034	11	1,037
<b>Shot-term borrowings</b>				
GBP	20	1,637	17	1,633
USD	16	1,040	56	3,697
EURO	-	-	-	18
<b>Interest payable</b>				
USD	-	-	-	3
<b>Trade payables</b>				
USD	29	1,856	33	2,178
EURO	5	370	4	327
GBP	1	94	1	140
CAD	-	6	-	4

**40. Dues to Micro and Small Enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Group does not have any amounts payable to such enterprises as at 31 March 2017 (31 March 2016: ₹NIL) based on the information received and available with the Group. Also the Group has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

**41. Earnings per share**

The following table sets forth the computation of basic and diluted earnings per share:

(₹ in lacs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Net profit for the year attributable to equity shareholders	1,460	1,228

**Reconciliation of basic and diluted shares used in computing earnings per share:**

Particulars	31 March 2017	31 March 2016
Number of equity shares outstanding at the beginning of the year	63,41,443	63,41,443
Add: Weighted average number for equity shares issued during the year	-	-
Weighted average number of equity shares outstanding during the year	63,41,443	63,41,443

The Company did not have any potentially dilutive equity shares.

Earnings per share	31 March 2017	31 March 2016
Basic	23.02	19.36
Diluted	23.02	19.36

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

(₹ in lacs)

SL No	Name of the Subsidiary	(a) Net assets as a % of consolidated net assets	(b) Amount of net assets	(c) Share in profit or loss as a % of consolidated profit or loss	(d) Amount of share in profit or loss
	Dynamatic Technologies Limited Standalone	117%	28,788	52%	759
	<b>Foreign Subsidiaries</b>				
1	Dynamatic Limited UK*	55%	13,551	133%	1,939
2	Eisenwerk Erla GmbH#	70%	17,278	114%	1,668
3	JKM Global Pte Limited, Singapore	20%	5,021	(28%)	(414)
	<b>Indian Subsidiaries</b>				
4	JKM Erla Automotive Limited	54%	13,266	(82%)	(1,197)
5	JKM Ferrotech Limited	12%	3,011	(90%)	(1,311)
6	JKM Research Farm Limited	3%	618	1%	16
	Consolidated adjustments	(231%)	(56,892)		
	<b>Total</b>	<b>100%</b>	<b>24,641</b>	<b>100%</b>	<b>1,460</b>

\*Includes results of Yew Tree Investments Limited, UK and Dynamatic US, LLC

# includes results of JKM Erla Holdings GmbH, Germany

**42.** The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group is in the process of updating the documentation for the international 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.

44. During the year, the Group has entered into a new facility arrangement with a consortium of banks and financial institution for term loan of ₹36,900 lacs. The proceeds of such term loan is utilized primarily towards the prepayment of existing debts. The loans has a moratorium period for 2 years from the date of first drawdown i.e., 15 July 2016 and then repayable in 32 quarterly instalments. The loans are secured by first ranking pari passu charge on movable and immovable fixed assets of the Company, present and future, second ranking pari passu charge on all current assets of the Company, pledge of the shares of subsidiaries and personal guarantee issued by the promoter.
45. Exceptional expenses for the year ended 31 March 2017 aggregating ₹1,012 lacs represents various expenses such as prepayment charges, processing fees and other ancillary charges incurred by the Group towards prepayment of loan funds to banks and financial institutions.
46. In accordance with paragraph 27 of Accounting Standard 11, "The Effects of Changes in Foreign Exchange Rates", the Group has reinstated the goodwill which arose on the acquisition of non-integral foreign operations at the closing rate. This has resulted into a reinstatement of ₹1,095 lacs (previous year: ₹567 lacs) credited to foreign currency translation reserve lying in Reserves and Surplus.
47. Pursuant to the Companies (Accounting standards) Amendment Rules, 2011, vide GSR 914(E) dated 29 December 2011, the Group had exercised the option of accumulating the exchange differences, in respect of accounting periods commencing from 1 April 2011 on long term foreign currency monetary liability. As a result, such exchange differences so far as they related to the acquisition of non-depreciable capital assets including reinstatement of ₹40 lacs (previous year: ₹302 lacs) had been accumulated in "Foreign currency monetary item translation difference account" to be amortized over the balance period of such long term liabilities. During the year, the Group has settled such long term foreign currency monetary liabilities and accordingly the entire unamortised exchange differences aggregating ₹271 lacs has been charged to the statement of profit and loss.
48. During the year, the Group had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017. The details of Specific Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 and the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other Denomination Notes	Total
Closing cash in hand as on 8 November 2016	15	5	20
(+) Permitted receipts	-	41	41
(-) Permitted payments	-	(34)	(34)
(-) Amount deposited in Banks	(15)	-	(15)
<b>Closing cash in hand as on 30 December 2016</b>	-	<b>12</b>	<b>12</b>

\* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economics Affairs number S.O. 3407E, dated the 8 November 2016

As per our report of even date attached

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



**Supreet Sachdev**  
Partner  
Membership number: 205385

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



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



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



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

Place : Bengaluru  
Date : 29 May 2017

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STANDALONE FINANCIAL STATEMENTS

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DYNAMATIC TECHNOLOGIES LIMITED

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Dynamatic Technologies Limited ("the Company"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that gives a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## Auditor's Responsibility (continued)

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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

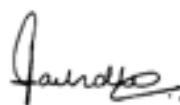
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:
- (a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of the written representations received from the directors as on 31 March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
    - i. the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer note 31A to the standalone financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
- iv. the Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management. Refer note 52 to the standalone financial statements.

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

*Chartered Accountants*

Firm Registration Number: 101248W/W-100022



**Supreet Sachdev**

*Partner*

Membership number: 205385

Place: Bengaluru

Date : 29 May 2017

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

### ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the members of Dynamic Technologies Limited ('the Company') on the standalone financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) According to the information and explanations given to us and on the basis of examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory, except goods-in-transit and stock lying with third parties, has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained by the Management. The discrepancies noticed on such verification between the physical stock and book records were not material.
- (iii) The Company has granted unsecured loans to three wholly owned subsidiaries covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act").
- (a) In our opinion, the rate of interest and other terms and conditions on which these loans have been granted are not, prima facie, prejudicial to the interest of the Company.
  - (b) In the case of the loans granted to the subsidiaries listed in the register maintained under Section 189 of the Act, the loans were repayable on demand and interest is payable on demand. As per the information and explanation given to us, repayment of these loans were regular and have been fully repaid on demand during the year. The subsidiaries have also been regular in the payment of interest on demand.
  - (c) As per the information and explanation given to us, the loans have been fully repaid during the year and accordingly no amount is due. Further, there is no overdue amount with respect to the interest thereon to subsidiaries listed in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans, investments, security and guarantees.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under Section 148(1) of the Act in respect of products manufactured and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues have generally been generally regularly deposited with appropriate authorities, though there has been slight delays in few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues in respect of Service tax, value added tax and Cess which have not been deposited on account of any dispute. The Company, however, disputes the following Income-tax, Sales-tax, duty of customs and duty of excise dues:

Name of the Statute	Nature of the Dues	Amount (₹ lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax	30	AY 2012-2013 & AY 2014-2015	Commissioner of Income Tax Appeals, Bengaluru
Central Sales Tax Act, 1956	Tax	9	FY 2010-2011	Joint Commissioner of Commercial Taxes, Bengaluru
Customs Act, 1962	Tax/ Interest	37	FY 2004-2005 & FY 2013-2014	High Court, Chennai and Commissioner Appeals, Bengaluru
The Central Excise Act, 1944	Tax/ Interest/ penalty	220	FY 1998-2015	Commissioner Appeals, Customs Excise and Service Tax Appellate Tribunal, Joint Commissioner, Assistant Commissioner of Service Tax, Bengaluru and Chennai

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

(ix) The Company did not raise any money by way of Initial Public Offer or further Public Offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term

loans taken by the Company have been applied for the purposes for which they were raised.

- (x) According to the information and explanations given to us, no material fraud on the Company by its officers or employees or a fraud by the Company has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for Managerial Remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Chartered Accountants

Firm Registration Number: 101248W/W-100022



**Supreet Sachdev**

Partner

Membership number: 205385

Place: Bengaluru

Date : 29 May 2017



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**ANNEXURE - B TO THE INDEPENDENT  
AUDITOR'S REPORT**

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

We have audited the internal financial controls over financial reporting of Dynamatic Technologies Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

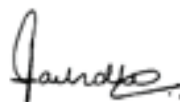
**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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

*Chartered Accountants*

Firm Registration Number: 101248W/W-100022



**Supreet Sachdev**

*Partner*

Membership number: 205385

Place : Bengaluru

Date : 29 May 2017

## BALANCE SHEET AS AT


(₹ in lacs)

	Note	31 March 2017	31 March 2016
<b>Equity and liabilities</b>			
<b>Shareholder's funds</b>			
Share capital	3	634	634
Reserves and surplus	4	<u>28,154</u>	<u>27,285</u>
		<b>28,788</b>	<b>27,919</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	36,900	21,158
Deferred tax liabilities (net)	6	1,802	1,955
Other long-term liability	7	82	68
Long-term provisions	8	<u>948</u>	<u>778</u>
		<b>39,732</b>	<b>23,959</b>
<b>Current liabilities</b>			
Short-term borrowings	9	15,276	8,924
Trade payables	10		
- Total outstanding dues of micro enterprises and small enterprises; and		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		8,820	8,880
Other current liabilities	11	1,957	6,659
Short-term provisions	12	<u>564</u>	<u>341</u>
		<b>26,617</b>	<b>24,804</b>
		<u><b>95,137</b></u>	<u><b>76,682</b></u>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
- Tangible assets	13	27,368	26,128
- Intangible assets	13	1,240	1,568
- Capital work-in-progress		<u>591</u>	<u>43</u>
		<b>29,199</b>	<b>27,739</b>
Non-current investments	14	31,287	18,539
Long-term loans and advances	15	1,600	1,602
Other non-current assets	16	<u>496</u>	<u>414</u>
		<b>33,383</b>	<b>20,555</b>
<b>Current assets</b>			
Inventories	17	12,826	11,480
Trade receivables	18	12,165	9,850
Cash and bank balances	19	2,283	1,128
Short-term loan and advances	20	3,826	4,514
Other current assets	21	<u>1,455</u>	<u>1,416</u>
		<b>32,555</b>	<b>28,388</b>
		<u><b>95,137</b></u>	<u><b>76,682</b></u>
Significant accounting policies	2		

