DYNAMATIC TECHNOLOGIES LIMITED

13th July 2019

To,

The Secretary Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001.	The Secretary National Stock Exchange of India Limited "Exchange Plaza" Bandra-Kurla Complex, Bandra East Mumbai 400 051.

Sub: Annual General Meeting- Annual Report 2018-19 and Book Closure date

Ref: Scrip code: NSE: DYNAMATECH; BSE: 505242

Dear Sir / Madam,

The forty-fourth (44th) Annual General Meeting ("AGM") of the members of Dynamatic Technologies Limited ("the Company"), will be held on Friday, the 9th (Ninth) day of August 2019 (Two Thousand and Nineteen) at 10.00 (Ten) AM IST at Hotel "Vivanta by Taj", No. 2275, Tumkur Road, Yeshwantpur, Bangalore 560 022, Karnataka.

Pursuant to Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations"), we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the financial year 2018-19 which is being despatched / sent to the members by the permitted mode(s).

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 03rd August 2019 to Friday, 09th August 2019 (both days inclusive) for the purpose of AGM.

The Annual Report containing the Notice is also uploaded on the Company's website https://www.dynamatics.com

We kindly request you to take this letter along with the enclosures on record.

Thank you.

Yours faithfully,
for **DYNAMATIC TECHNOLOGIES LIMITED**

Shivaram V

Shivaram V
Head - Legal, Compliance & Company Secretary

Enclosure: as above

CC:

1. National Securities Depository Limited
   Trade world, A wing, 4th and 5th Floors,
   Kamala Mills Compound, Lower Parel,
   Mumbai- 400 013

2. Central Depository Services (India) Limited
   17th Floor, P J Tower,
   Dalal Street, Mumbai-400 001

3. Karvy Fintech Private Limited
   Plot No.17-24, Vittalrao Nagar,
   Madhapur, Hyderabad-500081

DYNAMATIC TECHNOLOGIES LIMITED

Registered Office: Dynamatic Park, Peenya, Bangalore - 560 058
Corporate Identity Number: L72200KA1973PLC002308
Phone Number: +91 80 2839 4933/34/35 Fax: +91 80 2839 5823
Email ID: investor.relations@dynamatics.net; website: www.dynamatics.com

NOTICE CALLING THE 44TH ANNUAL GENERAL MEETING

Notice is hereby given that the **44th (Forty Fourth) Annual General Meeting ('AGM')** of the Members of Dynamatic Technologies Limited (the 'Company') will be held on **Friday, the 9th (Ninth) day of August 2019 (Two Thousand and Nineteen) at 10:00 (Ten) AM IST,** at Hotel "Vivanta by Taj", No. 2275, Tumkur Road, Yeshwantpur, Bangalore 560 022, to transact the following businesses:

ORDINARY BUSINESS:

1. **To Receive, Consider and Adopt:**

   (a) The Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March 2019, together with the Reports of the Board of Directors and Auditors thereon.

   (b) The Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March 2019, together with the Report of the Auditors thereon.

2. **Confirmation of Interim Dividend:**

   To confirm the interim dividend of ₹ 2/- per equity share (20%) of face value ₹ 10/- each already paid, as the final dividend for the financial year ended 31st March 2019.

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

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

4. **Appointment of Auditors:**

   To appoint the auditors of the Company, and fix the remuneration.

   Explanation: The Companies Act, 2013 ("The Act") was notified effective 1st April 2014, Section 139 of the Act lays down the criteria for appointment and mandatory rotation of Statutory Auditors. Pursuant to Section 139 of the Act and the Rules made thereafter, it is mandatory to rotate the Statutory Auditors on completion of two terms of five consecutive years. The Rules also lay down the transitional period that can be served by the existing auditors depending on the number of consecutive years for which an audit firm has been functioning as auditor in the same Company. The incumbent auditors, B S R & Co. LLP, Chartered Accountants (Firm Registration number 101248W/W-100022), have served the Company for over 5 years before the Act was notified and will be completing another term of 5 consecutive years at the conclusion of the 44th Annual General Meeting.

   The Audit Committee of the Company has proposed and on 29th May 2019, the Board has recommended the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No. 117366W/W-100018) ("Auditors") as Statutory Auditors of the Company. Auditors will hold the office for the period of five consecutive years from the conclusion of the 44th Annual General Meeting until conclusion of the 49th Annual General Meeting to be held in 2024. The first year of the audit will be of the financial statements for the year ending 31st March 2020.

   Therefore, Members are requested to consider and if thought fit, to pass the item number 4 as ordinary resolution.

   "**RESOLVED THAT** pursuant to Section 139 and 142 and other applicable provisions of the Companies, Act, 2013 and the Rules made thereunder, as amended from time to time, pursuant to the proposals of the Audit Committee of the Board and recommendation of the Board, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No. 117366W/W-100018), be and is hereby appointed as the Statutory Auditors of the Company, to hold office for the period of 5 (five) consecutive years from the conclusion of this 44th Annual General Meeting till the conclusion of 49th Annual General Meeting at such remuneration as shall be recommended by the Audit Committee and fixed by the Board of Directors of the Company in consultation with the Statutory Auditors."

SPECIAL BUSINESS:

5. **Appointment of Mr. Pradyumna Vyas (DIN:02359563) as Non-Executive Independent Director:**

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016, as amended from time to time, Mr. Pradyumna Vyas (DIN:02359563), who was appointed as an Additional Director by the Board on 11th February 2019, and who holds office up to the date of this Annual General Meeting in terms of Section 161 of the Act, and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, signifying its intention to propose Mr. Pradyumna Vyas (DIN:02359563) as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from 11th February 2019 to 10th February 2024 and that the term of office shall not be subject to retirement by rotation, as contemplated under the Act".

6. **Appointment of Mr. Pierre de Bausset (DIN:07178878) as Non-Executive Independent Director**

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016, as amended from time to time, Mr. Pierre de Bausset (DIN:07178878), who was appointed as an Additional Director by the Board on 11th February 2019, and who holds office up to the date of this Annual General Meeting in terms of Section 161 of the Act, and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, signifying its intention to propose Mr. Pierre de Bausset (DIN:07178878), as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from 11th February 2019 to 10th February 2024 and that the term of office shall not be subject to retirement by rotation, as contemplated under the Act".

7. **Ratification Of Cost Auditor's Remuneration:**

   To consider and, if thought fit, to convey assent or dissent to the following **ORDINARY RESOLUTION:**

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), payment of ₹4,00,000/- (Rupees Four Lakhs only) plus applicable taxes thereon and reimbursement of out-of-pocket expenses at actuals, to M/s. Rao, Murthy & Associates, Cost Accountants (Firm Registration No. 000065), who have been appointed by the Board as Cost Auditors of the Company for conducting the cost audit of the accounts for the financial year ending 31st March 2020 be and is hereby ratified".

By Order of the Board

Shivaram V
Head – Legal, Compliance and Company Secretary

Place: Bangalore
Date : 29th May 2019

NOTES:

1. The Statement pursuant to Section 102 of the Companies Act, 2013, ("the Act") setting out material facts in respect of item Nos. 5 to 7 is annexed hereto. The relevant details as required under Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), of persons seeking appointment / re-appointment as Directors are provided in the Annexure to this Notice.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OR MEMBERS, AS THE CASE MAY BE, OF THE COMPANY.** Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of companies, societies, partnership firms etc. must be supported by appropriate resolution/ authority, as applicable, issued on behalf of the nominating organization. Members are requested to note that a person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than ten percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

3. A member is entitled to inspect the proxies lodged with the Company at any time during the business hours on all working days, except the date of AGM. The required statutory registers will be made available at the AGM venue for inspection by the members.

4. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.

5. The Board of Directors at the meeting held on 10th August 2018, declared an Interim Dividend of ₹ 2/- per share of face value of ₹10/- each (20%) on the paid up equity capital of the Company for the Financial Year 2018-19.

   The Interim Dividend on Equity Shares of the Company as declared by the Board of Directors was paid on 29th August 2018, to the Company's Equity Shareholders whose names appeared as beneficial owners in the statement(s) furnished by the Depositary(ies) in respect of shares in the electronic form and all valid share transfer requests in physical forms loaded with Company/RTA, on the close of the business hours on 24th August 2018.

   The Board considered and approved the Interim Dividend paid to the shareholders on 29th May 2019, as full and final dividend for the Financial Year 2018-19.

6. The route map showing directions to reach the venue of the Annual General Meeting is annexed.

7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

8. Transfer of Unclaimed/Unpaid amounts to the Investor Education and Protection Fund (IEPF):

   Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) consecutive years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Further, pursuant to the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') as amended to date, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.

The Members/Claimants whose shares and unclaimed dividend have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 (available on www.iepf.gov.in) along with applicable requisite fee. The Member/Claimant can file only one consolidated claim in a financial year as per the IEPF Rules.

It is in Members' interest to claim any un-encashed dividends and in the future, opt for Electronic Clearing Service (ECS), so that dividends paid by the Company are credited to Members' account on time.

Members who have not yet encashed the dividend warrants from the financial year ended 31st March 2012, onwards are requested to forward their claims to the Company's Registrar and Share Transfer Agents. It may be noted that once the unclaimed dividend is transferred to IEPF as above, no claim shall rest with the Company in respect of such amount. It may also be noted that the unclaimed dividend amount which were lying with the Company up to the year ended on 31st March 2011, including the Interim Dividend - 1 and Interim Dividend - 2 pertaining to the year 2011-12 have already been transferred to IEPF. The details of the unclaimed dividends are available on the Company's website at **www.dynamatics.com** and on the website of Ministry of Corporate Affairs at **www.mca.gov.in.**

Members are requested to contact the Company's Registrar and Share Transfer Agent to claim the unclaimed/unpaid dividends thereon at the following address:

Karvy Fintech Private Limited.
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad 500 032

9. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agent. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agent.

10. Members holding shares in physical form are requested to consider converting their share certificates into dematerialized form to eliminate risks associated with physical shares and for ease in portfolio management. Members can contact the Company's Registrar and Share Transfer Agent for any assistance in this regard.

11. **Updation of Members' Details:**

    The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Act requires the Company/ Registrar and Share Transfer Agent to record additional details of Members, including their PAN details, email address, bank details for payment of dividend, etc. A form for capturing these additional details is appended at the end of the Notice. Members holding shares in physical form are requested to submit the filled-in form to the Company or to its Registrar and Share Transfer Agent. Members holding shares in electronic form are requested to submit the details to their respective Depository Participant

12. Nomination Facility: As per the provisions of Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, as amended, Members holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Share Transfer Agent. In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.

13. Members, who have not yet exchanged their shares of Dynamatic Hydraulics Limited, with the Share Certificates of Dynamatic Technologies Limited, are requested to surrender their Share Certificate(s) for exchange. Such Members' are requested to contact the Company's Registrar and Share Transfer Agent – **M/s. Karvy Fintech Private Limited,** in this regard.

14. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the Members at the Registered Office of the Company on all working days, except Sundays and Bank Holidays, during business hours up to the date of the Annual General Meeting.

15. The Notice calling the 44th AGM, instructions for e-voting, attendance slip and proxy form along with ballot form and copy of the Annual Report 2018-19, is being sent to those Members whose e-mail address is registered with the Company / Depositories for communication purpose, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail address, physical copies of the Annual Report are being sent by the permitted mode. Members may note that this Annual Report will also be available on the Company's website **www.dynamatics.com**

16. To support the "Green Initiative", Members who have not registered their email addresses are requested to register the same with the Company's Registrar and Share Transfer Agent/their Depository Participants, in respect of shares held in physical/electronic mode, respectively.

17. In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, as amended to date and Regulation 44 of the Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-Voting services provided by Karvy Fintech Private Limited, on all the resolutions set forth in this Notice. The instructions for e-Voting is annexed to this notice. Resolution(s) passed by Members through e-Voting is/are deemed to have been passed as if they have been passed at the AGM.

18. The facility for voting through poll shall also be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e-Voting shall be able to exercise their right to vote at the Annual General Meeting.

19. The Company has appointed Mr. R. Vijaykumar, Company Secretary in Practice (Membership No. FCS 6418: COP-8667) as the Scrutinizer to scrutinize the voting at the meeting and remote e-Voting process, in a fair and transparent manner.

20. The Members who have cast their vote by remote e-Voting prior to the Annual General Meeting may also attend the Annual General Meeting but shall not be entitled to cast their vote again.

21. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of SEBI (LODR) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will be closed from **3rd Saturday August 2019 to 9th Friday August 2019 (both days inclusive)**

22. General instructions/information for Members for voting on the Resolutions:

    a. Corporate/Institutional Members (i.e., other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the relevant Board Resolution/Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s) who are authorized to vote, to the Scrutinizer at the email address: **vijaykumaracs@gmail.com with a copy marked to evoting@karvy.com.**

    b. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. For login to the e-Voting, please refer E-voting instruction annexed to this notice.

    c. In case of any query pertaining to e-Voting, Members may refer to the Frequently Asked Questions (FAQs) for shareholders and e-Voting user manual for shareholders available at https://evoting.karvy.com. (Karvy's website) or send a request to **evoting@karvy.com**. Any query or grievance connected with the remote e-Voting may be addressed to Mr. Shivaram V, Head – Legal, Compliance & Company Secretary, "Dynamatic Park" Peenya, Bengaluru – 560 058. Tel: 91-80-28394933 / 34 / 35, Fax: 91-80-2839 5328, Email: - **investor.relations@dynamatics.net**

    d. Members holding Shares in either physical or de-materialized form as on the Cut-Off Date i.e., **Saturday, 3rd August 2019**, may cast their votes electronically. The e-Voting period for the Members who hold shares as on the Cut-Off Date commences from **9.00 AM** on **Tuesday, 6th August 2019** and ends at **5.00 PM** on **Thursday, 8th August 2019**. To encourage participation of the Shareholders who are unable to use the e-voting facility, the Company has enclosed a ballot form to the Notice calling the AGM, which may be used by the Shareholders to cast their vote and have the same posted to the Company's address using the enclosed business reply envelope, so as to reach the Company on or before **Thursday, 8th August 2019, 05:00 (Five) PM (IST)**. The remote e-Voting module shall be disabled by Karvy for voting thereafter.

    e. The voting rights of the members (for voting through remote e-Voting or by Poll at the Meeting) shall be in proportion to their share of the paid-up equity share capital of the Company as on **Saturday, 3rd August 2019("Cut-Off Date")**. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or voting at the meeting.

    f. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. **Saturday, 03rd August 2019,** may obtain the login ID and password by sending a request at **evoting@karvy.com**. However, if you are already registered with Karvy for remote e-Voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password" option available on **https://evoting.karvy.com** (Karvy's website).

    g. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-Voting in the presence of at least two witnesses who are not in the employment of the Company and make not later than 48 hours of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.

    h. The Chairman or the person authorized by him in writing shall forthwith on receipt of the consolidated Scrutinizer's Report, declare the result of the voting. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website immediately after the results is declared and communicated to the Stock Exchanges where the equity shares of the Company are listed.

    i. Subject to the receipt of requisite number of votes, the Resolutions forming part of the Notice of Annual General Meeting shall be deemed to be passed on the date of the AGM i.e. **Friday, the 9th August 2019**.

Additional information of Director seeking appointment as required under Regulation 36(3) of SEBI (LODR) Regulation, 2015:

Name of Directors	MR. DIETMAR HAHN	MR. PRADYUMNA VYAS	MR. PIERRE DE BAUSSET
Date of Birth (age)	12.02.1958	07.12.1958	11.05.1961
Date of Appointment	08.12.2012	11.02.2019	11.02.2019
Qualifications	Diploma for Foundry Engineer from the University of Freiberg, Germany; Certificates in Product Liability law, Advance Product Quality Planning and Technics of failures mode and effects analyses	Masters in Industrial Design from the IIT, Bombay; Honorary Master of Arts degree from the University for the Creative Arts in Farnham, United Kingdom	MBA from I.N.S.E.A.D. and a Licence & Diplome Supérieur (Chinese language) from the Institut National des Langues et Civilisations Orientales in Paris
Relationship between Directors inter-se	None	None	None
Expertise in specific functional area	Two decades of rich experience in Operations, Sales and Development	More than 36 years of Professional and Teaching experience in different spheres of Design. (Associated with National Institute of Design)	Over 34 years of experience in Corporate Finance, Forex and Money Market, Asset Financing, Mergers and Acquisition and Investor Relations
Directorships held in other Public Companies (excluding Foreign, Private and Section 8 Companies)	None	Titan Industries Limited	None
Memberships / Chairmanships of Committees of other Public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	None	None	None
No. of shares held in the Company	None	None	None

For other details such as number of meetings of the board attended during the year, sitting fees and relationship with other directors and key managerial personnel in respect of above directors, please refer to the corporate governance report which is part of the Annual Report 2018-19

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

Item Number 5

Appointment of Mr. Pradyumna Vyas as Non-Executive Independent Director

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Pradyumna Vyas, as an Additional Director of the Company and also a Non-Executive Independent Director, not liable to retire by rotation, for a term of 5 years i.e. from 11th February 2019 to 10th February 2024, subject to approval of the Members. Pursuant to the provisions of Section 161(1) of the Act, Mr. Pradyumna Vyas shall hold office up to the date of this AGM and is eligible to be appointed as a Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Member, proposing his candidature for the office of Director.

The Company has received a declaration from Mr. Pradyumna Vyas to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

In the opinion of the Board, Mr. Pradyumna Vyas fulfils the conditions specified in the Act and SEBI Listing Regulations for appointment as Independent Director and is independent of the management of the Company. The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day and will also be kept open at the venue of the AGM.

Mr. Pradyumna Vyas acquired a Masters in Industrial Design from the IIT, Bombay. He was also conferred with an Honorary Master of Arts degree from the University for the Creative Arts in Farnham, United Kingdom in recognition of his contributions to Design Education and Design Promotion.

Mr. Vyas has more than 36 years of professional and teaching experience in different spheres of Design. He was associated with National Institute of Design (NID) and worked as a faculty in the Industrial Design discipline from 1989 till 2019. Prior to joining NID, he worked with Kilkenny Design Centre, Republic of Ireland.

Mr. Vyas was appointed as Director in National Institute of Design in 2009 and served for 10 years. He was also appointed as Member Secretary for Design Council pursuant to National Design Policy by Ministry of Commerce & Industry, Government of India from 2009 up to 2019.

He received various prestigious awards for his contribution towards Industrial Design and some of them being 'Lifetime Achievement Award - Design, 2016' at the first 'India UX Design Awards and Times Education Icons 2017, for his immense contribution towards Design Education and Design Promotion.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Vyas as an Independent Director is now being placed before the Members for their approval.

The Board recommends the Resolution at Item No. 5 of this Notice for approval of the Members.

Except Mr. Vyas and his relatives, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, in the Resolution set out at Item No. 5 of this Notice.

Item number 6

Appointment of Mr. Pierre de Bausset as Non-Executive Independent Director

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Pierre de Bausset, as an Additional Director of the Company and also a Non-Executive Independent Director, not liable to retire by rotation, for a term of 5 years i.e. from 11th February 2019 to 10th February 2024, subject to approval of the Members. Pursuant to the provisions of Section 161(1) of the Act, Mr. Pierre de Bausset shall hold office up to the date of this AGM and is eligible to be appointed as a Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Member, proposing his candidature for the office of Director.

The Company has received a declaration from Mr. Pierre de Bausset to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

In the opinion of the Board, Mr. Pierre de Bausset fulfils the conditions specified in the Act and SEBI Listing Regulations for appointment as Independent Director and is independent of the management of the Company. The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day and will also be kept open at the venue of the AGM.

Mr. Pierre de Bausset has over 34 years of broad international experience, in Europe, Asia and North America. His career in Corporate Finance covers Forex and Money Market, Asset Financing, Mergers and Acquisition and Investor Relations. As a governance expert, he has taken part in major Shareholder Transitions, Management Turnover, and Governance Enhancements on boards of Publicly Traded Companies, including in times of crisis; his experience spans Appointment & Induction of Key Talents, Stakeholder Advocacy, Mediation and Strategic Transactions Management.

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

Besides, Pierre de Bausset has recently joined the Haut Comité du Gouvernement d'Entreprise, which oversees the compliance of French Publicly Traded Companies with the Country's Corporate Governance Code, as its General Secretary. He is also an investor with an interest in tech companies.

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

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Pierre de Bausset as an Independent Director is now being placed before the Members for their approval.

The Board recommends the Resolution at Item No. 6 of this Notice for approval of the Members.

Except Mr. Pierre de Bausset and his relatives, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, in the Resolution set out at Item No. 6 of this Notice.

Item number 7

Ratification of Cost Auditor's Remuneration

In terms of the provisions of Section 148 of the Act and the Rules made thereunder, the Company is required to maintain Cost Audit records and have the same audited by a Cost Auditors.

Based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on 29th May 2019, appointed M/s. Rao, Murthy & Associates, as Cost Auditors for conducting the Cost Audit for the Financial Year ending 31st March 2020, at a remuneration of 4,00,000/- (Rupees Four Lacs only) plus applicable service tax and reimbursement of out-of-pocket expenses at actuals.

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

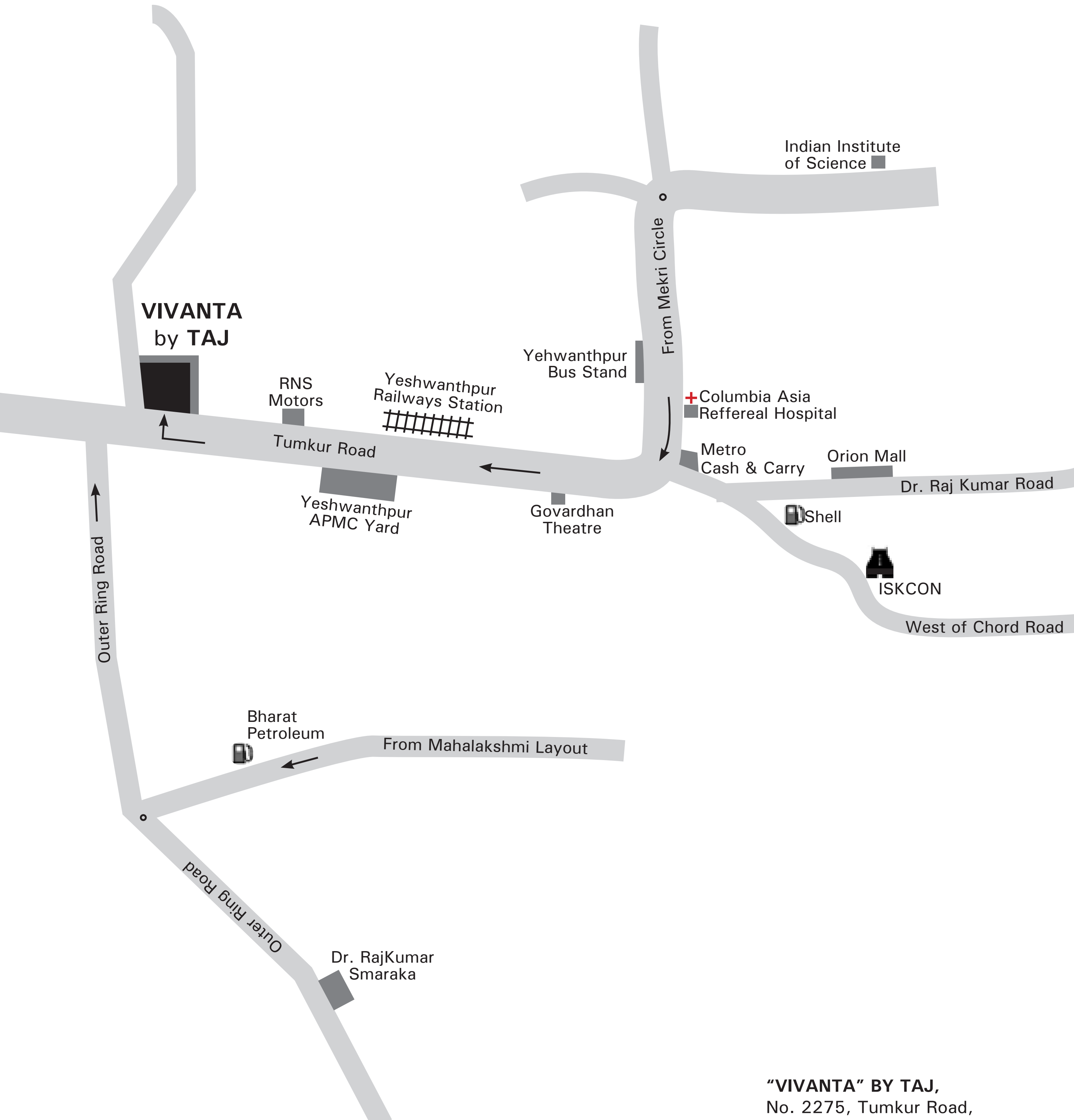
The Directors recommend that the remuneration payable to the Cost Auditor in terms of the resolution set out at Item No. 7 of the accompanying Notice be ratified by the Members. None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution.

By Order of the Board

Shivaram V
Head – Legal, Compliance and Company Secretary

Place: Bangalore
Date : 29th May 2019

ROUTE MAP TO THE VENUE OF DYNAMATIC AGM 2019



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

DYNAMATIC TECHNOLOGIES LIMITED
Registered Office: Dynamatic Park, Peenya, Bangalore - 560 058
Corporate Identity Number: L72200KA1973PLC002308
Phone Number: +91 80 2839 4933/34/35 Fax: +91 80 2839 5823
Email ID: investor.relations@dynamatics.net website: www.dynamatics.com

ATTENDANCE SLIP

Name : ………………………………………………………………………………… Client ID* : ……………………………………………

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

*applicable for investors holding share in electronic form.

I hereby record my presence at the **44th Annual General Meeting** of the Company, scheduled at Hotel "Vivanta by Taj", Number 2275, Tumkur Road, Yeshwantpur, Bangalore 560 022 **on Friday, the 9th (Ninth) day of August 2019 (Two Thousand and Nineteen) at 10.00 (Ten) AM**

Signature of the Member / Proxy ………………………………………………………………………………………………

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

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FORM MGT – 11

PROXY FORM

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

Corporate Identity Number : **L72200KA1973PLC002308**
Name of the Company : **Dynamatic Technologies Limited**
Registered Office : **Dynamatic Park, Peenya, Bangalore – 560 058**

Name the member/s : ………………………………………………………………………………………………

Registered address : ………………………………………………………………………………………………

E-mail ID : ………………………………………………………………………………………………

Folio No/ Client ID : ………………………………………………………………………………………………

DP ID : ………………………………………………………………………………………………

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

1. Name : ………………………………………………………………………………………………

   Address : ………………………………………………………………………………………………

   E-mail ID : ……………………………………………… Signature: ………………………………………

or failing him

2. Name : ………………………………………………………………………………………………

   Address : ………………………………………………………………………………………………

   E-mail ID : ……………………………………………… Signature: ………………………………………

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 44th Annual General Meeting of the company, to be held at Hotel "Vivanta by Taj", Number 2275, Tumkur Road, Yeshwantpur, Bangalore 560 022 on **Friday, the 9th day of August 2019 (Two Thousand and Nineteen), at 10:00 (Ten) AM,** and at any adjournment thereof in respect of such resolutions as are indicated below.

Signed this……………………………………………………………… day of……………………………………2019

Signature of shareholder: ………………………………………………

Affix revenue Stamp

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

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

DYNAMATIC TECHNOLOGIES LIMITED
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Email ID: investor.relations@dynamatics.net website: www.dynamatics.com

POSTAL BALLOT

AGM Notice of Dynamatic Technologies Limited dated 29th May 2019

I/We hereby exercise my/our vote(s) in respect of the Resolutions set out in the Notice of the **Forty Fourth Annual General Meeting (AGM) of the Company to be held on Friday, 9th August 2019,** by sending my/our assent or dissent to the said Resolutions by placing the tick (✓) mark at the appropriate box below:

Sl. No	Resolution	Vote		
		For	Against	Abstain
1	(a) The Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March 2019, together with the Reports of the Board of Directors and Auditor's thereon. (b) The Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March 2019, together with the Report of the Auditor's thereon.			
2	Confirmation of Interim Dividend of ₹ 2/- per equity share (20%) of face value ₹ 10/- each already paid, as the final dividend for the Financial Year ended 31st March 2019.			
3	Appointment of Mr. Dietmar Hahn (DIN:06414463) as Director liable to retire by rotation			
4	Appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No. 117366W/W-100018) ("Auditors") as Statutory Auditors of the Company to hold the office for the period of five consecutive years from the conclusion of the 44th Annual General Meeting until the conclusion of 49th Annual General Meeting to be held 2024.			
5	Appointment of Mr. Pradyumna Vyas (DIN:02359563) as Non-Executive Independent Director for a period of 5 years.			
6	Appointment of Mr. Pierre de Bausset (DIN:07178878) as Non-Executive Independent Director for a period of 5 years.			
7	Ratification of remuneration of Cost Auditors for the Financial Year ended 2019-20.			

Name of the Shareholder(s): ....

Folio No. .... **DP ID/ Client ID:**..

Number of shares held ....

Place :
Date : **Signature of the Member/s**

NOTE: Please carefully read the instructions given below and in the notes to the Notice dated 29th May 2019, before exercising your vote.

Instructions for filling Postal Ballot Form:

1. Insert your name, the number of shares held by you, your folio number / DP ID / Client ID at the space provided in the ballot form.
2. Ensure that you sign the Ballot Form.
3. Please insert the date of signing the Ballot Form.
4. Please use the enclosed self-addressed business reply envelope for posting the Ballot Form so as to reach the Scrutiniser on or before ***Thursday, 8th August 2019, at 5:00 p.m.***
5. Please enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If you do not want to cast your vote, please select 'ABSTAIN'.

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

UPDATION OF SHAREHOLDER INFORMATION

To,

Karvy Fintech Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli
Financial District, Nanakramguda, Hyderabad 500 032

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

GENERAL INFORMATION:

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

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

BANK DETAILS:

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

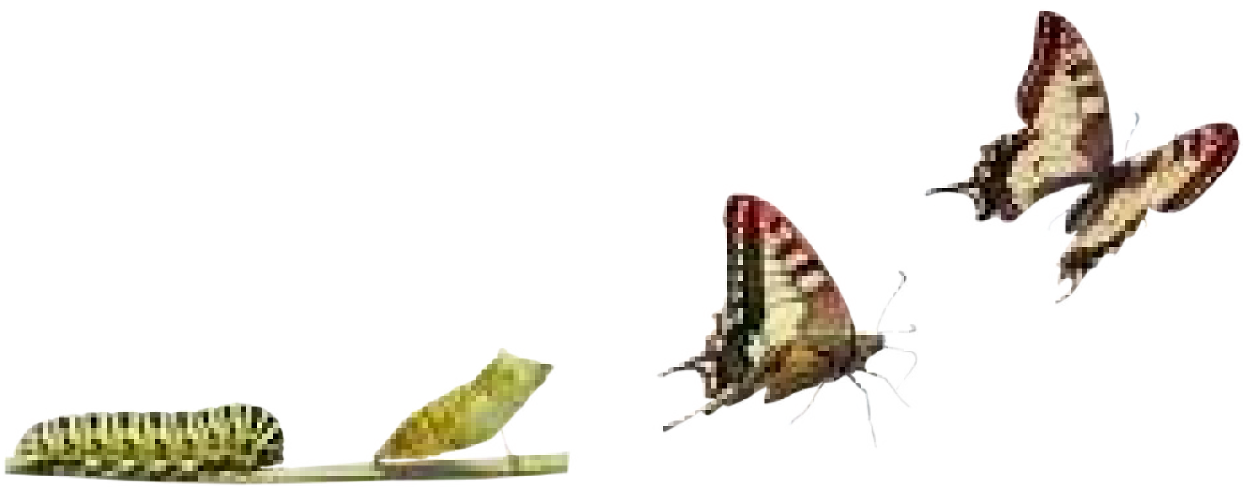
*** A blank cancelled cheque is enclosed to enable verification of bank details.**

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

Place :

Date : **Signature of the Member/s**

DYNAMATIC TECHNOLOGIES LIMITED



I WAS BORN TO FLY,

AND NOBODY KNEW* IT, TILL NOW

*OR BELIEVED

ANNUAL REPORT 2018-19

"In order for innovative ideas to bear fruit, companies need to be willing to wait for 5-7 years, and most companies don't take that time horizon."

- Jeff Bezos

Dear Fellow Shareholder,

On behalf of the Board of Directors of Dynamatic Technologies Limited and its subsidiaries, I take pleasure in presenting you with Audited Financial Statements for the year 2018-19.

During the year under review, your Company recorded Consolidated Net Revenue of ₹15,003 million with Consolidated EBIDTA of ₹1,752 million & Profit Before Tax of ₹537 million.

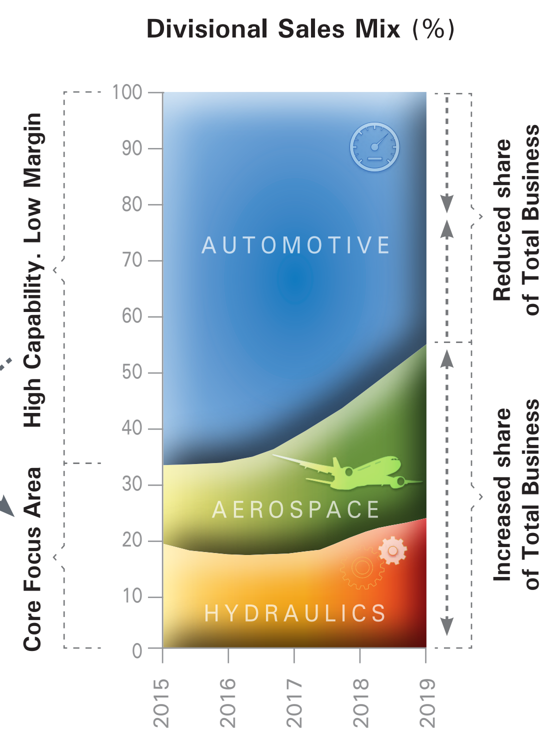
A decade ago, your company ventured outside India for the first time with the acquisition of manufacturing facilities in Swindon, UK. This was followed over the next few years with investments in Bristol, UK, and Schwarzenberg, Germany, and the establishment of a marketing and service office in Milwaukee, USA. In addition we have successfully established design and engineering capabilities which are spread out across the Organisation.

Till then, your company was a small domestic player producing high precision parts for tractors and passenger cars. We also had a modest presence in India's nascent private-sector aerospace industry.

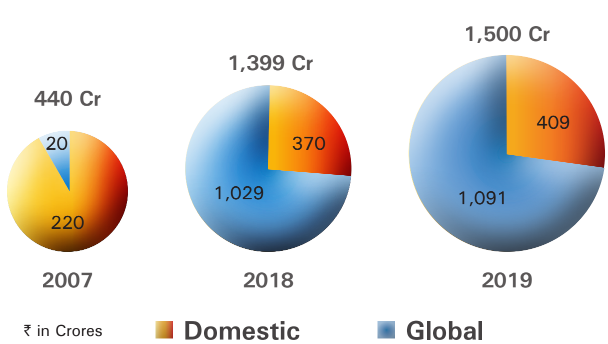
With shareholder consensus, we started to focus on transforming the company into a global supplier of highly engineered products for the world's most respected companies. A special thrust was reserved for growth into the Aerospace and Defence Sector.

The graph *(Graphic A)* shows the change in sales mix between the business segments of Automotive & Metallurgy, Aerospace & Defence and Hydraulics. To achieve this transformation, your company had to re-train employees, reconfigure existing manufacturing facilities and establish a global footprint.

Today our current year sales outside India account for 73% of total turnover, compared to 8% in 2007. *(Graphic B)*



(Graphic A)



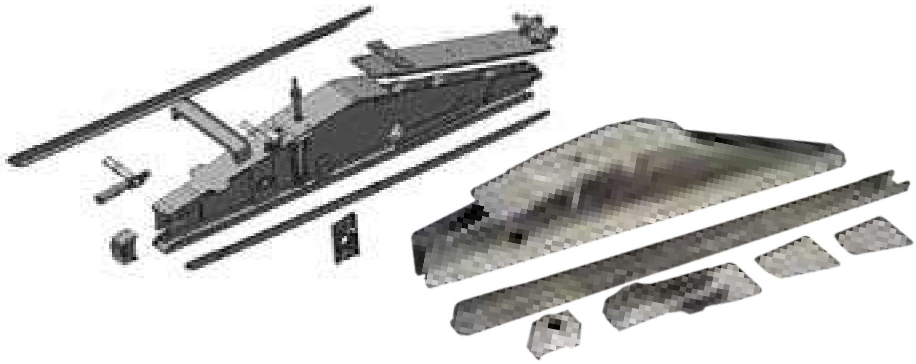
(Graphic B)

Opposite page pic: JKM Science Center


AIRBUS
A330 FLAP TRACK BEAMS
FINAL EQUIPPING

Your Company has been a supplier of critical parts to leading automotive companies from whom it has absorbed global best practices such as Lean, 6 Sigma, Kaizen and APQP methodology for the past three decades. These practices are slowly finding their way into the aerospace industry, and Dynamatic-Oldland Aerospace® with mature capabilities has been able to successfully deploy these into its new programs with Airbus, Boeing, Bell and HAL.

During the year under consideration your Company was recognised by its customers for excellence in new product development, industrialization, engineering and quality systems.



Dynamatic-Oldland Aerospace® worked closely with Airbus and Spirit AeroSystems in developing a Monolithic Evolution of the A320 Flap-Track-Beam, where the number of parts would go down from over 200 to under 20 per assembly.

This is a significant achievement, and positions Dynamatic as an elite supplier capable of engineering new iterations of flight-critical class-1 aerostructures for global OEMs. Moreover, it increases your Company's work-share per aircraft, as we will be machining 100% of these monolithic parts, in-house. Dynamatic is sole supplier worldwide for Airbus A318, A319, A320 and A321 Flap-Track-Beam Assemblies.

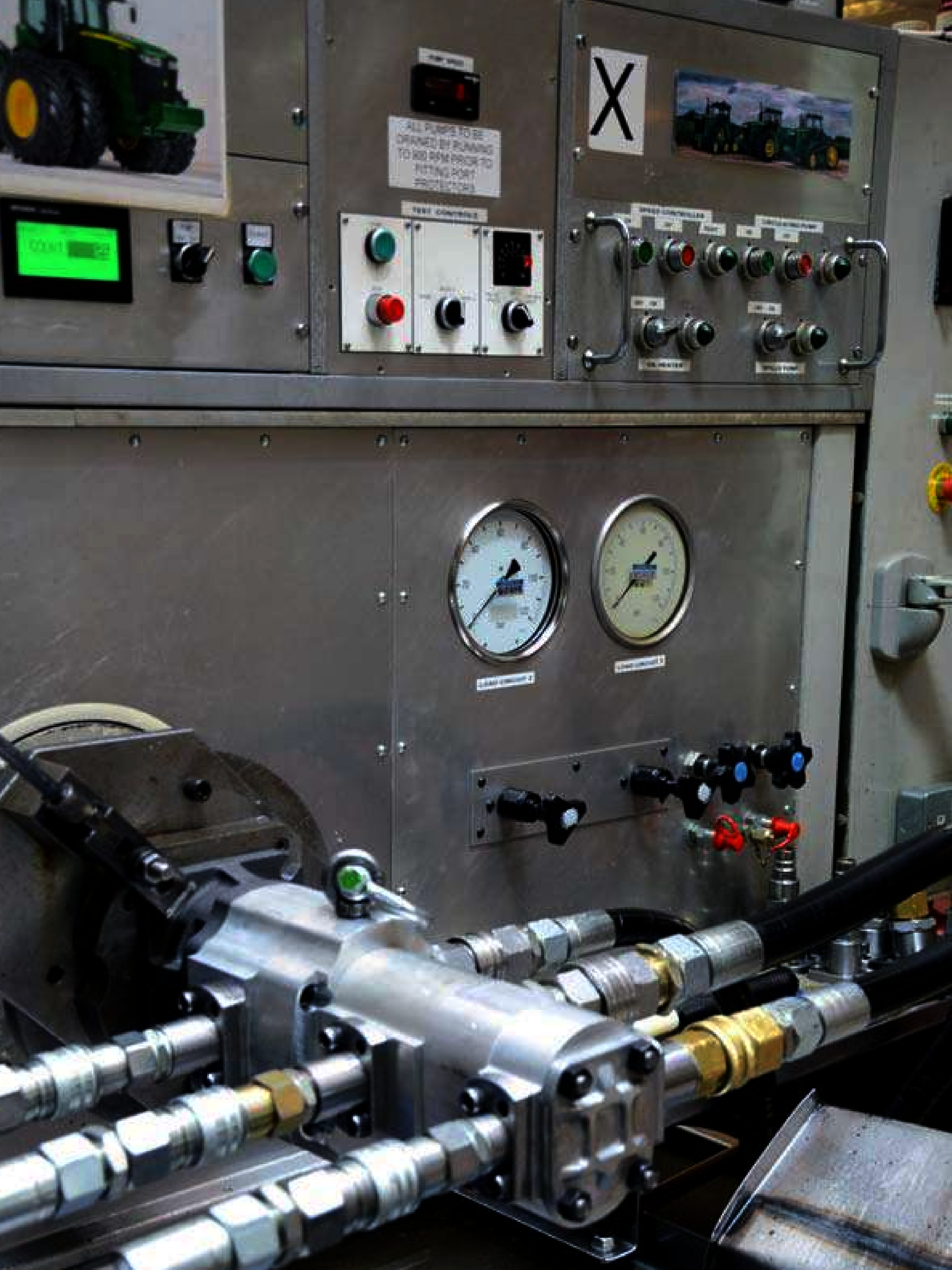
Your Company delivered the 100th Aircraft shipset of Airbus A330 Flap-Track-Beam Assemblies *(opposite page)* from it's new facility at Dynamatic Aerotropolis (adjacent to Bengaluru International Airport). We are now the sole supplier to Airbus on the A330 program as well, delivering products with Zero Concession, and at 6 Sigma Quality levels.

Your Company has also continued its successful manufacturing programs for Boeing Defense Systems, including the Main Pylon and Ramp for the CH-47 Chinook, and Power and Mission Cabinets for P-8 Poseidon as a global sole supplier. We recently signed a 5-year contract extension for the Chinook program.

Your Company remains a major partner in India's Defence Production. As we enter the sunset years of Sukhoi-30 MKI production, we start anew with a production ramp-up of the Main Fuselage for HAL's *TEJAS* Light Combat Aircraft (LCA)

Ms. Jenette Ramos, Senior Vice President, Supply Chain and Operations, Boeing launched DYNAMATIC MISSION ZERO™ along with Mr. Karl Jeppesen, Vice President, Supplier Management, Boeing Defense, Space & Security and Mr. Pratyush Kumar, President, Boeing India.

Inauguration of Tejas Main Fuselage Assembly by Dr. Ajay Kumar, Secretary (Defence Production), Government of India, in presence of Mr. R Madhavan, Chairman & Managing Director, HAL on 15th April 2019 at Dynamatic Park.


X

Eisenwerk Erla GmbH, Schwarzenberg, Germany

The global aerospace industry is facing an acute shortage of certified castings and forgings, a trend which will continue for at least a decade. Your Company owns one of the world's finest Automotive foundries, and currently produces complex castings for BMW, Audi, Daimler, Porsche and Maserati. Our customers have expressed enthusiasm at the prospect of developing aerospace-grade casting and forging capability in Germany, and with our experience in converting automotive facilities and retraining employees, we have started the process of changing Erla into an aerospace supplier.

Dynamatic Hydraulics™ is the world's leading producer of high pressure Hydraulic Gear Pumps for agricultural tractors with end-to-end manufacturing capability in India and the UK. We are working closely with customers to develop other hydraulic products such as valves, rock-shaft assemblies and power-steering pumps. By focussing on share-of-wallet, we have the opportunity to grow the hydraulic business many times over in the coming decade. India is just entering a super-cycle of growth in infrastructure, and the need for Cast Iron Hydraulic Pumps and Valves is very large. Our backward integration in iron casting gives us an edge over others, especially during the crucial phase of product development.

One out of four tractors Agricultural Tractors produced anywhere in the world are factory-fitted with Dynamatic Pumps

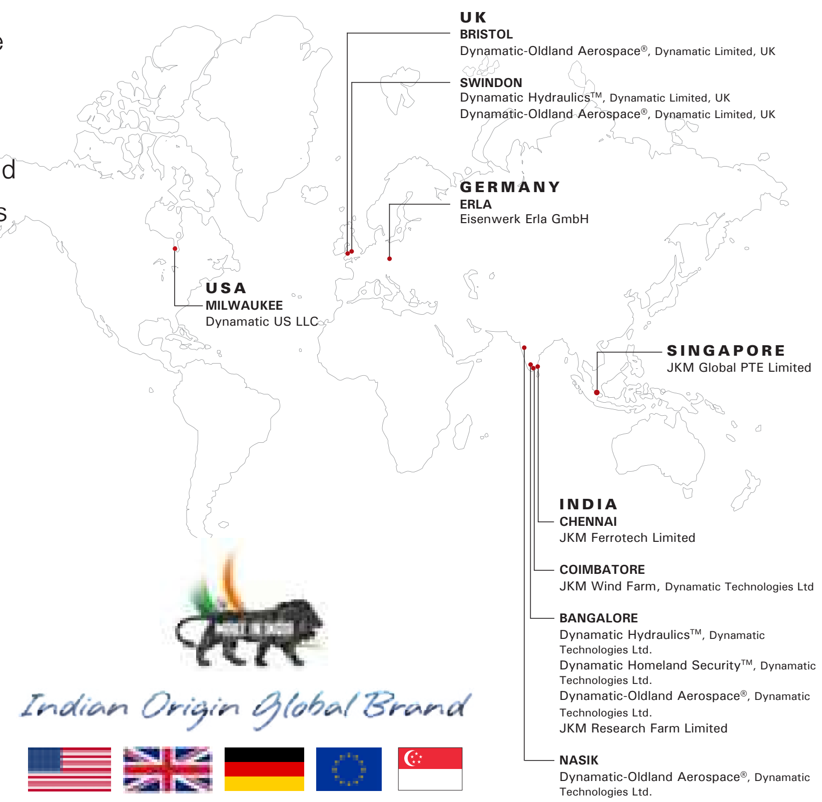
During the year under review your Company divested off it's loss-making JKM Automotive division in Chennai. In addition to reducing drag on profit margins, this event also reduced capital employed in the business.

The process of shrinking capital employed (and debt), along with a focus on higher value-added sales will continue. We have already announced monetisation plans for other assets. These are well under way, and will optimize shareholder value in the near future.

Transforming a complex global business is truly difficult and I thank you for your patience. The mix of sales by business segments, and by geography is now visible, and our customers are excited with the capabilities built up.

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



BELL 407 PROGRAM CASE STUDY

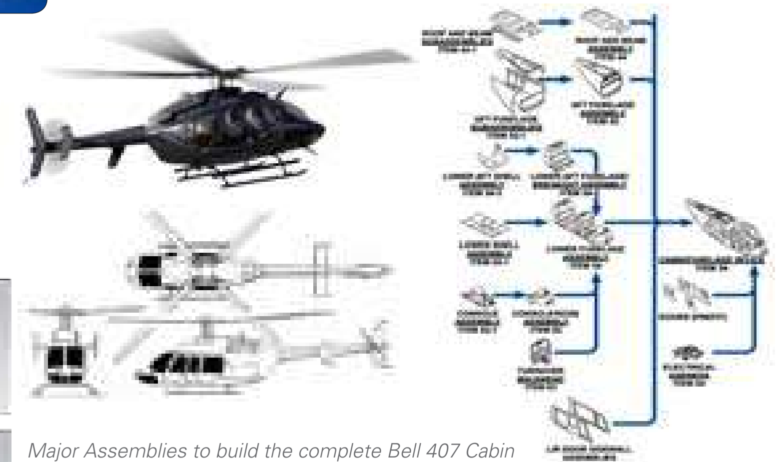
The Bell 407, is the world's largest selling helicopter. Dynamatic Technologies has been contracted as a single-source supplier of Major Airframe Assemblies for the Bell 407 Helicopter *(shown below)* for the 'life of program'.

Consolidation of Supply Chain

- 56 Incumbents replaced by 1
- 1600 part numbers to 5 Part Numbers
- Clean Engineering
- Cost Reduction
- Global Single Source

The industrialisation program at Dynamatic has involved digitisation of over 2000 detail parts, followed by development of tooling, processes and part manufacturing. These are supplied as 5 major fuselage assemblies, and over 100 ship sets have been delivered.

With successful digitization *(right pic)*, we are able to produce sheet metal parts to a better standard, and at a lower cost than incumbent suppliers in North America. Digitization also affords new opportunities to our customer to further evolve the BELL 407 airframe.



Major Assemblies to build the complete Bell 407 Cabin

2D to 3D

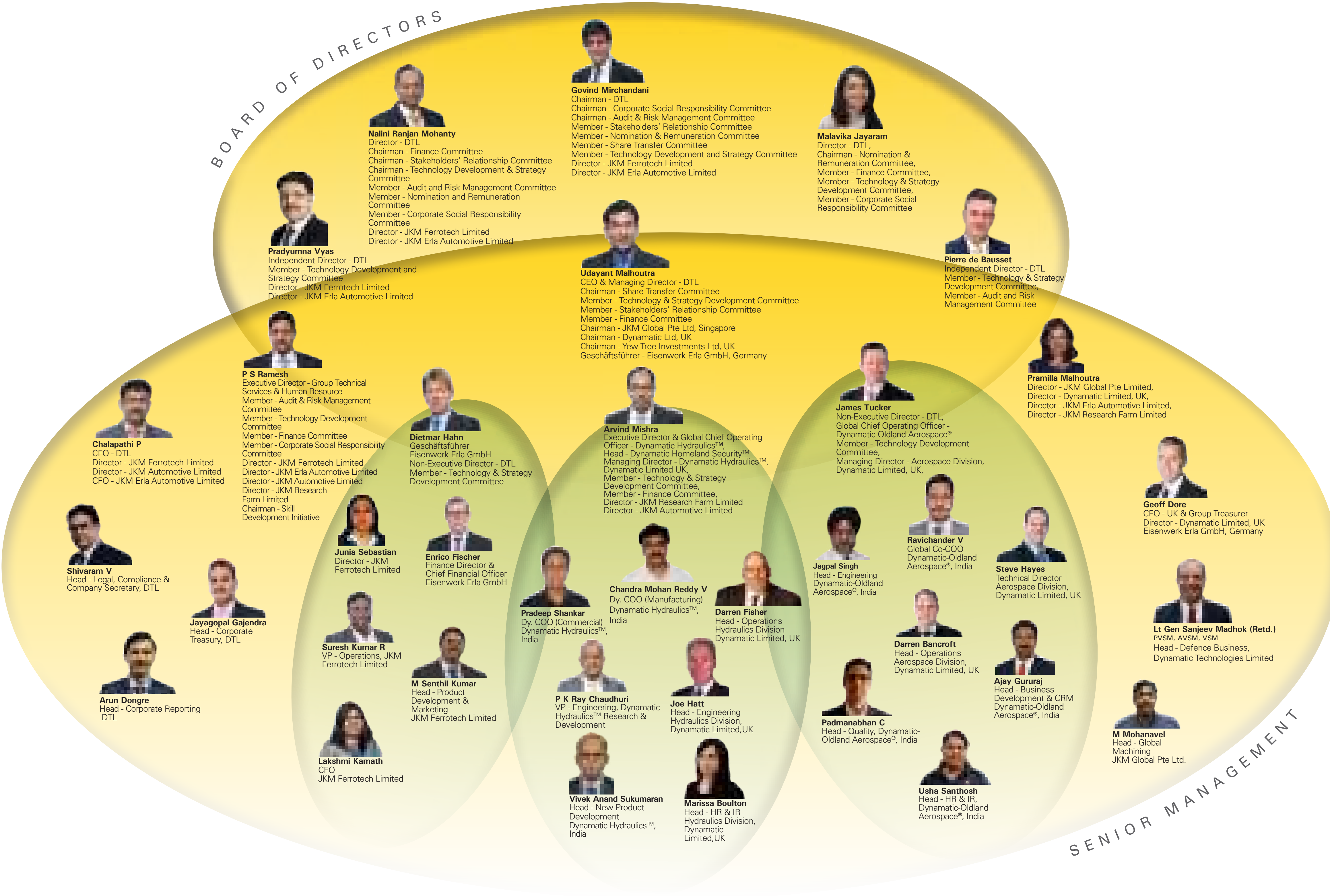
- Digital Assembly
- Removal of Legacy discrepancies
- New Baseline Configuration

Mission Complete - Teams from BELL Mexico, BELL Canada, BELL USA, Textron India and Dynamatic came together to celebrate the successful global work-transfer of major fuselage assemblies of the legendary Bell 407 helicopter, 24th April, 2019

Dr. Udayant Malhoutra, CEO & Managing Director, Dynamatic Technologies Limited showcasing complex aerostructures manufactured by Dynamatic to Hon'ble Raksha Mantri Smt. Nirmala Sitharaman, Ministry of Defence Government of India in the presence of Shri H. D. Kumaraswamy, Chief Minister of Karnataka and Dr. Subhash Bhamre, Raksha Rajya Mantri, Government of India in India Pavilion at Aero India, 20th Feb, 2019

US-INDIA Collaborative Aerospace Industrialisation

CORPORATE STRUCTURE



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

DIRECTORSHIPS AND AUDITOR DETAILS IN SUBSIDIARIES

DYNAMATIC LIMITED, UK

Chairman
Mr. Udayant Malhoutra

Director
Mr. Michael John Handley

Director
Mr. Geoff Dore

Director
Mrs. Pramilla Malhoutra

Managing Director, Dynamatic Hydraulics™, Dynamatic Limited, UK
Mr. Arvind Mishra

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

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

Auditors
KPMG LLP, UK
Chartered Accountants & Statutory Auditors

EISENWERK ERLA GmbH, GERMANY

Chairman
Mr. Udayant Malhoutra

Managing Director
Mr. Dietmar Hahn

Director
Mr. Geoff Dore

Finance Director
Mr. Enrico Fischer

Auditors
KMPG AG, Germany
Chartered Accountant & Statutory Auditors

JKM GLOBAL PTE LIMITED, SINGAPORE

Chairman
Mr. Udayant Malhoutra

Director
Mrs. Pramilla Malhoutra

Director
Mr. Chai Chung Hoong

Auditors
KMPG LLP, Singapore

JKM ERLA HOLDINGS GmbH, GERMANY

Chairman
Mr. Udayant Malhoutra

Director
Mr. Dietmar Hahn

Auditors
KMPG AG, Germany
Chartered Accountant & Statutory Auditors

YEW TREE INVESTMENTS LIMITED, UK

Chairman
Mr. Udayant Malhoutra

Director
Mr. James Tucker

Auditors
KPMG LLP, Bristol

JKM ERLA AUTOMOTIVE LIMITED

Director
Mr. Nalini Ranjan Mohanty

Director
Mr. Govind Mirchandani

Director
Mr. Pradyumna Vyas

Director
Mr. P S Ramesh

Director
Mrs. Pramilla Malhoutra

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
Mr. Pradyumna Vyas

Director
Mr. P S Ramesh

Director
Mr. Chalapathi P

Auditors
B S R & Co., LLP
Chartered Accountants,
Bangalore

JKM RESEARCH FARM LIMITED

Director
Mr. P S Ramesh

Director
Mr. Arvind Mishra

Director
Mrs. Pramilla Malhoutra

Auditors
M/s. Prasad & Kumar,
Chartered Accountants
Bangalore

JKM AUTOMOTIVE LIMITED

Director
Mr. Chalapathi P

Director
Mr. P S Ramesh

Director
Mr. Arvind Mishra

Auditors
Prasad & Kumar
Chartered Accountants
Bangalore

TABLE OF CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Govind Manik Mirchandani
Chairman of the Board and Independent Director

Mr. Nalini Ranjan Mohanty
Independent Director

Ms. Malavika Jayaram
Independent Director

Mr. Pradyumna Vyas
Independent Director

Mr. Pierre de Bausset
Independent Director

Mr. Dietmar Hahn
Non-Executive and Non-Independent Director

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

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

Mr. Arvind Mishra
Executive Director & Global COO - Hydraulics and Head - Homeland Security

Mr. Udayant Malhoutra
Chief Executive Officer & Managing Director

KEY MANAGERIAL PERSONNELS

Mr. Chalapathi P
Chief Financial Officer

Mr. Shivaram V
Head - Legal, Compliance & Company Secretary

AUDITORS

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

BANKERS

Axis Bank Limited
Bank of India
Commerz Bank
Deutsche Leasing
DMG MORI Finance
Export-Import Bank of India
ICICI Bank Limited
IndusInd Bank Limited
Kotak Mahindra Bank Limited
LBBW
Oldenburgische Landesbank
Siemens Financial Services Pvt. Ltd.
The Royal Bank of Scotland
TARGO Leasing

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 Fintech Private Limited
Karvy Selenium Tower B, Plot 31-32
Financial District, Nanakramguda,
Gachibowli, Hyderabad 00 032
Tel: +91 40 6716 2222
Fax: +91 40 2342 0814
Email: support@karvy.com
Website: www.karvyfintech.com

ORGANISATION STRUCTURE

DYNAMATIC TECHNOLOGIES LIMITED
INDIA

AUTOMOTIVE
(45% of FY2019 Revenues)

JKM Automotive™
Chennai, India

JKM Ferrotech Limited
Chennai, India

Eisenwerk Erla GmbH
Schwarzenberg, Germany

HYDRAULICS
(24% of FY2019 Revenues)

Dynamatic Hydraulics™
Bangalore, India

Dynamatic Hydraulics™
Swindon, UK

Dynamatic LLC, US
Milwaukee, USA

AEROSPACE & DEFENCE
(31% of FY2019 Revenues)

Dynamatic-Oldland Aerospace®
Bangalore, India

Dynamatic-Oldland Aerospace®
Bristol, UK

Dynamatic-Oldland Aerospace®
Swindon, UK

DIRECTORS' AND KMP PROFILE

Mr. Govind Manik Mirchandani

Chairman & 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 and Taylor (Executive Director & CEO), Brandhouse Retails Ltd (Director), Arvind Mills Ltd. (CEO & Director and President, Denim Division) and Personality Ltd. (President & CEO). Mr. Mirchandani was also responsible for launching Arvind Denim in India in 1987 and also several other International and Domestic brands in India for e.g. Arrow, Lee, Wrangler, Excalibur, Newport, Reid & Taylor, Belmonte, Stephens Brothers etc. He has specialized in the areas which include Business Leadership, Building High Performance Organisations, Brands and Retail Management. He had a very distinguished career and also has held senior positions in various other industries for over three decades.

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

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

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 Hindustan Aeronautics Limited (HAL) and the Indian Aerospace Industry. He was the past Chairman of HAL. During his tenure, HAL could establish 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.

Mr. Mohanty has been an Independent Director of Dynamatic Technologies since 2013.

Ms. Malavika Jayaram

Independent Director

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

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

Mr. Pradyumna Vyas

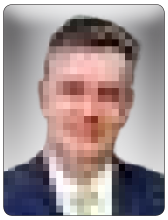
Independent Director

Mr. Pradyumna Vyas acquired a Masters in Industrial Design from the IIT, Bombay. He was also conferred with an Honorary Master of Arts degree from the University for the Creative Arts in Farnham, United Kingdom in recognition of his contributions to Design Education and Design Promotion.

Mr. Vyas has more than 36 years of professional and teaching experience in different spheres of Design. He was associated with National Institute of Design (NID) and worked as a faculty in the Industrial Design discipline from 1989 till 2019. Prior to joining NID, he worked with Kilkenny Design Centre, Republic of Ireland.

Mr. Vyas was appointed as Director in National Institute of Design in 2009 and served for 10 years. He was also appointed as Member Secretary for Design Council pursuant to National Design Policy by Ministry of Commerce & Industry, Government of India from 2009 up to 2019.

He received various prestigious awards for his contribution towards Industrial Design and some of them being 'Lifetime Achievement Award - Design, 2016' at the first 'India UX Design Awards and Times Education Icons 2017', for his immense contribution towards Design Education and Design Promotion.



Mr. Pierre de Bausset

Independent Director

Mr. Pierre de Bausset has over 34 years of broad international experience, in Europe, Asia and North America. His career in Corporate Finance covers Forex and Money Market, Asset Financing, Mergers and Acquisition and Investor Relations. As a governance expert, he has taken part in major Shareholder Transitions, Management Turnover, and Governance Enhancements on boards of Publicly Traded Companies, including in times of crisis; his experience spans Appointment & Induction of Key Talents, Stakeholder Advocacy, Mediation and Strategic Transactions Management.

He joined Airbus in 1989 and held various important management roles, including lately President and Managing Director of Airbus Group India. Prior to joining Airbus, he worked with Banque Indosuez, in Beijing and in Paris.

Besides, Pierre de Bausset has recently joined the Haut Comité du Gouvernement d'Entreprise, which oversees the compliance of French Publicly Traded Companies with the Country's Corporate Governance Code, as its General Secretary. He is also an investor with an interest in tech companies.

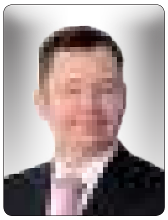
He holds an MBA from I.N.S.E.A.D. and a Licence & Diplome Supérieur (Chinese language) from the Institut National des Langues et Civilisations Orientales in Paris.

Mr. Dietmar Hahn

Non-Executive and Non-Independent Director

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

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



Mr. James Tucker

Non-Executive and Non-Independent Director

Mr. Tucker was formerly the Managing Director - Aerospace, Dynamatic Limited, UK. He has rich Technical and Operational experience in Aeronautical Manufacturing as well as excellent customer liaison skills, having managed Global Aerospace majors like Boeing, Airbus, GKN Aerospace, G.E Aerospace & Leonardo. He is currently the Global COO, Dynamatic-Oldland Aerospace®.

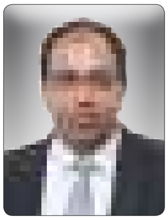
Mr. P S Ramesh

Executive Director – Group Technical Services and Human Resource

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

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

P S Ramesh holds the position of Chairman, Institute Management Committee, under a Public Private Partnership with the State Government of Karnataka. He leads skill initiatives at the Aerospace Skill Development Centre (ASDC).



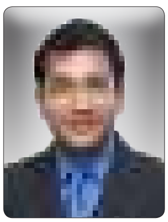
Mr. Arvind Mishra

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

Mr. Mishra has over 20 years of experience in Marketing, Business Development and Change Management. His key skills are Strategic and Tactical Planning, Competitive Sales Analysis, Budgeting and Forecast, He joined Dynamatic in the year 1995 and held various leadership roles.

Currently he is the Global Chief Operating Officer of Hydraulics Business and runs its Operations in India, UK and US. He also heads the Homeland Security Business for Dynamatic.

Arvind is Co-chair FICCI Homeland Security Committee for 2019-20 & is also a Member of the Governing Council of Fluid Power Society of India.



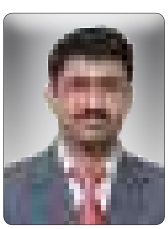
Mr. Udayant Malhoutra

Chief Executive Officer & Managing Director

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

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

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



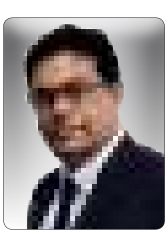
Mr. Chalapathi P

Chief Financial Officer

Mr. Chalapathi P is a qualified Chartered Accountant and a Post Graduate in Commerce. He has been working with Dynamatics since 2009 and has overall experience of 15 years in Finance & Accounts, Controlling, Taxation, Audits, Project costing, FEMA/RBI compliances, Banking Relations, Mergers & Acquisitions, Corporate Governance, Investor Relations and Financial Strategy and also has handled International Transfer Pricing transactions including Audits and Scrutiny.

Prior to joining Dynamatics, he was working with US based manufacturing MNC M/s Interplex Electronics India Pvt. Ltd, Bangalore.

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



Mr. Shivaram V

Head-Legal, Compliance and Company Secretary

Mr. Shivaram is a qualified Company Secretary and a Law Graduate and holds over 15 years of Experience in the Company Secretarial / Legal matters and has worked with various industries viz., Power, Pharmaceutical, Plantations & Manufacturing. He has expertise in handling FEMA Compliances, Corporate Governance, Mergers and Acquisitions, Equity Issues and Board Management.

Prior to joining the Company, Mr. Shivaram held Senior Position with Secretarial & Legal department of Tata Coffee Limited and before that he was the Company Secretary at Manipal Acunova Limited, one of the Manipal Group Companies.

COMPANY OVERVIEW

Incorporated in 1973, Dynamatic Technologies Limited ('DTL', '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 held leadership position in hydraulic gear pumps market for over 45 years. DTL has 74% 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.

KEY CUSTOMERS

M&M	TAFE
JD	VST
TMTL	HAL
AGCO	SAME DEUTZ
ESCORTS	FAHR HVF
CNH	CUMMINS
WIRTGEN	ACE
ATLAS	MTPF
COCPCO	DLW

HYDRAULICS

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

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 customized solutions for every single application ranging from Farm Mechanisation - Agricultural Tractors and Harvesters, Off-Highway Vehicles, Construction Equipment, Metal Cutting & Metal Forming, Material Handling and Mining Equipment. It has over 74% market share for pumps on Agri Tractors produced in India and 34% share of agri-tractors produced globally.

It also manufactures very high flow scavenging and lube oil pumps 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.

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 including steering control valve.

Dynamatic Hydraulics™ Team, India

UK

Dynamatic Hydraulics™ facility in Swindon, UK, has over six decades of experience in the design and manufacture of gear pumps, gear motors and piston pumps. It supplies products to agricultural, construction and on-highway vehicle manufacturers. The facility houses state-of-the-art product testing and validation laboratories.

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 & AFTER MARKET CUSTOMERS

TERMHOPE

WHITE HOUSE PRODUCTS

GILLIG

BERENDSEN

AUTOMOTIVE & METALLURGY

Dynamatic Technologies produces high quality ferrous automotive components for highway, off-highway and technology oriented applications for leading global automotive OEMs. The Company possesses modern 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 JKM Ferrotech Limited (JFTL) facility in Chennai has expertise in producing exhaust system components and safety critical Brake parts on single source basis and is certified to the best in class industry quality and safety standards specific to the automotive industry. It's expertise in producing complex parts and exotic metallurgy like High Si-Mo and Si-Mo-Ni and GJV makes it a strong development partner for prototypes in ferrous alloy castings

JFTL caters to the needs of the Indian and global passenger car and commercial vehicle market and is currently working towards enhancing domestic share of business and the global footprint through collaborations with international automotive OEMs.

Product portfolio include components for Engine, Transmission, Brake Systems, Turbocharger, Chassis and Steering such as Exhaust Manifold, Flywheel, Brake Caliper/Carrier, Brake Slack Adjuster, Centre Housing , Turbine Housing, Turbine Housing with integrated manifold and Brackets, Knuckle, Integrated turbine manifold and Steering Knuckle.

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.

KEY CUSTOMERS

VOLKSWAGEN, GERMANY

BMW, AUSTRIA

MAN, GERMANY

HYUNDAI MOTORS, INDIA

DAIMLER, INDIA

CHASSIS BRAKES INTERNATIONAL

HALDEX, INDIA

TURBO ENERGY

TVS SUNDARAM FASTERNERS

ISUZU MOTORS, INDIA

MYUNGHWA, INDIA

On 31st December 2018, Dynamatic Technologies executed a business transfer agreement with Hi-Tech Arai Private Limited, a joint venture between Japan based Arai Seisakusho and Mitsubishi Corporation for the divestment of the aluminium business of the Automotive Division with effect from 17th January 2019. However, certain assets and liabilities pertaining to this sale which were earlier disclosed as 'discontinued operation' have been retained by the Company owing to a change in strategy and have been reclassified as "others" for the Automotive Division.

AEROSPACE & DEFENCE

Dynamatic-Oldland Aerospace® continues to be a leading player in the Indian private sector for the manufacture of high precision airframe structures. The company has large infrastructure to cater to the needs of OEMs like Airbus, Boeing, Bell Helicopters and Hindustan Aeronautics Limited as a Tier-I supplier and also growing the Business share with major Tier 1's like Spirit AeroSystems and GKN.

The state-of-the-art manufacturing facilities in India and UK are completely integrated with highly skilled workforce in India and advanced Robotic Manufacturing in UK. Both the Companies are working on continuous improvement culture for sustainable growth and increased value to the customers and shareholders.

AIRBUS

Dynamatic-Oldland Aerospace® as single source manufacturer with deliveries close to 4500 Aircraft sets. The company is working with customer for re-design of beams for the A320 Family. We are spear heading a cost reduction project which will enable in increasing the workshare within the business and also extending the contract for the long term. Flap track beam for A330 Family is fully industrialized at the new Aerospace campus. The company completed deliveries of 100 Aircraft sets and have achieved a 6 sigma production with Zero Concession. The program with the new A330 NEO is seeing additional volumes which is increasing the project backlog. We are delivering close to 800 aircraft sets of Flap Track Beams across A320 and A330 family.

BOEING

Dynamatic-Oldland Aerospace® as a Single Source supplier has Delivered for 100 Aircraft sets of Mission and Power Cabinets for Boeing's P8 Maritime Reconnaissance Aircraft. This is a major milestone for the company. The program has been extended and we have visibility up to 2021. Boeing Chinook Program has been seeing steady deliveries of Aft Pylon and Cargo Ramp with deliveries touching 75 sets. Our continued Quality and Delivery performance has led to signing of extension of contract for 5 years.

"Make in India' is at the heart of our business strategy. Our partnership with Dynamatics exemplifies our commitment towards setting up an aerospace ecosystem in India. We congratulate Dynamatics for their high quality work. With partnerships like these Airbus' annual sourcing from India has exceeded US$550million from more than 45 suppliers."

- Anand E Stanley,

President & Managing Director, Airbus India & South Asia

Dynamatic-Oldland Aerpospace® Team, India

BELL

Dynamatic-Oldland Aerospace® as a single-source supplier of major airframe assemblies for the Bell 407 Helicopter has seen continued growth in the business. The volumes of the helicopter is continuously increasing with the current order book for the upcoming year is over 80 aircraft cabins. The project has been fully industrialized at the new Dynamatic Aerotropolis, Devanahalli facility.

HAL

Dynamatic-Oldland Aerospace® is awarded the contract for development of front fuselage assembly for Light Combat Aircraft - TEJAS, LCA Division, Hindustan Aeronautics Limited. All the major assembly jigs required for the assemblies are completed and the first assembly build is in progress is expected to complete by end of the year.

The Company also manufactures major flight control surface assemblies for SUKHOI-30 MKI for HAL's Nasik Division, and has delivered over 115 aircraft sets with a long-standing successful public private partnership with Hindustan Aeronautics Limited.

Dynamatic Technologies received the **Special Commendation from the Institute of Directors for the Golden Peacock National Training Award 2019** held in Dubai on 6th March 2019.

KEY CUSTOMERS

AIRBUS
LEONARDO AEROSPACE
BELL HELICOPTER
BOEING
GKN AEROSPACE
HAL
LOCKHEED MARTIN
SPIRIT AEROSYSTEMS

DEFENCE

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

Dynamatic Homeland Security™ designs and builds Unmanned Aerial, Unmanned & Manned Ground ISR (Intelligence Surveillance & Reconnaissance) platforms for military and para-military. The HLS vertical of Dynamatic, also offers comprehensive integrated border management solutions CIBMS, which is a more robust and integrated system capable of addressing the gaps in the present system of border security by seamlessly integrating human resources, weapons, and high-tech surveillance equipment. A composite, colated picture would help senior commanders analyse and classify the threat and mobilise resources accordingly to assist the field security personnel in their response. CIBMS holds the potential to eventually replace manual surveillance/patrolling of the international borders by electronic surveillance and organising the BSF personnel into quick reaction teams to enhance their detection and interception capabilities.

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

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

PATANG™ QUADCOPTOR

Dynamatic Patang™ is an indigenously developed, light-weight, easily deployable vertical take-off and landing unmanned aerial vehicle (UAV), capable of being launched from an area of 25 sq. metre 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 and minimal training needs makes Patang™ an ideal platform for the para military for ISR activities and for disaster management.

PATANG™ - Long Endurance Unmanned Aerial Vehicle

Mobile Command & Control Vehicles (MCCV) & Mobile Surveillance Vehicles (MSV)

Mobile Command and Control Vehicles from Dynamatic, 'PRAHARI' are operational with the Gujarat Police as an essential ingredient of Safe City Project. These MCCVs are capable of both Line of Sight and Non Line of Sight missions. which makes them very unique.