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

As per our report of even date attached

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



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

Place : Bengaluru  
Date : 29 May 2017

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



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



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



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


## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

			(₹ in lacs)
	Note	31 March 2017	31 March 2016
<b>Revenue from operations</b>			
Sale of products (gross)*		51,411	43,962
Less: Excise duty		<u>(2,640)</u>	<u>(2,746)</u>
Sale of products (net)		48,771	41,216
* includes sale of raw material aggregating ₹5 lacs (previous year ₹441 lacs)			
Other operating revenues	22	<u>1,769</u>	<u>1,921</u>
<b>Total revenue from operations</b>		<b>50,540</b>	<b>43,137</b>
Other income	23	<u>1,196</u>	<u>401</u>
<b>Total revenue</b>		<b>51,736</b>	<b>43,538</b>
<b>Expenses</b>			
Cost of materials and components consumed	24	23,857	21,556
Changes in inventories of finished goods and work-in-progress	25	(920)	(2,957)
Employee benefits expense	26	6,748	6,020
Finance costs	27	5,709	5,163
Depreciation and amortisation expense		3,114	2,911
Other expenses	28	<u>11,095</u>	<u>11,088</u>
<b>Total expenses</b>		<b>49,603</b>	<b>43,781</b>
<b>Profit/ (loss) before exceptional items and tax</b>		<b>2,133</b>	<b>(243)</b>
Exceptional expense	29	<u>788</u>	<u>-</u>
<b>Profit/ (loss) before tax</b>		<b>1,345</b>	<b>(243)</b>
<b>Tax expenses</b>			
Income tax		739	(104)
Deferred tax (credit)		<u>(153)</u>	<u>(268)</u>
<b>Profit after tax</b>		<b>759</b>	<b>129</b>
<b>Earnings per equity share [nominal value of share ₹10 each (previous year ₹10 each)]</b>			
Basic and diluted	44	11.97	2.04
Significant accounting policies	2		

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

As per our report of even date attached

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



**Supreet Sachdev**  
Partner  
Membership numbers: 205385

Place : Bengaluru  
Date : 29 May 2017

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



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



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



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

## CASH FLOW STATEMENT FOR THE YEAR ENDED

(₹ in lacs)

	31 March 2017	31 March 2016
<b>Cash flows from operating activities</b>		
<b>Profit/ (Loss) before tax</b>	<b>1,345</b>	(243)
Adjustments:		
Depreciation and amortisation expense	3,114	2,911
Finance costs	5,709	5,163
Interest income	(1,131)	(324)
Loss on sale of fixed assets, net	-	4
Bad debts written off	59	4
Provision for doubtful debts, net	15	30
Unrealised foreign exchange differences	147	(27)
<b>Operating cash flow before working capital changes</b>	<b>9,258</b>	7,518
(Increase) in trade receivables	(2,463)	(821)
(Increase) in inventories	(1,346)	(3,224)
(Increase) in loans and advances and other assets	(1,533)	(565)
(Decrease) in trade and other payables	(229)	(997)
Increase in provisions	144	91
<b>Cash generated from operations</b>	<b>3,831</b>	2,002
Income taxes paid, net	(208)	(614)
<b>Net cash generated from operating activities (A)</b>	<b>3,623</b>	1,388
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(4,629)	(2,166)
Proceeds from sale of fixed assets	-	95
Investment in subsidiaries	(11,311)	(2,000)
Sale of investment of associate	-	1
Loans given to subsidiaries	(10,315)	(4,036)
Loans repaid by subsidiaries	10,551	7,421
Bank deposits having original maturity (having more than 3 months), net	(1,229)	363
Interest received	1,356	444
<b>Net cash provided by/ (used in) investing activities (B)</b>	<b>(15,577)</b>	<b>122</b>

	31 March 2017	31 March 2016
<b>Cash flows from financing activities</b>		
Proceeds from borrowings from other than shareholders	37,848	23,212
Repayment of borrowings to other than shareholders	(25,703)	(13,889)
Loans taken from shareholders	216	600
Repayment of loans to Shareholders	(216)	(1,675)
Proceeds/ (repayments) from cash credits/ working capital loans (net)	5,423	(4,349)
(Repayments) from buyers credit (net)	(19)	(273)
Interest paid	(5,726)	(5,333)
Sales tax deferral payment	-	(45)
Dividend paid out of unclaimed dividend	(6)	(4)
<b>Net cash provided by/ (used in) financing activities (C)</b>	<b>11,817</b>	<b>(1,756)</b>
Net (decrease) in cash and cash equivalents (A + B + C)	(137)	(246)
Cash and cash equivalents at the beginning of the year	390	636
<b>Cash and cash equivalents at the end of the year (refer note 19)</b>	<b>255</b>	<b>390</b>

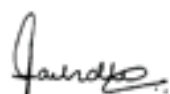
As per our report of even date attached

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

Chartered Accountants

Firm Registration

Number: 101248W/W-100022



**Supreet Sachdev**


Partner

Membership number: 205385

Place : Bengaluru

Date : 29 May 2017

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



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



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



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



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 1 Company Overview

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

### 2 Significant Accounting Policies

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

#### a) Basis of accounting and preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the accounting principles generally accepted in India ("GAAP"). GAAP comprises mandatory accounting standards specified under Section 133 of the Companies Act, 2013 ("Act") read with relevant rules thereunder, the provisions of the Act, other pronouncements of the Institute of Chartered Accountants of India ('ICAI'), and the guidelines issued by the Securities and Exchange Board of India (SEBI). The financial statements are prepared in Rupees in lacs unless otherwise stated.

#### b) Use of estimates

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

#### c) Fixed assets and depreciation

##### Tangible Fixed Assets

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

The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other

non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date are shown under capital advances. The cost of the fixed asset not ready for its intended use on such date, is disclosed under capital work-in progress.

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

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.

Spare parts that are held for use in the production or supply of goods or services and are expected to be used during more than a period of twelve months have been capitalised at their respective carrying amounts.

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets.

Depreciation for assets purchased/ sold during a period is proportionately charged. The Company estimates the useful life as determined as given below:

Class of assets	Estimated useful life (in years)
Assets taken on lease – Plant and machinery/ Tools and dies/ leasehold improvements	Period of lease or useful life of assets whichever is lower
Leasehold land	Over the period of lease
Buildings	30 years
Plant and machinery/ Measuring instruments/ Electrical installations* (Shift depreciation)	10 years, 13 years and 21 years for 3 shifts, 2 shifts and 1 shift respectively
Data processing equipment	4 years
Office equipment	5 years
Furniture and fixtures	10 years
Tools, dies and moulds	9 years
Vehicles*	10 years
Motor boat*	20 years

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

Freehold land is not depreciated.

#### d) Intangibles fixed assets

##### (i) Acquired intangible assets

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

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

##### (ii) Internally generated intangible assets

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

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalized only if development

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

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

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

Application software	4 years
Prototype development	10 years

#### e) Inventories

- (i) Inventories are carried at the lower of cost and net realisable value.
- (ii) Cost of inventories comprises purchase price and all incidental expenses incurred in bringing the inventory to its present location and condition. The method of determination of cost is as follows:
  - Raw materials and components – on a weighted average basis
  - Stores and spares – on a weighted average basis
  - Work-in-progress – includes costs of conversion
  - Finished goods – includes costs of conversion
  - Goods in transit – at purchase cost

- (iii) Fixed production overheads are allocated on the basis of normal capacity of production facilities.
- (iv) The comparison of cost and net realisable value is made on an item-by-item basis.
- (v) The net realisable value of work-in-progress is determined with reference to the net realisable value of related finished goods. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.
- (vi) The provision for inventory obsolescence is assessed on a quarterly basis and is provided as considered necessary.

## **f) Employee benefits**

### **Defined contribution plan**

#### **(i) Provident fund**

A defined contribution plan is a post-employment benefit plan under which an entity makes specified monthly contribution 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 plan**

#### **(ii) Compensated absences**

The employees of the Company are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accumulating compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The calculation of the Company's obligation is performed annually by an independent actuary using the projected unit credit method as at the reporting date. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss.

#### **(iii) Gratuity**

The Company's gratuity benefit scheme are defined benefit plans. The Company's net

obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation is performed annually by an independent actuary using the projected unit credit method as at the reporting date.

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is managed by the Life Insurance Corporation of India (LIC).

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the statement of profit and loss account. All expenses related to defined benefit plans are recognised in employee benefits expense in the statement of profit and loss. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

## **g) Revenue recognition**

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

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

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

Lease/sub-lease rental income is recognized when billable in accordance with the terms of the contract with the clients.

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

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

## **h) Foreign currency transactions and balances**

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

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

## **i) Derivative instruments and Hedge accounting**

The Company is exposed to foreign currency fluctuations on foreign currency assets, liabilities, firm commitments and highly probable forecasted transactions denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following its risk management policies. In accordance with its risk management policies and procedures, the Company uses derivative instruments such as foreign currency forward contracts, options and currency swaps to hedge its risks associated with foreign currency fluctuations. The Company enters into derivative financial instruments, where the 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 interest rate risk related to loan liabilities. The derivative arrangements are coterminous with the loan agreement and it is the intention of the Company not to foreclose such arrangements during the tenure of the loan. Accordingly, the Company designates and applies cash flow hedge accounting on such types of arrangements.

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

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

## **j) Warranties**

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

## **k) Investments**

Long-term investments are valued at cost less any other-than-temporary diminution in value, determined on the specific identification basis.

Investment are either classified as current or long-term based on Management's intention at the time of purchase.

Investment that are readily realisable 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.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.



## **l) Provisions and contingencies**

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

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

## **m) Impairment of assets**

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

## **n) Income-tax**

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been

enacted or substantively enacted by the balance sheet date. Deferred tax asset/ liability as at the balance sheet date resulting from timing differences between book profit and tax profit are not considered to the extent that such asset/ liability is expected to get reversed in the future years within the tax holiday period. Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or

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

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

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

## **o) Earnings per share**

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

## **p) 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.

## **q) Cash and cash equivalents**

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



(₹ in lacs)

	As at 31 March 2017	As at 31 March 2016
<b>3. Share capital</b>		
<b>Authorised</b>		
<b>Equity shares</b>		
2,00,00,000 (previous year 2,00,00,000) equity shares of par value of ₹10 each	2,000	2,000
<b>Preference shares</b>		
5,00,000 (previous year 5,00,000) redeemable cumulative preference shares of par value of ₹100 each	500	500
	<u>2,500</u>	<u>2,500</u>
<b>Issued, subscribed and fully paid up</b>		
<b>Equity shares</b>		
63,41,443 (previous year 63,41,443) equity shares of par value of ₹10 each	634	634
	<u>634</u>	<u>634</u>

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

Particulars	31 March 2017		31 March 2016	
	Number of shares	Amount (₹ in lacs)	Number of shares	Amount (₹ in lacs)
Shares outstanding at the beginning of the year	63,41,443	634	63,41,443	634
Shares outstanding at the end of the year	63,41,443	634	63,41,443	634

**Rights, preferences and restrictions attached to equity shares:**

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining asset of the Company after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