Dynamatic Homeland Security™, designs and builds mobile surveillance vehicles, Rakshak, for long range Day/Night ISR capabilities suitable for Border Security forces. These are for Line of Sight missions and have very high end intelligent algorithms integrated within for video analysis.

UNMANNED AERIAL VEHICLES

Dynamatic Technologies has partnered with Israel Aerospace Industries (IAI) for the 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 has delivered, supplied and supported advanced systems for the Israeli Ministry of Defense as well as many demanding customers worldwide. IAI has been a reliable partner of the Indian MoD for over two decades with critical products and technologies.

HERON MALE UAV *(photo credits: IAI)*

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.

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.

HERON MALE UAV

The HERON's 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 with Carmor to manufacture Armoured Vehicles and other Military Vehicles under the MAKE IN INDIA initiative.

Carmor Integrated Vehicle Solutions 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.

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.

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

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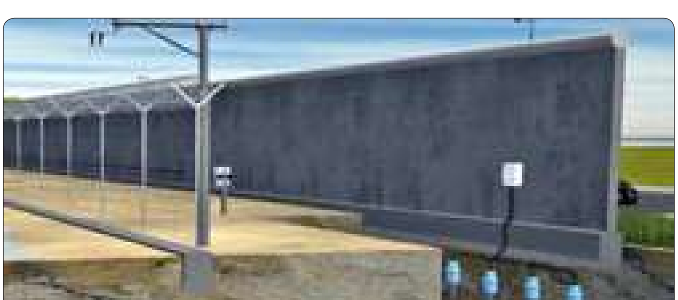


TunnelGuard uses sensor based technologies to prevent intrusion through tunnelling.

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 capability in securing India's otherwise difficult to man porus borders with varied terrains.

ENGINEERING & DESIGN

Dynamatic Technologies is a knowledge based organization and research & development continues to be at the heart of the Company's growth strategy. Dynamatic 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 hydraulic components and systems. R&D personnel also work to improve current products and production processes to align them with the rapidly changing industry environment. The Company believes that its commitment to R&D will allow it to continue to be a leading technology provider and preferred partner to the global OEMs.

The Company employs around 65 scientists and 615 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 Dynamatic Technologies Research & Development Center as well as a sophisticated Material Sciences Laboratory, which is engaged in:

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

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

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

JKM Science Center aims at imparting competitive advantages to its clients through shorter development cycle time and time-to-market. It strategically blends mechanical engineering expertise with an in-depth software application knowledge to impart world-class engineering services to companies across the globe, thus offering optimal, high quality and cost-effective design solutions.

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

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

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

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

Concession Reduction in A330 Flap Track Beams:

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

Design & Development of Chinook Ramp Jig Hinges:

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

Design & Development of A320 Flap Track Beam:

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

Development of Front Fuselage Jigs for LCA Aircraft:

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

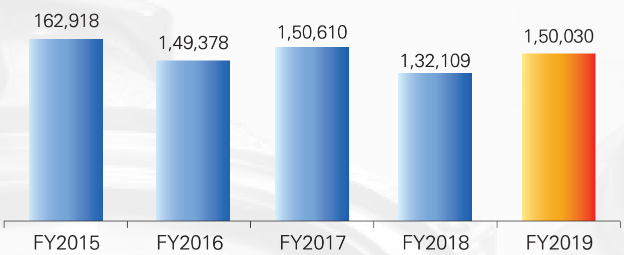
Design & Development of Bell 407 Fuselage Assembly Parts:

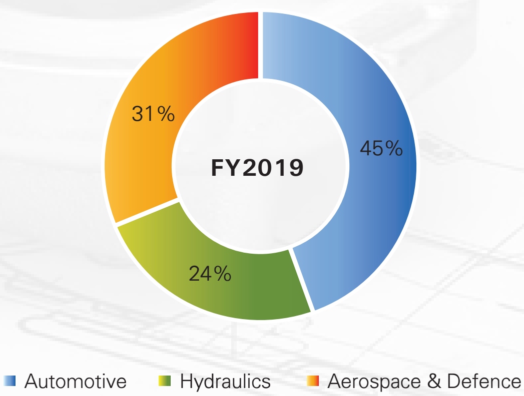
DOA has been supplying Bell 407 fuselage sub-assemblies as one of the legacy programs over several years. DOA team has been instrumental in the design and development of soft tooling, assembly jigs/fixtures and improvising assembly process. DOA team is also being engaged in development of FRP composite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

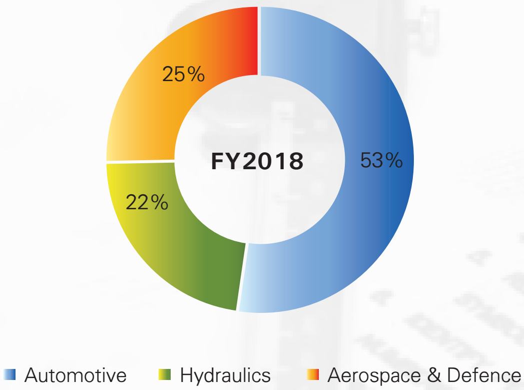
CONSOLIDATED FINANCIAL HIGHLIGHTS

REVENUE BREAK UP

(₹ in Lacs)

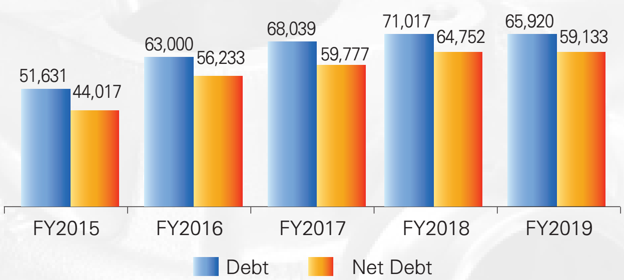


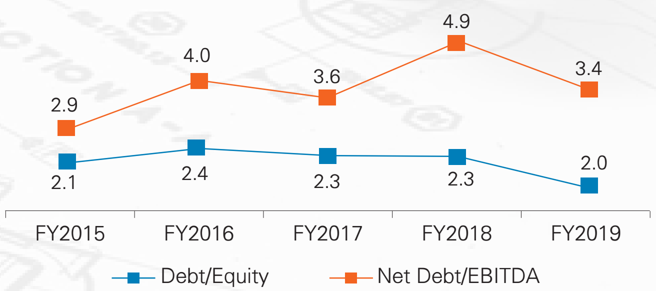


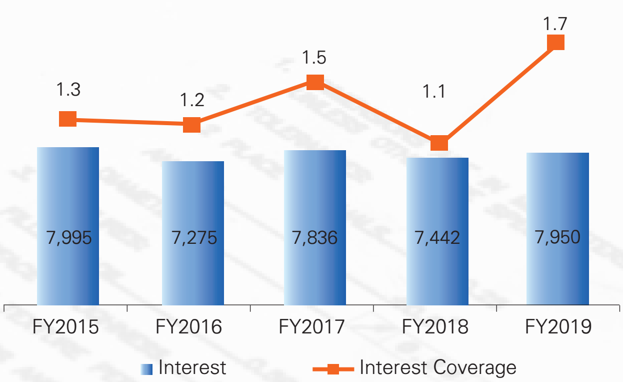


DEBT & LEVERAGE RATIOS

(₹ in Lacs)







DIRECTORS' REPORT TO SHAREHOLDERS

DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors are pleased to present their 44th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2019.

FINANCIAL RESULTS

The Financial Results of the Company for the year ended 31st March 2019, were as follows: (₹ in lakhs)

Particulars	Consolidated		Standalone	
	Year Ended 31 March 2019	Year Ended 31 March 2018	Year Ended 31 March 2019	Year Ended 31 March 2018
Continuing Operations:				
Gross Revenue	**150,030**	**132,779**	**59,215**	**48,832**
Less: Excise duty	-	670	-	440
Net Revenue	**150,030**	**132,109**	**59,215**	**48,392**
Less: Cost of material and increase/decrease in stock	76,741	67,241	27,806	22,157
Less: Employee benefit expenses	25,388	23,839	7,247	7,179
Less: Other Expenses	30,377	27,049	10,821	9,206
EBITDA	**17,524**	**13,980**	**13,341**	**9,850**
EBITDA Margin	11.7%	10.6%	22.5%	20.4%
Add: Other Income	724	578	892	647
Less: Finance Charges	7,950	7,442	6,832	6,328
Less: Depreciation and Amortisation Expense	4,925	4,733	1,865	1,964
Profit from Continuing Operations before Tax	**5,373**	**2,383**	**5,536**	**2,205**
Profit before tax margin	3.6%	1.8%	9.3%	4.6%
Less: Tax expense	2,257	1,179	1,937	694
Profit after Tax from Continuing Operations	**3,116**	**1,204**	**3,599**	**1,511**
Profit after Tax margin	2.1%	0.9%	6.1%	3.1%
Discontinued Operations:				
Add: Loss from Discontinued Operations	(369)	(1,132)	(369)	(1,132)
Add: Other Comprehensive Income/(Losses)	(706)	2,226	15	(142)
Profit for the year	**2,041**	**2,298**	**3,245**	**237**
Profit available for appropriation	**2,041**	**2,298**	**3,245**	**237**
Balance carried to Balance Sheet	**2,041**	**2,298**	**3,245**	**237**

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

COMPANY PERFORMANCE

FY2019 was a year of macroeconomic volatility along with geopolitical uncertainty globally. The Indian economy also grew at a slower pace than earlier predicted. Despite the sluggish conditions across industries, Dynamatic Technologies delivered robust performance in FY2019, building on the momentum created since the start of the year. Consolidated net sales for FY2019 increased by 13.6% to ₹150,030 lakhs as compared to ₹132,109 lakhs in FY2018.

Consolidated EBITDA for FY2019 increased by 25.4% to ₹17,524 lakhs as compared to ₹13,980 lakhs during the same period last year driven by facilities ramp up and resource optimization. EBITDA margin for the year under review was 11.7% compared to 10.6% in FY2018.

SEGMENT PERFORMANCE

The Aerospace & Defence segment recorded a robust revenue growth of 31.6% to reach ₹ 46,885 lakhs compared to ₹ 35,636 lakhs in FY2018. Continuing order book execution and delivery led to substantial revenue growth in FY2019. Further, ramp up of orders for Bell Helicopters contributed significantly to the increased revenues. Segment EBITDA for the year was ₹ 11,684 lakhs compared with ₹ 8,144 lakhs in FY2018.

During the year, the Aerospace & Defence segment continued its focus on product innovation and advanced technology platform.

During the year, Dynamatic Technologies as a single source supplier with Bell Helicopter has seen a significant increase in volume for the Bell 407. This growth trend is expected to continue in FY2020 as well. The customer has expressed this complex transfer as one of the most successful transitions they have done seamlessly executed and have rated Dynamatic as their strategic partner.

The Company has also signed a long term contract up to 2023 with Boeing Defense for the supply of Aft Pylon and Cargo Ramp for Chinook CH-47. This contract is an extension of the existing program where Dynamatic is supplying to global requirements as single source outside of Boeing. Additional orders on the Boeing P8 for Power & Mission cabinets for the India P8-I Options will also drive volumes for the coming year.

Further, conversion of the Aerospace Division into an Export-Oriented Unit (EOU) is expected to contribute to the overall efficiency of this division. The Company anticipates lower working capital requirements due to exemption from GST. This will also result in lower administrative requirement and faster processing for imports.

Hydraulics segment continued its strong performance during Q4 and FY2019 mainly on account of better order off takes. Revenues for this segment increased by 15.1% to ₹ 36,310 lakhs compared to ₹ 31,549 lakhs in the same period last year. EBITDA for FY2019 was ₹ 4,155, an increase of 12.1% from ₹3,706 last year. Sales growth during the year was attributable to both Agri Sector (farm-mechanisation – tractors & combine harvester) and construction industry continuing to grow (off highway vehicles) at a strong rate globally. An improved agri-market in the United States resulted in an increase in the tractor production and demand from our major OEMs. The year also saw an increase in demand for after sales market, in particular for Gold Value pumps in European market. Margins remained relatively stable on account of product mix changes in India. We expect to see similar results from our UK operations in the coming year.

With a focus on margin expansion, low margin products rationalization continued for the Automotive and Metallurgy business during FY2019. Revenue for this segment was ₹66,833 lakhs, representing an increase of 1.9% compared to same period last year. Segment EBITDA was ₹ 2,509 lakhs compared to ₹ 2,567 lakhs in FY2018. New order ramp up that started during the year will derive benefit from FY2020.

STATE OF THE COMPANY'S AFFAIRS

Over the years, Dynamatic Technologies has created its own brand image and has found its niche presence in the industry. The Company had started with Hydraulics as legacy business and has since then moved onto Aerospace, Foundry and Automotive businesses. Dynamatic Technologies supplies products to the world's renowned Original Equipment Manufacturers (OEM's) such as Airbus, Boeing, Bell, Textron, Hyundai, Daimler, BMW, Honeywell, Getrag Ford, John Deere, and Mahindra & Mahindra.

The Company is focused on expanding the size of business with existing customers and also expanding its customer base with addition of new customers. The business outlook for the year ahead is expected to be favourable with growth of Indian economy. The Company expects to achieve sustainable and profitable growth in the coming years.

DIVIDEND

Pursuant to the approval of the Board of Directors on 10th August 2018, the Company paid an Interim Dividend of ₹ 2/- per equity share of face value of ₹ 10/- each, to shareholders who were on the register of members as on 24th August 2018, being the record date fixed for this purpose. However, the Board did not recommend any Final Dividend as the Company needs to conserve cash for future growth. Therefore, total Dividend for the year ended 31st March 2019 will be ₹ 2/- per equity share of face value of ₹ 10/- each.

SHARE CAPITAL

As of 31st March 2019, the Company had an authorized share capital of ₹ 2,500 lakhs, divided into 2,00,00,000 equity shares of ₹10/- each and ₹ 500 lakhs 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 2019, the Company had issued, subscribed and paid-up equity share capital of ₹ 634.14 lakhs divided into 63,41,443 equity shares of ₹ 10/- each.

CAPITAL EXPENDITURE

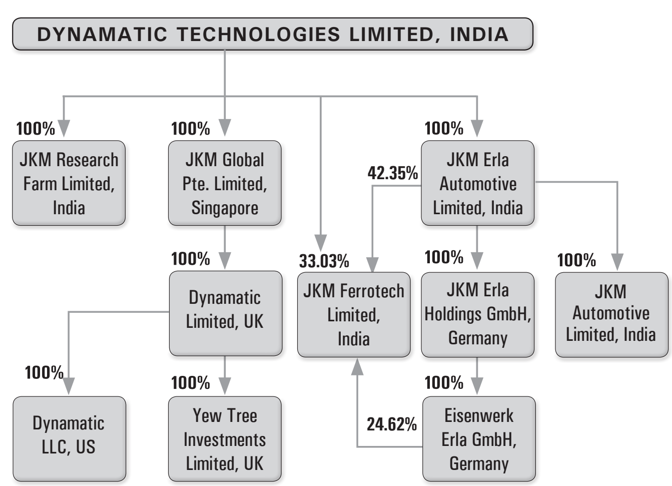
During the year under review, the Company incurred capital expenditure of ₹ 2,371 lakhs for physical infrastructure and ₹ 246 lakhs for procurement of intangible assets. Significant investments have been made in building infrastructure, state-of-the-art machinery, design software, data security, information systems, and design and development activities, for the future benefits of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

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

SUBSIDIARIES

The Company has ten subsidiaries. The structure of Dynamatic Technologies Limited and its subsidiaries as on 31st March 2019, 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 and is a non-operating company.

JKM Ferrotech Limited, India (JFTL) is engaged in 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. The expertise in producing intricately shaped castings as well as the skill in handling ferrous alloys, particularly High Si-Mo and Ni-Resis makes JFTL a strong development partner for prototypes in ferrous alloy castings.

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

OVERSEAS WHOLLY OWNED SUBSIDIARIES

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

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

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

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

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

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

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

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

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

REPORT ON SUBSIDIARY COMPANIES

The Company has one or more subsidiaries, and the Company in addition to its own Financial Statements, prepares Consolidated Financial Statements incorporating therein the Financial Statements of all of its subsidiaries in the same form and manner as that of its own, which shall be laid before the Shareholders at the Annual General Meeting of the Company.

PERFORMANCE OF SUBSIDIARIES

Pursuant to the provisions of section 129(3) of the Companies Act, 2013 ('the Act'), a statement containing salient features of Financial Statements of subsidiaries in Form AOC-1 is annexed as **Annexure – 1**. The Company does not have any Associate or Joint Venture companies. The Company has adopted a policy for determining the criteria of material subsidiaries which can be viewed on the Company's website at **www.dynamatics.com.**

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:

a. In the preparation of accounts for the financial year ended 31st March 2019, the applicable Accounting Standards have been followed with proper explanation relating to material departures if any.

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

c. We 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. We have prepared the accounts for the financial year ended 31st March 2019, on a 'going concern' basis.

e. We 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. We have devised proper systems to ensure compliance with the provisions of all applicable laws and the systems are adequate and operating effectively.

g. Transfer of amounts to Investor Education and Protection Fund

Pursuant to the provisions of the Companies Act, 2013 (as amended from time to time), dividends and shares which remained unclaimed for a period of seven years, have been transferred by the Company to the Investor Education and Protection Fund.

DISCLOSURE ON COMPLIANCE WITH SECRETARIAL STANDARDS

Your Directors confirm that the Secretarial Standards issued by the Institute of Company Secretaries of India, have been complied with.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Inductions, Re-appointments, Retirements & Resignations

Based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors at its meeting held on 11th February 2019, appointed Mr. Pierre de Bausset (DIN: 07178878) and Mr. Pradyumna Vyas (DIN: 02359563) as Additional Directors (Non-Executive and Independent) with effect from the said date. Pursuant to the provisions of Section 161 of the Act, Mr. Pierre de Bausset and Mr. Pradyumna Vyas will hold office till the date of the ensuing Annual General Meeting and are eligible for reappointment. A resolution in this behalf is set out at Item No.5 and 6 of the Notice of Annual General Meeting, for members' approval.

Mr. Sirish Saraf (DIN:001918219) vacated the office of Directorship under section 167 read with 164(2)(a) of Companies Act, 2013.

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

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

Mr. Naveen Chandra, who earlier held the position of Head-Legal, Compliance and Company Secretary, resigned from the services of the Company, effective 15th November 2018. Consequent to his resignation, the Board appointed Mr. Shivaram V, as the Head - Legal, Compliance and Company Secretary, Key Managerial Personnel (KMP) and Compliance Officer of the Company, effective 25th March 2019.

In terms of Section 203 of the Act, the following are the KMP of the Company:

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

Declaration by Independent Directors

All the Independent Directors of the Company have provided their declarations to the Company under Section 149(7) of the Act that they meet the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'). In the opinion of the Board, they fulfil the conditions of independence as specified in the Act and the Listing Regulations and are independent of the management.

BOARD MEETINGS

The Company prepares a Board and Board Committee meetings calendar annually and circulates the same to all the directors in advance for their concurrence. During FY2019, seven 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 FY2019 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: 1) Audit and Risk Management Committee, 2) Nomination and Remuneration Committee, 3) Stakeholders' Relationship Committee, 4) Technology & Strategy Development Committee, 5) Finance Committee, 6) Corporate Social Responsibility Committee and 7) Independent Directors' Committee.

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

REMUNERATION POLICY

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

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

DIVERSITY IN THE BOARD

The Company recognizes and embraces the importance of a diverse board in its independence, integrity and success. It believes 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 create the perfect balance to foster innovation and help us retain our competitive advantage. The Board has adopted the policy on appointment, continuation and cessation of Directors which sets out the approach to diversity in the composition of the Board. The Company has an optimum mix of executive and non-executive, independent directors and woman director.

FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

An appropriate induction for new directors and ongoing training for all directors ensure high corporate governance in the Company. Dynamatic Technologies conducts an induction programme for every new independent director to provide them an opportunity to build an understanding about the Company, its businesses and the markets and regulatory environment in which it operates. The programme also aims to familiarize the independent directors with the 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 to enhance their understanding as mentioned above. 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.

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

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

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

a. **Qualifications** – The Board nomination process encourages diversity of thought, experience, knowledge, age and gender. It also ensures that the Board has an appropriate blend of functional and industry expertise.

b. **Positive Attributes** - Apart from the duties of Directors as prescribed in the Companies Act, 2013, the Directors are expected to demonstrate high standards of ethical behaviour, communication skills and independent judgment. The Directors are also expected to abide by the respective Code of Conduct as applicable to them.

c. **Independence** - A Director will be considered independent if he / she meets the criteria laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

In accordance with the Companies Act, 2013 and the Listing Regulations, Dynamatic Technologies has framed a policy for the formal annual evaluation of the performance of the Board, Committees and Individual Directors. The Company has in place a comprehensive and structured questionnaire for evaluation of the Board and its Committees, Board composition and its structure, effectiveness, functioning and information availability. This questionnaire also covers specific criteria and the grounds on which all Directors in their individual capacity are evaluated. The key criteria for performance evaluation of the Board and its Committees include aspects like structure and composition, effectiveness of processes and meetings and other measures. The criteria for performance evaluation of the individual Directors include aspects like professional conduct, competency, contribution to the Board and Committee meetings and other measures.

The performance evaluation of the Independent Directors was done by the entire Board excluding the director being evaluated. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

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 and disclosures.

Dynamatic Technologies (DTL) has a well-placed, proper and adequate Internal Financial Control system which ensures that all assets are safeguarded and protected and that the transactions are authorized, recorded and reported correctly. DTL's Internal Financial Control system also comprises due compliances with the Company's policies, standard and operating procedures. 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, such controls were tested and no reportable material weaknesses in the design or operation were observed.

REPORTING OF FRAUDS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of the Act and the rules made thereunder.

QUALIFICATIONS IN AUDIT REPORTS

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

a. by the Statutory Auditor in his report: There are no qualifications, reservations or adverse remarks reported by M/s. B S R & Co., LLP, statutory auditors in their report for the year under review.

b. by the Company Secretary in Practice in his Secretarial Audit Report; Mr. R. Vijayakumar, Company Secretary in practice, has made no qualifications or reservations or adverse remark in the secretarial audit report. The observations of the Secretrial Auditor provided in the report are self explanatory.

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

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

a) Transfer of Unclaimed Dividend to IEPF:

Particulars of Dividend remaining unclaimed in terms of Section 124(5) of the Companies Act, 2013, amounts transferred to the Unpaid Dividend Account of the Company, which remain unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government along with the underlying shares. The details pertaining to the transfers is forming part of the Corporate Governance Report which is annexed to this report.

b) Transfer of shares to IEPF:

As required under Section 124 (6) of the Act, Equity Shares in respect of which dividend has not been claimed by the members for seven consecutive years or more, have been transferred by the Company to the Investor Education and Protection Fund Authority (IEPF) during the financial year 2018-19. Details of shares transferred have been uploaded on the website of IEPF as well as the Company.

c) Demat Suspense Account Unclaimed Shares

As on 31st March 2019, there are 15 members, holding 953 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.

RELATED PARTY TRANSACTIONS

All Related Party Transactions during the FY2019 were executed at arm's length basis and in the ordinary course of business. These transactions were in compliance with the applicable provisions of the Act and the Listing Regulations. During the year, there were no materially significant Related Party Transactions undertaken by the Company which required shareholder approval under the Listing Regulations.

All Related Party Transactions are placed before the Audit Committee for approval. Additionally, prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature. A statement of all Related Party Transactions is placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and other terms and conditions of the transactions.

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

CORPORATE GOVERNANCE

Corporate Governance is a set of principles, processes and systems which govern a company. The Company believes that effective corporate governance practices provide a strong and stable 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 efficiently and ethically execute its business operations to generate long term wealth and create value for all its stakeholders.

Dynamatic Technologies is committed to maintaining the best standards of Corporate Governance and proactively adopts many ethical and transparent governance practices even before they are 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 including transparency and integrity. Strong leadership and best-in-class corporate governance practices are considered one of the major strengths of the Company in the market.

The Company is in compliance with all the applicable provisions of Corporate Governance as stipulated under Chapter IV of the Listing Regulations. A detailed report on Corporate Governance, pursuant to the requirements of the Listing Regulations, forms part of the Annual Report. Mr. R. Vijayakumar, Company Secretary in Practice, had conducted the Corporate Governance audit for the year under review. A certificate from Mr. R. Vijayakumar, regarding compliance of conditions of Corporate Governance as stipulated under Listing Regulations is presented in a separate section forming part of this Annual Report.

AUDITORS

Statutory Auditors

Under Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the said section. In line with the requirements of the Act, 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.

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.

Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No. 117366W/W-100018) has been appointed as the Statutory Auditors of the Company to hold office for a period of five consecutive years from the conclusion of the 44th Annual General Meeting of the Company up to the conclusion of 49th Annual General Meeting. Accordingly, the appointment of Deloitte Haskins & Sells LLP, is being placed before the shareholders for their consideration and approval in the 44th Annual General Meeting.

A Certificate from Deloitte Haskins & Sells LLP, Chartered Accountants, has been received to the effect that their appointment as Statutory Auditors of the Company, if made would be in accordance within the limits laid down by or under the authority of the Companies Act, 2013.

Cost Auditors

As per Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company is required to have its cost records audited by a Cost Accountant in practice. The Board of Directors, based on the recommendation of the Audit Committee, had appointed M/s. Rao, Murthy & Associates, Cost Accountants, as Cost Auditor of the Company for conducting the Cost Audit for the FY2019, to conduct cost audits pertaining to relevant products prescribed under the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time.

The Members are hereby requested to ratify the remuneration payable to Cost Auditor's for the FY 2020.

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 FY2019.

Secretarial Auditor

The Company had appointed Mr. R Vijayakumar, Company Secretary in practice in Bengaluru, to conduct its Secretarial Audit for the financial year ended 31st March 2019. The Secretarial Auditors have submitted their report, confirming compliance by the Company of all the provisions of the applicable corporate laws. The Report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is annexed as **Annexure 4** to this report.

Tax Auditors

M/s. BVS & Associates, Chartered Accountants, are the Tax Auditors of the Company.

RISK MANAGEMENT POLICY

Risk management forms an integral part of the management system and determines the risk situation in business processes and organizational units. Risk management enables the organization at all levels to detect various risks in a timely manner and take appropriate steps to eliminate, mitigate and consciously deal with these risks. Dynamatic Technologies has a robust process in place to identify key risks across the Company and priorities relevant action plans to mitigate all the risks that the organization faces such as strategic, financial, liquidity, security, regulatory, legal, reputational and other risk that have been identified and assessed to ensure that there is sound Risk Management Policy in place to address such concern/risk. Our aim is to help reinforce our resilience by encouraging a holistic approach to the management of risk and return throughout our organization as well as the effective management of our risk, capital and reputational profile.

The Audit & Risk Management Committee has been entrusted with the responsibility of assisting the Board members with risk assessment and its minimization procedures, which includes discussing the management submissions on risks, prioritizing key risks and approving action plans to mitigate such risks.

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

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

The main objectives of the said policy include:

i. To ensure that all the current and future material risk exposures of Dynamatic Technologies are identified, assessed, quantified, appropriately mitigated and managed;

ii. To establish a framework for Dynamatic Technologies' risk management process and to ensure company-wide implementation;

iii. To ensure systematic and uniform assessment of risks related with each of the units of Dynamatic Technologies;

iv. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices; and

v. To assure business growth with financial stability.

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

DEPOSITS

During the year under review, the Company has neither accepted nor renewed any deposits from the public within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

HUMAN RESOURCES

Dynamatic Technologies believes that human resources are imperative for the overall success of the organization and undertakes the best possible efforts to not only maintain cordial relationships with the employees but also to create an equitable, just and harmonious work environment conducive to their personal and professional development. The Company's focus has always been to acquire, nurture and develop the best talent to prepare them for leadership roles within the organization. There are various ongoing exercises being undertaken to improve the skills of employees though training and learning initiatives. Such initiatives are important to ensure job enrichment, engagement and accountability for performance, career progression, reward, recognition and welfare of the employees. The Company has an excellent track record of cordial and harmonious industrial relations and over the years not a single man-day has been lost on account of labor unrest.

CORPORATE SOCIAL RESPONSIBILTY (CSR)

The Company has a Policy on Corporate Social Responsibility which has been posted on the website of the Company at **www.dynamatics.com**. Pursuant to the provisions of section 135 and other applicable provisions of the Companies Act, 2013 read with applicable rules. Although CSR initiatives are not mandatory for the Company for the FY2019, the company has voluntarily undertaken various initiatives during the FY2019 as follows:

- Dynamatic Technologies Ltd has strengthened its objectives of CSR and created a Skill Development Initiative Team to develop skills in trainees with ITI / Diploma and in serving workers from Aerospace Industry, who volunteer to enhance their skill levels. The team also focuses on upgrading the technical skills in operations such as sheet metal forming, material handling, painting and NDT etc.

- To accomplish this task in earnest, your company adopted ITI Devanahalli under PPP program and has developed and introduced special curriculum in Aerospace Fitter Trade to train the students in structural assembly techniques such as drilling, reaming, riveting and sealant application. Classes for the ITI trainees were conducted in some existing trades to provide basic introduction to Aerospace Technology and certain soft skills.

- For this purpose, the company has constructed an exclusive building along with a borewell "Aerospace Skill Development Centre" (ASDC), at Govt. ITI Devanahalli.

- This new Aerospace Skill Development Center at ITI Devanahalli has adequate training rooms for theory classes and workshop practices & rest rooms for the trainee students. The required infrastructure such as Compressor and Generator have also been procured and installed. The Building is fully furnished.

- During the year, your company has introduced a BRIDGE COURSE in ASDC through the Institute Management Committee (IMC) of ITI Devanahalli, with an objective of providing students with theoretical knowledge and provision for hands-on experience on shop floor. Further the first batch of Bridge Course at ASDC was started and students were trained by SkillSonic under TOT program on drilling, reviting, sealent application, reaming, 5s and AS standards requirement etc.

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

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, the extract of annual return in the prescribed Form MGT-9 is annexed herewith as **Annexure – 6,** which forms part of this Report.

POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORK PLACE

The Company 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 made thereunder. The Policy aims to provide protection to employees at workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

Policy for Safety and Well Being of Women

An awareness program on Prevention of Sexual Harassment at the work place was conducted by a team from SASHA (Support against Sexual Harassment) to ensure a safe, secure, friendly and respectful work-environment to all employees. SASHA assists workplaces in the effective implementation of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013. The Company strives to create a safe, friendly and inclusive work environment for its employees and we are proud to state that there have been no complaints regarding harassment at the workplace.

Further, the Company has a fully functional Crèche at the Aerospace Division. The facility is maintained by an efficient team of caretakers and equipped with amenities like a kitchen, rest room and kids play area. The facility is open to all the employees' children and is also monitored under CCTV for safety.

Women's Day celebrations this year included a "Lunch with CEO & MD". On this occasion, women employees had an open house with the CEO & Managing Director and shared experiences of working at DTL. All the women employees of the Hydraulics and Aerospace Divisions participated and were excited about meeting with CEO & MD over lunch. Women employees were also given a day off for a company sponsored trip to a Resort.

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, actual or suspected fraud, wrongful conduct and violation of the Company's code of conduct without fear of reprisal. Details of complaints received and the action taken are reviewed by the Audit & 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.

This Policy provides for adequate safeguards against victimization of employees who avail of this mechanism. The Policy also provides for direct access to the Chairman of the Audit Committee in order to best manage such events and to enable integrity of information. It is affirmed that no personnel of the Company will be denied access to the Audit Committee

The policy on vigil mechanism may be accessed on the Company's website **(https://www.dynamatics.com/investor.html)**

PARTICULARS OF REMUNERATION OF DIRECTORS, KMP AND EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is attached as Annexure 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 - 7,** which forms part of this report.

ENVIRONMENTAL PROTECTION MEASURES

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information relating to conservation of energy, technology absorption, R&D and Foreign Currency is appended as **Annexure – 8.**

TRANSFER TO RESERVES

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

OTHER DISCLOSURES

Events Subsequent to the Date of the Financial Statements

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

Change in the Nature of Business, if any

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

On 31st December 2018, the Company entered into a business transfer agreement with Hi Tech Arai Private Limited and sold the business pertaining to "Automotive Division" with effect from 17th January 2019, however, certain assets and liabilities pertaining to Automotive Division which was earlier disclosed as discontinued operation has been retained by the Company owing to change in strategy and has been reclassified as "others" in this segment.

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.

Listing with Stock Exchanges

The Company confirms that it has paid the Annual Listing Fees for the year FY2019 to NSE and BSE where the Company's Shares are listed.

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.

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

ACKNOWLEDGMENTS

The Board of Directors would like to express their sincere gratitude and appreciation to the investors, financial institutions and banks for their continued support during the year. The Directors would like to thank the regulatory authorities and government authorities and agencies for their continued guidance and co-operation. The Directors also wish to place on record their deep sense of appreciation to executives and employees at all levels for their hard work, dedication and commitment to the Company. Their enthusiasm and efforts have enabled the Company to be at the forefront of the industry. The Board would also like to take this opportunity to thank all the Company's customers without whom our success story would not have been possible.

For and on behalf of the Board of Directors

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

ARVIND MISHRA
Executive Director & Global COO – Hydraulics & Head – Homeland Security
DIN: 07892275

Place : Bengaluru
Date : 29 May 2019

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 lakhs)

Sl. No.	Name of the Subsidiary	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities [excl. (2) & (3)]	Investments			% of Holding	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend (incl. dividend tax)
	1	2	3	4	5	Long-term	Current	Total	6	7	8	9	10	11
	Foreign Subsidiaries (Reporting currency reference mentioned against each Subsidiary)													
1	Dynamatic Limited UK (a)	5,492	9,922	24,427	9,013	-	-	-	100%	26,337	667	76	591	-
2	Yew Tree Investments Ltd,UK (a)	-	1,628	1,062	(566)	-	-	-	100%	-	65	16	49	-
3	Dynamatic US, LLC	-	(172)	(172)	-	-	-	-	100%	67	(112)	-	(112)	
4	JKM Erla Holdings GmbH, Germany (c)	16	5,776	9,784	3,992		-	-	100%	-	(311)	-	(311)	-
5	Eisenwerk Erla GmbH (c)	-	13,837	31,813	17,976	3,846	-	3,846	100%	56,635	1,085	272	813	-
6	JKM Global Pte Limited, Singapore (b)	6,176	(1,487)	5,555	856	5,492	-	5,492	100%	182	(24)	-	(24)	-
	Indian Subsidiaries													
7	JKM Erla Automotive Limited	10,455	13,384	23,843	4	23,839	-	23,839	99.99%	-	(6)	-	(6)	-
8	JKM Automotive Limited	1	(1)	1	1	-	-	-	99.99%	-	(1)	-	(1)	-
9	JKM Ferrotech Limited	16,651	(16,089)	13,398	12,836	34	-	34	99.99%	13,219	(1,518)	-	(1,518)	-
10	JKM Research Farm Limited	500	2,014	2,521	7	-	-	-	99.99%	-	34	9	26	-

Details of reporting currency and the rate used for converting.

Reporting Currency Reference	For Conversion		
	Currency	Average Rate (in ₹)	Closing Rate (in ₹)
a	GBP	91.74	90.48
b	SGD	51.48	50.98
c	EURO	80.93	77.70

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

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

Place : Bengaluru
Date : 29 May 2019

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

ARVIND MISHRA
Executive Director & Global COO – Hydraulics & Head – Homeland Security
DIN: 07892275

ANNEXURE - 2

DYNAMATIC TECHNOLOGIES LIMITED REMUNERATION POLICY

Preamble

1.1 The Remuneration Policy (hereinafter referred to as the 'Policy') of Dynamatic Technologies Limited and its Indian subsidiaries (hereinafter collectively referred to as "Dynamatic") 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, positives 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.dynamatics.com/investor.html**

Udayant Malhoutra
CEO & Managing Director
DIN : 00053714

ARVIND MISHRA
Executive Director & Global COO – Hydraulics & Head – Homeland Security
DIN: 07892275

Place : Bengaluru
Date : 29 May 2019

ANNEXURE – 3

AOC-2

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

2. Details of contracts/arrangement/transactions at arm's length basis: refer below table (₹ in lakhs)

Name of related party	Nature of relationship	Nature of contracts/ arrangement/ transactions	Transactions during the year ended 31st March 2019	Date of approval by the Board	Amount Paid as a advance
Dynamatic Limited, UK	Step Subsidiary	Sale of manufactured goods	145	As per the Listing Regulations, appropriate omnibus approval have been obtained at the Audit and Risk Management Committee Meeting held on 29th May 2018, 09th August 2018, 14th November 2018, 11th February 2019 and 29th May 2019	Nil
		Purchase of raw materials	1441		Nil
		Reimbursement of expenses	151		Nil
		Management fees	270		Nil
JKM Research Farm Limited	Subsidiary	Rent expense	48		Nil
Eisenwerk Erla GmbH, Germany	Step Subsidiary	Management fees income	562		Nil
JKM Ferrotech Limited	Step Subsidiary	Sales of raw materials	68		Nil
		Purchase of raw materials and components	2566		Nil
		Purchase of property, plant and equipment	54		Nil
		Other Income-Interest Income	300		Nil
		Trade advances given	6189		Nil
		Reimbursement of expenses	87		Nil
JKM Holdings Private Limited	Companies over which key management personnel or relatives of such personnel are able to exercise significant influence (other related entities)	Rent expense	4		Nil
Wavell Investments Private Limited		Purchase of raw materials and components	349		Nil
Udayant Malhoutra	Chief Executive Officer and Managing Director	Managerial remuneration	84		Nil
Chalapathi P	Chief Financial Officer	Managerial remuneration	48		Nil
P S Ramesh	Executive Director - Group Technical Services and Human Resource	Managerial remuneration	76		Nil
Arvind Mishra	Executive Director & Global COO - Hydraulics and Head - Homeland Security	Managerial remuneration	76		Nil
Naveen Chandra (Resigned on 15th November 2018)	Head-Legal, Compliances and Company Secretary	Managerial remuneration	20		Nil
Shivaram V (Appointed w.e.f on 25th March 2019)	Head Legal, Compliances and Company Secretary	Managerial remuneration	3		Nil

Place : Bengaluru
Date : 29 May 2019

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

ARVIND MISHRA
Executive Director & Global COO – Hydraulics & Head – Homeland Security
DIN: 07892275

ANNEXURE - 4

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019.

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

To

The Members of

Dynamatic Technologies Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Dynamatic 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 thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended 31st March 2019, 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 hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March 2019, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 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 Disclosures 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 (SS-2)

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

I further report that: -

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

During the year under review, it was noticed that transfer of shares to IEPF Account was made after due date. The Company represented that due to negative average three years net profit, the disclosures relating to CSR activities were not made. However, during the year 2017-18, the Company spent ₹7 lakhs towards CSR initiatives.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, except few meeting(s) which were called at shorter-notice and the meetings were held in compliance with the applicable provisions. There is a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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 the following specific event / action that have major bearing on the Company's affairs in pursuance of the above referred laws.

1) On 15th May 2018, the Shareholders, by special resolutions, [through Postal Ballot] approved the sale / dispose off / transfer of undertakings / properties located at Chennai and Coimbatore viz., (a) JKM – Auto division situated at Sriperumbudur, Tamilnadu; (b) Aluminium Foundry division situated at Sriperumbudur, Tamilnadu; and (c) Wind farm property situated at Coimbatore, Tamilnadu.

R Vijaykumar & Co.,
R Vijayakumar, Practicing Company Secretary
FCS – 6418; COP – 8667

Place : Bengaluru
Date : 29 May 2019

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. Wherever 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 are the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

R Vijaykumar & Co.,
R Vijayakumar, Practicing Company Secretary
FCS – 6418; COP – 8667

Place : Bengaluru
Date : 29 May 2019

ANNEXURE - 5

ANNUAL REPORT ON CSR ACTIVITIES

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

Our core mission is to deploy our CSR team and employees as well as encourage partnering organisations to develop our CSR initiatives, through results based framework.

Our objectives is to embed CSR in the overall strategy of Company and implement CSR activities which build trust with stakeholders and create long term sustainability value with measurable outcome. Empower woman, underserved communities, and unemployed youth through skill development and vocational training, equip local communities with basic amenities such as access to health care and safe drinking water

We have adopted E3 approach that is, to Equip and Empower underserved communities while preserving ecological balance and to Enrich art and national heritage. Our Corporate Social Programme is a channel through which we will equip the underserved with the amenities they need, empower them with skill and knowledge, and support the enrichment of national art and heritage of the nation.

The CSR policy of the Company is available on the Company's Website: **www.dynamatics.com**

2 Composition of the CSR and Sustainability Committee as on 31st March 2019:

Mr. Govind Mirchandani	Chairman
Mr. Nalini Ranjan Mohanty	Member
Ms. Malavika Jayaram	Member
Mr. P S Ramesh	Member

3. Average Net Profit of the company for last three financial years: Not Applicable

4. CSR Expenditure for the Financial Year 2018 -19: Not Applicable: The company has voluntarily spent on CSR activities, the details of which are as stated in Sl. No. 5

5. Details of CSR Spent during the financial year 2018 -19 **(₹ in lakhs)**

Sl. No.	Project / Activities	Sector	Locations, District(State)	Amount Outlay (Budget)	Cumulative Expenditure upto reporting period	Amount Spent (Direct)
1	Devanahalli ITI college	Education	Bengaluru,Karnataka	-	8,67,600	8,67,600
2	Other Activities	Education (Distribution of Text Books and stationary to School Children	Bengaluru,Karnataka	-	17,970	17,970
	Total				**8,85,570**	**8,85,570**

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report : Not Applicable

7. The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Place : Bengaluru
Date : 29 May 2019

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

ARVIND MISHRA
Executive Director & Global COO – Hydraulics & Head – Homeland Security
DIN: 07892275

ANNEXURE - 6

FORM NO. MGT 9 (Extract of Annual Return as on financial year ended on 31.03.2019)
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, Bengaluru - 560058.
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Fintech 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 ₹ lakhs	% to total turnover of the company
1	Hydraulic products	2813	25,577	43
2	Aerospace Products	3030	32,802	55
3	Others		836	1
	Total Revenue		**59,215**	

Consolidated

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	Turnover amount in ₹ lakhs	% to total turnover of the company
1	Hydraulic products	2813	36,310	24
2	Aerospace Products	3030	46,885	31
3	Automotive Products	2930	66,833	45
4	Others		2	-
	Total Revenue		**1,50,030**	

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 Global Pte. Limited, Singapore		Subsidiary	100%
3.	JKM Erla Automotive Limited, India	U35122KA2011PLC056973	Subsidiary	100%
4.	Dynamatic Limited, UK		Subsidiary	100%
5.	Yew Tree Investments Limited, UK		Subsidiary	100%
6.	JKM Erla Holdings GmbH, Germany		Subsidiary	100%
7.	Eisenwerk Erla, GmbH, Germany		Subsidiary	100%
8.	JKM Ferrotech Limited, India	U27310TN2007PLC063323	Subsidiary	100% (Direct Holding – 33.03%, remaining holding through subsidiaries)
9.	JKM Automotive Limited	U28110KA2017PLC102660	Subsidiary	100%
10.	Dynamatic LLC, US		Subsidiary	-

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) as at 31st March, 2019

A) Category-wise Share Holding

(₹ in lakhs)

CATEGORY CODE	CATEGORY OF SHAREHOLDER	No. of Shares held at the end of the year [As on 31st March 2018]				No. of Shares held at the end of the year [As on 31st March 2019]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(VII)	(VIII)	(IX)	(X)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	**PROMOTER AND PROMOTER GROUP**									
(1)	**INDIAN**									
(a)	Individual /HUF	7,15,117	Nil	7,15,117	11.28	6,25,117	Nil	6,25,117	9.86	(1.42)
(b)	Central Government/State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	24,68,128	Nil	24,68,128	38.92	24,68,128	Nil	24,68,128	38.92	Nil
(d)	Financial Institutions / Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total A(1) :	**31,83,245**	Nil	**31,83,245**	**50.20**	**30,93,245**	Nil	**30,93,245**	**48.78**	**(1.42)**
(2)	**FOREIGN**									
(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
	Sub-Total A(2) :	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total A=A(1)+A(2)	**31,83,245**	Nil	**31,83,245**	**50.20**	**30,93,245**	Nil	**30,93,245**	**48.78**	**-1.42**
(B)	**PUBLIC SHAREHOLDING**									
(1)	**INSTITUTIONS**									
(a)	Mutual Funds /UTI	6,77,055	10,503	6,87,558	10.84	6,72,964	10,503	6,83,467	10.78	(0.06)
(b)	Financial Institutions /Banks	3,383	Nil	3,383	0.05	392	Nil	392	0.01	(0.05)
(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	9,53,927	Nil	9,53,927	15.04	9,34,883	Nil	9,34,883	14.74	(0.30)
(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
	Sub-Total B(1) :	**16,34,365**	**10,503**	**16,44,868**	**25.94**	**16,08,239**	**10,503**	**16,18,742**	**25.53**	**(0.41)**
(2)	**NON-INSTITUTIONS**									
(a)	Bodies Corporate	2,05,340	2,084	2,07,424	3.27	2,15,447	2,084	2,17,531	3.43	0.16
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	7,79,608	1,00,860	8,80,468	13.88	7,90,598	86,672	8,77,270	13.83	(0.05)
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	3,66,762	Nil	3,66,762	5.78	4,36,893	Nil	4,36,893	6.89	1.11
(c)	Others									
	Clearing Members	2,328	Nil	2,328	0.04	22,554	Nil	22,554	0.36	0.32
	IEPF	23,424	Nil	23,424	0.37	25,480	Nil	25,480	0.40	0.03
	Non Resident Indians	12,526	66	12,592	0.20	13,202	1,248	14,450	0.23	0.03
	NRI Non-Repatriation	16,536	Nil	16,536	0.26	31,482	Nil	31,482	0.50	0.24
	Trusts	3,796	Nil	3,796	0.06	3,796	Nil	3,796	0.06	Nil
(d)	Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total B(2) :	**14,10,320**	**1,03,010**	**15,13,330**	**23.86**	**15,39,452**	**90,004**	**16,29,456**	**25.70**	**1.83**
	Total B=B(1)+B(2) :	**30,44,685**	**1,13,513**	**31,58,198**	**49.80**	**31,47,691**	**1,00,507**	**32,48,198**	**51.22**	**1.42**
	Total (A+B) :	**62,27,930**	**1,13,513**	**63,41,443**	**100.00**	**62,40,936**	**1,00,507**	**63,41,443**	**100.00**	**Nil**
(C)	**Shares held by custodians, against which Depository Receipts have been issued**	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(1)	Promoter and Promoter Group	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2)	Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	GRAND TOTAL (A+B+C) :	**62,27,930**	**1,13,513**	**63,41,443**	**100.00**	**62,40,936**	**1,00,507**	**63,41,443**	**100.00**	**Nil**

B) SHAREHOLDING OF PROMOTER AND PROMOTERS' GROUP - AS AT 31ST MARCH, 2019

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	7,10,179	11.20	0.007	6,20,179	9.78	0.007	1.42
2	M/S. JKM HOLDINGS PRIVATE LIMITED	9,12,538	14.39	2.84	9,12,538	14.39	2.84	Nil
3	M/S. UDAYANT MALHOUTRA AND COMPANY PRIVATE LIMITED	6,42,011	10.12	-	6,42,011	10.12	-	Nil
4	M/S. WAVELL INVESTMENTS PRIVATE LIMITED	4,48,281	7.07	4.65	4,48,281	7.07	4.65	Nil
5	M/S. JKM OFFSHORE INDIA PRIVATE LIMITED	4,42,071	6.97	-	4,42,071	6.97	-	Nil
6	M/S. GREENEARTH BIOTECHNOLOGIES LIMITED	22,927	0.36	-	22,927	0.36	-	Nil
7	MRS. BAROTA MALHOUTRA	4,938	0.08	-	4,938	0.08	-	Nil
8	M/S. VITA PRIVATE LIMITED	100	-	-	100	-	-	Nil
9	M/S. CHRISTINE HODEN (INDIA) PRIVATE LIMITED	100	-	-	100	-	-	Nil
10	M/S. PRIMELLA SANITARY PRODUCTS PRIVATE LIMITED	100	-	-	100	-	-	Nil

C) CHANGE IN PROMOTER AND PROMOTERS' GROUP SHAREHOLDING

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
		No of shares	% of total shares of the company	Date	Increase/Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	UDAYANT MALHOUTRA	710179	11.20	01-04-2018			7,10,179	11.20
				27-03-2019	(69,795)	Sale	6,40,384	10.10
				28-03-2019	(20,205)	Sale	6,20,179	9.78
				31-03-2019			6,20,179	9.78
2	JKM HOLDINGS PRIVATE LIMITED	912538	14.39	01-04-2018			9,12,538	14.39
				31-03-2019			9,12,538	14.39
3	UDAYANT MALHOUTRA AND COMPANY PRIVATE LIMITED	642011	10.12	01-04-2018			6,42,011	10.12
				31-03-2019			6,42,011	10.12
4	WAVELL INVESTMENTS PRIVATE LIMITED	448281	7.07	01-04-2018			4,48,281	7.07
				31-03-2019			4,48,281	7.07
5	JKM OFFSHORE INDIA PVT LTD	442071	6.97	01-04-2018			4,42,071	6.97
				31-03-2019			4,42,071	6.97
6	GREENEARTH BIOTECHNOLOGIES LTD	22927	0.36	01-04-2018			22,927	0.36
				31-03-2019			22,927	0.36
7	BAROTA MALHOUTRA	4938	0.08	01-04-2018			4,938	0.08
				31-03-2019			4,938	0.08
8	VITA PRIVATE LTD	100	0.00	01-04-2018			100	0.00
				31-03-2019			100	0.00
9	CHRISTINE HODEN (INDIA) PRIVATE LIMITED	100	0.00	01-04-2018			100	0.00
				31-03-2019			100	0.00
10	PRIMELLA SANITARY PRODUCTS PVT LTD	100	0.00	01-04-2018			100	0.00
				31-03-2019			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					Cumulative Shareholding during the Year	
		No of shares	% of total shares of the company	Date	Increase/Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	HDFC TRUSTEE COMPANY LIMITED - HDFC TAX SAVERFUND	5,69,650	8.98	01/04/2018			5,69,650	8.98
				31/03/2019			5,69,650	8.98
2	SAMENA SPECIAL SITUATIONS MAURITIUS	5,55,754	8.76	01/04/2018			5,55,754	8.76
				31/03/2019			5,55,754	8.76
3	SBI MAGNUM MULTIPLIER FUND	1,07,405	1.76	01/04/2018			1,07,405	1.69
				08/06/2018	(4091)	Transfer	1,03,314	1.63
				31/03/2019			1,03,314	1.63
4	GOLDMAN SACHS INDIA FUND LIMITED	1,79,011	2.82	01/04/2018			1,79,011	2.82
				08/06/2018	(21,500)	Transfer	1,57,511	2.48
				06/07/2018	(39,990)	Transfer	1,17,521	1.85
				13/07/2018	(19,600)	Transfer	97,921	1.54
				17/08/2018	(15,000)	Transfer	82,921	1.31
				07/09/2018	(82,921)	Transfer	0	0
				31/03/2019			0	0
5	ALCHEMY INDIA LONG TERM FUND LIMITED	1,11,678	1.76	01/04/2018			1,11,678	1.76
				03/08/2018	(65)	Transfer	1,11,613	1.76
				10/08/2018	(3,908)	Transfer	1,07,705	1.70
				17/08/2018	(17,731)	Transfer	89,974	1.42
				31/03/2019			89,974	1.42
6	MUKUL MAHAVIR PRASAD AGRAWAL	1,00,000	1.58	01/04/2018			1,00,000	1.58
				31/03/2019			1,00,000	1.58
7	NEHA SANGHVI	82,000	1.29	01/04/2018			82,000	1.29
				31/03/2019			82,000	1.29
8	LASHIT SANGHVI	82,000	1.29	01/04/2018			82,000	1.29
				31/03/2019			82,000	1.29

9	TAIYO GREATER INDIA FUND LTD	41,500	0.65	01/04/2018			41,500	0.65
				13/04/2018	555	Transfer	42,055	0.66
				20/04/2018	4,250	Transfer	46,305	0.73
				01/06/2018	1,195	Transfer	47,500	0.75
				08/06/2018	19,900	Transfer	67,400	1.06
				06/07/2018	40,000	Transfer	1,07,400	1.69
				13/07/2018	19,600	Transfer	1,27,000	2.00
				01/03/2019	25,663	Transfer	1,52,663	2.41
				08/03/2019	147	Transfer	1,52,810	2.41
				15/03/2019	3,341	Transfer	1,56,151	2.46
				22/03/2019	7,612	Transfer	1,63,763	2.58
				29/03/2019	51,107	Transfer	2,14,870	3.39
				31/03/2019			2,14,870	3.39
10	PREMIER INVESTMENT FUND LIMITED	38,741	0.61	01/04/2018			38,741	0.61
				10/08/2018	2,525	Transfer	41,266	0.65
				31/03/2019			41,266	0.65
11	GIRISH GULATI (HUF)	12,134	0.19	01/04/2018			12,134	0.19
				15/06/2018	(673)	Transfer	11,461	0.18
				10/08/2018	(1,622)	Transfer	9,839	0.16
				17/08/2018	10,328	Transfer	20,167	0.32
				24/08/2018	15,018	Transfer	35,185	0.55
				24/08/2018	(15)	Transfer	35,170	0.55
				31/08/2018	2,677	Transfer	37,847	0.60
				07/09/2018	84,559	Transfer	1,22,406	1.93
				21/09/2018	2,256	Transfer	1,24,662	1.97
				28/09/2018	736	Transfer	1,25,398	1.98
				05/10/2018	618	Transfer	1,26,016	1.99
				12/10/2018	1,284	Transfer	1,27,300	2.01
				19/10/2018	2,230	Transfer	1,29,530	2.04
				02/11/2018	603	Transfer	1,30,133	2.05
				09/11/2018	762	Transfer	1,30,895	2.06
				16/11/2018	231	Transfer	1,31,126	2.07
				31/03/2019			1,31,126	2.07

E) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
		No of shares	% of total shares of the company	Date	Increase/Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	Udayant Malhoutra	710179	11.20	01-04-2018			7,10,179	11.20
				27-03-2019	(69,795)	Sale	6,40,384	10.10
				28-03-2019	(20,205)	Sale	6,20,179	9.78
				31-03-2019			6,20,179	9.78

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (in ₹ lakhs)

Particulars	Secured loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
1) Principal Amount	55,160	921	-	56,081
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
Total(1 + 2 + 3)	**55,160**	**921**	-	**56,081**
Change in Indebtedness during the financial year				
Addition	763	116	-	879
Reduction	4,674	-	-	4,674
Net Change	(3,911)	116	-	(3,795)
Indebtedness at the end of the financial year				
1) Principal Amount	51,249	1,037	-	52,286
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	5	-	-	5
Total(1 + 2 + 3)	**51,254**	**1,037**	-	**52,291**

VI. REMUNERATION OF DIRECTORS & KEY MANAGERIAL PERSONNEL

Compensation paid to the Directors for the financial year ended 31st March, 2019:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: in ₹ (Rupees)

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)	Arvind Mishra (WTD)	Mr. Naveen Chandra P (Company Secretary)*	Shivaram V(Company Secretary)*	Chalapathi P (CFO)	
1	**Gross salary**							
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	71,87,604	65,30,943	65,30,943	25,13,375	2,81,342	42,79,650	2,73,23,857
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7,41,408	6,55,296	6,55,296	1,70,668	-	2,25,807	24,48,475
	(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	-	-	-	-	-	-	-
	Total (A)	**79,29,012**	**71,86,239**	**71,86,239**	**26,84,043**	**2,81,342**	**45,05,457**	**2,97,72,332**
	Ceiling as per the Act	-	-	-	-	-	-	-

* Part of the year

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
Non- Executive & Independent Directors						
Mr. Govind Mirchandani	9,50,000	-	-	-	9,50,000	-
Ms. Malavika Jayaram	2,50,000	-	-	-	2,50,000	-
Mr. Nalini Ranjan Mohanty	9,50,000	-	-	-	9,50,000	-
Mr. Pradyumna Vyas	-	-	-	-	-	-
Mr. Pierre de Bausset	1,00,000	-	-	-	1,00,000	-
Other Non- Executive & Non-Independent Directors						
Mr. Dietmar Hahn	-	-	-	-	-	-
Mr. James David Tucker	-	-	-	-	-	-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Place : Bengaluru
Date : 29 May 2019

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

ARVIND MISHRA
Executive Director & Global COO – Hydraulics & Head – Homeland Security
DIN: 07892275

ANNEXURE - 7

DETAILS OF REMUNERATION 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 2017-18 and the percentage increase in remuneration of Directors and Company Secretary (%) during the financial year 2018 -19:

Name & Designation	Category	2017-18 (in ₹)	2018-19 (in ₹)	Increase/Decrease	Ratio	% increase
Mr. Udayant Malhoutra, CEO & Managing Director	Director and KMP	79,29,012	79,29,012	-	1:17	-
Mr. P S Ramesh, Executive Director – Group Technical Services and Human Resource	Director and KMP	75,48,776	71,86,239	(362,537)	1:15	(4.80)
Mr. Arvind Mishra, Executive Director, Global COO Hydraulics and Head - Home Land Security, India	Director and KMP	64,14,650	71,86,239	7,71,589	1:15	12.03
Mr. Chalapathi P, Chief Financial officer	KMP	36,43,478	45,05,457	8,61,979	1:10	23.66
Mr. Naveen Chandra P, Head Legal, Compliance and Company Secretary (Resigned on 15th November, 2018)^	KMP	28,27,152	26,84,043	(143,109)	1:6	NA
Mr. Shivaram V, Head Legal, Compliance and Company Secretary (Appointed w.e.f 25th March, 2019)^	KMP	-	2,81,342	NA	1:06	NA

^ KMP employment is for part of the period, either in current year or in previous year. Hence, percentage increase in remuneration is not provided

Name of the Director	Sitting Fees (₹)
Mr. Govind Mirchandani	9,50,000
Ms. Malavika Jayaram	2,50,000
Mr. Nalini Ranjan Mohanty	9,50,000
Mr. Shirish Saraf (Disqualified as Director under Section 164(2)(a) read with 167(1)(a) on 25th April 2018)	-NIL-
Mr. Pradyuman Vyas	-NIL-
Mr. Pierre de Bausset	1,00,000

2. The percentage increase in the median remuneration of employees in this financial year is -1.04%
3. The number of permanent employees on the rolls of company: 1027
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 3.05%

   Average percentage increase in the managerial remuneration is 4.98%
5. 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.
7. Details of the employees drawing remuneration of ₹8.50 lakhs per month or ₹1.02 crores per annum: NIL.

Place : Bengaluru
Date : 29th May 2019

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

ARVIND MISHRA
Executive Director & Global COO –
Hydraulics & Head – Homeland Security
DIN: 07892275

ANNEXURE - 8

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

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

A. CONSERVATION OF ENERGY

All our facilities in India and abroad are built with the environment in mind and the processes are designed for efficiency in usage of resources, energy conservation and to ensure that no waste is transmitted into the environment. The industrial complexes are highly energy efficient and completely non-polluting. This has been made systematic and quantifiable through the implementation of ISO 14000.

1) The steps taken or impact on conservation of energy

As a green energy initiative, DTL has entered into third party agreement with M/s. Clean Max Mercury Power Private Limited, one of the leading solar companies pioneering the sale of energy. The main objective of this program is to cut energy cost and reduce carbon foot print around the Company. Under this scheme, the power producer will provide on-site solar power through BESCOM from the grid with minimum capex investment of ₹ 4 lakhs.

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

Under this scheme DTL has agreed to buy 24lakhs kWh solar power from vendor at ₹5.50/Unit. Currently we are incurring average ₹9.00/Unit.

3) The capital investment on energy conservation equipment

The Company is also making an investment of about ₹ 52.35 lakhs at the JKM Pumps division. This will result in expected annual energy savings of 6.6 lakhs kWh equivalent to cost savings of ₹ 56 lakhs

B. TECHNOLOGY ABSORPTION

1) The efforts made towards technology absorption

Research & Development plays a vital role in creating and adopting new technologies to enhance our operational efficiencies. The Company owns one of 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.

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

2) The benefits derived like product improvement, cost reduction, product development or import substitution

R&D and innovation continues to be an integral part of the Company's growth strategy, business profitability, sustainability and as a part of its contribution towards the building of the Nation. Dynamatic Science Lab, created by consolidating various research and technology functions, helps enhanced value delivery by leveraging skills and competencies to create new business opportunities.

3) Imported technology (imported during the last three years reckoned from the beginning of the financial year):

(a) the details of technology imported: NA

(b) the year of import: NA

(c) whether the technology been fully absorbed: NA

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA

There is no Imported Technology

4) Expenditure incurred on Research and Development (₹ in lakhs)

	Particulars	31st March 2019	31st March 2018
A	Capital	104	69
B	Revenue	826	486
	TOTAL	**930**	**555**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars of foreign exchange earnings and outgo are as follows: (₹ in lakhs)

Particulars	31st March 2019	31st March 2018
a. Total Foreign Exchange Earned	**32,397**	26,602
b. Total Foreign Exchange Used	**10,702**	11,338
Import of Raw materials, components, stores and spares	**9,567**	9,750
Foreign Travel	**128**	100
Interest	-	33
Capital Expenditure	**444**	1,303
Others	**564**	152

Place : Bengaluru
Date : 29 May 2019

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

ARVIND MISHRA
Executive Director & Global COO – Hydraulics & Head – Homeland Security
DIN: 07892275

CERTIFICATION BY CEO & CFO OF THE COMPANY

We, Udayant Malhoutra, Chief Executive Officer and Managing Director, and Chalapathi P Chief Financial Officer 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 2019

Udayant Malhoutra
CEO & Managing Director
DIN : 00053714

Chalapathi P
Chief Financial Officer

Place : Bangalore
Date : 29 May 2019

BUSINESS OVERVIEW

Incorporated in 1973, Dynamatic Technologies Limited ('DTL', '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 held leadership position in hydraulic gear pumps market for over 45 years. DTL has 74% 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 precision flight critical and most complex 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 (Bengaluru, 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 manufactures high precision, complex metallurgical ferrous castings for automobile applications. The Company possesses 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 Geared Product manufacturers with three state-of-art-manufacturing facilities located in India and a facility each in UK and Milwaukee, USA. This division manufactures hydraulic gear pumps in aluminium or cast iron construction & multiple frame sizes, Low torque high speed hydraulic motors, hand pumps, hitch control valves, rock shaft assemblies, Power Steering Valves and Mobile control valves for the construction equipment, for the global OEMs and commands a healthy market share on most of these products. The division also manufactures very high flow scavenging & lubes oil pumps and water pumps for High Horsepower Engines, which find applications on off highway vehicles, marine and offshore equipment. The Company also designs and builds customized hydraulic solutions extending from simple hydraulic pumping units to complex marine power packs and aircraft ground support systems to turnkey industrial installations. The division is equipped with very advanced innovation and development centers in Bengaluru (India) and Swindon (UK) and holds numerous patents to its credit.

The **Aerospace & Defence** products include control surfaces such as wing, ailerons and wing flaps, and fuselages, and other key flight critical airframe structures such as flap track beams. Aerospace Division has built excellent capability in machining 5 axis components in Aluminium, Steel and Titanium. Tooling is another proven expertise the division has demonstrated. Dynamatic-Oldland Aerospace® is a pioneer and leader in the Indian private sector for the manufacture of high precision airframe and aerospace components. The company has large infrastructure to cater to the needs of OEMs like Airbus, Boeing, Bell Helicopters and Hindustan Aeronautics Limited as a Tier-I supplier.

RESEARCH & DEVELOPMENT

With three design laboratories across 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 5 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. DTL employs over 65 scientists and 615 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 the Company to comprehensively address the needs of its global customers.

The Dynamatic Hydraulics™ Research Laboratory in Swindon, UK, has advanced design knowledge focused on the Mobile Hydraulics 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 economic activity began accelerating in 2017 across most regions of the world and the growth was projected at 3.9% in 2018 and 2019. However, in 2018, particularly during the second half, there was widespread disruption across the global economy. Escalation of US-China trade tensions, weakening of the economy in Argentina and Turkey, troubles with the German auto industry and tightening of finances in the larger advanced economies, all contributed to the global economic growth deceleration. In the above context, this weakness is expected to persist in 2019. The IMF in its World Economic Outlook projects a decline in growth in 2019 for 70% of the global economy. Global growth, which peaked at close to 4% in 2017, softened to 3.6% in 2018, and is projected to decline further to 3.3% in 2019.

Recently, there has been policy accommodation by major economies, backed by the lack of inflationary pressures. These policy responses have helped reverse the tightening of financial conditions to varying degrees across countries. Emerging markets have experienced a resumption in portfolio flows, a decline in sovereign borrowing costs, and a strengthening of their currencies relative to the dollar. While the improvement in financial markets has been rapid, those in the real economy have yet to materialize.

Industrial production and investment remain weak for most advanced and emerging economies, and global trade has yet to recover. However, an improvement is expected in the second half of 2019 with an ongoing buildup of policy stimulus in China, recent improvements in global financial market sentiment, the waning of some temporary drags on growth in the euro area and improved momentum for emerging market and developing economies.

Beyond 2020, global growth is set to plateau at about 3.6% over the medium term, sustained by the increase in the relative size of economies, such as those of China and India, which are projected to have robust growth by comparison to slower-growing advanced and emerging market economies.

INDIAN ECONOMY

While India continues to be the fastest growing major economy and is projected to grow faster in the coming years, India's economy appears to have slowed down slightly in 2018. The factors responsible for this slowdown include declining growth of private consumption, tepid increase in fixed investment and muted exports. However, as per the latest IMF report, India is projected to grow at 7.3% in 2019 and 7.5% in 2020, supported by the continued recovery of investment and pick up in consumption. Ongoing implementation of structural and financial sector reforms, easing of infrastructure bottlenecks with efforts to reduce public debt are essential to secure the economy's growth prospects.

In addition, the Indian Government continues to undertake initiatives such as strengthening goods and services tax compliance and further reducing subsidies. Important steps have been taken to strengthen financial sector balance sheets, including through accelerated resolution of non-performing assets under a simplified bankruptcy framework.

INDUSTRY OVERVIEW AND SEGMENT DISCUSSION

HYDRAULICS

Dynamatic Hydraulics™ is one of the world's largest manufacturers of hydraulic geared products with state-of-the-art manufacturing facilities located in India, UK and USA. This division manufactures widest range of hydraulic gear pumps in aluminium and cast iron construction, different frame sizes, pressure and flow ratings and designed bespoke for each application, high speed low torque motors, hand pumps, hitch control valves, rock shaft assemblies, lube and water pumps, mobile control valves, Orbitrols and complete hydraulic solutions for the Indian and overseas markets.

Industry Overview and Outlook

Farm Mechanisation

The domestic tractor industry in India experienced a strong year over year growth of 15.6% during the first nine months of FY2019 that weakened in the last quarter ending March 2019, largely due to concerns of depressed crop prices and consequently low farm cash flows. March 2019 volumes declined more than 20% y-o-y. However, various reforms put forth by the central government to support rural growth, including farm loan waivers, minimum support prices and other support programs targeted at improving income for farmers, and a decent monsoon are expected to stabilize the demand in the financial year FY2020 with growth projected in the range of 5-7%.

In FY2019, Mahindra & Mahindra retained its market leadership in agri tractors with a market share of over 40%. This augurs well for Dynamatic Technologies given the Company has a longstanding relationship with Mahindra & Mahindra and continues to be a key supplier. The domestic tractor market remains a mid-horsepower market with a gradual shift towards higher horsepower tractors. This will drive demand for DTL products, as higher horsepower tractors would require an additional pump for power steering.

Exports volumes for agri tractors have seen growth of around 11% y-o-y, with increase in demand mainly coming from European and Asian markets while the American demand has remained subdued.

With current levels of farm mechanization in India below 50% as compared to 78%-80% in Europe and America, there is still substantial growth potential. Long-term growth for tractor industry could be at projected levels of 10% CAGR and with increase in volumes of power steering tractors this percentage growth in demand for hydraulic pumps would be much higher.

Construction and Material Handling

The Construction and Off Highway Vehicles sector achieved a growth of 9% y-o-y in FY2019. The pipeline of projects currently available remains strong and will provide mid to long term opportunity to this sector. Dynamatic Technologies has developed pumps and valves for OEMs in this sector and is either in the limited series production stage or in prototype validation stage for large global OEMs. Budget allocation for road sector and construction of highways, affordable housing, railways and energy, infrastructure development in North East India, Metro and Non-Metro rails will continue to drive growth in this sector.

Material handling is largely driven by the automotive industry and is expected to experience a positive impact from regulatory developments in the sector such as the Automotive Mission Plan 2026, NEMMP 2020 and Make in India supporting infrastructure growth. A well-established auto ancillary supply chain and FDI supports the case for growth in the auto industry.

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 Bengaluru for aluminium pumps, cast iron pumps and agriculture sector valves backed by the Department of Scientific and Industrial Research (DSIR) approved design and R&D center and a rapid prototyping laboratory.

The Company has approximately 74% market share in the [organized Indian] tractor industry and is the partner of choice for almost all the 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 horsepower (i.e. over 50 HP) is expected to continue to grow faster than the industry both in the domestic market as well as internationally. Dynamatic Technologies is strategically positioned to cater to this market sector with highest installed capacity in India to produce tandem pumps. The Tractor industry in India is growing at a strong pace which is expected to drive growth for Dynamatic. The Company is also increasing its share of business with all Tractor manufacturing OEMs which will further aid future growth.

While continuing to consolidate its market leadership position in 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 and testing, and will cater to the global OEMs. DTL has already developed hydro motors for this sector, which are currently undergoing trials with various global OEMs. The Company is also focused on building competencies to provide service support to its customers, which will further improve the business in coming years.

DTL has integrated the supply chain into one global supply chain for hydraulics which provides the Company with better bargaining capability and enables it to keep the costs competitive.

Operational and Financial Performance (₹ in lakhs)

Particulars	FY2019	FY2018	Change (%)
Revenue	**36,310**	**31,549**	**15.1%**
EBITDA	**4,155**	**3,706**	**12.1%**
Margin %	*11.4%*	*11.7%*	

Revenue growth during FY2019 is due to improved agri-market in the United States resulting in an increase in the tractor production and demand from our major OEMs. The year also saw an increase in demand for after sales market, in particular for Gold Value pumps in European market. Influx of low-cost products from China and other countries over the last couple of years resulted in a decline in demand for these pumps. However, due to poor performance of these pumps most of the demand is coming back to better quality and reliable products such as of Dynamatic Technologies.

While the business performance has improved and the outlook looks even better, Swindon plant has continued to focus on its cost reduction and efficiency improvement projects which is expected to result in margin expansion and will also enable DTL to gain market shares. Though the agri market sentiment for FY2020 in USA looks a bit subdued compared to previous year, the Company is experiencing a rising demand from construction and material handling segment. Tractor production continues to grow due to positive sentiments in both farming sector and construction activities. Tractors are increasingly being used as a multi utility vehicle for haulage and construction activities further driving growth.

AUTOMOTIVE & METALLURGY

Industry Overview and Outlook

The Indian auto-components industry has experienced robust growth over the last few years. Demand has been sustained by higher industry capacity utilization. This coupled with favorable demand prospects over the medium term have also led to capacity expansion in the auto component industry. During FY2019, auto component industry in India is estimated to have grown by 15% driven by growing OEM volumes, better realizations and higher content per vehicle. This growth rate is expected to soften during FY2020 due to weakness in the passenger vehicle sales. Ahead of BS VI emission norm implementation in April 2020, commercial vehicle volumes are expected to remain firm.

Indian automobile industry produced 31 million vehicles during the year which was 6.3% higher than FY2018. In terms of sales, Commercial vehicle led the chart with 17.6% y-o-y growth which was driven by light commercial vehicles (+19.5%). Passenger vehicles and two-wheeler sales growth was subdued at 2.7% and 4.7%, due to weak consumer sentiment. Overall automobile exports increased by 14.5% over last year. While Passenger Vehicles exports declined by 9.6%, Commercial Vehicles, Three Wheelers and Two Wheelers registered a growth of 3.2%, 49.0% and 16.6%, respectively in FY2019.