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

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

**Particulars of shareholders holding more than 5% of equity shares**

Particulars	31 March 2017		31 March 2016	
	Number of shares	% of total share in the class	Number of shares	% of total share in the class
Equity shares of ₹10 each fully paid-up held by				
- Udayant Malhoutra	7,10,179	11.20%	7,72,679	12.18%
- JKM Holdings Private Limited	9,12,538	14.39%	9,12,538	14.39%
- Udayant Malhoutra and Company Private Limited	6,42,011	10.12%	6,42,011	10.12%
- JKM Offshore India Private Limited	4,42,071	6.97%	4,42,071	6.97%
- Samena Special Situations Mauritius	5,55,754	8.76%	4,67,455	7.37%
- Wavell Investments Private Limited	4,48,281	7.07%	4,44,781	7.01%
- HDFC Trustee Company Limited	5,69,650	8.98%	4,75,436	7.50%

(₹ in lacs)

4. Reserves and surplus	As at	As at
	31 March 2017	31 March 2016
<b>Capital reserves</b>		
At the commencement and at the end of the year	15	15
	<u>15</u>	<u>15</u>
<b>Capital redemption reserve</b>		
At the commencement and at the end of the year	240	240
	<u>240</u>	<u>240</u>
<b>Securities premium account</b>		
At the commencement and at the end of the year	17,410	17,410
	<u>17,410</u>	<u>17,410</u>
<b>Hedge reserve</b>		
At the commencement of the year	-	(417)
Less: Adjustment during the year	-	417
At the end of the year	<u>-</u>	<u>-</u>
<b>Reserve on amalgamation</b>		
At the commencement and at the end of the year	154	154
	<u>154</u>	<u>154</u>
<b>Revaluation reserve</b>		
At the commencement of the year	469	472
Less: Adjustment during the year	-	(3)
At the end of the year	<u>469</u>	<u>469</u>
<b>Foreign currency monetary item translation difference account</b>		
At the commencement of the year	(110)	-
Add: Exchange loss on account of reinstatement (refer note 49)	(30)	(153)
Less: Amortised during the year (refer note 49)	140	43
At the end of the year	<u>-</u>	<u>(110)</u>
<b>General reserve</b>		
At the commencement and at the end of the year	3,138	3,138
	<u>3,138</u>	<u>3,138</u>
<b>Surplus in the statement of profit and loss balance</b>		
At the commencement of the year	5,969	5,840
Add: Profit for the year	759	129
At the end of the year	<u>6,728</u>	<u>5,969</u>
	<u>28,154</u>	<u>27,285</u>

(₹ in lacs)

	As at 31 March 2017	As at 31 March 2016
<b>5. Long-term borrowings</b>		
<i>Secured</i>		
<b>Term loans</b>		
- From banks [refer footnote (i)]	28,900	5,039
- Financial institutions [refer footnote (ii)]	8,000	16,119
	<u>36,900</u>	<u>21,158</u>

(i) (Including current maturities of the long term borrowings shown under other current liabilities) (read along with note 47)

Details of repayment terms, interest and maturity	Nature of security
Term loan from banks aggregating ₹28,900 lacs (previous year ₹Nil) repayable in 32 quarterly instalments with rate of interest @ 11.25% per annum.	First ranking pari passu charge on movable and immovable fixed assets of the Company, present and future. Second ranking pari passu charge on all current assets of the Company. Pledge of the shares of subsidiaries and personal guarantee issued by the promoter.
Term loan from bank aggregating ₹Nil (previous year ₹2,861 lacs, amount of ₹288 lacs repayable in the month of September 2016 with rate of interest 15% per annum and amount of ₹2,573 lacs repayable in 4 half yearly instalments with interest rate of LIBOR plus 4% per annum). However, the entire loan has been repaid during the year.	First pari passu charge on the entire movable and immovable fixed assets of the Company, present and future (other than those exclusively charged). Second pari passu charge on the entire current assets of the Company, present and future.
Term loan from bank aggregating ₹Nil (previous year ₹4,499 lacs repayable in 17 quarterly instalments with the rate of interest @11.75% per annum). However, the entire loan has been repaid during the year.	First pari passu charge on the entire movable and immovable fixed assets of the Company.
Term loan from bank aggregating ₹Nil (previous year ₹60 lacs repayable in 8 monthly instalments. The rate of interest @ 11.75% per annum). However, the entire loan has been repaid during the year.	First and exclusive hypothecation on the machinery procured out of term loan.

(ii) (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 institution aggregating ₹8,000 lacs (previous year ₹Nil) repayable in 32 quarterly instalments with rate of interest @ 11.25% per annum.	First ranking pari passu charge on movable and immovable fixed assets of the Company, present and future. Second ranking pari passu charge on all current assets of the Company. Pledge of the shares of subsidiaries and personal guarantee issued by the promoter.
Term loan from financial institutions aggregating ₹Nil (previous year ₹11,716 lacs repayable in 49 monthly instalments with rate of interest of SBI base rate plus 3.15% per annum). However, the entire loan has been repaid during the year.	First pari passu charge on the movable fixed assets of the Company, present and future (other than those exclusively charged) and immovable properties of the Company. Second pari passu charge on the entire current assets of the Company, present and future. Also, secured by personal guarantee of promoter.
Term loan from financial institutions aggregating ₹Nil (previous year ₹4,877 lacs repayable in 51 monthly instalments with rate of interest of SBI base rate plus 3.30% per annum). However, the entire loan has been repaid during the year.	
Term loan from financial institutions aggregating ₹Nil (previous year ₹1,296 lacs repayable in 52 monthly instalments. The rate of interest @ 14% per annum). However, the entire loan has been repaid during the year.	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating ₹Nil (previous year ₹102 lacs repayable in 7 monthly instalments. The rate of interest @ 14% per annum). However, the entire loan has been repaid during the year.	Secured by way of exclusive charge on assets financed and secured by way of personal guarantee given by promoter.
Term loan from financial institutions aggregating ₹Nil (previous year ₹160 lacs repayable in 47 monthly instalments. The rate of interest ranges from 11% to 13% per annum). However, the entire loan has been repaid during the year.	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating ₹Nil (previous year ₹176 lacs repayable in 54 monthly instalments. The rate of interest ranges from 11% to 13% per annum). However, the entire loan has been repaid during the year.	Secured by way of exclusive charge on assets financed.
Term loan from financial institutions aggregating ₹Nil (previous year ₹66 lacs repayable in 25 monthly instalments. The rate of interest @15% per annum). However, the entire loan has been repaid during the year.	Secured by way of exclusive charge on assets financed.

As at  
31 March 2017

As at  
31 March 2016

<b>6. Deferred tax liabilities (net)</b>		
<b>Deferred tax liability</b>		
Fixed assets	2,552	2,566
	<u>2,552</u>	<u>2,566</u>
<b>Deferred tax assets</b>		
Provision for gratuity and compensated absences	422	356
Provision for doubtful debts	198	184
Others	130	71
	<u>750</u>	<u>611</u>
	<u>1,802</u>	<u>1,955</u>
<b>7. Other long term liability</b>		
Rent equalisation reserve	82	68
	<u>82</u>	<u>68</u>
<b>8. Long-term provisions</b>		
<b>Provision for employee benefits</b>		
Gratuity (refer note 37)	712	582
Compensated absences	236	196
	<u>948</u>	<u>778</u>
<b>9. Short term borrowings</b>		
<i>Secured</i>		
<b>Loans repayable on demand</b>		
<b>From banks</b>		
<i>Cash credit and working capital demand loans*</i>	14,328	8,905
<i>Unsecured</i>		
<b>From banks</b>		
- Foreign currency buyer's credit **	-	19
- Short term loan#	948	-
	<u>15,276</u>	<u>8,924</u>

\* Cash credit and working capital demand loans from banks carry interest rate ranging between 8.50% - 12.50% per annum, computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by first pari passu charge by way of hypothecation on all current assets of the Company both present and future and second pari passu charge on the movable and immovable fixed assets of the Company both present and future.

\*\* The Company has taken foreign currency letter of credit /buyer's credit, which carry interest rate ranging between LIBOR+1.00% to LIBOR+1.50% per annum for 180 days which have been repaid during this financial year.

# Short term loan from bank carries interest rate @ 12.00% per annum repayable in 6 equal monthly instalments and secured by way of personal guarantee given by promoter.



	As at 31 March 2017	As at 31 March 2016
<b>10. Trade payables</b>		
Due to micro and small enterprises (refer note 43)	-	-
Dues to creditors other than micro and small enterprises *	7,179	7,466
Acceptances	1,641	1,414
	<u>8,820</u>	<u>8,880</u>
* Includes amounts payable to related parties (refer note 40)	79	306
<b>11. Other current liabilities</b>		
Current maturities of long-term borrowings (refer note 5)*	-	4,655
Capital creditors	396	216
Accrued expenses**	731	768
Employee related liabilities	564	758
Statutory liabilities	119	137
Advance from customers	63	32
Dealer deposits	61	54
Unpaid dividend	12	18
Rent equalisation reserve	9	2
Interest accrued but not due on borrowings	2	19
	<u>1,957</u>	<u>6,659</u>
* Includes current maturities of term loans from banks ₹Nil (previous year: ₹2,381 lacs), current maturities of term loans from financial institutions ₹Nil (previous year: ₹2,274 lacs).		
** Includes due to related party (refer note 40)	51	31
<b>12. Short-term provisions</b>		
<b>Provision for employee benefits:</b>		
Gratuity (refer note 37)	249	215
Compensated absences	23	83
<b>Others</b>		
Provision for warranties (refer note 38)	43	43
Provision for income tax, net of advance tax and tax deducted at source	249	-
	<u>564</u>	<u>341</u>

**13(A). FIXED ASSETS**

(₹ in lacs)

Particulars	Gross Block			Accumulated depreciation/amortisation			Net Block	
	As at 1 April 2016	Additions	As at 31 March 2017	As at 1 April 2016	Depreciation for the year	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
<b>Tangible assets (Owned)</b>								
Freehold Land	1,715	-	1,715	-	-	-	1,715	1,715
Buildings#	1,463	1,527	2,990	587	55	642	2,348	876
Plant and Machinery	30,433	1,801	32,549	18,102	1,907	20,030	12,519	12,331
Measuring instruments	873	104	977	195	55	250	727	678
Electrical installations	539	148	687	273	30	303	384	266
Data processing equipments	810	142	952	685	54	739	213	125
Office equipments	346	66	412	290	18	308	104	56
Furniture and fixtures	338	10	348	263	18	281	67	75
Tools, dies and moulds	2,221	79	2,382	1,468	412	1,891	491	753
Vehicles	237	-	237	133	20	153	84	104
Motor boat	402	-	402	100	20	120	282	302
Leasehold improvements	561	77	638	140	120	260	378	421
<b>Tangible assets (Leased)</b>								
Land*	8,066	-	8,066	5	5	10	8,056	8,061
Plant and machinery	315	-	-	21	-	(21)	-	294
Tools, dies and moulds	82	-	-	11	-	(11)	-	71
<b>Total tangible assets (A)</b>	<b>48,401</b>	<b>3,954</b>	<b>52,355</b>	<b>22,273</b>	<b>2,714</b>	<b>24,987</b>	<b>27,368</b>	<b>26,128</b>
<b>Intangible assets (Owned)</b>								
Application software	810	72	882	646	93	739	143	164
Prototype development	2,859	-	2,859	1,455	307	1,762	1,097	1,404
<b>Total intangible assets (B)</b>	<b>3,669</b>	<b>72</b>	<b>3,741</b>	<b>2,101</b>	<b>400</b>	<b>2,501</b>	<b>1,240</b>	<b>1,568</b>
<b>Total (A) + (B)</b>	<b>52,070</b>	<b>4,026</b>	<b>56,096</b>	<b>24,374</b>	<b>3,114</b>	<b>27,488</b>	<b>28,608</b>	<b>27,696</b>

# Includes new factory building constructed during the year amounting to ₹1,516 lacs (including borrowing cost aggregating ₹56 lacs) on the Karnataka Industrial Areas Development Board ('KIADB') leased land for aerospace division.