Long term dynamics of the Indian automobile industry remains intact. It is expected to see favorable demand due to growing consumer class, higher disposable income, enhances ease of doing business and expanding infrastructure. In two-wheelers, cars and tractors, India's automotive industry is at the forefront of many segment leading globally.

According to the Automotive Component Manufacturers Association of India (ACMA), the Indian auto-components industry is expected to register a turnover of US$ 100 billion by 2020 backed by strong exports ranging between US$ 80 - US$ 100 billion by 2026. Government has come out with Automotive Mission Plan (AMP) 2026 which will help the automotive industry to grow and benefit Indian economy. Contribution of auto industry in the country's GDP is expected to increase to over 12% and around 65 million incremental number of direct and indirect jobs will be created.

The Indian auto-components industry is set to become the third largest in the world by 2025. Indian auto-component makers are well positioned to benefit from the globalization of the sector as exports potential could be increased by up to US$ 30 billion by 2021.

Global car and light commercial vehicle sales in 2018 contracted by 0.5% to 86 million vehicles. Besides declining sales growth in China, the auto markets globally were impacted by uncertainty in the European markets.

The Company continues to focus 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, disc brake parts and slack adjusters.

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 Ferrotech Ltd. (JFTL), located in Chennai, possesses best in class manufacturing and testing facilities with the capability to produce and supply performance critical automotive components. It produces high quality technology oriented components for engine, braking system, transmission, steering and chassis for Indian and global automotive OEMs like Volkswagen Germany, BMW Austria, Daimler Germany, Hyundai Motors India and Daimler India. JFTL seamlessly works with Eisenwerk Erla who provides technology support and access to European and global customers

Chennai being an automotive hub, the unique locational advantage offered by JFTL has enabled it to forge long-term partnerships with all its customers. JFTL is the strategic supplier to Hyundai Motors for the exhaust manifolds in High Si-Mo and Daimler India for the chassis and cabin parts for their HDT segment.

As part of backward integration, JFTL supports the manufacturing value chain of Hydraulic business with best in quality parts for cast iron gear pumps for agro tractors and off -highway applications.

JFTL is a strategic supplier of safety critical Disc Brake parts to Chassis Brakes International and Brake Slack Adjusters for Haldex India. JFTL is the single source for majority of the parts to these customers and the business has witnessed a steep growth from both of them in recent years. Business has added new parts in the last year for these two customers.

New business from Myunghwa Automotive marks JFTL's first foray into manufacturing of safety critical steering Knuckle and BS6 parts from Daimler India were the significant developments in the last year

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 and Off-high way vehicle majors. With a history of over 630 years, Eisenwerk Erla possesses one of the finest ferrous foundries in Europe, capable of manufacturing extremely intricate ferrous castings in exotic metallurgy. It also has strong R&D capabilities with patented technologies specific to the automotive industry.

Machining facility is fully robotized which incorporates the latest technological innovations and will allow Dynamatic Technologies to increase its competitiveness in manufacturing high value precision parts of BMW.

Operational and Financial Performance (₹ in lakhs)

Particulars	FY2019	FY2018	Change (%)
Revenue	**66,833**	65,558	1.9%
EBITDA	**2,509**	2,567	(2.3)%
Margin %	*3.8%*	*3.9%*	

During the year FY2019, Dynamatic Technologies took a conscious step to enhance margins by rationalizing product mix. New order execution in India resulted in topline growth across the business division. This is a result of volume growth from investments made by the Company in the new product development. Over the longer term, the Company expects to derive further synergies. It is expected that the ramp up of new orders that started during the year will derive benefit from FY2020. Overall, Dynamatic Technologies continues to focus on high margin product mix, exports, ramp-up of existing products, performance-critical components, customer diversification, steel castings and capacity utilization for this segment.

On 31st December 2018, Dynamatic Technologies executed a business transfer agreement with Hi-Tech Arai Private Limited, a joint venture between Japan based Arai Seisakusho and Mitsubishi Corporation for the divestment of the aluminium business of the Automotive Division with effect from 17thJanuary 2019. However, certain assets and liabilities pertaining to this sale which were earlier disclosed as 'discontinued operation' have been retained by the Company owing to a change in strategy and have been reclassified as "others" for the Automotive Division.

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. India is expected to become the "third largest" aviation market by 2025 and supply about 478 million passengers by 2036. The Indian Aerospace Industry continues to be one of the fastest-growing in the world with an expanding consumer base. While India and China will likely drive growth in both commercial aerospace and defense sectors, Japan is expected to be a key market primarily for the defense sector. 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. There could be a demand for more than 2,000 new aircraft in India over the next two decades, which would be dominated by single-aisle aircraft. The 2018–19 defense budget for the country stood at US$43.8 billion, a 7.7 % increase from the 2017–18 budget. 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

The Indian aviation industry is the ninth largest aviation market in the world and is growing at a strong rate and is expected to become the third largest aerospace industry by 2025. Driven by the rapid increase in passenger traffic over the last few years, almost all Indian airlines are focused on increasing their capacities. The commercial aircraft order backlog is at its peak of more than 14,000, with about 38,000 aircraft expected to be produced globally over the next 20 years. Key focus is on modernization of airports, communications, navigation and surveillance systems for air traffic management, radars and facilities for maintenance, repair and overhaul of aircraft and subsystems.

India's fast-growing civil aviation sector offers strong growth prospects for the aerospace industry in the country. Presently, the country has over 450 airports and airstrips, of which 125 airports are owned by the Airports Authority of India (AAI). By 2020, AAI aims to operationalize around 250 additional airports across the country. Passenger traffic handled by airports in India is set to grow to 421 million by 2020 from 223 million in 2016. To support this growth, the Government of India released the National Civil Aviation Policy (NCAP) in June 2016. This new policy is expected to help revive some 100-plus non-functional airports in India, improve connectivity across the country, and further simplify the rules, making it easier for foreign players to participate.

In the commercial aircraft sector, the country's forecast is to have a demand for a record of 2,100 new aircraft, worth US$290 billion, in the next two decades with the majority of these being single aisle planes. The demand will primarily support the growth of low-cost carriers, which account for more than 60% of the total flights in the country.

There is enormous potential of overhaul and maintenance of aero engines and production of avionics, components and accessories, both in civil and military aviation sectors. India is also fast emerging as a centre for engineering and design services in this sector.

DEFENCE AEROSPACE

In FY2019, the Indian defence sector achieved strong growth as the industry received a boost from the FY2019 defense budget for the country, which stood at US$43.8 billion, a 7.7% increase from the FY2018 budget. Defence industry in India is stepping towards more defence production, making the nation self-reliant in defence needs.

A crucial development in the Indian defence sector took place in 2017 with the announcement of the much-awaited Chapter-VII of the Defence Procurement Procedure 2016 on the Strategic Partnership Policy by the Ministry of Defence. The Policy has encouraged private sector participation, enhance competition, increase efficiency, created a robust ecosystem for suppliers and put in place focused R&D for modernization.

India's aerospace and defense manufacturing sector continues to grow and expand through partnerships, new factories and research facilities. It has opened doors for Indian companies to form joint ventures with multinational original-equipment manufacturers (OEMs) for defence production. The estimated investments on acquisitions in this sector are over ₹ 5 lakh crore ($ 100 billion) in the coming decade.

The robust growth potential of the industry attracts original equipment manufacturers (OEMs) in this sector to setup facilities in India. Although the gestation period is long, companies who have made their capital investments are looking at strong growth in the years to come.

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. QMS is AS9100 approved, NADCAP approved for heat treatment, spot welding, non-destructive testing and metrology. The Company is also approved by major OEM's like Airbus, Boeing, Bell Helicopters, HAL. 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 115 Aircrafts sets have been produced and supplied to HAL, Nasik from our facility in Nasik.

The Company is also a Tier-I 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 global single source for 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 has delivered over 5,000 aircrafts sets till date and is working closely with Spirit AeroSystems to ramp up further for increased production requirement.

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 in FY2018 and the project has a deep industrialization with over 96% of details manufactured within Dynamatic and final assembly shipped to Airbus. The Company is a single source supplier making DTL the largest Flap Track Beam manufacturer in the world.

Dynamatic Technologies is a strategic partner with Bell Helicopters on the Bell 407 major airframe assemblies. Dynamatic has digitised and industrialised over 2000 detailed parts, followed by development of tooling, processes and part manufacturing. All major fuselage assemblies are ramping up to full rate production at the expanded facility in Dynamatic Aerotropolis.

In FY2019, Dynamatic Oldland-Aerospace® received industry wide recognition and won a few major awards:

July 2018 - Won 2nd Place in the Kaizen Competition organized by CII

August 2018 - Won the Gold award in the Regional level Quality Control Circle Competition organized by QCFI, Bengaluru Chapter

October 2018 - Won 2nd Place in the Poka Yoke Competition organized by CII

December 2018 – Won the Par Excellence Award at the National level Quality Control Circle Competition organized by QCFI, Bengaluru Chapter

January 2019 – Won the Gold award at the Poka Yoke competition Organized by QCFI, Bengaluru

March 2019 - Won 1st place in the TPM Kaizen competition organized by CII and TPM Club of India and also won the prestigious Golden Peacock award for National Training from Institute of Directors

April 2019 – Won the 2nd place in the TPM Kaizen competition organized by CII and TPM Club of India

TECHNOLOGY & QUALITY

Dynamatic Technologies being a Tier-I supplier for OEMs has continuously invested in technology for making the business more cost effective and world class. The Company has put in best practices by implementing lean manufacturing and continuous improvement programs. DTL has also launched QSP – Quality, Safety & Productivity, 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 and laser tracker, 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.

DTL has also launched a skill initiative for its complete work force both direct and indirect using a software called CATi

(Competency Assessment & Training Identification). The software is designed to map each of the employees' skill level and training needs. This in turn enables the management to provide required training to the work force.

The Company has also established a Skill Development Center inhouse to train and mentor new recruits. Having adopted a Government ITI under PPP, DTL is imparting training to the students preparing them to serve in any Aerospace and Defence industry in order to make Make In India drive a great success.

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 with robotic machining capabilities for the manufacture of aerospace components and tooling. It also offers a fast track facility, working with all the major primes and manufactures necessary 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 and Leonardo. It is compliant with BSI ISO 9001:2000 and AS 9100 Rev D 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 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. 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.

Operational and Financial Performance (₹ in lakhs)

Particulars	FY2019	FY2018	Change (%)
Revenue	**46,885**	**35,636**	**31.6%**
EBITDA	**11,684**	**8,144**	**43.5%**
Margin %	*24.9%*	*22.9%*	

Continuing order book execution and delivery led to substantial revenue growth in FY2019, in particular, ramp up of orders for Bell Helicopters. Going forward, new enquiries and orders will further strengthen the already strong order book. Order execution for Airbus and Bell Helicopters is expected to remain robust. Strengthening of supplier eco-system and vertical integration and the Company's focus on increasing operational excellence through Mission Zero and APQP concepts are expected to drive continued growth. Conversion of Aerospace Division into EOU will also drive business efficiencies. This segment is focused on developing capabilities in large aero-structural assemblies, composites and high precision aero- structure design and manufacture.

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).

ANALYSIS OF KEY RATIOS

An analysis of key ratios for the period under review is as follows: (₹ in lakhs)

Profitability Ratios	FY19	FY18	Change (%)	Comments
EBITDA (₹ lakhs) (Consolidated)	17,524	13,980	25.4%	Driven by change in product mix, ramp up of orders and resource optimization
EBITDA Margins	11.7%	10.6%	110 bps	
Net Profit (₹ lakhs) (Consolidated – from continuing operations)	3,116	1,204	158.8%	Driven by higher EBITDA
Net Profit Margins	2.1%	0.9%	116 bps	

Liquidity Ratios	FY19	FY18	Change (%)	Comments
Debt Equity	2.0x	2.3x	(10.3)%	-
Current Ratio	1.6x	1.5x	11.0%	-
Interest Coverage Ratio	1.6x	1.2x	27.5%	Earnings improvement has been better than increase in interest costs

Return Ratios	FY19	FY18	Change	Comments
Return on Net Worth	9.6%	3.8%	580 bps	Improved earnings
Return on Assets	2.3%	0.8%	140 bps	-
Return on Capital Employed	13.8%	9.6%	410 bps	Improved earnings

Turnover Ratios	FY19	FY18	Change (%)	Comments
Creditors Turnover	2.8x	2.6x	(8.5)%	-
Debtors Turnover	6.5x	7.1x	(7.9)%	-
Inventory Turnover	2.7x	2.4x	15.0%	-

For the purpose of calculation of ratios, averages of balance sheet items have not been considered since the financial statements for FY2019 and FY2018 have been prepared excluding discontinuing operations

FINANCIAL CONDITION

Share Capital (₹ in lakhs)

Year Ended 31st March	FY2019	FY2018	Change (%)
Share Capital	**634**	634	-
Reserves & Surplus	**31,855**	30,750	3.6%

The Company had an Authorized Share Capital of ₹2,500 lakhs, as on 31st March 2019, divided into 20,000,000 shares with face value of ₹10/- each. The issued, subscribed and paid-up share capital was ₹634 lakhs, as on 31st March 2019 unchanged from 31st March 2018.

The Reserves and Surplus were ₹31,855 lakhs, as on 31st March 2019, increase of ₹1,105 lakhs compared to 31st March 2018.

The increase is attributable to: (₹ in lakhs)

Profit generated during the year	**2,747**
Other Comprehensive Income during the year	**(706)**
Total	**2,041**

Offset by: (₹ in lakhs)

Debit balance arising on consolidation	**783**
Total	**783**
Net Change	**1,105**

Borrowings (₹ in lakhs)

Year Ended 31st March	FY2019	FY2018	Change (%)
Long term borrowings	**44,316**	48,925	**(9.4)%**
Short term borrowings	**21,604**	22,092	**(2.2)%**
Total	**65,920**	71,017	**(7.2)%**

Fixed Assets (₹ in lakhs)

Year Ended 31st March	FY2019	FY2018	Change (%)
Property Plant and Equipment	**52,594**	67,022	**(21.5)%**
Intangible Assets	**2,541**	2,735	**(7.1)%**
Capital work in progress	**556**	817	**(31.9)%**
Total	**55,691**	70,574	**(21.1)%**

The decrease in fixed assets is primarily due to divestment of assets related to Aluminium business. The decline in intangible fixed assets can be primarily attributed to depreciation during the year. Capital work in progress is primarily attributed to the aerospace and automotive unit.

Capital Expenditure

During the year under review, your Company incurred capital expenditure of ₹2,371 lakhs for physical infrastructure and ₹246 lakhs 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 materials of ₹10,139 lakhs, work in progress of ₹15,061 lakhs, finished goods of ₹2,108 lakhs and stores and spares of ₹772 lakhs.

OPPORTUNITIES & THREATS

Growth in Indian economy: India continues to be the fastest growing major economy and is projected to grow faster in the coming years. As per the latest IMF report, India is projected to grow at 7.3% in 2019 and 7.5% in 2020, backed by a pick-up in industrial investment and improving consumption demand. These fundamental drivers provide a strong case for the growth of automotive and industrial sectors in India.

Manufacturing for India, in India: Going forward, India's appeal to potential investors will be more than just its low-cost labour as manufacturers there are building competitive businesses to tap into the large and growing local market. Further reforms and public infrastructure investments could make it easier for all types of manufacturing businesses to achieve scale and efficiency.

Regulatory changes: Increased stringency and compliance requirements in regulations related to environment and safety standards such as BS VI are expected to increase cost and complexity for the component manufacturers. Further, as OEMs seek to develop alternative powertrain technologies, suppliers will be required to provide more of the value- added content per car. With a wide product portfolio and a strong R&D base Dynamatic is positioned to capitalise on the industry opportunities.

Increasing Farm Mechanization: India's proportion of mechanised farming is considerably lower than other developed agricultural geographies. The growing need of modern agricultural equipment and mechanization is driving the demand for equipment such as tractors, harvesters and tillers.

Favourable Industry Dynamics: The Indian automotive industry registered a production growth of 6.3% in FY2019 and momentum is expected to continue going forward. Rising disposable incomes, rapid urbanization, lower finance costs, agricultural automation and industrial growth are essential factors which collectively support further penetration of automotive vehicles across India.

Strong Technology and Manufacturing Platform: Dynamatic Technologies is always committed to enhance its existing capabilities and with that focus it had made significant investments, in particular the Aerospace segment. The Company's performance is expected 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: Dynamatic Technologies' product portfolio is diversified across 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 the Auto sector, most OEMs to maintain multiple suppliers for their products and do not prefer exclusive contracts. 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 long standing relationship that it has with the global OEMs is an added advantage.

Monsoon in India: Lately the climate change in India has been erratic and unpredictable. Unseasonal and inadequate rainfall hurts market perception and sentiment, especially the auto and tractor segment. To hedge its exposure to the tractor segment, the Company is focused on the construction equipment segment.

Technological Changes: The business segments in which the Company operates are very technology driven and therefore the Company's products tend to have a shorter life cycle. Dynamatic Technologies is always focused on Research & Development and believes that technological enhancement is an integral part of the culture of the organization. The Company works closely with its customers to better understand their needs and develop suitable products tailored to their requirements. 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 scale of the business, the Company's operations are exposed to various foreign currencies. The volatility in the foreign exchange rates can impact the financial performance and hence the Company is closely monitoring these risks and adopting appropriate hedges / forward contract to mitigate such risks.

Global Macroeconomic Uncertainty: The Company's business operations are global in nature and thus impacted by the economic volatility prevalent across the world currently. Over the last few years, global economic growth has remained subdued and several key markets have faced economic challenges. These are further impacted by US-China trade tensions, escalating protectionist trade policies being implemented worldwide and the growing socio-political instability. 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 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. Dynamatic Group understands risks are an integral part of the business and strives to conduct the business by balancing the corporate's objectives with the risks we are prepared to take.

Our policy is based on the following principles:

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

Line managers are responsible for the implementation of risk management for the processes for which they are responsible.

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

QUALITY MANAGEMENT SYSTEM (QMS)

Dynamatic-Oldland Aerospace® is always focused on achieving international quality standards for its products and services. In pursuit of this goal, Dynamatic Technologies has established a comprehensive Quality Management System which encompasses all aspects of the business with focus on establishing a quality assurance ecosystem that is designed to consistently deliver quality products and superior service. To achieve product quality assurance, the Company focuses on excellence in in-house production processes while ensuring that suppliers consistently produce components as per specifications.

AEROSPACE: DTL has successfully completed the surveillance audits to ISO: 14001 specifications for its Environmental Management System. The Company's QMS which is compliant to ISO: 9001 and AS9100 standards since 2006, has evolved and matured and is highly system driven and was audited by DQS and Novostar, India,

Dynamatic Technologies is also NADCAP accredited (accreditation for special processes in the aerospace and defense industry) for special processes like heat treatment, spot welding, non-destructive testing, measurement and inspection.

The Quality Management System is driven by key performance indicators defined for each projects deployed by Policy Deployment Matrix from the senior management and is monitored through the Performance Management System (PMS) on yearly basis.

As part of continual improvements, the Company is going digital by deploying about 15 different software to enhance the Quality Management System, such as Compliant Management System, Document Management System and Engineering Change Management System Modules

The Company is the first to adopt and implement AS9145 International Standard for Advanced Product Quality Planning (APQP) and Production Part Approval Process (PPAP) in the Aerospace domain. DTL has played an important role in Boeing and Airbus introducing APQP for their products.

The Dynamatic Quality Management System (DQMS) addresses the quality requirements and management expectations set out by the global OEM majors such as Boeing, Airbus and Bell Helicopters as well as leading domestic players such as HAL. DQMS utilizes some of the best tools such as 5S, Value Stream Mapping, Root Cause Analysis, Six Sigma, Statistical Process Control, Measurement System Analysis, Visual Control, Learning-by-Doing and Going Extra Mile Award.

DTL recognizes the need to control and improve health and safety performance, to do so a plan is in place to get Occupational Health and Safety Assessment Series (ISO45001).

The Company has invested in development of a dedicated training center for developing the skill set of the workforce. The skill levels are managed through CATI software module and monitored by Human Resource Department. In addition, the Company also utilizes the expertise from the customer base to enhance the skill of workforce to meet the international standards. 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 through the launch of 'Mission Zero' initiative aimed at Zero Accidents, Zero Defects, Zero Customer Complaints, Zero Delay, Zero Down Time and Zero Waste with participation at all levels in the company.

The GEM Award recognition scheme 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.

HYDRAULICS: The 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. DTL'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 the company has been awarded a certification by UL DQS India.

AUTOMOTIVE & METALLURGY: During FY 2018-19, the Company successfully completed the surveillance audits of ISO 9001 and IATF 16949 Quality Management Systems. The Dynamatic Quality Management System (DQMS) addresses the quality requirements and management expectations set out by the global automotive OEM majors such as BMW, AUDI, VW, MAN, Hyundai Motors India, Maruti Suzuki, Nissan India, Toyota Motors India, Honda India and Mahindra & Mahindra. DQMS utilizes some of the best tools such as 5S, 8D, FMEA, APQP, Ishikawa, Business Process Re-engineering, Overall Equipment Effectiveness, Root Cause Analysis, Six Sigma, Statistical Process Control, Total Productive Maintenance, Visual Control, Learning-by-Doing and Employee Participation Program (EPP).

Lean Management concepts together with quality tools are being used on the shop floor by management to increase the overall equipment effectiveness (OEE) of the operations. This is achieved by reducing rejections, set ups, cycle time and through effective material management. The EPP has resulted in the participation of employees in innovative activities and their contributions have resulted in continual improvements to work and work processes.

INFORMATION SECURITY MANAGEMENT SYSTEM (ISMS)

DTL has implemented Information Security Management System (ISO/IEC 27001) and is certified by DQS, India. During the year, the company has successfully completed the audits on Information Security Management System for Dynamatic – Oldland Aerospace®, Peenya Division with ISO 27001:2013 certification. The audit and certification was carried out by DQS India. The Information Security Management System (ISMS) addresses the Data Security requirements and expectations of aerospace customers like Airbus, Boeing, Bell and HAL. The ISMS Policies and Procedures, Data security risks are all addressed in the process and followed in accordance to the ISMS requirements.

The Data Centre was upgraded from traditional physical servers to high end "virtualization", wherein, virtual servers are configured and used for various applications. This has enhanced the performance and is now more effective and reliable data storage. To ensure Business continuity, back-up of the entire data of the server is implemented outside the premises. Awareness trainings have been continuously given to all the employees on Data Security and Password Protection. Encryption has been adopted to ensure data security. Data transfers with customers and suppliers is through secured file transfer protocol.

With the above certified system, the customers are comfortable to share the Technical information with the Company. Separate virtual servers for each customer, are configured and implemented. Dynamatic has always ensured and protected IP rights of the customers.

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 enables sustainable flow of critical raw materials and acts as 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, driven 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 Supply Chain Management practices. In order to further enhance the cost efficiency model, the Indian Aerospace operations have been converted into an EOU. During the 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 detail parts and efficient customer response.
- Improving quality and productivity within operational areas such as warehousing, logistics, inventory management and packaging
- Value Addition & Value Engineering (VAVE) involvement with suppliers to drive the cost down
- Supplier rating linked scheduling
- Supplier audits and onsite training
- Global tax minimization including transfer pricing & 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-Oldland Aerospace® has a 3-tier approach – strategic, tactical and operational to ensure that the Supply Chain Management 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.

Export Oriented Unit (EOU)

Recent conversion of Indian Aerospace Division into EOU will also drive business efficiencies. The scheme helps in promoting exports, enhance foreign exchange earnings, attract investment for export production and employment generation.

Following are the additional advantages of being an EOU:

1) Allows imports without payment of custom duties and IGST

2) Imports allowed for undertaking Job work

3) Import of second hand goods and machinery allowed

4) Permits longer time duration for fulfilment of Export Obligations

5) DTA sale is permitted on payment of applicable GST

6) Time savings in case of clearance of imports due to green channel mode

ENVIRONMENT SAFETY AND HEALTH

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

DTL believes that managing the environment footprint is of utmost importance especially given the growing awareness and stringency concerning environmental laws globally and the need for industries to responsibly account for their impact on the environment. Accordingly, the Company's policies are aimed towards optimizing usage of natural resources and implementing green technologies for production wherever possible. Techniques such as rain water harvesting and waste water treatment have been adopted at all plants to minimize water consumption and wastage, considering shortage of water has become a growing concern in our country. The new Factory at Devanahalli is constructed with thermal roofing and thermal walls to conserve energy required to cool the interiors. The design also ensures 100% harvesting of rain water. DTL's facilities are non-polluting and are ISO: 14000 certified. This enables adoption of systematic and quantifiable approaches and techniques to minimize impact on the environment. The facilities are also certified for ISO 45001 on Occupational Health and Safety Management System by DQS.

SAFETY AND HEALTH

Dynamatic Technologies is focused on creating and ensuring a healthy workplace, free from occupational hazards, to realize its aim of zero incidents. To achieve this vision, emphasis has been on making and implementing rules, training employees on preventive measures, and setting up fool-proofing measures on site. This is further complimented by the implementation of best in class engineering standards for design and project execution. This has enabled the company to keep workplace hazards to a minimum.

The Company also provides various health benefits such as regular health checkups and health-related awareness programmes for the employees. These initiatives are conducted across all Company facilities and are in line with the Company's objective of maintaining a healthy and motivated workforce.

The company also undertakes activities which are focused on health & safety of its employees on the shop floor. Awareness campaigns have been undertaken to enforce the use of personnel protective equipment (PPE) at work. At the same time, the Company has been successful in merging the EMS & OHSAS requirements into a common management system called IMS. This has avoided unnecessary duplication of work in monitoring and maintenance of records.

INDUSTRIAL RELATIONS

Dynamatic Technologies is always focused on creating a harmonious and inclusive work environment where employees feel motivated to contribute towards the collective goal. This outlook involves providing our employees the requisite perks and benefits, but also equal opportunities for growth and skill development.

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

Dynamatic's strength lies in its extremely competent and committed workforce, who feel cared for. Some concrete efforts made towards welfare of employees are medical insurance at very low premium for self and family. Conversion to Corporate salary account, generating better benefits for account holders including zero balance, accident insurance, free Demand Drafts and better terms for withdrawal through ATM. The Company also undertook negotiations with Indian Bank to provide cheaper personal loan to employees. The trust and credibility that the Company enjoys among its employees enables the Company to develop a well enabled and engaged work force (including workers on contract) of over 2766 personnel with very low attrition rate.

WORK CULTURE

At Dynamatic Technologies, we believe that our workforce is one of our biggest assets. The Company is constantly focused on creating a high performance work environment through constant bilateral communication with an aim to achieve mutual growth. The Company has put in place an HR development framework to ensure employees' career progression and greater connect with the vision and mission of the Company. This framework rides on multiple programs and opportunities for individual training and development, skill up-gradation schemes, congenial atmosphere for labour-management relationship and equal opportunities. HR policies, practices and the work environment are constantly reviewed to make them current, inclusive and enjoyable. The Company also strives towards acquiring, developing, management and retention of best talent in the market as we focus on optimizing workforce productivity and achieving growth for all.

The focus of the HR team is to promote recognition of merit and hard work across the work force. The HR Team also works towards improving transparency and trust across the organisation. HR teams work towards inculcating Dynamatic's vision and values through training, sharing, inspiring and celebrating to promote sense of belongingness amongst all the Employees of the Company.

Highlights for the Year

- Dynamatic-Oldland Aerospace® won the Special Commendation from the Institute of Directors (IOD) for the Golden Peacock National Training Award 2019, during India's "29th World Congress on Leadership for Business Excellence & Innovation" and Golden Peacock Awards Presentation Ceremony at Hotel Habtoor Palace, Dubai, UAE.

  Golden Peacock Awards are of high esteem and most reputed in such awards' category. This clearly establishes that the HR practices and the training methodology followed at DOA meets the International requirements. It is necessary for the Company to adhere to the current HR practices, policies and training programs and further improve its effectiveness to enhance the employee competency & well-being. The training curriculum for the blue collar employees is vetted by Skillsonics against the international standards. With this documented training curriculum and having the formally trained trainers, DTL has the capability to scale up to higher levels. The document prepared and submitted for the Golden Peacock Award has undergone 3 tier evaluation process under the Jury of former Supreme Court Judges.

- DTL was also invited to be part of the Plenary Session on the topic "Fostering Creativity and Innovation for Business Excellence". Mr. P S Ramesh was a panel member and the presentation was well received and gave the Company an opportunity to showcase globally how Dynamatic is thriving on innovativeness, while honing artisanal skills.

- "Dynamatic Day" commemorating Kannada Rajyotsava was celebrated with all pomp and gaiety, wherein all employees with their families celebrated.

- Sports and other fine arts competitions were held amongst the employees, strengthening Employee Engagement.

- As part of Wellbeing Programs, International Yoga day was celebrated on 21st June and a dental camp held on 20th June, 2018.

- Around 10 workshops on Vendor development were held by the Quality team.

- Training calendars were designed, including technical skills and soft skills programs, were designed in accordance with the specific needs of each projects and implemented.

- Successfully certified for ISO 45001 Certification by DQS India and Peenya & Aerotropolis facilities

- All women employees were imparted with training on "women safety", wherein topics like self-defence techniques, stress drills, basic strikes & defence

- Competency Assessment and Training Identification (CATI) is covering all employees and training programs in accordance with the model is continuing and training hours are being captured and effectiveness is evaluated for review.

- Visitor Management System (VMS) : A software has been developed in-house to track visitors movements in the campus and better time management of both visitor and the host. Several brain storm sessions took place while designing the software. Finally the system is up and running.

- Business Excellence Journey started with a session in training and implementing 5S

- Celebrated World Environment Day at Hydraulics by planting trees in the campus.

- Workshop on prevention, prohibition and redressal of sexual harassment of women at the workplace was conducted

- Mock drill was conducted by District Fire Brigade official in Hydraulics

- Conducted Internal Quality Auditors Training in Integrated Management System

SAFE HARBOUR STATEMENT

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

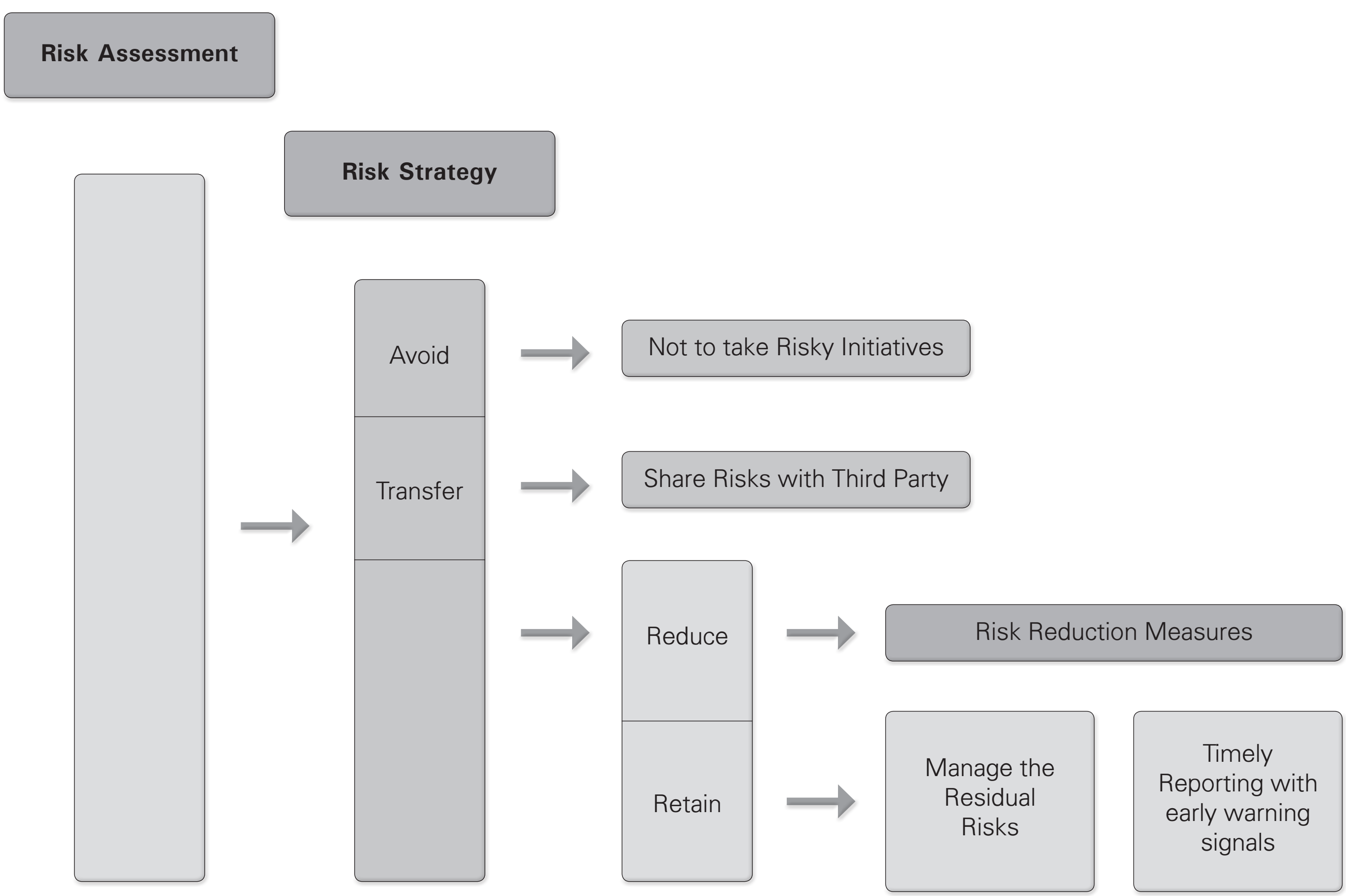
The following section discusses various dimensions of our risk management. The risk-related information outlined in this section is not exhaustive and is for information purposes only. The discussion may contain statements, which may be forward looking in nature. Our business model is subject to uncertainties 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. Dynamatic Technologies believes that Risk Management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the Company environment. Our business plans articulate the key business objectives of the Company through a set of specific goals that have to be achieved in the short-term and strategic goals aimed at achieving our aspirations in the medium term. Several risks can impact the achievement of a business objective. Similarly, a single risk can impact the achievement of several business objectives. Our risk management practices seek to sustain and enhance the long-term competitive advantage of the Company. Our core values and ethics provide the platform for our risk management practices.

Dynamatic 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:

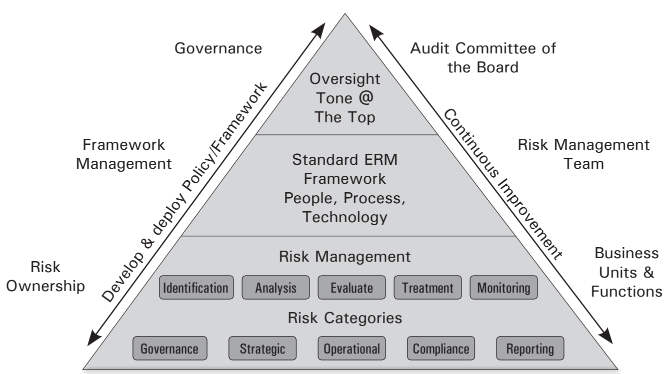
Level	Key roles and responsibilities
Risk Council (RC)	• Comprises Chief Executive Officer (CEO), Chief Operating Officer/s (COO), Chief Financial Officer (CFO) and Head-Legal, Compliances and Company Secretary • Responsible for oversight of risk management practices including, identification, impact assessment, monitoring, mitigation, and reporting • Reviewing enterprise risks for the achievement of business objectives periodically, initiating mitigation actions, identifying owners for mitigation actions, and reviewing progress of mitigation actions
Chief Risk Officer (CRO)	• Headed by Head-Legal, Compliances and Company Secretary who also acts as CRO • Comprises the network of risk managers from business units and specialist groups • Facilitating the execution of risk management practices in the enterprise, in the areas of risk identification, impact assessment, monitoring, mitigation and reporting
Business Unit Risk Managers	• Managing their functions as per the Company's risk management practices • Ensuring compliance to policies and procedures laid out by the Company in their respective business units • Managing risks concomitant to the business decisions relating to their unit, span of control or area of operations • Ensuring effectiveness of risk mitigation actions in their units • Reporting risk events and incidents relating to their unit in a timely manner

Key Business Objectives

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

Risk categories

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



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

- **Strategic:** An organization implements strategies in order to reach their goals. Each strategy has related risks that must be managed in order to meet these goals. Risks to the successful execution of the Company's articulated strategies. These originate from the choices we make on markets, business mix, resources and delivery models that can potentially impact our competitive advantage in the medium and long-term.
- **Operational:** Risks inherent to business operations including those relating to quality, delivery, cost competition.
- **Compliance:** Risks emanating out of the policies and procedures. This also includes Regulatory Compliances covering various federal, state, local and foreign laws relating to various aspects of the business operations are complex and non-compliances can result in substantial fines, sanctions etc.
- **Governance:** The current corporate governance models usually cater to the financial sector. Thus, current corporate governance principles haven't proved to be reliable during serious financial crises, We feel that there is a need to place a heavier focus on identifying, monitoring and managing catastrophic risks, irrespective of the chance of such risks actually occurring. This also includes the reputational risk.
- **Reporting:** We encourage employees to report risk concerns to managers, who would communicate and coordinate information to be addressed by the appropriate parties.