\* Aggregating ₹7,523 lacs allotted by Karnataka Industrial Areas Development Board ('KIADB') and ₹543 lacs allotted by State Industries Promotion Corporation of Tamil Nadu Limited ('SIPCO').

\*\* During the year, the Company has foreclosed the leasing arrangement of plant and machinery and tools, dies and moulds with the Leasing Company and have acquired such assets and depreciation has been charged over the remaining useful life of the asset. Accordingly, the gross block value and the accumulated depreciation of assets have been transferred from leased assets to owned assets.

**13(B). FIXED ASSETS**

(₹ in lacs)

Particulars	Gross Block			Accumulated depreciation/amortisation				Net Block	
	As at 1 April 2015	Additions	Deletions / Adjustments	As at 31 March 2016	As at 1 April 2015	Depreciation for the year	Deletions / Adjustments	As at 31 March 2016	As at 31 March 2015
<b>Tangible assets (Owned)</b>									
Land	1,715	-	-	1,715	-	-	-	1,715	1,715
Buildings	1,463	-	-	1,463	533	54	-	876	930
Plant and machinery	29,402	1,134	103	30,433	16,194	2,004	96	12,331	13,208
Measuring instrument	594	279	-	873	151	44	-	678	443
Electrical installation	526	13	-	539	245	28	-	266	281
Data processing equipment	764	64	18	810	667	34	16	125	97
Office equipment	330	17	1	346	271	20	1	56	59
Furniture and fixtures	330	8	-	338	242	21	-	75	88
Tools, dies and moulds	2,056	165	-	2,221	1,309	159	-	753	747
Vehicles	444	1	208	237	224	27	118	104	220
Motor boat	402	-	-	402	80	20	-	302	322
Leasehold improvements	387	174	-	561	52	88	-	421	335
<b>Tangible assets (Leased)</b>									
Land*	8,066	-	-	8,066	-	5	-	8,061	8,066
Plant and machinery	126	189	-	315	1	20	-	294	125
Tools, dies and moulds	82	-	-	82	2	9	-	71	80
<b>Total tangible assets (A)</b>	<b>46,687</b>	<b>2,044</b>	<b>330</b>	<b>48,401</b>	<b>19,971</b>	<b>2,533</b>	<b>231</b>	<b>22,273</b>	<b>26,716</b>
<b>Intangible assets (Owned)</b>									
Application software	784	26	-	810	583	63	-	646	201
Prototype development	2,859	-	-	2,859	1,140	315	-	1,455	1,719
<b>Total intangible assets (B)</b>	<b>3,643</b>	<b>26</b>	<b>-</b>	<b>3,669</b>	<b>1,723</b>	<b>378</b>	<b>-</b>	<b>2,101</b>	<b>1,920</b>
<b>Total (A) + (B)</b>	<b>50,330</b>	<b>2,070</b>	<b>330</b>	<b>52,070</b>	<b>21,694</b>	<b>2,911</b>	<b>231</b>	<b>24,374</b>	<b>28,636</b>

\* Refer footnote in note 13(A)

	As at 31 March 2017	(₹ in lacs) As at 31 March 2016
<b>14. Non-current investments</b>		
<i>(valued at cost unless stated otherwise)</i>		
<b>Trade investments (refer note 50)</b>		
Investment in equity instruments		
Investment in subsidiaries - unquoted		
i) 4,999,930 (previous year 4,999,930) equity shares of face value of ₹10 each fully paid up of JKM Research Farm Limited	500	500
ii) 17,652,937 (previous year 14,571,451) equity shares of face value of SGD 1 each of JKM Global Pte Limited, Singapore	6,176	4,739
iii) 104,554,994 (previous year 47,999,994) equity shares of face value of ₹10 each of JKM Erla Automotive Limited.	19,111	7,800
iv) 55,000,000 (previous year 55,000,000) equity shares of face value of ₹10 each of JKM Ferrotech Limited	5,500	5,500
	<b>31,287</b>	18,539
Aggregate book value of unquoted non-current investments (refer Note 50)	<b>31,287</b>	18,539
<b>15. Long term loans and advances</b>		
<i>Unsecured, considered good</i>		
Capital advances	327	92
Electricity deposits	298	189
Rental deposits	863	874
Other deposits	112	187
Advance income tax and tax deducted at source, net of provision	-	260
	<b>1,600</b>	1,602
<b>16. Other non-current assets</b>		
Prepaid expenses	478	329
Bank deposits due to mature after 12 months from the reporting date (refer note 19)	18	85
	<b>496</b>	414
<b>17. Inventories</b>		
<i>(Valued at lower of cost and net realisable value)</i>		
Raw materials*	4,656	4,462
Work-in-progress	5,548	3,120
Finished goods	1,734	3,161
Stores and spares	888	737
	<b>12,826</b>	11,480
* Includes raw materials in transit current year: ₹126 lacs (previous year: ₹106 lacs)		

	As at 31 March 2017	(₹ in lacs) As at 31 March 2016
<b>18. Trade receivables</b>		
<b>Unsecured</b>		
Outstanding for period exceeding six months from the date they became due for payment		
- Considered good*	1,144	1,359
- Considered doubtful	571	556
Less: Provision for doubtful debts	(571)	(556)
	<u>1,144</u>	<u>1,359</u>
Other receivables		
- Considered good*	11,021	8,491
	<u>12,165</u>	<u>9,850</u>
* Includes amounts receivable from related parties (refer note 40)	17	543
<b>19. Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
- Cash on hand	18	39
- Balance with banks		
- on deposit accounts (with original maturity of 3 months or less)#	53	327
- on current accounts	184	24
	<u>255</u>	<u>390</u>
<b>Other bank balances</b>		
- on deposit accounts (with original maturity of 3 months or less)#	2,016	720
- Unpaid dividend account	12	18
	<u>2,283</u>	<u>1,128</u>
# The Company has placed these deposits as a margin money or under lien for various matters		
<b>Details of Bank deposits:</b>		
<b>Particulars</b>		
i) Bank deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	53	327
ii) Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	2,016	720
iii) Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets'	18	85
	<u>2,087</u>	<u>1,132</u>
<b>20. Short term loan and advances</b>		
Unsecured, considered good		
Loans to subsidiaries (refer note 40)	-	1,673
Security deposits	76	73
Advances to supplier*	749	798
Cenvat receivable	2,011	1,658
Value added tax receivable	894	222
Loans to employees	34	26
Minimum alternate tax credit entitlement	-	18
Others	62	46
	<u>3,826</u>	<u>4,514</u>
* Includes amounts receivable from related parties (refer note 40)	140	-



	As at 31 March 2017	As at 31 March 2016
<b>21. Other current assets</b>		
Prepaid expenses	267	371
Interest accrued on loan to a subsidiary (refer note 40)	321	546
Other receivables*	867	499
	1,455	1,416
* Includes due from related party (refer note 40)	819	499
	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>22. Other operating revenues</b>		
Management fees (refer note 45)	1,182	1,216
Export Incentive	28	69
Scrap sales	559	636
	1,769	1,921
<b>23. Other income</b>		
Interest income	1,131	324
Miscellaneous income	65	77
	1,196	401
<b>24. Cost of materials and components consumed *</b>		
Inventory of materials at the beginning of the year	4,462	4,046
Add: purchases**	24,051	21,972
Less: closing stock	4,656	4,462
	23,857	21,556
* Consumption disclosed is based on the derived figures rather than actual records of issue		
** Includes purchases of raw material of traded goods ₹5 lacs (previous year: ₹441 lacs)		
<b>Major raw material and components consumed</b>		
Castings	4,455	5,396
Components	11,693	9,590
Aluminum alloy	3,884	3,319
Others*	3,825	3,251
	23,857	21,556
* Individual values of these are less than 10% of total raw material and components consumed		
<b>25. Changes in inventory of finished goods and work-in-progress</b>		
Opening stock		
- Finished goods	3,161	1,793
- Work-in-progress	3,120	1,716
	6,281	3,509
Closing stock		
- Finished goods	1,734	3,161
- Work-in-progress	5,548	3,120
	7,282	6,281
Impact of excise duty on change in stock of finished goods	81	(185)
	(920)	(2,957)

(₹ in lacs)

Particulars	31 March 2017				31 March 2016			
	Opening inventory	Turnover (Gross)*	Closing inventory	(Increase)/decrease in inventory	Opening inventory	Turnover (Gross)*	Closing inventory	(Increase)/decrease in inventory
<b>Finished goods</b>								
Pumps	598	15,186	590	8	584	13,167	598	(14)
Assembly	269	1,723	277	(8)	-	907	269	(269)
Mission cabinets and power cabinet	-	6,898	-	-	-	5,157	-	-
Flap track beam	27	6,253	45	(18)	-	6,228	27	(27)
Pylon and ramp	984	6,574	-	984	-	1,379	984	(984)
Others#	1,283	14,777	822	461	1,209	17,124	1,283	(74)
	<b>3,161</b>	<b>51,411</b>	<b>1,734</b>	<b>1,427</b>	<b>1,793</b>	<b>43,962</b>	<b>3,161</b>	<b>(1,368)</b>
<b>Less: Excise duty on finished goods</b>	<b>(69)</b>	<b>-</b>	<b>(150)</b>	<b>81</b>	<b>(254)</b>	<b>-</b>	<b>(69)</b>	<b>(185)</b>
	<b>3,092</b>	<b>-</b>	<b>1,584</b>	<b>1,508</b>	<b>1,539</b>	<b>-</b>	<b>3,092</b>	<b>(1,553)</b>
<b>Work-in-progress</b>								
Pumps	472	-	673	(201)	701	-	472	229
Assembly	1,167	-	1,596	(429)	422	-	1,167	(745)
Mission cabinets and power cabinet	294	-	708	(414)	206	-	294	(88)
Pylon and ramp	771	-	1,643	(872)	-	-	771	(771)
Others#	416	-	928	(512)	387	-	416	(29)
	<b>3,120</b>	<b>-</b>	<b>5,548</b>	<b>(2,428)</b>	<b>1,716</b>	<b>-</b>	<b>3,120</b>	<b>(1404)</b>
	<b>6,212</b>	<b>51,411</b>	<b>7,132</b>	<b>(920)</b>	<b>3,255</b>	<b>43,962</b>	<b>6,212</b>	<b>(2,957)</b>

\* Represents sale of product (gross).