Key Risk Management Practices

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

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

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

Risk Reporting and Disclosure: Risks to the achievement of key business objectives through the maintenance of Risk register are reported and discussed with the Risk 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 this fiscal year, we focused on ascertaining the risk appetite for the business and worked with the teams to identify the risk exposures with our business partners and worked towards identifying the thresholds which are acceptable to the organization which need to be mitigated.

We 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 are working towards being updated with the emerging risks in the risk universe and are keeping the risk priorities plotted with the organization exposure and our risk appetite on these.

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Code of Governance:

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

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

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

The Company operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationships between itself and its stakeholders.

It has set up a system which enables all its employees to voice their concerns openly and without any fear or inhibition. The Corporate Governance practices followed by the Company are compatible with International Standards.

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.

Your Company is in compliance with the requirements of Corporate Governance stipulated in the Listing Regulations and also Guidance Note on Board Evaluation as prescribed by SEBI.

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 endeavor 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.dynamatics.com)**

- **Corporate Social Responsibility:**

  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.dynamatics.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.dynamatics.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.dynamatics.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.dynamatics.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.dynamatics.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 programme imparted to Independent Directors:**

  In accordance with SEBI (LODR) Regulations, 2015, the Company had imparted Familiarisation programme to Independent Directors details of which has been hosted on the website of the Company **(www.dynamatics.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.dynamatics.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 2019, the Board consisted Ten (10) members of whom Seven (7) are Non-Executive Directors comprising of Five (5) Independent Directors which includes a Woman Director and Three (3) Executive Directors out of whom One (1) Executive Director is also a Promoter Director. The Board periodically reviews changes in composition or its size. Chairman of the Board is a Non-Executive Independent Director. There is no inter-se relationship between the Directors on the Board.

Skills / Expertise / Competencies of the Board of Directors:

The following is the list of core skills / expertise in competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

I. Knowledge on Company's businesses (Hydraulics, Aerospace, Automobile and Metallurgy), policies and culture (including the Mission, Vision and Values), major risks / threats and potential opportunities and knowledge of the Industry in which the Company operates
II. Behavioural Skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company
III. Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making
IV. Financial and Management Skills
V. Technical / Professional Skills and specialized knowledge in relation to Company's business

COMPOSITION OF THE BOARD AND DIRECTORSHIPS/SHAREHOLDINGS IN THE COMPANY/MEMBERSHIP HELD BY DIRECTORS DURING THE YEAR 2018-19

Name of the Director	Category	Indian Public Companies excluding this Company	Committee Memberships (Excluding this Company) (Only Audit Committee and Stakeholders' Relationship Committee have been disclosed)		Shareholding in Dynamatic
			As Chairman	As Member	
Mr. Govind Mirchandani	Independent and Non-Executive Director	1. JKM Erla Automotive Limited	-	Audit Committee	Nil
		2. JKM Ferrotech Limited	-	Audit Committee	Nil
Mr. Nalini Ranjan Mohanty	Independent and Non- Executive 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
Ms. Malavika Jayaram	Woman Independent and Non-Executive Director	-	-	-	Nil
Mr. Shirish Saraf **(Disqualified as Director and noted by the board on 25th April 2018)**	Independent and Non- Executive Director	-	-	-	Nil
Mr. Pradyumna Vyas *	Independent and Non-Executive Director	1. National design Business incubator (Resigned w.e.f 19/02/2019) 2. Titan Company Limited	-	-	Nil
Mr. Pierre de Bausset **	Independent and Non-Executive 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	1. JKM Automotive Limited 2. JKM Erla Automotive Limited 3. JKM Research Farm Limited	-	-	Nil
Mr. Arvind Mishra	Executive Director	1. JKM Automotive Limited 2. JKM Research Farm Limited	-	-	Nil
Mr. Udayant Malhoutra	Promoter, CEO and Managing Director	1. Centrust Financial Limited	-	-	620179
		2. Greenearth Biotechnologies Limited	-	-	
		3. SAN Engineering and Locomotive Company Limited	-	-	

Name of other listed entities where Directors of the company are Directors and the category of Directorship

Name of the Director	Name of listed entities in which the concerned Director is a Director	Category of Directorship
Mr. Govind Mirchandani	-	-
Mr. Nalini Ranjan Mohanty	-	-
Ms. Malavika Jayaram	-	-
Mr. Pradyumna Vyas *	Titan Company Limited	Independent
Mr. Pierre De Bausset **	-	-
Mr. Dietmar Hahn	-	-
Mr. James David Tucker	-	-
Mr. P S Ramesh	-	-
Mr. Arvind Mishra	-	-
Mr. Udayant Malhoutra	-	-

Notes:

( )Mr. Pradyumna Vyas has been appointed as Independent and Non- Executive Director w.e.f 11th February 2019*
(*)Mr. Pierre de Bausset has been appointed as Independent and Non- Executive Director w.e. f 11th February 2019*
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 2018 - 19.
There are no Instruments 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. Govind Mirchandani, Independent Director as the Chairman of the Board.

Mr. P. S. Ramesh and Mr. Arvind Mishra are the Executive Directors of the Company along with Mr. Udayant Malhoutra (CEO & Managing Director), who is also a Promoter Director.

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

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

Independent Directors:

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

The Independent Directors of the Company have been appointed in terms of the requirements of the Act and the Listing Regulations. Formal letters of appointment have been issued to the Independent Directors and the terms and conditions of their appointment are disclosed on the Company's website at **www.dynamatics.com**.

Separate meetings of Independent Directors of the Company without the presence of the Executive Directors & the Management Representatives were held on 11th February 2019, as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25 (3) of the Listing Regulations. At the said meeting, the Independent Directors *inter alia*:

a. reviewed the performance of Non-Independent Directors and the Board of Directors as a whole;

b. reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;

c. assessed the quality, quantity and timeliness of flow of information between the management of the listed entity and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties. All the Independent Directors except one Director attended the Meeting of Independent Directors held on 11th February 2019. The Independent Directors expressed their satisfaction to the desired level on the governance of the Board

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 appointed for a maximum term not exceeding 5 years, liable to retire by rotation, but are eligible for re-appointment.

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

Evaluation Mechanism:

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

The criteria for Board Evaluation include inter-alia, structure of the Board, qualifications, experience and competency of Directors, diversity in Board and process of appointment; Meetings of the Board, including regularity and frequency, agenda, discussion and dissent recording of minutes and dissemination of information; functions of the Board, including strategy and performance evaluation, corporate culture and values, governance and compliance, evaluation of risks, grievance redressal for investors, stakeholder value and responsibility, conflict of interest review of Board evaluation and facilitating Independent Directors to perform their role effectively; evaluation of management's performance and feedback, independence of management from the Board, access of Board and management to each other, succession plan and professional development and functioning and quality of relationship between the Board and Management.

Criteria for evaluation of Individual Directors include aspects such as professional qualifications, prior experience, especially experience relevant to the Company, knowledge and competency, fulfilment of functions, ability to function as a team, initiative, availability and attendance, commitment, contribution, integrity, independence and guidance / support to management outside Board/ Committee Meetings. Currently the Board is well composed with representation of experts from Finance, Legal, Engineering, Marketing Management, Aerospace and Defence, Scientific and Industrial Design etc., In addition, the Chairman is also evaluated on key aspects of his role, including effectiveness of leadership and ability to steer meetings, impartiality, ability to keep shareholders' interests in mind and effectiveness as Chairman.

Criteria for evaluation of the Committees of the Board include mandate of the Committee and composition; effectiveness of the Committee; structure of the Committee; regularity and frequency of meetings, agenda, discussion and dissent recording of minutes and dissemination of information; independence of the Committee from the Board; contribution to decisions of the Board; effectiveness of meetings and quality of relationship of the Committee with the Board and Management. The procedure followed for the performance evaluation of the Board, Committees and Directors is detailed in the Board's Report which forms part of the Annual Report. The Nomination and Remuneration Committee has also formulated criteria for determining qualifications, positive attributes and independence of Directors in terms of Section 178(3) of the Act and the Listing Regulations.

To ensure and drive down gender diversity across Dynamatic 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 Dynamatic's Board is well represented with experts from various realms. While ensuring continuity in the Board Management, the Nomination & Remuneration Committee endeavors 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.dynamatics.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 conference and the said amount paid is within the limits specified by the Central Government from time to time.

Compensation to Directors (CTC) for the year ended 31st March 2019 is as follows: in ₹ (Rupees)

Name of the Director	Remuneration		Total
	Sitting fees	Salary	
Mr. Govind Mirchandani	9,50,000	-	9,50,000
Ms. Malavika Jayaram	2,50,000	-	2,50,000
Mr. Nalini Ranjan Mohanty	9,50,000	-	9,50,000
Mr. Pradyumna Vyas	-	-	-
Mr. Pierre de Bausset	1,00,000	-	1,00,000
Mr. Dietmar Hahn	-	-	-
Mr. James David Tucker	-	-	-
Mr. P S Ramesh **Executive Director & Group Technical Services and Human Resource**	-	76,53,069	76,53,069
Mr. Arvind Mishra **Executive Director and Global Chief Operating Officer-Hydraulics, Head of Homeland Security**	-	76,53,069	76,53,069
Mr. Udayant Malhoutra **CEO & Managing Director**	-	84,08,412	84,08,412

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

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

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

BOARD 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 / teleconference are also used to enable Directors who are travelling to participate in the meetings

During the Financial Year 2018-19, 7 (Seven) Board meetings were held i.e, 25th April 2018, 29th May 2018, 10th August 2018, 14th November 2018, 4th January 2019, 11th February 2019 and 25th March 2019.

The aforesaid Board meetings were held during the year 2018-19 and not more than one hundred and twenty days has intervened between two consecutive meetings of the Board.

Name of the Director	Attended	Participation Via Video-Conference	Attended last AGM held on 10th August 2018
Mr. Govind Mirchandani	6	-	Yes
Ms. Malavika Jayaram	3	1	No
Mr. Nalini Ranjan Mohanty	6	-	Yes
Mr. Pierre de Bausset (w.e.f 11th February 2019)	2	1	-
Mr. Pradyumna Vyas (w.e.f 11th February 2019)	-	-	-
Mr. Dietmar Hahn	2	2	No
Mr. James David Tucker	2	-	Yes
Mr. P S Ramesh	6	-	Yes
Mr. Arvind Mishra	7	-	Yes
Mr. Udayant Malhoutra	7	-	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 and the 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 and
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 2018-19 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 2 (Two) Independent Directors and 1 (One) Executive Director as on 31st March 2019:

- **Mr. Govind Mirchandani, Chairman**
- Mr. Nalini Ranjan Mohanty
- Mr. P S Ramesh

Mr. Nalini Ranjan Mohanty, an Independent Director, is an Alternate Chairman of the Audit & Risk Management Committee to Mr. Govind Mirchandani.

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

Terms of reference (Duties, Responsibilities and Powers):

The terms of reference of the Audit Committee covers all the matters specified in the areas mentioned in Section 177 of the Act and Regulation 18 read with Part C of Schedule II to the Listing Regulations. The terms of reference of the Audit Committee, inter-alia are as follows:

i. Oversight 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;

ii. Recommending the appointment and removal of external Auditors, fixation of audit fee and approval for payment for any other services;

iii. Review with the Management and Statutory Auditors of the Annual Financial Statements before submission to the Board with particular reference to:

(a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act 2013

(b) Changes, if any, in accounting policies and practices and reasons for the same;

(c) Major accounting entries involving estimates based on the exercise of judgment by management;

(d) Significant adjustments made in the financial statements arising out of audit findings;

(e) Compliance with listing and other legal requirements relating to financial statements

(f) Disclosure of any related party transactions;

(g) Modified opinion(s) in the draft audit report;

iv. Review of the quarterly and half yearly financial results with the Management and the Statutory Auditors;

v. Examination of the financial statements and the auditors' report thereon;

vi. Review and monitor statutory auditor's independence and performance and effectiveness of audit process;

vii. Approval or any subsequent modification of transactions with related parties;

viii. Scrutiny of inter-corporate loans and investments;

ix. Review of valuation of undertakings or assets of the company wherever it is necessary;

x. Evaluation of internal financial controls and risk management systems;

xi. Review with the management, statutory auditors and the internal auditors about the nature and scope of audits and of the adequacy of internal control systems;

xii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

xiii. Reviewing 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;

xiv. Consideration of the reports of the internal auditors and discussion about their findings with the management and suggesting corrective actions wherever necessary;

xv. Look into the reasons for any substantial defaults in payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividend) and creditors, if any;

xvi. Review the functioning of the whistle blower mechanism;

xvii. Review and monitor the end use of funds raised through public offers and related matters;

xviii. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

xix. Frame and review policies in relation to implementation of the Code of Conduct for Prevention of Insider Trading and supervise its implementation under the overall supervision of the Board;

xx. Review of the following information:

(1) Management Discussion and Analysis of financial condition and results of operations;

(2) Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by management;

(3) Management letters / letters of Internal Control weaknesses issued by the Statutory Auditors;

(4) Internal Audit reports relating to Internal Control weaknesses;

(5) the appointment removal and terms of remuneration of the Chief Internal Auditor;

(6) Statement of deviations:

(a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1)

(b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus in terms of Regulation 32(7), if applicable

xxi. Carrying out any other function as may be referred to the Committee by the Board.

xxii. Authority to review / investigate into any matter covered by Section 177 of the Companies Act 2013 and matters specified in Part C of Schedule II of the Listing Regulations

Internal Audit:

The Company has adequate internal control and Internal Audit system commensurate with its size and nature of its business. The Internal Audit Plan is approved by the Audit Committee and the Internal Auditors directly present their report to the Audit Committee for their consideration.

Attendance at Audit & Risk Management Committee Meetings held during the year 2018-19:

Audit & Risk Management Committee meetings were held on

- 29th May 2018
- 9th August 2018
- 14th November 2018
- 11th February 2019

The requisite quorum was present in above meetings.

Name of the Member	No. of meetings attended
Mr. Govind Mirchandani (Chairman of the Audit Committee)	4
Mr. Nalini Ranjan Mohanty	4
Mr. P S Ramesh	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 Auditors actively participate and recommend the required policies and changes from time to time.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

During the year, the Audit Committee inter alia reviewed key audit findings covering Operational, Financial and Compliance areas affecting the Company which were presented to the Committee. The Chairman of the Audit Committee briefed the Board members on the significant discussions which took place at Audit Committee Meetings

Mr. Govind Mirchandani, Chairman of the Audit & Risk Management committee was present at the Annual General Meeting held on 10th August 2018.

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.

The Nomination and Remuneration Committee has been constituted by the Board in compliance with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

Terms of Reference:

The terms of reference of the Nomination and Remuneration Committee (NRC) which covers the areas mentioned in Section 178 of the Act and Regulation 19 read with Part D (A) of Schedule II to the Listing Regulations. The terms of reference of the NRC, inter-alia are as follows:

(a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;

(b) formulation of criteria for evaluation of performance of independent directors and the board of directors;

(c) devising a policy on diversity of board of directors;

(d) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

(e) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

(f) recommend to the board, all remuneration, in whatever form, payable to senior management.

Composition:

The Committee comprises 3 (three) Independent Directors as on 31st March 2019:

- **Ms. Malavika Jayaram, Chairperson**
- Mr. Govind Mirchandani
- Mr. Nalini Ranjan Mohanty

Mr. Nalini Ranjan Mohanty, an Independent Director, is the Alternate Chairman to Ms. Malavika Jayaram.

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

Attendance at the Nomination and Remuneration Committee Meetings held during the year 2018-19:

The Nomination and Remuneration Committee was constituted by the Board on 8th November 2013. During the FY 2018-19, the Committee had 4 (Four) meetings.

Nomination and Remuneration Committee meetings were held on:

- 29th May 2018
- 14th November 2018
- 11th February 2019
- 2nd March 2019

Name of the Member	No. of meetings attended
Ms. Malavika Jayaram, Chairperson	2
Mr. Nalini Ranjan Mohanty	4
Mr. Govind Mirchandani	3

Performance Evaluation criteria for Directors:

Pursuant to the provisions of the Companies Act, 2013 and the applicable provisions of the Listing Regulations, the Annual Performance Evaluation was carried out for the Financial Year 2018 - 19, by the Board in respect of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration, Risk Management, Stakeholders' Relationship and Corporate Social Responsibility Committees. A structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance was prepared after taking into consideration the Guidance note issued by SEBI vide circular no, CMD/ CIR/P/2017/004 dated 05.01.2017.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as guidance/ support to management outside Board/ Committee meetings, degree of fulfilment of key responsibilities, effectiveness of meetings etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process.

Remuneration Policy:

The Company's philosophy for remuneration of Directors, Key Managerial Personnel and all other employees is based on the commitment of fostering a culture of leadership with trust. The Company has adopted a Policy for Remuneration of Directors, Key Managerial Personnel and other employees, which is aligned to this philosophy. The key factors considered in formulating the Policy are as under:

a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors to run the Company successfully;

b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) Remuneration to Directors, Key Managerial Personnel and Senior Management involves short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company does not have any Employee Stock Option Scheme.

Remuneration of Directors:

The key principles governing the Company's Remuneration Policy are as follows:

(i) Independent Directors and Non-Independent Non-Executive Directors:

Independent Directors ('ID') are paid sitting fees for attending the Meetings of the Board and of Committees of which they are Members. For Non-Independent and Non-Executive Directors, being employees of overseas subsidiary, no sitting fee is paid.

(ii) Managing Director ('MD')/ Executive Directors ('ED') / Key Managerial Personnel ('KMP')/ rest of the employees:

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence, remuneration should be market competitive, driven by the role played by the individual, reflective of the size of the Company, complexity of the Sector / Industry / Company's Operations and the Company's capacity to pay, consistent with recognized best practices and aligned to regulatory requirements.

Basic / Fixed Salary is provided to all employees to ensure that there is a steady income in line with their skills and experience. In addition, the Company provides employees with certain perquisites, allowances and benefits in accordance with terms of the Company policy.

The Remuneration and Nomination Policy is displayed on the Company's website **www.dynamatics.com**

The details of Remuneration/Sitting Fee paid to the Managing Director and Executive Directors along with Independent Directors during the Financial Year 2018-19 is as follows:

a) During the year, there was no pecuniary relationship or transactions between the Company and any of its Independent Directors apart from sitting fees.

b) Non-Executive Directors' compensation and disclosures

The Independent Directors (except Non-Executive and Non-Independent) are paid Sitting fees for attending the meetings of the Board and Committees of the Board. The Company pays a sitting fee of ₹ 50,000 per meeting per director for attending meetings of the Board and all Committee Meetings. The Company also reimburses out-of-pocket expenses incurred by the Directors for attending the meetings as on 31st March 2019.

Directors	Commission	Sitting Fees (in ₹)
Mr. Govind Mirchandani (Independent Director)	Nil	9,50,000
Mr. Nalini Ranjan Mohanty (Independent Director)	Nil	9,50,000
Ms. Malavika Jayaram (Woman Independent Director)	Nil	2,50,000
Mr. Pradyumna Vyas* (Independent Director)	Nil	Nil
Mr. Pierre de Bausset* (Independent Director)	Nil	1,00,000
Mr. Dietmar Hahn** (Non-Executive and Non-Independent Director)	Nil	Nil
Mr. James Tucker** (Non-Executive and Non-Independent Director)	Nil	Nil

* Mr. Pradyumna Vyas and Mr. Pierre de Bausset were appointed as Directors w.e.f 11th February 2019

** Mr. Dietmar Hahn and Mr. James Tucker are not paid Sitting fees as they are full time employees of Subsidiaries.

c) (i) & (ii) The Remuneration details of Managing Director / Executive Director are mentioned below:

Particulars	Mr. P S Ramesh	Mr. Arvind Mishra	Mr. Udayant Malhoutra
Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	65,30,943	65,30,943	71,87,604
Allowances and perquisites	6,55,296	6,55,296	7,41,408
Contribution to Retiral Funds	-	-	-
Incentive	-	-	-
Stock option	-	-	-
No. of Shares held	0	0	620179
Terms of Service Contract	2 Years from 14th November 2018	3 Years from 9th August 2017	3 Years from 1st October 2017
Notice period	3 Months	3 Months	3 Months

(iii) The terms of appointment of the Managing and Executive Directors provide that the appointment may be terminated by either party by giving to the other party three months' notice of such termination or the Company paying three months' remuneration in lieu thereof.

Note: The resolutions appointing these directors do not provide for payment of severance fees.

(iv) Stock options: The Company has not granted Stock Option to any of its Directors

STAKEHOLDERS' RELATIONSHIP COMMITTEE:

Terms of reference :

The terms of reference of the Stakeholders Relationship Committee (SRC) covers the areas mentioned in Section 178 (5) of the Act and Regulation 20 read with Part D (B) of Schedule II to the Listing Regulations. The terms of reference of the SRC, inter-alia are as follows:

(a) Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.

(b) Review of measures taken for effective exercise of voting rights by shareholders

(c) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

(d) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

The Composition of the Stakeholders Relationship Committee and the details of the meetings attended by its members during the financial year ended 31st March 2019 are as under:

The Stakeholders' Relationship Committee comprises 3 (three) Directors as on 31st March 2019. They are

- **Mr. Nalini Ranjan Mohanty, Chairman**
- Mr. Govind Mirchandani
- Mr. Udayant Malhoutra

The chairman is heading the Committee.

Attendance at the Committee Meetings held during the year 2018-19:

The Committee Meetings were held on:

- 29th May 2018
- 9th August 2018
- 14th November 2018
- 11th February 2019

Name of the Member	No. of meetings attended
Mr. Nalini Ranjan Mohanty	4
Mr. Govind Mirchandani	4
Mr. Udayant Malhoutra	4

Compliance Officer:

Mr. Shivaram V, Head - Legal, Compliance & Company Secretary is the Compliance Officer responsible for complying with the requirements of SEBI Regulations.

Investor Grievance report for the year 2018-19:

Details of complaints received and attended to during the financial year 2018-19 are given below:

Subject	
No. of complaints pending as on 1st April 2018	Nil
No. of complaints received during the year	Nil
No. of complaints resolved during the year	Nil
No. of complaints pending as on 31st March 2019	Nil
TOTAL	**Nil**

36 requests (1173 Equity shares) for transfers and 11 requests (1982 Equity shares) for transmissions, transposition and deletion of name and 110 requests (11243 Equity shares) for dematerialization were received and approved by the Company and 24 folios for 2056 equity shares were transferred to IEPF during the year which is related to unclaimed dividends for 7 consecutive years. 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 Fintech Privite 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.

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:

i. Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the year; 22 Shareholders and 1161 shares.

ii. 03 Number of Shareholders approached the Company for transfer of 27 shares from suspense account during the year. Accordingly, these shares were transferred.

iii. Further, 04 number of equity shareholders for 181 equity shares were transferred from unclaimed suspense account to IEPF account during the year.

iv. Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year; 15 Shareholders and number of shares were 953.

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 31st March 2019:

- **Mr. Udayant Malhoutra, Chairman**
- Mr. Govind Mirchandani
- Mr. Naveen Chandra, (up to 15th November 2018)

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 depositary participant with a request to debit or credit the account for the transaction Shareholders are periodically requested to utilize the demat facility.

The Company has also entered into a corporate arrangement with Geojit BNP Paribas, who are experts in offering services for dematerialization of shares. As per the arrangement the Shareholders can open demat and trading accounts with Geojit BNP Paribas absolutely free of cost.

The Annual Maintenance Charges have been waived off exclusively for the Shareholders of the Company for the first year. The transaction cost and brokerage are also very nominal.

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 2019.

The Committee comprises the following members:

- **Mr. N R Mohanty, Chairman**
- Mr. Govind Mirchandani
- Ms. Malavika Jayaram
- Mr. Arvind Mishra
- Mr. Dietmar Hahn
- Mr. P S Ramesh
- Mr James Tucker
- Mr. Udayant Malhoutra

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

Finance Committee :

The Board, at its meeting held on 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 6 (six) Directors as on 31st March 2019.

The Committee comprises the following members:

- **Mr. N R Mohanty, Chairman**
- Ms. Malavika Jayaram
- Mr. Govind Mirchandani
- Mr. P S Ramesh
- Mr. Arvind Mishra
- Mr. Udayant Malhoutra

Corporate Social Responsibility Committee :

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in compliance with the requirements of Section 135 of the Act

Terms of reference:
The terms of reference of the CSR Committee are:

a. Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII to the Act.

b. Recommend the amount to be spent on CSR activities.

c. Monitor implementation and adherence to the CSR Policy of the Company from time to time.

d. Such other activities as the Board of Directors determine as they may deem fit in line with CSR Policy.

The Board has adopted the CSR Policy as formulated and recommended by the Committee. The CSR Policy is available on the website of the Company at **www.dynamatics.com**. The Annual Report on CSR activities for the financial year 2018-19 forms part of the Board's Report.

The composition of the CSR Committee and the details of the meetings attended by its members during the Financial Year ended 31st March 2019 are as under:

Composition:

- **Mr. Govind Mirchandani-Chairman**
- Mr. N R Mohanty
- Ms. Malavika Jayaram
- Mr. P S Ramesh

During the financial year 2018-19, the Committee had one meeting on 11th February 2019

Independent Directors Committee :

In order to facilitate independent meetings of the Independent Directors without the intervention of the management, an Independent Directors' Committee has been constituted in accordance with the requirements of Companies Act, 2013.

Composition:

- **Mr. Govind Mirchandani - Lead Independent Director**
- Mr. N R Mohanty
- Ms. Malavika Jayaram
- Pradyumna Vyas
- Pierre de Bausset

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 2019.

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
2015-16 Postal Ballot*	Postal Ballot	25th May 2015	• Approval for allocating the ceiling of 26% of the paid up equity share capital of the Company • Appointment of Mr. P S Ramesh as Executive Director and Chief Operating Officer- Hydraulics, India and payment of remuneration thereon. • Appointment of Mr. Hanuman Kumar Sharma as Executive Director and Chief Financial Officer and payment of remuneration thereon • Alteration of Memorandum of Association of the Company • Alteration of Articles of Association of the Company
2015-16 AGM	Taj Vivanta, Yeshwantpur, Bengaluru	11th August 2016: (10:00 AM)	• There were no special resolutions passed in the meeting
2016-17 Postal Ballot*	Postal Ballot	15th November 2016	• Special resolution under section 180 (1)(a) of the Companies Act, 2013 • Special resolution under section 180 (1)(c) of the Companies Act, 2013 • Special resolution under section 186 of the Companies Act, 2013
2016-17 AGM	Taj Vivanta, Yeshwantpur, Bengaluru	9th August 2017: (10:00 AM)	• Special resolution under section 197(4) and 203 read with Schedule VI of Companies Act, 2013 for approval of appointment and remuneration of Mr. P. S. Ramesh (DIN: 05205364) for a period of 1 year • Special resolution under section 197(4) and 203 read with Schedule VI of Companies Act, 2013 for approval of appointment and remuneration of Mr. Hanuman Kumar Sharma(DIN:07012725) for a period of 1 year • Special resolution under section 197(4) and 203 read with Schedule VI of Companies Act, 2013 for approval of appointment and remuneration of Mr. Udayant Malhoutra (DIN:00053714) for a period of 3 years • Special resolution under Section 62(3) to convert the whole or part of loan issued by Bankers into equity share of the Company
2017-18 Postal Ballot*	Postal Ballot	16th May 2018	• Approve the Sale/transfer/dispose off the Undertaking I Properties/ located at Chennai, Tamil Nadu under section 180 (1)(a) of the Companies Act, 2013 -Special Resolution • Approve the Sale/transfer/dispose off the Undertaking / properties/ located at Coimbatore District, Tamil Nadu under section 180 (1)(a) of the Companies Act, 2013 -Special Resolution
2017-18 AGM	Taj Vivanta, Yeshwantpur, Bengaluru	10th August 2018: (10:00 AM)	• Re-appointment of Mr. Govind Mirchandani (DIN:00022583) as an Independent Director of the Company- Special Resolution • Re-appointment of Ms. Malavika Jayaram (DIN:02252302) as an Independent Director of the Company- Special Resolution • Appointment of Mr. Arvind Mishra (DIN: 07892275) as an Executive Director and Global Chief Operating Officer- Hydraulics & Head - Homeland Security Special Resolution. • Re-appointment and approval of remuneration payable to Mr. P S Ramesh (DIN:05205364) as an Executive Director and Chief Operating Officer Aerospace, India- Special Resolution.

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

Resolution(s) passed through Postal Ballot:

During the year, members of the Company have approved the resolutions, stated in the below table by requisite majority, means of Postal Ballot, including electronic voting (e-voting). The Postal Ballot Notice dated 5th April 2018, along with the Postal Ballot Form was sent in electronic form to the meeting whose e-mail addresses were registered with the Company / respective Depository Participant. In case of physical shareholding copies of Postal Ballot Notice along with Postal Ballot Form was sent in physical, by permitted mode along with self-addressed postage pre-paid Business Reply Envelope.

The Company had published a notice in the newspaper on 16th April 2018 in Business Standard and Praja Vani in compliance with the provisions of the Companies Act, 2013 and Secretarial Standard - 2. The voting period commenced from Monday, 16th April 2018 at 9:00 a.m. (1ST) and ended on Tuesday, 15th May 2018 at 5:00 p.m. (1ST). The voting rights of members were reckoned on the paid-up value of shares registered in the name of member/beneficial owner (in case of electronic shareholding) as on Friday, 6th April 2018

The Board had appointed Mr. R. Vijaykumar, Practising Company Secretary as scrutiniser to conduct the Postal Ballot process in a fair and transparent manner and had engaged the services of Karvy Computers Private Limited as the agency for the purpose of providing e-voting facility.

Mr. Vijay Kumar .R, Scrutiniser, had submitted his report on Postal Ballot to the Chairman on Wednesday, 16th May 2018
The resolution were passed on Tuesday,15th May 2018.

Resolutions passed through Postal Ballot	Votes in favour of the resolution (%)	Votes against the resolution (%)
Approve the Sale/transfer/dispose off the Undertaking / Properties/ located at Chennai, Tamil Nadu under section 180 (1)(a) of the Companies Act, 2013 - Special Resolution	4746363 (96.19%)	187709 (3.8%)
Approve the Sale/transfer/dispose off the Undertaking / properties/ located at Coimbatore District, Tamil Nadu under section 180 (1)(a) of the Companies Act, 2013 - Special Resolution	4746262(96.19%)	187709 (3.8%)

At present, there is no immediate proposal for passing any resolution through postal ballot

Means of Communication:

The quarterly and annual financial results of the Company are uploaded on NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre in accordance with the requirements of Listing Regulations. The financial results are displayed on BSE and NSE websites. The financial results are also published in 'Business Standard' (English) and 'Sanjai Vani' (Kannada) newspapers and posted on the Company's website at **www.dynamatic.com**. In terms of the Listing Regulations, the Company has a designated email ID for dealing with Investors' complaints viz., **investors.relations@dynamatics.com** The official media releases and presentations made to Institutional Investors/Analysts and transcript/ audio recording of Analyst Calls are posted on the Company's website.

DISCLOSURES TO SHAREHOLDERS:

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 Bengaluru, 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, Bengaluru 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 2018-19 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 divided	Due date for transfer to IEPF
2011-12			
Final Dividend	28.09.2012	27.09.2019	27.10.2019
2018-19			
Interim Dividend - I	10.08.2018	09.08.2025	09.09.2025

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 2018-19:

<table>
<tr><td>Date and time:</td><td colspan="3">9th August, 2019 at 10:00 AM</td></tr>
<tr><td>Venue:</td><td colspan="3">'Vivanta' by Taj, #2275 Tumkur Road, Yeshwantpur, Bengaluru 560 022, Karnataka, India</td></tr>
<tr><td rowspan="7">Financial calendar:</td><td colspan="3">Our tentative calendar for declaration of results for the Financial Year 2019-20 is given below:</td></tr>
<tr><td colspan="3">Calendar for Reporting:</td></tr>
<tr><td>Quarter ended</td><td colspan="2">Release of results</td></tr>
<tr><td>30th June, 2019</td><td colspan="2">On or before 14th August 2019</td></tr>
<tr><td>30th September, 2019</td><td colspan="2">On or before 14th November, 2019</td></tr>
<tr><td>31st December, 2019</td><td colspan="2">On or before 14th February, 2020</td></tr>
<tr><td>31st March, 2020</td><td colspan="2">On or before 30th May, 2020</td></tr>
<tr><td>Date of book closure</td><td colspan="3">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 Saturday,3rd August 2019 to Friday 9th August 2019 (both days inclusive). Please check this with the notice and the comments thereof</td></tr>
<tr><td>Dividend payment date</td><td colspan="3">Pursuant to the approval of the Board on 10th August 2018, your Company paid an Interim Dividend of ₹ 2/- per equity of face value of ₹10/- each, to shareholders who were on the register of members as on 24th August 2018, being the record date fixed for this purpose. The Board did not recommend the Final Dividend and therefore total Dividend for the year ended March 2019 will be ₹ 2/- per equity shares of face value of ₹ 10/- each.</td></tr>
<tr><td>Listing on Stock Exchanges and Stock Code</td><td colspan="2">BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001
Phones : (022) 22721233/4, 91-22-66545695
Fax : (022) 22721919
Scrip code:505242</td><td>National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai- 400 051
Tel No: (022) 26598100- 8114
Fax No: (022) 26598120
Scrip code: Dynamatech</td></tr>
</table>

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 44th 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:

Share transfers, dividend payments and all other investor related activities are attended to and processed at the Office of the Company's Registrar and Share Transfer Agent. For lodgment of transfer deeds and any other documents or for any grievances/ complaints, kindly contact any of the offices of Karvy Fintech Private Limited which are open from 10.00 a.m. to 3.30 p.m. between Monday to Friday (except on bank holidays).

Share Transfer Physical System:

Shares in physical form should be lodged for transfer at the office of the Company's Registrar & Transfer Agent, Karvy Fintech Private Limited or at their branch offices at the addresses given below. The transfers are processed, if technically found to be in order and complete in all respects. As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialized form. Effective April 1st,2019, transfer of shares in physical form has ceased. Shareholders who had lodged their request for transfer prior to March 31st 2019 and have received the same under objection can relodge the transfer request after rectification of the documents. Request for transmission of shares and dematerialization of shares will continue to be accepted.

Dematerialization of Shares and Liquidity:

The process of conversion of shares from physical form to electronic form is known as dematerialization. For dematerializing the shares, the Shareholder has to open a demat account with a Depository Participant (DP). The Shareholder is required to fill in a Demat Request Form and submit the same along with the Share Certificate(s) to the DP. The DP will allocate a demat request number and shall forward the request physically and electronically, through NSDL/CDSL to the R&T Agent. On receipt of the demat request both physically and electronically and after verification, the Shares are dematerialized, and an electronic credit of shares is given in the account of the Shareholder.