# Individual values of these are less than 10% of total inventory and turnover.

(₹ in lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>26. Employee benefits</b>		
Salaries, wages and bonus	5,666	5,139
Contribution to provident fund and other funds*	555	438
Workmen and staff welfare expenses	527	443
	<b>6,748</b>	<b>6,020</b>

\* The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to ₹365 lacs (previous year: ₹316 lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>27. Finance costs</b>		
Interest expense	5,566	4,733
Other borrowing costs	143	430
	<b>5,709</b>	<b>5,163</b>

(₹ in lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>28. Other expense</b>		
Consumption of stores, loose tools and spare parts	1,786	1,760
Subcontractor charges	1,672	1,495
Power and fuel	1,028	1,092
Rent	1707	1,591
Repairs and maintenance:		
- buildings	75	63
- plant and machinery	337	414
- others	680	626
Rates and taxes	218	250
Legal and professional fees	1,250	1,157
Travelling and conveyance expenses	503	504
Printing and stationery	95	73
Communication expenses	52	66
Foreign exchange loss (net)	93	381
Provision for doubtful debts (net)	15	30
Bad debts written off	59	4
Insurance	188	178
Cash discount	37	96
Freight outward	201	313
Sales promotion and advertisement	204	126
Selling expenses	426	330
Loss on sale of fixed assets (net)	-	4
Security charges	215	188
Bank charges	80	161
Miscellaneous expense	174	186
	<b>11,095</b>	<b>11,088</b>
<b>29. Exceptional expense</b>		
Loan prepayment charges and its ancillary costs (refer note 48)	788	-
	<b>788</b>	-

**30. Commitment****Capital Commitment**

(₹ in lacs)

Particulars	As at 31 March 2017	As at 31 March 2016
Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	1,292	151

There are no other material commitments.

### 31. Contingent liabilities

The details of contingent liabilities are as under:

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

(₹ in lacs)

Particulars	As at 31 March 2017	As at 31 March 2016
Sales tax, Custom, and Excise duty related matter	266	219
Income taxes	30	53
Employees' bonus*	75	75

\* The Payment of Bonus (Amendment) Act, 2015 (hereinafter referred to as the Amendment Act 2015) was enacted on 31 December 2015 according to which the eligibility criteria of salary or wages as per Section 2(13) has been increased from ₹10,000 per month to ₹21,000 per month and the ceiling for computation of such salary or wages has been increased from ₹3,500 per month to ₹7,000 per month or the minimum wage for the scheduled employment, as fixed by the appropriate government, whichever is higher. The reference to scheduled employment has been linked to the provisions of the Minimum Wages Act, 1948. The Amendment Act 2015 is effective retrospectively from 1 April 2014. Accordingly, the Company has computed the bonus for the year ended 31 March 2015 aggregating ₹75 lacs. The Company believes that no provision is currently required on the basis of the stay granted by the two High Courts of India on the retrospective application of the amendment. For the year ended 31 March 2017 and 31 March 2016 respectively, the Company has accounted the bonus and paid/ accrued along with salaries.

#### B) Corporate guarantees:

Particulars	As at 31 March 2017	As at 31 March 2016
Corporate guarantee given as security for loans taken by Subsidiaries	4,273	12,871

#### Movement of Corporate guarantee given on behalf of subsidiaries during the year

(₹ in lacs)

Subsidiaries	As at 1 April 2016	Given during the year	Settled during the year	As at 31 March 2017
Dynamatic Limited, UK	1,941	-	590	1,351
JKM Ferrotech Limited, India	3,256	-	334	2,922
JKM Erla Automotive Limited, India	5,984	-	5,984	-
JKM Global Pte Ltd, Singapore	1,690	-	1,690	-
<b>Total</b>	<b>12,871</b>	<b>-</b>	<b>8,598</b>	<b>4,273</b>

#### Movement of Corporate guarantee given on behalf of subsidiaries during the previous year

(₹ in lacs)

Subsidiaries	As at 1 April 2015	Given during the year	Settled during the year	As at 31 March 2016
Dynamatic Limited, UK	37	1,941	37	1,941
JKM Ferrotech Limited, India	5,671	-	2,415	3,256
JKM Erla Automotive Limited, India	1,857	5,000	873	5,984
JKM Global Pte Limited, Singapore	2,383	-	693	1,690
<b>Total</b>	<b>9,948</b>	<b>6,941</b>	<b>4,018</b>	<b>12,871</b>

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

(₹ in lacs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Statutory audit fees	52	52
Other services	64	64
Out-of-pocket expenses	6	6
<b>Total</b>	<b>122</b>	<b>122</b>

\*excludes service tax

### 33. Lease transactions

- a) The Company is obligated under cancellable operating leases for office, residential facilities and other facilities. Lease rental expense under cancellable operating leases during the year was ₹185 lacs (previous year ₹176 lacs).
- b) The Company is obligated under non-cancellable operating leases for land, building, plant and machinery, aggregating to ₹1,522 lacs (previous year: ₹1,415 lacs).

(₹ in lacs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Payable within one year	1,286	1,447
Payable between one and five years	4,292	4,337
Payable after 5 years	2,773	3,890

- c) The Company has taken plant and machinery and tools, dies and moulds under finance lease. Future minimum lease payments under finance lease obligations as at 31 March 2017 is Nil as the Company has paid the entire amount during this financial year and bought these fixed assets.

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

(₹ in lacs)

Period	Minimum Lease	Future Interest	Present value of minimum lease
Payable within one year	92	35	57
Payable between one and five years	342	63	279

### 34. Details of imported and indigenous raw materials and components consumed

(₹ in lacs)

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Value	% of total consumption	Value	% of total consumption
Imported	7,334	33%	4,736	22%
Indigenous	16,523	67%	16,820	78%
	23,857	100%	21,556	100%

### 35. Details of imported and indigenous stores and spares consumed

(₹ in lacs)

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Value	% of total consumption	Value	% of total consumption
Imported	567	32%	489	28%
Indigenous	1,219	68%	1,271	72%
	1,786	100%	1,760	100%

### 36. Value of imports on C.I.F. basis

(₹ in lacs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Raw materials and components	7,498	5,268
Stores and spares	656	572
Capital goods	93	1,336
	8,247	7,176



### 37. Gratuity Plan

#### Defined benefit plan

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

(₹ in lacs)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Change in defined benefit obligation</b>		
Opening defined benefit obligation	1,314	1,310
Current service cost	88	89
Interest cost	106	103
Benefits settled	(72)	(154)
Actuarial (gain) / loss	26	(34)
<b>Closing defined benefit obligation</b>	<b>1,462</b>	<b>1,314</b>
<b>Change in plan assets</b>		
Plan assets at the beginning of the year, at fair value	517	626
Expected return on plan assets	41	50
Contributions	19	-
Benefits settled	(72)	(154)
Actuarial (loss)	(4)	(5)
<b>Plan assets at the end of the year, at fair value</b>	<b>501</b>	<b>517</b>
<b>Reconciliation of present value of the obligation and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the year	501	517
Present value of the defined benefit obligations at the end of the year	(1,462)	(1,314)
<b>Liability recognised in the balance sheet #</b>	<b>(961)</b>	<b>(797)</b>

# Disclosed ₹712 lacs (previous year: ₹582 lacs) as long term provisions and ₹249 lacs (previous year: ₹215 lacs) as short term provisions

(₹ in lacs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Gratuity cost for the period</b>		
Current service cost	88	89
Interest on defined benefit obligation	106	103
Net actuarial losses/(gain)	30	(29)
Return on plan assets	(41)	(50)
<b>Total, included in "Employee benefit expense"</b>	<b>183</b>	<b>113</b>
<b>Assumptions at the valuation date</b>		
Discount factor	7.26%	7.99%
Expected rate of return on plan assets	7.26%	7.99%
Expected rate of salary increase	6.00%	6.00%
Attrition rate	5.00%	5.00%
Retirement age	58	58

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

## Five Year Information

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

(₹ in lacs)

Particulars	2017	2016	2015	2014	2013
Present value of defined benefit obligation	1,462	1,314	1,310	863	742
Fair value of plan assets	501	517	626	671	730
Funded status (deficit)	(961)	(797)	(684)	(192)	(12)
Experience loss / (gain) adjustments on plan liabilities	26	(34)	402	114	1
Experience (loss) / gain adjustments on plan assets	(4)	(5)	3	(2)	10

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

### Provision for warranties

(₹ in lacs)

Particulars	As at 31 March 2017	As at 31 March 2016
Opening balance	43	44
Provision created during the year	-	-
Utilized during the year	-	1
<b>Closing balance</b>	<b>43</b>	<b>43</b>

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

39. Expenditure and earnings in foreign currency

(₹ in lacs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Expenditure in foreign currency</b>		
Travelling	41	85
Legal and professional fees	77	14
Interest	169	121
Others	28	43
	<b>315</b>	<b>263</b>
<b>Earnings in foreign currency</b>		
Exports of goods on F.O.B. basis	23,092	15,310
Interest	186	82
Management fees	1,182	1,216
	<b>24,460</b>	<b>16,608</b>

40. Related party transactions:

(a) Names of related parties and relationship

Sl. No.	Name of related parties	Relationship
(i)	JKM Global Pte Limited, Singapore	Subsidiary
(ii)	JKM Research Farm Limited, India	Subsidiary
(iii)	JKM Erla Automotive Limited, India	Subsidiary
(iv)	Dynamatic Limited, UK	Step subsidiary
(v)	Yew Tree Investments Limited	Step subsidiary
(vi)	JKM Erla Holdings GmbH, Germany	Step subsidiary
(vii)	Eisenwerk Erla GmbH, Germany	Step subsidiary
(viii)	JKM Ferrotech Limited	Step subsidiary
(ix)	Dynamatic US, LLC	Step subsidiary
(x)	Harasfera Design Private Limited	Associate up to 8 March 2016
(xi)	JKM Holdings Private Limited	Companies over which key management personnel or relatives of such personnel are able to exercise significant influence (other related entities)
(xii)	Wavell Investments Private Limited	
(xiii)	Conbar India Pvt Ltd	
(xiv)	Udayant Malhoutra	Chief Executive Officer and Managing Director
(xv)	Hanuman Kumar Sharma	Group Chief Financial Officer and Executive Director
(xvi)	P S Ramesh	Executive Director and Chief Operating Officer – Aerospace, India
(xvii)	Subodh R	Executive Director and Chief Operating Officer – Aerospace, India (resigned with effect from 15 March 2016)
(xviii)	Naveen Chandra P	Company Secretary
(xix)	Udita Malhoutra	Relative of Key Managerial Person