OTHER DISCLOSURES:

a. All transactions entered into by the Company with related parties as defined under the Act and the Listing Regulations, during the Financial Year 2018-19 were in the ordinary course of business and on arm's length pricing basis and do not attract the provisions of Section 188 of the Act. There were no materially significant transactions with the related parties during the financial year which were in conflict with the interest of Company. Necessary disclosures as required under the Accounting Standards have been made in the Financial Statements. The Board has approved a policy on materiality of related party transactions and on dealing with related party transactions and the same is disclosed on the website of the Company at the link **www.dynamatics.com**

b. The Company has complied with the requirements of the Stock Exchanges / SEBI and Statutory Authorities on all matters related to the capital markets during the last three years. No penalty or strictures were imposed on the Company by any of these authorities.

c. The Company has adopted a Whistle Blower Policy and has established necessary Vigil Mechanism as required under Regulation 22 of the Listing Regulations for Directors and Employees to report concerns about any unethical behaviour. No person has been denied access to the Chairman of the Audit Committee. The said policy has also been disclosed on the website of the Company at the link at the link **www.dynamatics.com**

d. The Company has complied with all the mandatory requirements of the Listing Regulations. The Company has also fulfilled the following discretionary requirements as provided in the Listing Regulations:

   (i) The Chairman of the Board is a Non-Executive and Independent Director and his position is separate from that of the Managing Director & CEO.

   (ii) The Internal Auditor reports to the Audit Committee.

   (iii) The financial statements of the Company are with unmodified audit opinion.

e. The policy to determine a material subsidiary has been framed and the same is disclosed on the Company's website at the link at the link **www.dynamatics.com**

f. The Managing Director & CEO and the Chief Financial Officer have certified to the Board in accordance with Regulation 33(2)(a) of the Listing Regulations pertaining to CEO/CFO certification for the financial year ended 31st March 2019. The MD & CEO and Chief Financial Officer have also issued compliance certificate to the Board pursuant to the provisions of Regulation 17(8) of the Listing Regulations certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs.

g. Disclosure of Commodity price risks and Commodity hedging activity: Not applicable.

h. The Company has managed the Foreign Exchange risk with appropriate hedging activities in accordance with the policies of the Company. There were no materially uncovered exchange rate risks in the context of the Company's Foreign Exchange exposures.

i. During the financial year 2018-19,the Board has accepted all the recommendations of its Committees.

j. The Company has followed all relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 while preparing Financial Statements for 2018-19.

k. The Company has duly complied with the requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub regulation (2) of Regulation 46 of the Listing Regulations.

l. Particulars of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting have been provided in the Notice of the Annual General Meeting.

m. Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis,to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is given below:

Payment to Statutory Auditors	FY 2018-19
Statutory audit fees	65,00,000
Limited reviews	39,00,000
Other services	12,00,000
Out of pocket expenses	10,00,000

n. Disclosures under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013: Number of complaints filed during the financial year 2018-19 :

Number of complaints filed during the financial year 2018-19	-NIL-
Number of complaints disposed off during the financial year 2018-19	-NIL-
Number of complaints pending as on end of the financial year.	-NIL-

o. Insider Trading Regulations: The Company has adopted the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices. This Code of Conduct is applicable to all Directors and such designated persons who are expected to have access to unpublished price sensitive information relating to the Company. Mr. Shivaram V, Head Legal, Compliance and Company Secretary of the Company, is the Compliance Officer for the purpose of this regulation.

p. During the relevant FY 2018-19, the company has obtained the credit rating from ICRA and received a rating of BBB+.

q. Certificate on Corporate Governance: All the Directors of the Company have submitted a declaration stating that they are not debarred or disqualified by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority from being appointed or continuing as Directors of Companies.

   Mr. R.Vijayakumar, Practicing Company Secretary, has submitted a certificate to this effect.

   A Compliance Certificate from Mr. R. Vijaykumar, Practicing Company Secretary pursuant to the requirements of Schedule V to the Listing Regulations regarding compliance of conditions of Corporate Governance is attached

Distribution of Shareholding as on March 31, 2019:

Sl. No.	Category (Amount)	No. of Holders	% To Holders	Amount (₹)	% To Equity
1	1 - 5,000	8849	95.68	4742520.00	7.48
2	5,001 - 10,000	208	2.25	1484410.00	2.34
3	10,001 - 20,000	92	0.99	1333810.00	2.10
4	20,001 - 30,000	23	0.25	562030.00	0.89
5	30,001 - 40,000	17	0.18	631570.00	1.00
6	40,001 - 50,000	10	0.11	478500.00	0.75
7	50,001 - 1,00,000	22	0.24	1510220.00	2.38
8	1,00,001& Above	28	0.30	52671370.00	83.06
	TOTAL:	**9249**	**100.00**	**63414430.00**	**100.00**

SHAREHOLDING PATTERN AS ON MARCH 31, 2019

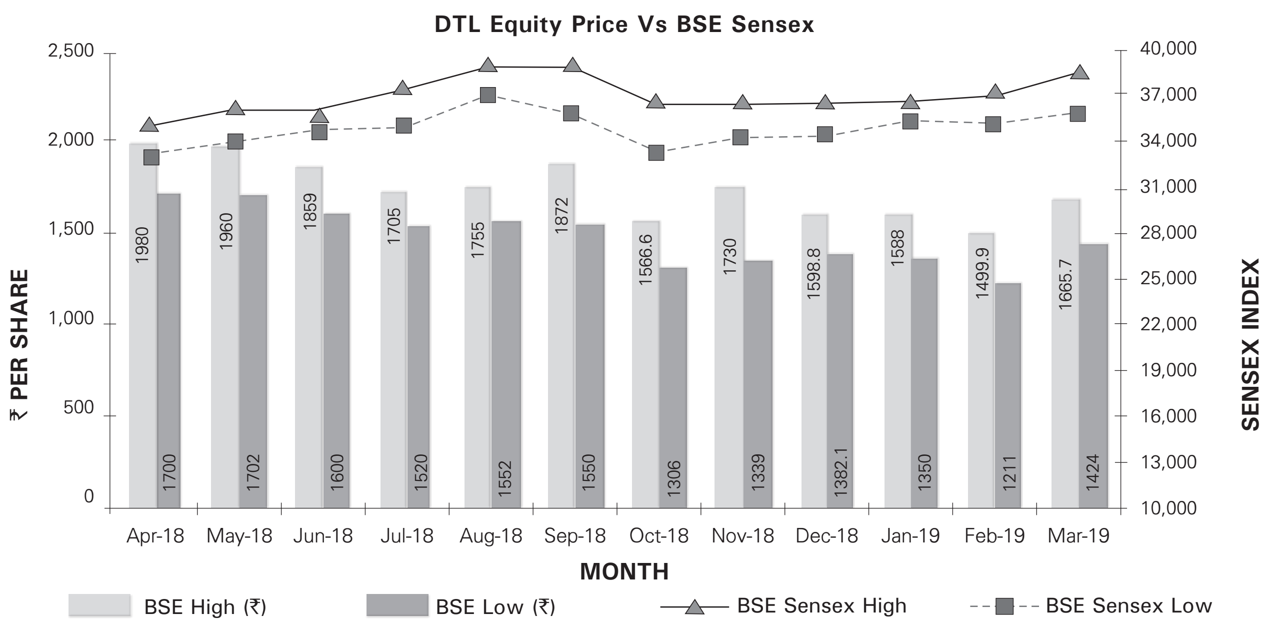
Category	No. of Shares	% of shareholding
PROMOTERS HOLDING		
Indian Promoters		
JKM Holdings Private Limited	9,12,538	14.39
Udayant Malhoutra	6,20,179	9.78
Udayant Malhoutra and Company Private Limited	6,42,011	10.13
Wavell Investments Private Limited	4,48,281	7.07
JKM Offshore India Private Limited	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
TOTAL	**30,93,245**	**48.78**
NON-PROMOTERS HOLDING		
Mutual Funds / UTI	6,83,467	10.78
Financial Institutions / Banks	392	0.01
Central Government / State Government (S)	0	0.00
Venture Capital Funds	0	0.00
Insurance Companies	0	0.00
Foreign Institutional Investors	9,34,883	14.74
SUB TOTAL	**16,18,742**	**25.53**
OTHERS		
Private Corporate Bodies	2,17,531	3.43
Indian Public	13,14,060	20.72
Clearing Agents	22,554	0.36
NBFC Registered with RBI	103	0.00
NRIs/OCBs	45,932	0.72
Trust	3,796	0.06
IEPF	25,480	0.40
SUB TOTAL	**16,29,456**	**25.69**
GRAND TOTAL	**63,41,443**	**100**

Share market price data

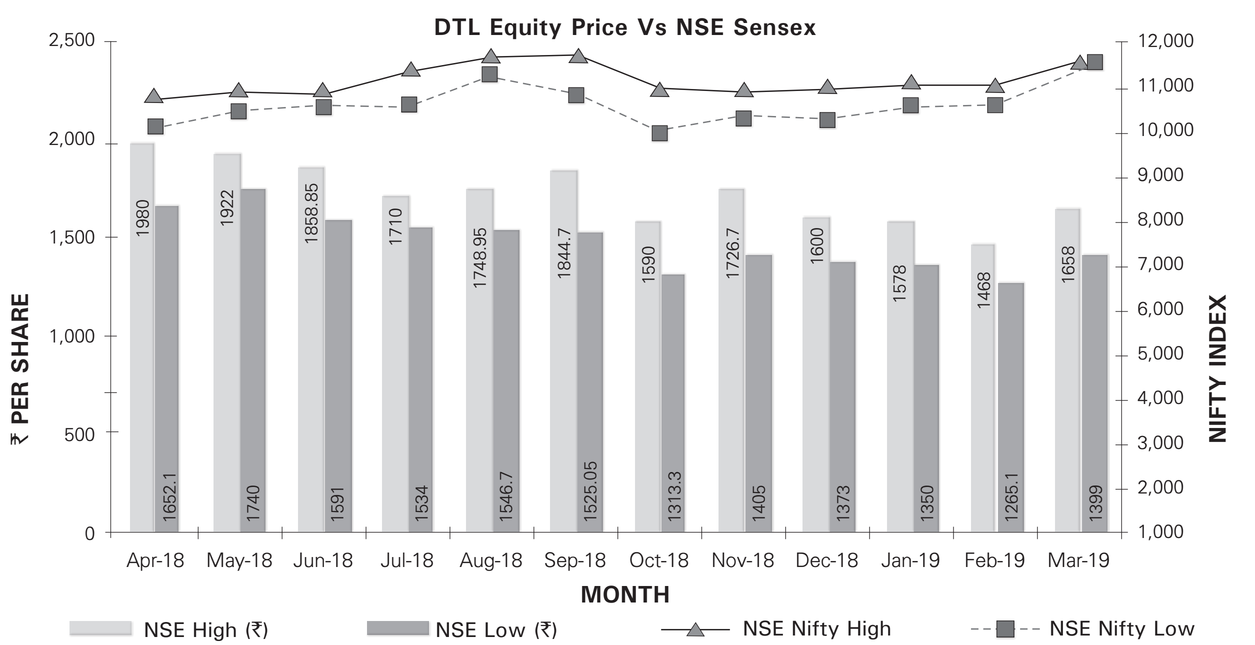
The monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Limited and National Stock Exchange of India Limited for the year 2018-2019:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume of shares traded	High (₹)	Low (₹)	Volume of shares traded
Apr-18	1980	1652	26498	1980	1700	4120
May-18	1922	1740	18419	1960	1702	2818
Jun-18	1859	1591	42996	1859	1600	1858
Jul-18	1710	1534	31930	1705	1520	41920
Aug-18	1749	1547	57265	1755	1552	21159
Sep-18	1845	1525	85307	1872	1550	47623
Oct-18	1590	1313	17900	1567	1306	1816
Nov-18	1727	1405	30785	1730	1339	2909
Dec-18	1600	1373	8971	1599	1382	1325
Jan-19	1578	1350	13022	1588	1350	2966
Feb-19	1468	1265	110200	1500	1211	4991
Mar-19	1658	1399	110218	1666	1424	36826

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, 2018		March 31, 2019	
	No. of shares	% of total shares	No. of shares	% of total shares
National Securities Depository Limited	59,22,901	93.40	58,08,980	91.60
Central Depository Services (I) Limited	3,05,029	4.81	4,31,956	6.81
Total Dematerialized	**62,27,930**	**98.21**	**62,40,936**	**98.41**
Physical	1,13,513	1.79	1,00,507	1.59
Grand Total	**63,41,443**	**100.00**	**63,41,443**	**100**

- 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. Govind Mirchandani 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, Bengaluru 560 058, Karnataka, India
2. No. 1A/1, 1st Main Road, 1st Stage, 2nd Phase, Peenya Industrial Area, Bengaluru 560 058, Karnataka, India
3. No. 28/A, 3rd Main, 1st Stage, 1st Phase, Peenya Industrial Area, Bengaluru 560 058, Karnataka, India
4. No. K-12, 5th Cross, 1st Stage, Peenya Industrial Area, Bengaluru 560 058, Karnataka, India
5. No. K-11, Between 5th & 6th Cross, 1st Stage, Peenya Industrial Area, Bengaluru 560 058, Karnataka, India
6. Plot No. 55, Dynamatic Aerotropolis, KIADB Aerospace Park, Unachur Village, Jala Hobli, Yelahanka Taluk,
   Bengaluru 562 110, Karnataka, 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. Shivaram V
Head - Legal, Compliance & Company Secretary
Tel: +91-80-2839 4933 / 34 / 35 Extension: 248
Fax: +91-80-2839 5328
Email id: investor.relations@dynamatics.net

Registrar and Share Transfer Agents
Karvy Fintech Private Limited
Karvy Selenium Tower B, Plot 31-32
Financial District,Nanakramguda
Gachibowli, Hyderabad – 500 032
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@dynamatics.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, 2019.

Place : Bengaluru
Date : 29 May 2019

UDAYANT MALHOUTRA
CEO & Managing Director
DIN No.: 00053714

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Members
Dynamatic Technologies Limited
Dynamatic Park, Peenya
Bengaluru – 560 058

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Dynamatic Technologies Limited** having CIN : **L72200KA1973PLC002308**, and having Regd. Office at **Dynamatic Park, Peenya, Bengaluru – 560 058** (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority except Mr. Shirish Saraf (DIN: 01918219) who has been disqualified by Ministry of Corporate Affairs under Section 164(2) of the Companies Act, 2013 and who had been in office only up to 25th April 2018.

Sl. No.	Name of Director	DIN	Date of appointment	Date of cessation
1	Mr. Shirish Saraf	01918219	11 Nov 2016	25 Apr 2018

Note: Immediately on receipt of intimation of disqualification in DIR-8 from the said Director, the Board of Directors of the Company took note of vacation of office of the Director at their meeting held on 25 April 2018 and also filed DIR-12 with the Ministry of Corporate Affairs on 17 May 2018.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company

R Vijaykumar & Co.,
R Vijayakumar, Practicing
Company Secretary
FCS – 6418; COP – 8667

Place : Bengaluru
Date : 29 May 2019

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
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 2019. 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.

R Vijaykumar & Co.,
R Vijayakumar, Practicing
Company Secretary
FCS – 6418; COP – 8667

Place : Bengaluru
Date : 29 May 2019

"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:

SPECIAL AWARD

Dynamatic-Oldland Aerospace® has been recognized by the Institute of Directors with Special Commendation Award.

1.1. CUSTOMER CENTRIC RESEARCH

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

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

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

1.2 EMPHASIS ON KNOWLEDGE ACQUISITION AND APPLICATION

Dynamatic Technologies has been adopting and following world-class business practices, at its modern manufacturing facilities located at Bangalore, Chennai, Nasik (India), Swindon, Bristol (U.K.) and Erla (Germany). All are eco-friendly and designed to eliminate waste. We constantly strive to deliver superior value to our customers by challenging ourselves and pushing the boundaries of knowledge through imagination and diligence. This approach has led us to continuously innovate and develop highly engineered products, through investment in R&D, process improvements and elimination of operational inefficiencies. This has resulted in us building a successful business model for ourselves, capable of returning high yields to investors and improving the quality of life of all employees, as well as the society/ community in which we exist and work. As Dynamatic Technologies 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 Dynamatic Technologies are driven by the fundamental objective of enhancing the value of the Company to all stakeholders, such as shareholders, customers, suppliers, financiers,employees and to the society at large. We firmly believe that sustained growth can only be fostered by developing a work ethic founded upon the core values of integrity, transparency, professionalism,empowerment and accountability. We endeavor to uphold and nurture these core values in all facets of operations. Being a responsible corporate citizen, we understand that sustained growth can only come about when equal attention is paid to all elements of the Triad of Sustainability, namely Economic Growth, Environment Friendliness and Social Equity. We believe that such growth can only be achieved through a firm commitment to these elements over the long term, and are prepared to take actions commensurate to this goal.

2.2 THE TRIAD OF SUSTAINABILITY

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

2.2.a. ECONOMIC GROWTH

- Value Engineering: reduction of raw material consumption by optimizing product design.
- Maximize our efforts in developing new products and cost effective applications through continuous innovation.
- 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.
- Undertake disaster relief programs in times of need (earthquake, floods, Tsunami, etc.).

ISO 45001
Certification

Dynamatic-Oldland Aerospace® has been certified against ISO 45001, Occupational Health and Safety Management Systems

- Interactive sessions with local community.
- Increase employment of Women.
- Increase employment of individuals coming from disadvantaged communities.

ETHICS

Code of Business Conduct for employees across the Dynamatic Group and Code of Conduct for Board Members & Senior Management Personnel have been formulated. These are formal articulations of our approach and position on multiple dimensions of business ethics and integrity.

Code of Business Conduct for employees provides policy shelter on a wide range of issues of ethics, labour and human rights – prevention of fraudulent and corrupt practices, freedom of association, elimination of child and forced labour, advertisement and media policy, avoidance of conflict of interest, prevention of sexual harassment and unyielding integrity at all times.

CORPORATE SOCIAL Responsibility

A training curriculum has been developed and established for in-house training purpose and the same curriculum is now being used for training the students at our adopted ITI. This curriculum meets the international standards. All the trainers have undergone Train-The-Trainer program.

CORPORATE GOVERNANCE

We believe that sound corporate governance is vital to enhance the trust reposed in us by our stakeholders. Accordingly, we consistently strive to ensure that we attain our goals with integrity.

The Board of Directors exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures always seek to attain the best practices in corporate governance. We also endeavour to enhance long-term shareholder value and respect minority rights in all our business decisions.

Over the years, our Board has strived to achieve compliance with the corporate governance requirements, both mandatory as well as voluntary, to help fulfil our responsibility towards the stakeholders. The detailed Corporate Governance Report forms part of this Annual Report.

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Ministry of Corporate Affairs (MCA) vide its circulars dated April 21, 2011 and April 29, 2011, has taken a 'Green Initiative in the Corporate Governance', thereby allowing companies to serve documents to its shareholders through electronic mode.

Environment conservation and sustainable development are continuously on your Company's radar and therefore your Company supports MCA in this initiative.

Accordingly, the Company advised its shareholders to register their email IDs with the Company / Registrar & Share Transfer Agent to enable sending documents such as notices of general meeting (s), annual reports and other communications to the shareholders through e-mail. In a phased manner, sending hard copies of communications will be discontinued. All such documents shall be available on the Company's website **www.dynamatics.com** and shall also be kept open for inspection at the Registered Office of the Company during office hours.

CONSOLIDATED IND AS FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DYNAMATIC TECHNOLOGIES LIMITED

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dynamatic Technologies Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

See note 2(l), 29 and 53 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable when the goods are delivered and title has passed, the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. We identified revenue recognition as a key audit matter because the Group and its external stakeholders focus on revenue as a key performance indicator. This could result in a risk that revenues are overstated or recognised before control has been transferred.	In view of the significance of the matter we applied the following audit procedures in this area, amongst others to obtain sufficient appropriate audit evidence: 1. We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards. 2. We evaluated the design of key controls and operating effectiveness of the relevant key controls with respect to revenue recognition on selected transactions. 3. We performed substantive testing by selecting samples of revenue transactions, recorded during the year by testing the underlying documents using statistical sampling. 4. We carried out analytical procedures on revenue recognised during the year to identify unusual variances. 5. We tested, on a sample basis, specific revenue transactions recorded before and after the financial year end date to determine whether the revenue had been recognised in the appropriate financial period. 6. We tested manual journal entries posted to revenue to identify unusual items.

Discontinued operations and assets held for sale See note 2(r) and 54 to the consolidated financial statements	
The key audit matter	**How the matter was addressed in our audit**
We have identified discontinued operations and assets held for sale as a key audit matter because of significant judgement involved in valuing the assets held for sale and because of the various disclosures which are required in the financial statements as per the accounting standards.	In view of the significance of the matter we applied the following audit procedures in this area, amongst others to obtain sufficient appropriate audit evidence: 1. We tested the design of key controls and operating effectiveness of the relevant key controls around the accounting and disclosure of discontinued operations and assets held for sale. 2. For assets held for sale, we tested the underlying assumptions used by the Management for their assessment of the carrying value. 3. We involved valuation specialists who tested the valuation methodology used in the valuation of assets held for sale carried out by Management. 4. We considered the adequacy and appropriateness of the disclosures in the financial statements, relating to the discontinued operations and the assets held for sale, as required by the accounting standards.

Impairment of Goodwill See note 2(f(ii)) and 5 to the consolidated financial statements	
The key audit matter	**How the matter was addressed in our audit**
The Group has goodwill of ₹ 9,252 lakhs as at 31 March 2019, which is required to be tested for impairment annually. The recoverability of these goodwill is dependent on achieving sufficient level of future net cash flows. The Management is required to make significant judgement with respect to the provision required based on the information available with the Management. We have identified impairment of goodwill in the consolidated financial statements as a key audit matter because of significant judgements in assessing the future performance and recoverability of the relevant cash generating units.	In view of the significance of the matter we applied the following audit procedures in this area, amongst others to obtain sufficient appropriate audit evidence: 1. We tested the design and operating effectiveness of the relevant key controls over the review of the assessment of impairment of goodwill. 2. We tested the underlying assumptions used by the Management for their assessment of the carrying value of Goodwill. 3. We involved valuation specialists who tested Management's assumptions with respect to the weighted average cost of capital and other key assumptions used for assessment of the carrying value of goodwill. 4. We challenged Management by performing sensitivity analysis considering a reasonably possible change in key assumptions.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises of Management Reports such as Board's Report, Management Discussion and Analysis, Corporate Sustainability Report and Risk Management Report, but does not include the Consolidated financial statements and our Auditors' Report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this Auditors' Report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. 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 each company 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group (company and subsidiaries) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this Audit Report.

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements / financial information of eight subsidiaries, whose financial statements/financial information reflect total assets of ₹ 74,994 lakhs as at 31 March 2019, total revenues of ₹ 83,454 lakhs (including other income) and net cash out flows amounting to ₹ 204 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors. Of the above.

(i) Five of these 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 such 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 disclosures requirement applicable to these consolidated financial statements under 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 have been furnished to us. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors.

ii) One subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in that country and which has been audited by other auditor under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial statements and other financial information of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the Management of the Company and audited by us.

iii) The annual financial statements and other financial information of two subsidiaries incorporated in India has been audited by other auditors whose reports have been furnished to us and our opinion on these consolidated financial statements to the extent they have been derived from such annual financial statements is based solely on the report of such other auditors.

Our opinion 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 our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, 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 the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows 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 Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31 March 2019 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 with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditors' 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 and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group. Refer Note 37 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;

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2019; and

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditors' report under Section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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 2019

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DYNAMATIC TECHNOLOGIES LIMITED FOR THE PERIOD ENDED 31 MARCH 2019.

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Dynamatic Technologies Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019 based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of 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 with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements 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 with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our Opinion is not modified in respect of the others 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 2019

CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property plant and equipment	3	**52,594**	67,022
Intangible assets	4	**2,541**	2,735
Goodwill	5	**9,252**	9,513
Capital work in progress		**556**	817
Financial assets			
(i) Investments	6	**34**	60
(ii) Non-current loans	7	**1,154**	1,291
(iii) Other non-current financial assets	8	**18**	18
Income tax asset (net)	9	**632**	23
Other non-current assets	10	**448**	476
Total non - current assets		**67,229**	**81,955**
Current assets			
Inventories	11	**28,080**	28,305
Financial assets			
(i) Trade receivables	12	**22,938**	18,610
(ii) Cash and cash equivalents	13	**3,710**	3,988
(iii) Bank balances other than cash and cash equivalents above	14	**3,077**	2,277
(iv) Current loans	15	**413**	295
Other current assets	16	**5,463**	6,464
Assets classified as held for sale	54	**7,574**	-
Total current assets		**71,255**	**59,939**
Total Assets		**1,38,484**	**1,41,894**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	**634**	634
Other equity	18	**31,855**	30,750
Total Equity		**32,489**	**31,384**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Non-current borrowings	19	**39,580**	42,867
Non-current provisions	20	**2,002**	2,002
Deferred tax liabilities (net)	21	**3,450**	2,511
Other non-current liabilities	22	**98**	101
Total non-current liabilities		**45,130**	**47,481**
Current liabilities			
Financial liabilities			
(i) Current borrowings	23	**21,604**	22,092
(ii) Trade Payables	24		
(a) total outstanding dues of micro enterprises and small enterprises		**814**	279
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		**26,859**	26,035
(iii) Other current financial liabilities	25	**8,251**	10,618
Current provisions	26	**1,156**	1,076
Current tax liabilities (net)	27	**423**	1,125
Other current liabilities	28	**1,677**	1,804
Liabilities directly associated with assets classified as held for sale	54	**81**	-
Total current liabilities		**60,865**	**63,029**
Total liabilities		**1,05,995**	**1,10,510**
Total equity and liabilities		**1,38,484**	**1,41,894**
Significant accounting policies	2		

The notes referred above form an integral part of Consolidated annual 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 2019

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

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

ARVIND MISHRA
Executive Director & Global COO – Hydraulics & Head – Homeland Security
DIN: 07892275

CHALAPATHI P
Chief Financial Officer

SHIVARAM V
Head Legal, Compliance & Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Continuing Operations	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	29	**1,50,030**	1,32,779
Other income	30	**724**	578
Total income		**1,50,754**	**1,33,357**
Expenses			
Cost of materials and components consumed	31	**77,411**	67,384
Change in inventory of finished goods and work-in-progress	32	**(670)**	(143)
Excise duty	29	-	670
Employee benefits expense	33	**25,388**	23,839
Finance costs	34	**7,950**	7,442
Depreciation and amortisation expenses	35	**4,925**	4,733
Other expenses	36	**30,377**	27,049
Total expenses		**1,45,381**	**1,30,974**
Profit from continuing operation before tax		**5,373**	**2,383**
Tax expenses			
Current tax	51	**1,209**	1,141
Deferred tax	51	**1,048**	38
Income tax expense		**2,257**	**1,179**
Profit from continuing operations (A)		**3,116**	**1,204**
Discontinued operations			
Loss from discontinued operations	54	**(460)**	(1,652)
Tax credit of discontinued operations	51	**(91)**	(520)
Loss from discontinued operations after tax (B)		**(369)**	**(1,132)**
Profit for the year (C) = (A + B)		**2,747**	**72**
Other comprehensive income / (expense)			
Items that will not to be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		**24**	(214)
Income tax relating to items that will not be reclassified to profit or loss		**(9)**	75
Items that will be reclassified to profit or loss			
Exchange differences in translating financial statements of foreign operations		**(721)**	2,365
Other comprehensive (loss)/ income for the year, net of income tax		**(706)**	**2,226**
Total comprehensive income for the year		**2,041**	**2,298**
Earning per equity share (of ₹ 10 each) (for continuing operation)			
Basic and diluted (in ₹)	49	**49.15**	18.99
Earning per equity share (of ₹ 10 each) (for discontinued operation)			
Basic and diluted (in ₹)	49	**(5.82)**	(17.85)
Earning per equity share (of ₹ 10 each) (for discontinued & continuing operation)			
Basic and diluted (in ₹)	49	**43.33**	1.14
Significant accounting policies	2		

The notes referred above form an integral part of Consolidated annual 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 2019

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

UDAYANT MALHOUTRA
CEO & Managing Director
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ARVIND MISHRA
Executive Director & Global COO – Hydraulics & Head – Homeland Security
DIN: 07892275

CHALAPATHI P
Chief Financial Officer

SHIVARAM V
Head Legal, Compliance & Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS

(₹ in lakhs)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flow from operating activities		
Profit before tax		
Continuing operations	**5,373**	2,383
Discontinued operations	**(460)**	(1,652)
	4,913	**731**
Adjustments:		
Interest income	**(257)**	(211)
Interest on income tax refund	-	(61)
Loss on sale of property, plant and equipment, net	**122**	(151)
Depreciation and amortisation expense	**5,045**	5,644
Finance costs	**7,904**	7,402
Loss on disposal of fixed asset attributable to discontinued operations	**188**	-
Unwinding of discount on dismantling liability	**46**	40
Bad debts written off	**2,477**	-
Loss allowance on financial assets, net	**(2,225)**	60
Rent amortization due to discounting of deposits	**74**	64
Unrealised foreign exchange differences	**(116)**	71
Operating cash flow before working capital changes	**18,171**	**13,589**
Changes in operating assets and liabilities		
Changes in inventories	**16**	(4,071)
Changes in trade receivables	**(5,183)**	(3,033)
Changes in loans	**63**	306
Changes in other financial assets	-	121
Changes in other assets	**883**	(1,838)
Changes in trade payables	**1,687**	1,738
Changes in other financial liabilities	**(621)**	896
Changes in provisions	**73**	833
Changes in other current liabilities	**(173)**	924
Cash generated from operations	**14,916**	**9,465**
Income taxes paid, net of refund	**(2,538)**	(662)
Net cash generated from operating activities (A)	**12,378**	**8,803**

Cash flows from investing activities		
Acquisition of property, plant and equipment and intangibles	**(3,071)**	(6,698)
Proceeds from sale of property, plant and equipment	**148**	702
Proceeds from sale of property, plant and equipment pertaining to discontinued operations	**3,806**	-
Investment in shares	**(1)**	-
Proceed from sale of investment in shares	**27**	9
Bank deposits (having original maturity of more than three months), net	**(807)**	(210)
Interest received from bank deposits	**193**	211
Net cash used in investing activities (B)	**295**	**(5,986)**
Cash flows from financing activities		
Proceeds from long term borrowings	**265**	1,086
Repayment of long term borrowings	**(4,720)**	(2,363)
Proceeds from short term borrowings, net	**(513)**	4,170
Intercorporate deposits taken/ (repaid)	**170**	(239)
Interest paid	**(7,869)**	(7,440)
Dividend paid out of unclaimed dividend	**(160)**	(4)
Net cash (used in) by financing activities (C)	**(12,827)**	**(4,790)**
Net decrease in cash and cash equivalents (A + B + C)	**(154)**	**(1,973)**
Cash and cash equivalents at the beginning of the year	**3,988**	6,191
Effect of exchange rate changes on cash and cash equivalent	**(124)**	(230)
Cash and cash equivalents at the end of the year (refer note 13)	**3,710**	**3,988**
Components of cash and cash equivalents (refer note 13)		
Cash and Cash Equivalents		
Cash on hand	**21**	21
Balances with banks		
- in current accounts	**3,689**	3,967
Cash and cash equivalents in standalone balance sheet	**3,710**	**3,988**

The notes referred above form an integral part of Consolidated annual 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 2019

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

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CEO & Managing Director
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DIN: 07892275

CHALAPATHI P
Chief Financial Officer

SHIVARAM V
Head Legal, Compliance & Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(A) Equity share capital

(₹ in lakhs)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Opening balance	**634**	634
Changes in equity share capital	-	-
Closing balance	**634**	634

(B) Other equity

Particulars	Capital Reserve	Capital Redemption reserve	Securities premium	Reserve on amalgamation	General reserve	Retained Earnings	Debit balances arising on consolidation	Remeasurement of the net defined benefit liability/asset	Foreign currency translation reserve	Total equity attributable to equity holders of the Company
	Surplus							Other items of other comprehensive income		
Balance as at 1 April 2017	**15**	**240**	**12,072**	**154**	**3,010**	**20,420**	**(4,558)**	-	**(2,108)**	**29,245**
Profit for the year	-	-	-	-	-	72	-	-	-	72
Depreciation on fair valuation of fixed assets	-	-	-	-	-	-	(793)	-	-	(793)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	2,365	2,365
Other comprehensive income for the year	-	-	-	-	-	-	-	(139)	-	(139)
Transfer to retained earnings	-	-	-	-	-	(139)	-	139	-	-
Balance as at 31 March 2018	**15**	**240**	**12,072**	**154**	**3,010**	**20,353**	**(5,351)**	-	**257**	**30,750**
Balance as at 1 April 2018	**15**	**240**	**12,072**	**154**	**3,010**	**20,353**	**(5,351)**	-	**257**	**30,750**
Profit for the year	-	-	-	-	-	2,747	-	-	-	2,747
Depreciation on fair valuation of fixed assets	-	-	-	-	-	-	(783)	-	-	(783)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	(721)	(721)
Other comprehensive income for the year	-	-	-	-	-	-	-	15	-	15
Transfer to retained earnings	-	-	-	-	-	15	-	(15)	-	-
Dividends (including dividend distribution tax)	-	-	-	-	-	(153)	-	-	-	(153)
Balance as at 31 March 2019	**15**	**240**	**12,072**	**154**	**3,010**	**22,962**	**(6,134)**	-	**(464)**	**31,855**

Significant accounting policies 2

The notes referred to above form an integral part of Consolidated annual 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 2019

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

UDAYANT MALHOUTRA
CEO & Managing Director
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Executive Director & Global COO – Hydraulics & Head – Homeland Security
DIN: 07892275

CHALAPATHI P
Chief Financial Officer

SHIVARAM V
Head Legal, Compliance & Company Secretary

1A Reporting entity

Dynamatic Technologies Limited ("the Company") together with its subsidiaries (including step subsidiaries) collectively referred to as ("the Group") is incorporated and domiciled in India. The Company was incorporated in 1973 as Dynamatic Hydraulics Limited under provisions of the Companies Act, 1956. In 1992, the name of the Company was changed to Dynamatic Technologies Limited. The Group is in the business of manufacturing highly engineered products for the Aerospace, Automotive and Hydraulic industries. The Company is listed in India with National Stock Exchange and Bombay Stock Exchange. As detailed in note 54, during the year the Company has discontinued its automotive and aluminium casting segment. The Consolidated financial statements for the year ended 31 March 2019 have been approved by the Board of Directors on 29 May 2019.

2 Significant accounting policies

a Statement of compliance

These Consolidated annual financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act 2013 ('the Act') read with Companies (Indian Accounting Standard) Rules (as amended from time to time) and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to an existing Indian Accounting Standard requires a change in the accounting policy hitherto in use.

b Functional and presentation currency

These Consolidated annual financial statements are presented in Indian Rupees (₹), which is also the Group's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise mentioned.

c Basis of Preparation

The Consolidated annual financial statements have been prepared on the historical cost convention and on an accrual basis of accounting, except for the following assets and liabilities which have been accounted as follows:

(a) Defined benefit and other long-term employee benefits where plan asset is measured at fair value less present value of defined benefit obligations.

(b) Certain financial assets and liabilities that are qualified to be measured at fair value;

(c) Assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

The Group has consistently applied the following accounting policies to all the periods presented in the Consolidated annual financial statements, except for the adoption of Ind AS 115 (Revenue from contracts with customers), which was adopted with effect from 1 April 2018.

d Use of estimate, assumption and judgements

The preparation of Consolidated annual financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent liabilities and assets on the date of the Consolidated annual financial statements and the reported amount of revenue and expenses for the year reported income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors that are believed to be reasonable under the circumstance. Revisions to accounting estimates are recognised in the year in which the estimates are revised, and future periods are affected.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- note 40 : leases classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- note 3 and 4: useful life of property, plant and equipment and intangible assets;
- note 51: recognition of deferred tax asset: availability of future taxable profit against which tax losses carried forward can be used;
- note 20, 26 and 37: recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

- note 44: measurement of defined benefit obligation: key actuarial assumptions;
- note 6, 7, 8, 12, 15 and 46: impairment of financial assets
- note 54 : asset classified as held for sale.

e Measurement of fair values

Certain accounting policies and disclosures of the Group require the measurement of fair values, for both financial and non financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- note 45 : financial instruments.

f Basis of consolidation

i) Business combinations

As part of its transition to Ind AS, the Group has elected to apply the relevant Ind AS viz., Ind AS 103, Business Combinations, to only those business combinations that occurred on or after 1 April 2016. The Group has opted for the optional exemption, accordingly business combinations that occurred before the date of transition to Ind AS have been prepared in accordance with the Companies (Accounts) Rules 2014, notified under Section 133 of the Act and other provisions of the Act ('Indian GAAP' or 'Previous GAAP'). In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date). Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationship with the acquiree. Such amounts are generally recognised in the consolidated statement of profit and loss.