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

(₹ in lacs)

Sl. No.	Name of related party	Description of the transaction	Transactions during the year ended		Outstanding balance [receivable / (payable)]	
			31 March 2017	31 March 2016	As at 31 March 2017	As at 31 March 2016
1	Dynamatic Limited, UK	Sale of manufactured goods	113	129	17~	19~
		Purchase of raw materials	1,553	653	140?	(306)\$
		Management fees	426	499	819@	499@
2	JKM Global Pte Limited, Singapore	Interest income	186	82	321^	196^
		Loans and advances given (including reinstatement)	30	1,553	-	1,553!
		Loans and advances repaid (including reinstatement)#	(1,583)	-	-	-
3	JKM Research Farm Limited	Rent expense	48	48	(51)+	(31)+
4	JKM Erla Automotive Limited	Loans and advances given	8,368	1,077	-	120!
		Loans and advances repaid	(8,488)	(4,745)	-	-
		Other income-interest income	706	64	-	115^
5	Eisenwerk Erla GmbH, Germany	Management fees income	756	717	-	-
6	JKM Ferrotech Limited	Sales of raw materials	5	441	-	524~
		Purchase of raw materials and components	2,075	2,323	(79)\$	-
		Other income-interest income	102	93	-	235^
		Loans and advances given	1,917	1,406	-	-
		Loans and advances repaid	(1,917)	(2,676)	-	-
7	Harasfera Design Private Limited	Legal and Professional fees paid	-	21	-	-
8	JKM Holdings Private Limited	Rent paid	4	4	-	-
9	Wavell Investments Private Limited	Long term borrowings repaid	-	(1,075)	-	-
		Short term borrowings taken	216	-	-	-
		Short term borrowings repaid	(216)	-	-	-
		Interest expenses	3	54	-	-
10	Udayant Malhoutra	Managerial remuneration*	85	78	-	-
11	Conbar India Private Limited	Short term borrowings taken	-	600	-	-
		Short term borrowings repaid	-	(600)	-	-
		Interest expenses	-	25	-	-
13	Hanuman Kumar Sharma	Managerial remuneration*	102	72	-	-
14	P S Ramesh	Managerial remuneration*	61	57	-	-
15	Subodh R	Managerial remuneration*	-	55	-	-
16	Naveen Chandra P	Managerial remuneration*	26	23	-	-
17	Udita Malhoutra	Rent paid	4	4	-	-

# During the year, loan aggregating ₹1,583 lacs given to JKM Global Pte Limited has been converted into 30,81,486 equity shares at ₹1,437 lacs. The Company has recognized a foreign exchange loss aggregating ₹146 lacs on the date of conversion on account of reinstatement of loan in the statement of profit and loss.

\* Managerial remuneration does not include gratuity and compensated absences as the same has been provided based on the actuarial valuation determined for the company as a whole.

~ Aggregating ₹17 lacs (previous year ₹543 lacs) has been disclosed under note 18 in trade receivables.

? Aggregating ₹140 lacs (previous year ₹Nil) has been disclosed under note 20 in short-term loans and advances.

\$ Aggregating ₹79 lacs (previous year ₹306 lacs) has been disclosed under note 10 in trade payables.

@ Aggregating ₹819 lacs (previous year ₹499 lacs) has been disclosed under note 21 as due from subsidiaries in other current assets.

^ Aggregating ₹321 lacs (previous year ₹546 lacs) has been disclosed under note 21 as interest accrued on loan to subsidiary in other current assets.

! Aggregating ₹Nil (previous year ₹1,673 lacs) has been disclosed under note 20 as loan to subsidiaries under short term loans and advances.

+ Aggregating ₹51 lacs (previous year ₹31 lacs) has been disclosed under note 11 as accrued expenses under other current liabilities.

#### 41. Segment information

##### Information about Primary Business Segments:

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

- Hydraulics - comprising hydraulic pumps, hand pumps, lift assemblies, valves and power packs.
- Automotive and aluminium castings ("AUC") - comprising case front, water pumps, intake manifolds and exhaust manifold and Wind farm division which is into generation of power through wind energy.
- Aerospace and defence ("ASP") - comprising airframe structures, precision aerospace, components.
- Others - comprising Corporate division and Homeland division which offers cutting edge security products and technologies which will enhance potential customer capability in countering modern day security threats.

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

##### Information relating to business segments for the year ended 31 March 2017

(₹ in lacs)

Particulars	Hydraulics	AUC	ASP	Others	Unallocated	Total
<b>(i) Revenue</b>						
Sales and services	21,027	8,176	22,661	1,316	-	53,180
Less: Excise duty	(1,849)	(776)	(9)	(6)	-	(2,640)
<b>Total revenue from operations</b>	<b>19,178</b>	<b>7,400</b>	<b>22,652</b>	<b>1,310</b>	<b>-</b>	<b>50,540</b>
<b>(ii) Results</b>						
Segment result	2,726	(2,465)	7,162	(777)	-	6,646
Add: Other income	-	-	-	-	1,196	1,196
Less: Interest expense	-	-	-	-	(5,709)	(5,709)
Less: Exceptional expense (refer note 48)	-	-	-	-	(788)	(788)
<b>Profit/ (loss) before taxation</b>	<b>2,726</b>	<b>(2,465)</b>	<b>7,162</b>	<b>(777)</b>	<b>(5,301)</b>	<b>1,345</b>
Less: Tax expense	-	-	-	-	(586)	(586)
<b>Net profit/(loss) after tax</b>	<b>2,726</b>	<b>(2,465)</b>	<b>7,162</b>	<b>(777)</b>	<b>(5,887)</b>	<b>759</b>
<b>(iii) Other information</b>						
Segment assets	12,108	15,871	30,868	1,745	34,545	95,137
Segment liabilities	4,657	4,252	2,842	356	17,342	29,449
Capital expenditure	257	809	3,461	48	-	4,575
Depreciation and amortisation expense	645	1,436	930	103	-	3,114
Other non-cash expenses	15	-	50	9	-	74



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

(₹ in lacs)

Particulars	Hydraulics	AUC	ASP	Others	Unallocated	Total
<b>(i) Revenue</b>						
Sales and services	18,286	11,395	14,752	1,450	-	45,883
Less: Excise duty	(1,618)	(1,108)	(4)	(16)	-	(2,746)
<b>Total revenue from operations</b>	<b>16,668</b>	<b>10,287</b>	<b>14,748</b>	<b>1,434</b>	<b>-</b>	<b>43,137</b>
<b>(ii) Results</b>						
Segment result	2,238	(2,471)	5,251	(499)	-	4,519
Add: Other income	-	-	-	-	401	401
Less: Interest expense	-	-	-	-	(5,163)	(5,163)
Less: Exceptional expense	-	-	-	-	-	-
<b>Profit/(loss) before taxation</b>	<b>2,238</b>	<b>(2,471)</b>	<b>5,251</b>	<b>(499)</b>	<b>(4,762)</b>	<b>(243)</b>
Less: Tax credit	-	-	-	-	372	372
<b>Net profit/(loss) after tax</b>	<b>2,238</b>	<b>(2,471)</b>	<b>5,251</b>	<b>(499)</b>	<b>(4,390)</b>	<b>129</b>
<b>(iii) Other information</b>						
Segment assets	10,139	16,782	25,175	1,784	22,802	76,682
Segment liabilities	3,531	4,294	3,663	546	15,571	27,605
Capital expenditure	470	85	1,524	-	26	2,105
Depreciation and amortisation expense	621	1,305	727	258	-	2,911
Other non-cash expenses	1	-	23	10	-	34

Secondary segment reporting

Information relating to geographical segment for the year ended

(₹ in lacs)

Particulars	31 March 2017			31 March 2016		
	In India	Outside India	Total	In India	Outside India	Total
Revenue (Including other income)	26,648	25,088	51,736	26,930	16,608	43,538
Carrying amount of segment assets	87,760	7,377	95,137	69,322	7,360	76,682
Capital expenditure	4,575	-	4,575	2,105	-	2,105

## 42. Derivative instruments

### A. Hedged derivative instrument

The Company does not have any hedged derivative instrument as at 31 March 2017 (31 March 2016: ₹Nil).

### B. Details of un-hedged foreign currency exposure

As at 31 March 2017, the Company has foreign currency exposures that are not hedged by a derivative instrument or otherwise are as detailed below:

(₹ in lacs)

Particulars	As at 31 March 2017		As at 31 March 2016	
	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
<b>Trade receivables</b>				
USD	74	4,828	56	3,744
EURO	3	195	4	331
GBP	13	1,034	11	1,037
<b>Loans and advances receivable</b>				
GBP	-	-	5	475
EURO	-	-	14	1,078
<b>Short-term borrowings</b>				
GBP	20	1,637	17	1,633
USD	16	1,040	14	933
<b>Long-term borrowings</b>				
USD	-	-	39	2,573
<b>Interest Payable</b>	-	-	-	3
USD				
<b>Interest receivable</b>	7	321	4	196
SGD				
<b>Management fees receivable</b>	10	819	5	499
GBP				
<b>Trade payables</b>				
EURO	1	68	1	53
USD	19	1,264	32	2,144
GBP	1	94	1	140
CAD	-	6	-	4

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

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Company does not have any amounts payable to such enterprises as at 31 March 2017 (31 March 2016: ₹NIL) based on the information received and available with the Company. Also the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

#### 44. Earnings per share

The following table sets forth the computation of basic and diluted earnings per share: (₹ in lacs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Net profit for the year attributable to equity shareholders	759	129

**Reconciliation of basic and diluted shares used in computing earnings per share:** (₹ in lacs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Number of equity shares outstanding at the beginning of the year	63,41,443	6,341,443
Add: Weighted average number for equity shares issued during the year	-	-
Weighted average number of equity shares outstanding during the year	63,41,443	6,341,443

The Company did not have any potentially dilutive equity shares

#### Earnings per share

Basic	11.97	2.04
Diluted	11.97	2.04

45. Management fees represents the cost with an agreed markup for rendering executive management, finance accounting, human resources services, legal and other miscellaneous services to its certain overseas subsidiaries.
46. 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.
47. During the year, the Company has entered into a new facility arrangement with a consortium of banks and financial institution for term loan of ₹36,900 lacs. The proceeds of such term loan is utilized primarily towards the prepayment of existing debts. The loans has a moratorium period for 2 years from the date of first draw down i.e., 15 July 2016 and then repayable in 32 quarterly instalments. The loans are secured by first ranking pari passu charge on movable and immovable fixed assets of the Company, present and future, second ranking pari passu charge on all current assets of the Company, pledge of the shares of subsidiaries and personal guarantee issued by the promoter.
48. Exceptional item for the year ended 31 March 2017 aggregating ₹788 lacs represents various expenses such as prepayment charges, processing fees and other ancillary charges incurred by the company towards prepayment of loan funds to banks and financial institutions.

49. Pursuant to the Companies (Accounting standards) Amendment Rules, 2011, vide GSR 914(E) dated 29 December 2011, the Company had exercised the option of accumulating the exchange differences, in respect of accounting periods commencing from 1 April, 2011, on long term foreign currency monetary liability. As a result, such exchange differences so far as they related to the acquisition of non-depreciable capital assets including reinstatement of ₹30 lacs (previous year ₹153 lacs) had been accumulated in "Foreign currency monetary item translation difference account", to be amortized over the balance period of such long term liabilities. During the year, the Company has settled such long term foreign currency monetary liabilities and accordingly the entire unamortised exchange differences aggregating ₹140 lacs has been charged to the statement of profit and loss.

50. **Details of non-current investments purchased and sold during the year under Section 186(4) of the Act:**

**Investments in equity instruments**

(₹ in lacs)

(a) Subsidiaries	Face value per unit	As at 1 April 2016	Purchased during the year	Sold during the year	As at 31 March 2017
JKM Research Farm Limited	₹10	500 (49,99,930)*	-	-	500 (49,99,930)*
JKM Global Pte Limited, Singapore	SGD 1	4,739 (1,45,71,451)*	1,437# (30,81,486)*	-	6,176 (1,76,52,937)*
JKM Erla Automotive Limited	₹10	7,800 (4,79,99,994)*	11,311 (5,65,55,000)*	-	19,111 (10,45,54,994)*
JKM Ferrotech Limited	₹10	5,500 (5,50,00,000)*	-	-	5,500 (5,50,00,000)*

# Refer footnote in note 40

**Details of Non-current investments purchased and sold during the previous year under Section 186(4) of the Act:**

**Investments in equity instruments**

(₹ in lacs)

(a) Subsidiaries	Face value per unit	As at 1 April 2015	Purchased during the year	Sold during the year	As at 31 March 2016
JKM Research Farm Limited	₹10	500 (49,99,930)*	-	-	500 (49,99,930)*
JKM Global Pte Limited, Singapore	SGD 1	4,739 (1,45,71,451)*	-	-	4,739 (1,45,71,451)*
JKM Erla Automotive Limited	₹10	6,800 (4,29,99,994)*	1,000 (50,00,000)*	-	7,800 (4,79,99,994)*
JKM Ferrotech Limited	₹10	4,500 (4,50,00,000)*	1,000 (1,00,00,000)*	-	5,500 (5,50,00,000)*
<b>(b) Associate</b>					
Harasfera Design Private Limited	₹10	1 (5,000)*	-	1 (5,000)*	-

\* The amounts in parenthesis represents number of shares

51. **Details of loans given during the year under Section 186(4) of the Act:**

(₹ in lacs)

Name of borrower	Rate of Interest	Term	Nature of relationship	Secured / Unsecured	As at 1st April 2016	Given during the year	Repayment during the year	As at 31 March 2017
JKM Global Pte Ltd	12%-13% per annum	On demand	Subsidiary	Unsecured	1,553	30	(1,583)#	-
JKM Erla Automotive Limited	12% - 13% per annum	On demand	Subsidiary	Unsecured	120	8,368	(8,488)	-
JKM Ferrotech Limited	12%-13% per annum	On demand	Step subsidiary	Unsecured	-	1,917	(1,917)	-

# Refer footnote in note 40

Details of loans given during the previous year under Section 186(4) of the Act:

(₹ in lacs)

Name of borrower	Rate of Interest	Term	Nature of relationship	Secured / Unsecured	As at 1 April 2015	Given during the year	Repayment during the year	As at 31 March 2016
JKM Global Pte Ltd	7.5%-13% per annum	On demand	Subsidiary	Unsecured	-	1,553*	-	1,553*
JKM Erla Automotive Limited	13%-15% per annum	On demand	Subsidiary	Unsecured	3,788	1,077	(4,745)	120
JKM Ferrotech Limited	13%-15% per annum	On demand	Step subsidiary	Unsecured	1,270	1,406	(2,676)	-

\* Includes reinstatement loss of loan aggregating to ₹16 lacs

The loans have been given to these subsidiaries in the normal course of business for their operations.

52. During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specific Bank Notes ('SBN') held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

(₹ in lacs)

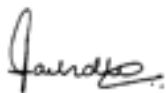
Particulars	SBNs*	Other Denomination Notes	Total
Closing cash on hand as on 8 November 2016	15	4	19
(+) Permitted receipts	-	37	37
(-) Permitted payments	-	31	31
(-) Amount deposited in Banks	15	-	15
<b>Closing cash on hand as on 30 December 2016</b>	<b>-</b>	<b>10</b>	<b>10</b>

\* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economics Affairs number S.O. 3407E, dated the 8th November 2016.

As per our report of even date attached

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

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



**Supreet Sachdev**  
Partner  
Membership number: 205385

Place : Bengaluru  
Date : 29 May 2017



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



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



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





DYNAMATIC LIMITED, UK

**BUSINESS REPORT**  
*2016-2017*

## DYNAMATIC LIMITED, UK

### DIRECTORS

Mr. Udayant Malhoutra	- Chairman
Mr. Michael John Handley	- Director
Mr. Raymond Keith Lawton	- Managing Director, Hydraulics Division
Mr. James Tucker	- Managing Director, Aerospace Division
Mrs. Pramila Udayant Malhoutra	- Director
Mr. Steve Hayes	- Technical Director, Aerospace Division
Mr. Hanuman Kumar Sharma	- Director

### BANKERS

Royal Bank of Scotland, UK

### REGISTERED OFFICE

Cheney Manor, Swindon, Wiltshire SN2 2PZ, England

### OPERATING PLANTS

#### Hydraulics Division

Cheney Manor, Swindon, Wiltshire SN2 2PZ, England

#### Aerospace Division

Jarvis Street, Barton Hill, Bristol BS5 9TR, England

### FINANCE HEAD

Mr. Dave Goodfellow, ACMA CGMA

### AUDITORS

KPMG LLP, UK

Chartered Accountants & Statutory Auditors

### FINANCIAL RESULTS

DYNAMATIC LIMITED, UK		
Particulars	Year ended 31.03.2017 ₹ in Lacs*	Year ended 31.03.2016 ₹ in Lacs*
Sales	21,783	22,215
EBITDA	3,010	2,088
Interest	130	142
Depreciation	587	689
PBT	2,429	1,421
Tax Charge / (credit)	489	271
Profit After Tax	1,940	1,149

\* Numbers restated as per Indian GAAP

# DYNAMATIC HYDRAULICS™

## DYNAMATIC LIMITED, UK



### REVIEW OF BUSINESS 2016-2017

Dynamatic Hydraulics™, Swindon saw a very small increase in sales from £9,681K in 2015/16 to £9,824K in 2016/17. This small increase in sales over the previous year is slightly below the budgeted sales for the 2016/17 financial year and is due mainly to the reduction in volumes of the new I-JD Mexico triple pump. We have also continued to experience difficult market conditions in the agricultural sector although the plant has continued to run on a full time single shift basis throughout this financial year. The market conditions have remained difficult but manageable and it is forecast to be at similar levels throughout the next financial year.

In line with these challenging trading conditions the Swindon plant has continued to focus on its cost reduction and continuous improvement projects and this has also helped in generating savings for J-D in their JDCROP

program. This has also enabled us to remain at Partner status, which is the highest supplier level, through this last year. We have continued to balance the workforce headcount levels in line with the stabilised sales levels and at the end of the financial year the workforce now stands at 102 (excluding 2 apprentices). There are also plans in place to reduce workforce levels further next year with employees reaching 65 years old and also the transfer of employees to vacant positions in the Aerospace Division. In terms of some of the business KPI's such as Productivity, Efficiency and OEE these have all continued to improve or maintain previous levels which has really helped the business performance through this difficult trading year. The net result of these initiatives is to nearly double the EBITDA result from 4% last year to 7.1% this year on the same amount of sales.

# HYDRAULICS





## Future Outlook

Looking forward to 2017/18 it will again be a very challenging year for the business as we continue to see the Agricultural markets remain flat across the entire customer base including both OEM and Aftermarket. The new John Deere I-JD Mexico triple pump project was launched successfully last year but to date the sales volumes have been very disappointing and are significantly down on the earlier J-D projections. We have, in November last year, opened our own U.S. warehouse facility in Mequon, Wisconsin and this is now fully operational in handling all distribution product

from Swindon and has negated the independent distributor saving cost. During this next year we aim to open this up to the U.S. customer base and with the addition of a small tear down and test area hope to attract significant new sales in the U.S.

**Raymond Keith Lawton**

Managing Director

Dynamatic Hydraulics™, Dynamatic Limited, UK



SWINDON

# DYNAMATIC-OLDLAND AEROSPACE™

## DYNAMATIC LIMITED, UK



*REVIEW OF BUSINESS 2016-2017*



Dynamatic-Oldland Aerospace™ division in the UK continues to have a good mix of business across a varied range of aircrafts in Commercial & Military contracts, which now includes the Boeing Chinook pylon and ramp monolithic details.

We achieved sales of £14.6 million against a forecast of £13.2 Million, this was an overall increase from the previous financial year (£12.8m), performance is above the budgeted target by 10.6%.

During this financial year the Aerospace business has been faced with many challenges and changes over the last 12 months with regards to customer order books, especially the deferral of the Dassault and the reduction of all A330 programme

deliverables. The A330 reduction has caused many problems both within the Bristol and Swindon manufacturing facilities, however the business re-grouped and used this time well to manufacture all the tooling required to support the new A330 long-range project.

The business still struggles with sales mix versus cost of sales, machine tool breakdowns and all the associated costs, however we are managing these issues weekly, monthly to build a better working environment for the continued success. The strategy is to grow the business by means of increased production and with the use of greater technologies to aid an expansion plan.

AEROSPACE





The outlook for the aviation market looks like it's starting to settle down once again with reported increases to the A330 platform and further increases planned for single aisle aircraft.

Technology is the main focus for the business, with the introduction of the FMS at the Swindon facility where we have seen a huge impact to our capability and as such we are now looking at a third shift working pattern, therefore the need for greater throughput from the QA department is now greater than ever. Also, as part of the ongoing strategy and development between Dynamatic-Oldland Aerospace™ and Dynamatic Technologies greater emphasis needs to be focus on how both business

work together in terms of work package transfers. Dynamatic Technologies needs to use Dynamatic-Oldland Aerospace™ rather than use its own internal supply chain, thereby keeping Aerospace work contained within the group.



**James Tucker**

Managing Director, Aerospace Division,  
Dynamatic Limited, UK





EISENWERK ERLA GmbH, GERMANY

**BUSINESS REPORT**  
*2016-2017*



## REVIEW OF BUSINESS 2016-2017

Our Turnover at 104,897 TEUR for the period April' 2016 to March'2017 was lower by 10,007 TEUR 8,7 % than the previous financial year despite lower pricing in raw materials mainly driven Nickel. In the strategic market for high temperature resistant materials for the turbocharger industry, as also in the automotive industry in general, the share of turnover was stabilized by 90%.

The order book for FY-2016 to 2017 amounting to a sum of 93,985 TEUR is lower by 15,031 TEUR compared to the previous year, and the order backlog, as on 31st March' 2017, at 63,099 TEUR is lower by 10,898 TEUR from the previous year. The reason is a loss of some projects and degreasing of some running old projects. The order book and turnover achieved almost equals to a 2-shift-system capacity utilization.

The overall performance comprising sales, change in inventory and other miscellaneous operational proceeding was at 104,794 TEUROS compared to 112,712 TEUROS in the previous year.

As on 31st March' 2017 there were 320 employees, of these 15 Apprentices and additional 73 temporary workers.

Prediction of the economic outlook indicates a growth of 1.3% to 1.8% in FY 2017 - 2018.

Though the raw material and energy market may remain volatile there could be stable in production and turnover levels in German Foundry Industry. Thus, we expect a stable order flow from our niche market, the turbo charger industry, for 2017-2018. Thereby the financial and yield conditions are likely to remain solid for Eisenwerk Erla GmbH. We have received contract for series delivery of machined castings and negotiations are on for additional contracts. However, we could face certain investment challenges to improve the production and process..

### DIRECTORS

Mr. Udayant Malhoutra	- Chairman
Mr. Dietmar Hahn	- Managing Director
Mr. Hanuman Sharma	- Director
Mr. Enrico Fischer	- Chief Financial Officer

### FINANCE HEAD AND COMPANY SECRETARY

Mr. Hendrik Kindel

### LAWYER

Dr. Hans-Hein Thomas

### AUDITORS

KMPG AG, Germany  
Chartered Accountant & Statutory Auditors

### BANKERS

Commerzbank, Germany  
Sachsen Bank, Germany

### REGISTERED OFFICE

Gießereistraße 1, 08340 Schwarzenberg / Erzgebirge, Germany

### OPERATING PLANTS

Eisenwerk Erla GmbH, Gießereistraße 1, 08340 Schwarzenberg / Erzgebirge, Germany

### FINANCIAL RESULTS

Particulars	Year ended 31.03.2017 ₹ in Lacs*	Year ended 31.03.2016 ₹ in Lacs*
Sales	77,211	83,034
EBITDA	3,747	4,330
Interest	666	674
Depreciation	812	703
Profit before tax and exceptional item	2,383	3,105
Exceptional item	-	-
Tax charge / (credit)	715	962
Profit After Tax	1,668	2,143

\* Numbers restated as per Indian GAAP





## Future Outlook

- Expand trading activities with the Indian subsidiary JKM Ferrotech Limited.
- Explore the feasibility of investing 2 Million Euros through cash flow or alternative financing like operating lease to stabilize the production of cast steel and adjustment of Foundry peripherals
- Stabilization of personnel wages

Notwithstanding the above, should the economic environment improve for the automotive sector, turnover and growth in margins would be higher. This would have a positive impact on the results due higher variable interests. To improve its market share the company is also focusing on development of high-end automotive parts within machining.

**Dietmar Hahn**  
Managing Director



JKM FERROTECH LIMITED, INDIA

**BUSINESS REPORT**  
*2016-2017*



### DIRECTORS

Mr. Nalini Ranjan Mohanty	- Independent Director
Mr. Govind Mirchandani	- Independent Director
Ms. Junia Sebastian	- Independent Director
Air Marshal S P Singh (Retd.)	- Director
Mr. Suresh Jayapal Naidu	- Director
Ms. Lakshmi Kamath	- CFO

### AUDITORS

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

### BANKERS

Bank of India, Chennai

### REGISTERED OFFICE

C/o. Dynamatic Hydraulics™, Plot No.1A/1, 1st Main Road, 2nd Phase, 1st Stage, Peenya Industrial Estate Bangalore 560 058, Karnataka, India

### OPERATING PLANTS

K-4, Phase II, SIPCOT Industrial Complex, Gummidipoondi, Thiruvallur District, Tamil Nadu 601201, India

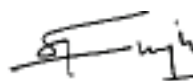
### FINANCIAL RESULTS

Particulars	Year ended 31.03.2017 ₹ in Lacs	Year ended 31.03.2016 ₹ in Lacs
Sales	9,330	12,897
EBITDA	257	652
Interest	783	880
Depreciation	926	909
PBT	(1,312)	(1,097)
Exceptional item	-	-
Tax Charge / (credit)	-	-
Profit (Loss) After Tax	(1,312)	(1,097)

JKM Ferrotech Limited ('JFTL') was vibrant with multiple activities last year as the entire focus was on new product development and profitability. The company has been successful in getting new orders from Turbo Energy, Haldex India and Foundation Brake Manufacturing (Maruti Suzuki and Honda Projects), which will improve the profitability once volume increases.

### Future Outlook

- Maximize capacity utilization with the right product mix.
- Focusing more on value addition activities.
- Emphasis is on optimizing operation costs.
- Focus is on Automation on post production activities
- Look at the opportunities with Defense.
- More emphasis is on Safety Measures.



**Air Marshal S P Singh (Retd.)**

Director

DIN : 07046472







JKM RESEARCH FARM LIMITED, INDIA

**BUSINESS REPORT**  
*2016-2017*



JKM Research Farm Limited (JRFL), a farm Equipment performance and optimisation Company located near Bangalore on a 65 acre farm land, supports the Hydraulic Division of Dynamatic Technologies Limited (DTL) in the areas of design concept, functional prototype testing, and technical information. JRFL is continuously engaged in finding innovative solutions to upgrade the products of DTL customers.

In this regard, JRFL provides a unique opportunity to DTL to test and validate its products in real time field conditions.

Organic Farming of Guava and Lime plantations have commenced during the year under review.

During the year under review, JRFL has made an income of ₹48 lacs. The profit after tax for the year amounted to ₹16 lacs.

**Suresh Jayapal Naidu**

Director

DIN : 00053714

### **DIRECTORS**

Mr. Suresh Jayapal Naidu	- Director
Mrs. Pramilla Malhoutra	- Director
Air Marshal S P Singh (Retd.)	- Director

### **AUDITORS**

M/s. Prasad & Kumar  
Chartered Accountants, Bangalore

### **REGISTERED OFFICE**

C/o. Dynamatic Hydraulics™  
Plot No.1A/1, 1st Main Road,2nd Phase,  
1st Stage, Peenya Industrial Estate  
Bangalore 560 058, Karnataka, India





AIRBUS

DYNAMIC TECHNOLOGIES LIMITED

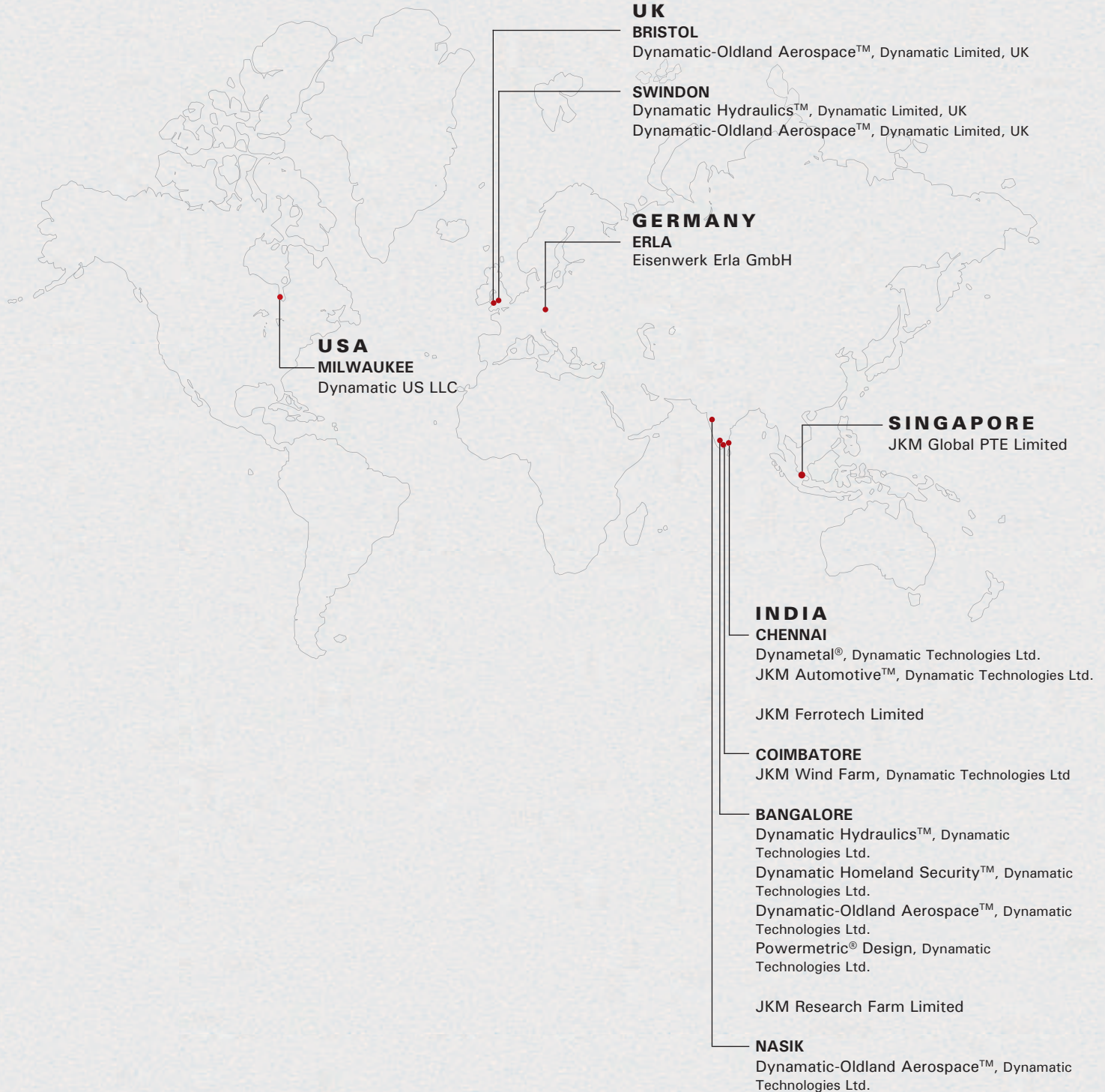
Commemorating

1000<sup>th</sup> Set

of the Airbus A320neo Aircraft Tail Beam







**Dynamatic Technologies Limited**



www.dynamics.com

**Dynamatic Limited, UK**



www.dynamics.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