Any contingent consideration is measured at fair value at the date of acquisition. Contingent consideration is re-measured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss.

ii) Goodwill

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired ("net assets") exceeds the cost of business acquisition, the excess of net assets over cost of business acquisition is recognised immediately in capital reserve. Goodwill is measured at cost less accumulated impairment losses.

Any goodwill that arises is tested annually for impairment. An impairment loss on goodwill is not subsequently reversed. In respect of such business combinations that occurred prior to 1 April 2016, goodwill is included on the basis of its deemed cost, which represents the amount recorded under the Group's Previous GAAP or Indian GAAP.

iii) Subsidiaries

Subsidiaries are the entities controlled by the Group. The Consolidated annual financial statements comprise the financial statements of the Company and its subsidiaries as disclosed in Note 48. Control exists when the parent has power over an investee, exposure or rights to, or has variable returns from its involvement with the investee and has the ability to affect those returns through its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. The Financial statement of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date control ceases.

The financial statements of the Group Companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealised gain / loss from such transactions are eliminated upon consolidation. The financial statements are prepared by applying uniform policies in use at the Group.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

g Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation (which includes capitalised borrowing costs, if any) and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing an asset to working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the consolidated statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the consolidated statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Borrowing cost directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are capitalized to the extent they relate to the period till such assets are ready to be put to use.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a Straight Line Method ('SLM') over estimated useful life of the property, plant and equipment less their estimated residual value as detailed by the Management. Depreciation for assets purchased / sold during the year is proportionately charged. The Group's range of estimated useful lives of property, plant and equipment are as follows:

Category of assets	Useful life estimated by management
Leasehold land	Over the period of lease
Buildings	30 years
Plant and machinery*	10 years, 13 years and 21 years for 3 shifts, 2 shifts and 1 shift respectively
Measuring instruments*	10 years, 13 years and 21 years for 3 shifts, 2 shifts and 1 shift respectively
Electrical installations*	10 years, 13 years and 21 years for 3 shifts, 2 shifts and 1 shift respectively
Data processing equipment	4 years
Office equipment	5 years
Furniture and fixtures	5-10 years
Tools, dies and moulds	9 years
Vehicles*	10 years
Motor boat*	20 years
Assets taken on lease:	
- Leasehold improvements	Period of lease or useful life of assets whichever is lower
- Plant and machinery	Period of lease or useful life of assets whichever is lower

Freehold land is not depreciated.

* The Management believes that the useful lives as given above best represent the period over which Management expects to use these assets based on an internal assessment and technical evaluation where necessary. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in consolidated statement of profit and loss within other gains / losses.

Advance paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date classified as capital advances under other non current assets and the cost of the assets not put to use before such date are disclosed under Capital work in progress.

h Goodwill and Other Intangible assets

(a) Goodwill

For measurement of goodwill that arises on a business combination [refer note 2f(ii)]. Subsequent measurement is at cost less any accumulated impairment losses.

(b) Other Intangible assets

Acquired intangible assets

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

Internally generated intangible assets

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the consolidated 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 it is probable that the future economic benefits that are attributable to the assets will flow to the Company.

Subsequent measurement

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including on internally generated software is recognized in the consolidated statement of profit and loss as and when incurred.

Amortisation

The Group amortizes intangible assets with a finite useful life using the straight-line method.

The estimated useful lives of intangibles are as follows:

Category of asset	Useful life
Application Software	4 years
Prototype development	10 years

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

i Impairment

(a) Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in the consolidated statement of profit and loss and is not reversed in the subsequent period.

(b) Financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from initial recognition.

For recognition of impairment loss on financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

(c) Non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the consolidated statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

j Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains lease, if fulfilment of arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to lower of their fair value and the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Leases in which a significant portion of risk and rewards of ownership are not transferred to the group as lessee are classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit and loss on a straight line over period of lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

k Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost is used. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. The comparison of cost and net realizable value is made on an item-by-item basis.

Inventories are stated net of write down or allowances on account of obsolescence, damage or slow moving items.

The method of determination of cost is as follows:

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

The net realizable value of work-in-progress is determined with reference to the net realizable value of related finished goods. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realizable value. Fixed production overheads are allocated on the basis of normal capacity of production facilities. The provision for inventory obsolescence is assessed periodically and is provided as considered necessary.

l Revenue recognition

Policy applicable from 1 April 2018

Revenue is recognised upon transfer of control of promised goods or services to customer in an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

The Group derives its revenue from sale of products.

Effective 1 April 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue Recognition. The Group has adopted Ind AS 115 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Accordingly, the information presented for the year ended 31 March

2018 has not been restated – i.e. it is presented, as previously reported, under Ind AS 18 and related interpretations. The adoption of the new standard did not have any material impact on the financial statements of the Group.

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax, etc. For certain contracts that permits the customer to return an item, revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Revenue from sale of products is recognised at the point in time when control is transferred to customer.

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

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned revenue (”contract liability”) is recognised when there are billings in excess of revenue.

Use of significant judgements in revenue recognition:

- The Group‘s contracts with customers could include promise to transfer multiple goods and services to a customer. The Group assesses the goods/services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of’ such goods, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Policy applicable before 1 April 2018

Refer note 2 ”Significant Accounting Policies” in the Company’s consolidated financial statements as at and for the year ended 31 March 2018 for the accounting policies that were in effect for revenues recognized prior to 1 April 2018.

m Other income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the consolidated statement of profit and loss.

Dividend income is recognized in the consolidated statement of profit and loss when the right to receive payment is established, which is generally when the shareholders approves the dividend.

n Financial instruments

A. Financial assets

1) Recognition and initial measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the Group becomes a party to contractual provisions of the instrument.

A financial asset or liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction cost that are directly attributable to its acquisition or issue.

2) Classification and subsequent measurement

Financial assets

On initial recognition, a financial instrument is classified and measured at

- amortised cost
- fair value through other comprehensive income (FVOCI) - debt instruments;
- fair value through other comprehensive income (FVOCI) - equity investments; or
- fair value through profit and loss (FVTPL)

Financial assets are not classified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at

FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- The contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets; and

- the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI- equity investment). This election is made on an investment-to-investment basis.

All financial assets not classified as amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mistake that would otherwise arise.

Financial Assets: Subsequent Measurement And Gains And Losses

Financial assets, at FVTPL:

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognized in the consolidated statement of profit and loss.

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit and loss. Any gain or loss on derecognition is recognized in the consolidated statement of profit and loss.

Debt investments at FVTOCI:

These assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit and loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statement of profit and loss.

Equity investments at FVTOCI:

These assets are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to the consolidated statement of profit and loss.

3) Derecognition of financial assets

A financial asset is derecognized only when:

- the Group has transferred the rights to receive cash flows from financial asset or

- retains the contractual rights to receive the cash flows from financial asset but assumed a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

B. Financial liability

1) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortised cost.

All financial liabilities are recognized initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

2) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to consolidated statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the consolidated statement of profit and loss. The Group has not designated any financial liability as at fair value through profit or loss.

Amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognized in the consolidated statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit and loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

o Employee benefits

Defined benefit plans

The Group's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on plan assets above or below the discount rate is recognized as part of remeasurement of net defined liability or asset through other comprehensive income.

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

The Group's gratuity scheme is administered through Life Insurance Corporation of India and the provision for the same is determined on the basis of actuarial valuation carried out by an independent actuary. Provision is made for the shortfall, if any, between the amounts required to be contributed to meet the accrued liability for gratuity as determined by actuarial valuation and the available corpus of the funds.

Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives are recognised as expenses in the period in which the employee renders the related service.

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g. short term performance incentive, if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the amount of obligation can be estimated reliably

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognized immediately in the consolidated statement of profit and loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

The employees of the Group are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accumulating compensated absence and utilize it in future periods. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is measured on the basis of an independent actuarial valuation using the Projected Unit method as at the reporting date. Actuarial gains / losses are immediately taken to the Consolidated statement of profit and loss and Other comprehensive income.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Group makes specified monthly contributions towards employee Provident Fund to Government administered Provident Fund Scheme which is a defined contribution plan. The Group's contribution is recognized as an expense in the consolidated statement of profit and loss during the period in which the employee renders the related service.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes cost of restructuring. If the benefits are not expected to be settled wholly within 12 months of reporting date, then they are discounted.

p Foreign currency transactions and balances

Foreign currency are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated into relevant functional currency at exchange rates in effect at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in the consolidated statement of profit and loss.

Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss and are recognized in the consolidated statement of profit and loss, except exchange differences arising from the translation of the following items which are recognized in OCI:

- equity investments at fair value through OCI (FVOCI)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

The assets and liabilities of foreign subsidiaries including goodwill are translated into ₹, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into ₹ at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the consolidated statement of profit and loss. However, when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

q Taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the consolidated statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current income tax for current and prior periods is recognized at the amount expected to be paid or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except for the cases mentioned below:

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or substantive enactment date.

Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits or loss at the time of the transaction;
- temporary investments related to investment in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary difference arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Group recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profits will be available against which such deferred tax can be realized. Deferred tax assets, unrecognized or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realized.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realized.

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

r Discontinued Operations

A discontinued operation is a component of Group's business, the operations and cash flows of which can be clearly distinguished from those of the rest of the Group's business and which represents a separate major line of business or geographical area of operations and

- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations or
- is a subsidiary acquired exclusively with a view to re- sale

Classification as a discontinued operation occurs upon disposal or when the operations meets the criteria to be classified as held for sale, if earlier.

When a operation is classified as a discontinued operation, the comparative statement of profit and loss is re-presented as if the operations had been discontinued from the start of the comparative period.

s Provisions (other than employee benefits)

(a) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the consolidated statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(b) Onerous contract

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

t Contingent liability

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation arising from the past events that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

u Cash and cash equivalents

Cash and cash equivalent includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

v Cash flow statement

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

w Earnings Per Share

The basic earnings per share is computed by dividing the net profit attributable to the owners of the Group for the year by the weighted average number of equity shares outstanding during reporting period.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that is dilutive and which either reduces earnings per share or increase loss per share are included.

x Segment reporting

Based on the "management approach" as defined in Ind AS 108, Operating Segments, the Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments viz. Hydraulics, Aerospace and defense, Automotive and aluminium castings and Others.

y Warranties

Warranty costs are estimated by the Management on the basis of technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the period of sale of goods.

z Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the consolidated statement of profit and loss on a systematic basis over the periods to which they relate. When the grant relates to an asset, it is treated as deferred income and recognised in the consolidated statement of profit and loss on a systematic basis over the useful life of the asset.

aa Cash dividend to equity shareholders of the Company.

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

ab Recent accounting pronouncements

Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Group has not applied as they are effective from 1 April 2019.

Ind AS 116, Lease Accounting

Ind AS 116 will replace the current guidance in Ind AS 17, 'Leases'. Ind AS 116 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Group will adopt Ind AS 116 with effect from annual reporting periods beginning on 1 April 2019. The Group has chosen to apply the standard retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application i.e. 1 April 2019 . Accordingly, the Group will not restate comparative information, instead. the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019. On that date, the Group will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the Standard had been applied since the commencement date. but discounted using the lessee's incremental borrowing rate as at 1 April 2019. In accordance with the standard, the Group will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value

On transition, the Group will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application .

The Group will recognise with effect from 1 April 2019 new assets and liabilities for its operating leases of premises and other assets.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under Ind AS 116, the nature of expenses related to those leases will change from lease rent in previous periods to amortisation charge for the right- to use asset and interest accrued on lease liability. The Group is evaluating the effect of Ind AS 116 on its consolidated financial statements.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group is evaluating the effect of the said amendment on its consolidated financial statements.

Amendment to Ind AS 12 - 'Income Taxes

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is akin to taxes paid on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12. The Group is evaluating the effect of the said amendment on its consolidated financial statements.

Amendment to Ind AS 103- 'Business Combinations'

The amendments to Ind AS 103 Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Group will apply the pronouncement if and when it obtains control/ joint control of a business that is a joint operation.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement-

The amendment clarifies that when determining past service cost, or a gain or loss on settlement due to plan amendment, curtailment or settlement, an entity shall remeasure the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions, including current market interest rates and other current market prices, reflecting:

(a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and

(b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement. Further, if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect any significant impact of this amendment on its financial statements.

Amendment to Ind AS 23, Borrowing Costs :

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. The Group is evaluating the impact on account of this amendment.

3. Property, plant and equipment

(₹ in lakhs)

Particulars	Owned												Leased		Total
	Freehold land	Buildings	Plant and Machinery	Measuring Instruments	Electrical Installations	Data Processing Equipments	Office Equipments	Furniture And Fixtures	Tools, Dies And Moulds	Vehicles	Motor Boat	Leasehold improve-ments	Land (Note ii)	Plant and Machinery	
Gross carrying amount:															
Balance as at 1 April 2017	**8,814**	12,862	23,076	977	1,969	1,283	1,793	845	4,370	344	402	637	14,654	900	**72,926**
Additions	**2**	3,041	921	227	380	641	438	188	1,108	5	-	134	-	-	7,085
Translation adjustment	**124**	1,555	3,936	-	-	83	504	111	241	16	-	18	-	-	6,588
Reclassifications	-	-	147	-	-	-	-	-	-	-	-	-	-	-	147
Deletions/ adjustments	-	(33)	(2,717)	-	(23)	(2)	(119)	(180)	-	-	-	(4)	-	-	(3,078)
Balance as at 31 March 2018	**8,940**	**17,425**	**25,363**	**1,204**	**2,326**	**2,005**	**2,616**	**964**	**5,719**	**365**	**402**	**785**	**14,654**	**900**	**83,668**
Balance as at 1 April 2018	8,940	17,425	25,363	1,204	2,326	2,005	2,616	964	5,719	365	402	785	14,654	900	83,668
Additions	-	269	937	51	36	224	141	78	339	65	-	61	-	170	2,371
Translation adjustment	(27)	(453)	(998)	-	-	(18)	(136)	(23)	(39)	(5)	-	(4)	-	-	(1,703)
Deletion / adjustments	(7)	(945)	(1,277)	(316)	(680)	(645)	(154)	(231)	(921)	(55)	-	-	(543)	-	(5,774)
Classified as held for sale (refer note 55)	(5,562)	(94)	(2,657)	(7)	-	(6)	-	(1)	(773)	-	-	-	-	-	(9,100)
Balance as at 31 March 2019	**3,344**	**16,202**	**21,368**	**932**	**1,682**	**1,560**	**2,467**	**787**	**4,325**	**370**	**402**	**842**	**14,111**	**1,070**	**69,462**
Accumulated depreciation:															
Balance as at 1 April 2017	-	**11**	**1,391**	**249**	**467**	**1,029**	**424**	**499**	**2,935**	**201**	**121**	**246**	**15**	**665**	**8,253**
Depreciation for the year	-	592	4,017	57	58	155	332	131	613	31	20	148	17	27	6,198
Translation adjustment	-	647	3,421	-	-	60	339	102	144	9	-	-	-	-	4,722
Depreciation on deletion	-	(4)	(2,420)	-	(6)	(2)	(69)	(22)	-	-	-	(4)	-	-	(2,527)
Balance as at 31 March 2018	-	**1,246**	**6,409**	**306**	**519**	**1,242**	**1,026**	**710**	**3,692**	**241**	**141**	**390**	**32**	**692**	**16,646**
Balance as at 1 April 2018	-	**1,246**	**6,409**	**306**	**519**	**1,242**	**1,026**	**710**	**3,692**	**241**	**141**	**390**	**32**	**692**	**16,646**
Depreciation for the year	-	668	3,251	55	146	226	333	99	509	62	20	86	17	45	5,517
Translation adjustment	-	(187)	(861)	-	-	(10)	(78)	(14)	(26)	(3)	-	-	-	-	(1,179)
Depreciation on deletion	-	(140)	(138)	(203)	(51)	(574)	(126)	(212)	(44)	(42)	-	-	(5)	-	(1,535)
Classified as held for sale (refer note 55)	-	(26)	(2,028)	(6)	-	-	-	(1)	(520)	-	-	-	-	-	(2,581)
Balance as at 31 March 2019	-	**1,561**	**6,633**	**152**	**614**	**884**	**1,155**	**582**	**3,611**	**258**	**161**	**476**	**44**	**737**	**16,868**
Net carrying amount*:															
Balance as at 31 March 2018	**3,344**	**14,641**	**14,735**	**780**	**1,068**	**676**	**1,312**	**205**	**714**	**112**	**241**	**366**	**14,067**	**333**	**52,594**
Balance as at 31 March 2019	8,940	16,179	18,954	898	1,807	763	1,590	254	2,027	124	261	395	14,622	208	67,022

Note:
(i) Aggregating ₹ 12,705 lakhs allotted by Karnataka Industrial Areas Development Board (KIADB) and ₹ 543 lakhs allotted by State Industrial Promotion Corporation of Tamil Nadu Limited (SIPCOT) for a period of 10 years and 99 years respectively. As per the lease agreement, KIADB shall sell the land to the Company at any time during the tenure of the lease or on the expiry of the lease period at an additional consideration, if any to be decided at the time of entering into sale agreement. Accordingly, no depreciation has been charged on land taken on lease from KIADB. The Management believes that the condition require to be fulfilled to obtain the ownership of this land is administrative in nature.

(ii) Deletion include disposal of assets relating to discontinued operations referred to in note 54 (₹ in lakhs)

Particulars	Gross block	Accumulated depreciation	Net carrying amount
Property, plant and equipment of disposal group	4,448	516	3,932
Property, plant and equipment of assets held for sale	9,100	2,581	6,519
Total discontinued operations	**13,548**	**3,097**	**10,451**

(iii) Break up of depreciation for the year and previous year is as follows: (₹ in lakhs)

Particulars	Year ended 2019	Year ended 2018
Depreciation and amortisation as per statement of profit and loss	**4,925**	4,733
Depreciation and amortisation of discontinued operations	**120**	911
Fair value depreciation	**783**	793
Total	**5,828**	**6,437**
Depreciation on tangible assets as per Property, plant and equipment (refer note 3)	**5,517**	6,198
Amortisation of intangible assets (refer note 4)	**311**	239
Total	**5,828**	**6,437**

(iv) Break up of depreciation for the year and previous year is as follows: (₹ in lakhs)

Particulars	Year ended 2019	Year ended 2018
Continuing Operations	5,401	5,312
Discontinued operations	116	886
Total	**5,517**	**6,198**

4. Intangible assets

(₹ in lakhs)

Particulars	Owned intangible asset		Total
	Application Software	Prototype development	
Gross carrying amount:			
Balance as at 1 April 2017	1,244	2,770	4,014
Additions	152	66	218
Reclassification	(147)	-	(147)
Translation adjustment	56	(89)	(33)
(Deletion)	(5)	-	(5)
Balance as at 31 March 2018	**1,300**	**2,747**	**4,047**
Balance as at 1 April 2018	1,300	2,747	4,047
Additions	246	-	246
Translation adjustment	(22)	(51)	(73)
Deletion	-	(140)	(140)
Classified as held for sale (refer note 54)	(67)	-	(67)
Balance as at 31 March 2019	**1,457**	**2,556**	**4,013**
Accumulated amortization:			
Balance as at 1 April 2017	981	42	1,023
Amortisation for the year	52	187	239
Translation adjustment	55	-	55
Amortisation on deletion	(5)	-	(5)
Balance as at 31 March 2018	**1,083**	**229**	**1,312**

Balance as at 1 April 2018	**1,083**	**229**	**1,312**
Amortisation for the year	141	170	311
Translation adjustment	(15)	(3)	(18)
Amortisation on deletion	-	(78)	(78)
Classified as held for sale (refer note 54)	(55)	-	(55)
Balance as at 31 March 2019	**1,154**	**318**	**1,472**
Net carrying amount:			
Balance as at 31 March 2019	**303**	**2,238**	**2,541**
Balance as at 31 March 2018	**217**	**2,518**	**2,735**

NOTE:

(i) Deletion include disposal of assets relating to discontinued operations referred to in note 54

Particulars	Gross block	Accumulated depreciation	Net carrying amount
Property, plant and equipment of disposal group	140	78	62
Property, plant and equipment of assets held for sale	67	55	12
Total discontinued operations	**207**	**133**	**74**

(ii) Break up of amortisation for the year and previous year is as follows

Particulars	31 March 2019	31 March 2018
Continuing Operations	**307**	214
Discontinued operations	**4**	25
Total	**311**	**239**

5. Goodwill

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Carrying value at the beginning of the year	**9,513**	8,261
Translation differences	**(261)**	1,252
Carrying value at the end of the year	**9,252**	**9,513**

Goodwill represents the excess of purchase consideration over net assets value of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are any indicators for impairment.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating unit (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

The goodwill on acquisition of entities has been allocated to operating segments as follows:

Entity acquired	Allocated operating segment
Dynamatic Limited, UK	Hydraulics and Aerospace
JKM Erla Holdings GmbH, Germany (Consolidated)	Automotive

The carrying value of goodwill, net of translation differences, as on 31 March 2019 and 31 March 2018 are as follows:

Entity acquired	Allocated operating segment	31 March 2019	31 March 2018
Dynamatic Limited, UK	Hydraulics and Aerospace	**4,889**	5,003
JKM Erla Holdings GmbH, Germany (Consolidated)	Automotive	**4,363**	4,510
Total Carrying value at the end of the year		**9,252**	**9,513**

The recoverable amount of a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. For the purpose of impairment test, recoverable amount of the CGU has been determined based on value in use which is based on specific calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period and the range of each assumption mentioned below:

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate*	**12%- 13%**	11%-12%
Terminal growth rate **	**2%**	2%
Operating margins	**4%-10%**	4%-10%

*These discount rate(s) are based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

** The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

As of 31 March 2019, the estimated recoverable amount of each of the CGU's exceeded its carrying amount, hence impairment is not triggered. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

6. Non - current investments

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Unquoted		
Investments carried at fair value through profit and loss		
Investments in equity instruments		
332,000 (31 March 2018 : 600,000) equity shares of face value of ₹10 each fully paid of Kamachi Industries Limited	**33**	60
100 (31 March 2018: Nil) equity shares of face value of ₹ 655 each fully paid up of TCP Limited	**1**	-
	34	**60**
Aggregate value of unquoted investments	**34**	60
Aggregate amount of impairment in value of investments	-	-

7. Non - Current Loans

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Security deposits	**1,154**	1,291
	1,154	**1,291**

8. Other non - current financial assets

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Bank deposits (due to mature after 12 months from the reporting date)	**18**	18
	18	**18**

9. Income tax assets (net)

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Advance income tax and tax deducted at source, net of provision	**632**	23
	632	**23**

10. Other non-current assets

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Capital advances	**148**	120
Prepayment	**70**	56
Prepaid rent	**230**	300
	448	**476**

11. Inventories (Valued at lower of cost and net realizable value)

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials and components* #	**10,139**	10,147
Work-in-progress	**15,061**	15,168
Finished goods	**2,108**	2,208
Stores and spares *	**772**	782
	28,080	**28,305**

Including goods in transit as on 31 March 2019: ₹ 126 lakhs (31 March 2018: ₹ 175 lakhs).

*net of provision for inventory obsolescence of ₹ 1,203 lakhs (31 March 2018: ₹ 1,011 lakhs)

12. Trade receivables

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivable		
Unsecured	**24,214**	22,111
Less: Provision for impairment	**(1,276)**	(3,501)
Net trade receivables	**22,938**	**18,610**

(i) All trade receivables are 'current'.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 46.

13. Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Cash on hand	**21**	21
Balance with banks		
- in current accounts	**3,689**	3,967
	3,710	**3,988**

14. Bank balances other than cash and cash equivalents above

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
In deposit accounts (due to mature within 12 months from the reporting date)*	**3,074**	2,269
Unpaid dividend	**3**	8
	3,077	**2,277**

*The Company has placed these deposits as margin money or under lien for various matters.

15. Current loans

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Security deposit	**343**	202
Loans to employees	**70**	93
	413	**295**

16. Other current assets

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Advance for supply of goods	**418**	789
Prepayment	**1,215**	1,259
Prepaid rent	**76**	77
Balances with government authorities	**3,754**	4,339
	5,463	**6,464**

17. Share Capital

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised		
Equity shares		
20,000,000 equity shares (31 March 2018: 20,000,000 equity shares) of par value of ₹ 10 each	**2,000**	2,000
Preference shares		
500,000 redeemable cumulative preference shares (31 March 2018: 500,000 shares) of par value of ₹ 100 each	**500**	500
	2,500	**2,500**
Issued, subscribed and fully paid up		
Equity shares		
6,341,443 equity shares (31 March 2018: 6,341,443 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 reporting period

Particulars	31 March 2019		31 March 2018	
	Number of shares	Amount (₹ in lakhs)	Number of shares	Amount (₹ in lakhs)
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. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining asset of the Company after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has not allotted any fully paid equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

Details of shareholders holding more than 5% of equity shares in the Company

Particulars	31 March 2019		31 March 2018	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹10 each				
- Udayant Malhoutra	**6,20,179**	**9.78%**	7,10,179	11.20%
- 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%**	5,55,754	8.76%
- Wavell Investments Private Limited	**4,48,281**	**7.07%**	4,48,281	7.07%
- HDFC Trustee Company Limited	**5,69,650**	**8.98%**	5,69,650	8.98%

18 Other equity*

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Capital reserves	**15**	15
Capital redemption reserve	**240**	240
Securities premium	**12,072**	12,072
Reserve on amalgamation	**154**	154
General reserve	**3,010**	3,010
Retained earnings	**22,962**	20,353
Debit balance arising on consolidation	**(6,134)**	(5,351)
Foreign currency translation reserve	**(464)**	257
Total other equity	**31,855**	**30,750**

* For detailed movement of reserves refer Consolidated statement of changes in equity

18(i) Capital reserve :

Capital reserve was created on account of Subsidy received during the year ended 31 March 2005

18(ii) Capital Redemption Reserve :

During the year ended 31 March 2005, an amount of ₹ 240 lakhs was transferred to capital redemption reserve upon redemption of preference share, in accordance with the Companies Act, 1956. It is not freely available for distribution.

18(iii) Securities Premium :

Securities premium reserve is used to record the premium received on issue of shares by the Company. The reserve can be utilised in accordance with provisions of the Act.

18(iv) Reserve on amalgamation :

Reserve on amalgamation was created pursuant to the scheme of amalgamation of JKM Daerim Automotive Limited (JDAL) during the year ended 31 March 2008.

18(v) General Reserve :

General Reserve is used from time to time to transfer profits from retained earnings for appropriation purpose.

18(vi) Retained Earnings :

The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the statement of profit and loss to the retained earnings account. The Company has declared dividend during the year from retained earnings.

The following dividend was declared and paid during the year: (₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
₹ 2/- per equity share to equity shareholders*	127	-
Dividend distribution tax on dividend to equity shareholders	26	-
TOTAL	153	-

* During the year the Board in their meeting held on 10 August 2018 declared interim dividend of ₹2 per share

18(vii) Debit balance arising on consolidation :

Reserve created from 2011-12 for incremental depreciation on the fair value of tangible assets in accordance with Scheme of Arrangement as approved by Hon'ble High Court of Karnataka.

18viii) Foreign currency translation reserve :

This reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations to functional currency.

19 Non-current borrowings

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Secured		
Term loans		
- From banks [refer footnote (i)]	**35,427**	39,608
- Financial institutions [refer footnote (ii)]	**8,513**	8,977
- Finance lease obligation [refer footnote (iii)]	**376**	340
Total Borrowings	**44,316**	**48,925**
Less: Current maturities of long term borrowings from banks	**4,140**	5,367
Less: Current maturities of long term borrowings from financial institutions	**422**	602
Less: Current maturities of finance lease obligations	**174**	89
Net non-current borrowings	**39,580**	**42,867**

Information about the Company's exposure to interest rate, currency and liquidity risk are disclosed in note 46.

(i) From banks (Including current maturities of the non-current borrowings shown under other current liabilities)

Details of repayment terms, interest and maturity	Nature of security
Term loan from bank aggregating to ₹ 28,084 lakhs (31 March 2018 ₹ 28,645 lakhs) repayable in 32 quarterly installments. First installment starting from 15 October 2018. The rate of interest ranges from 10.40% to 11.50% per annum.	First pari passu charge on the entire movable and immovable fixed assets of the Company, present and future. Second pari passu charge on the entire current assets of the Company. Pledge of the shares of subsidiaries and personal guarantee issued by the promoter.
Term loan from bank aggregating to ₹ 5,996 lakhs (31 March 2018 : ₹ 8,678 lakhs) repayable in 19 quarterly installments. The rate of interest is EURIBOR plus 3.50% per annum.	Secured by movable and immovable fixed assets of Eisenwerk Erla Holding GmbH, Germany subsidiary.
Term loan aggregating ₹ 996 lakhs (31 March 2018 : ₹ 1,896 lakhs) is repayable in 4 quarterly installments @ 13.60% 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 from bank aggregating ₹ 351 lakhs (31 March 2018 - ₹ 389 lakhs) repayable in 14 quarterly installments with rate of interest LIBOR plus 2.5% per annum.	Secured by way of charge over assets of Yew Tree Investments Limited and by way of corporate guarantee given by Yew Tree Investments Limited.

(ii) From financial institutions (Including current maturities of the long term borrowings shown under other current liabilities)

Details of repayment terms, interest and maturity	Nature of security
Term Loan from financial institutions aggregating to ₹ 7,752 lakhs (31 March 2018: ₹ 7,899 lakhs) repayable in 32 quarterly installments first installment starting from 15 October 2018 with interest rate of 11.55% per annum.	First pari passu charge on movable and immovable fixed assets of the Company, present and future. Second pari passu charge on all current assets of the Company. Pledge of the shares of subsidiaries and personal guarantee issued by the promoter.
Term Loan from financial institutions aggregating to ₹ 761 lakhs (31 March 2018: ₹ 1,078 lakhs) repayable in 36 monthly installments with interest rate of 10.50% per annum.	Secured by way of exclusive charge on fixed assets purchased out of the proceeds of the loan.

(iii) Leasing Finance / HP from banks aggregating ₹ 376 lakhs (31 March 2018 - ₹ 340 lakhs) repayable in maximum 66 monthly installments. The Leasing facility is secured by way of exclusive charge on assets financed by them and partly by corporate guarantee.

20. Non-current provisions

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
Provision for gratuity (refer note 44)	**1,332**	1,382
Provision for compensated absences	**291**	287
Other provisions		
Provision for decommissioning costs (refer note 41(b))	**379**	333
	2,002	**2,002**

21. Deferred tax liabilities (net)*

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax liabilities		
Property, plant and equipment and intangible assets	**4,656**	4,465
Total deferred tax liabilities (A)	**4,656**	**4,465**
Deferred tax assets		
Provision for gratuity and compensated absences	**665**	675
Provision for loss allowance	**326**	1,063
Provision for warranty	**68**	15
Others	**147**	201
Total deferred tax assets (B)	**1,206**	**1,954**
Net deferred tax liability (A - B)	**3,450**	**2,511**

Since it is not probable that future taxable profit will be available against which the entity in the group can use the benefits therefrom, the entity in the group has recognized deferred tax asset on unabsorbed loss and depreciation to the extent of deferred tax liability.
* Refer note 51

22. Other non-current liabilities

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred government grant	**62**	53
Others	**36**	48
	98	**101**

23. Current borrowings

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Secured Loans		
Loans from banks repayable on demand		
Cash credit and working capital demand loans*	**18,253**	20,874
	18,253	**20,874**
Unsecured Loans		
From banks		
- Bill discounting facility from banks #	**3,181**	1,218
From Others		
- Inter Corporate Deposits (refer note 48)$	**170**	-
	3,351	**1,218**
	21,604	**22,092**

* Cash credit and working capital demand loans from banks carry interest ranging between 5.50% - 12.60% per annum, computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock and book debts of the Company and second pari passu charge on the movable (other than those exclusively charged) and immovable fixed assets of the Company.

\# The Group has availed bill discounting facility from banks which carry interest rate between 5% to 13.60% per annum and is payable within 90 days from date of discounting of bills.

$ Deposit from Wavell Investments Private Limited aggregating ₹ 170 lakhs. The rate of deposit is 15% per annum and same is repayable within a year.

Information about the Group's exposure to interest rate, currency and liquidity risk are disclosed in note 46.

24. Trade payables

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Acceptances	**1,567**	1,630
Dues of micro and small and medium enterprises (refer to note 43)	**814**	279
Other trade payables	**25,292**	24,405
	27,673	**26,314**

All trade payables are current. The Company's exposure to currency and liquidity risk are disclosed in note 46.

25. Other current financial liabilities

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Current maturities of long-term borrowings (refer note 19)	**4,736**	6,058
Employee related liabilities	**2,128**	2,270
Capital creditors	**346**	763
Retention money	**27**	26
Accrued expenses	**942**	1,430
Dealer deposits	**64**	63
Interest accrued but not due on borrowings	**5**	-
Unpaid dividend	**3**	8
	8,251	**10,618**

The Company's exposure to currency and liquidity risk are disclosed in note 46.

26. Current provisions

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits:		
Provision for gratuity (refer note 44)	**291**	299
Provision for compensated absences	**54**	65
Other provisions		
Provision for warranties (refer note 41(a))	**499**	545
Others (refer note 41(c))	**312**	167
	1,156	**1,076**

27. Current tax liabilities (net)

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for income tax, net of advance tax and tax deducted at source	**423**	1,125
	423	**1,125**

28. Other current liabilities

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Advance received from customers	**1,167**	1,296
Deferred government grant	-	9
Statutory liabilities	**510**	499
Other provisions	**1,677**	**1,804**

29. Revenue from operations

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(A) Sale of products (refer note 53)		
Revenue from sale of products (including excise duty)*	**1,47,885**	1,30,436
Total revenue from sale of products (A)	**1,47,885**	**1,30,436**
(B) Other operating revenue		
Export incentives	**981**	1,162
Scrap sales	**1,164**	1,181
Total other operating revenue (B)	**2,145**	2,343
Total revenue from operations (A+B)	**1,50,030**	**1,32,779**

*Consequent to the introduction of Goods and Service Tax ("GST") with effect from 1 July 2017, Central Excise, Value Added Tax ("VAT"), etc. have been subsumed into GST. In accordance with Indian Accounting Standard -18 on Revenue and Schedule III of the Companies Act, 2013 unlike Excise duties, levies like GST, VAT, etc. are not part of revenue. Accordingly, figures for year ended 31 March 2018 are not strictly relatable to those thereafter. The following additional information is being provided to facilitate such an understanding:

The following additional information is being provided to facilitate such an understanding:

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations (A)	**1,50,030**	1,32,779
Excise duty (B)	-	670
Revenue from operations, net of excise duty (A-B)	**1,50,030**	1,32,109

30. Other income

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income on financial assets carried at amortised cost	**257**	211
Interest on income tax refund	-	61
Profit on sale of fixed assets (net)	-	219
Foreign exchange gain (net)	**314**	-
Miscellaneous income	**153**	87
	724	**578**

31. Cost of materials and components consumed

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Inventory of materials and components at the beginning of the year	**9,662**	6,643
Add: Purchases	**77,888**	70,403
Less: Inventory of materials and components at the end of the year	**10,139**	9,662
	77,411	**67,384**

32. Changes in inventories of finished goods and work-in-progress

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening stock		
- Finished goods	**2,018**	1,617
- Work-in-progress	**14,918**	13,789
	16,936	**15,406**
Closing stock		
- Finished goods	**2,108**	2,018
- Work-in-progress	**15,061**	14,918
	17,169	**16,936**
Add: Foreign currency translation adjustments	**(437)**	1,387
	(670)	**(143)**

33. Employee benefits expense

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	**21,750**	20,349
Contribution to provident fund and other funds	**732**	697
Gratuity expense	**191**	238
Expenses related to compensated absence	**40**	74
Staff welfare expenses	**2,675**	2,481
	25,388	**23,839**

34. Finance costs

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense on financial liabilities at amortised cost	**7,736**	7,385
Unwinding of discount on dismantling cost	**46**	40
Other borrowing cost	**21**	17
Interest on delayed payment of taxes	**147**	-
	7,950	**7,442**

35. Depreciation and amortisation expense

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation on property, plant and equipment	**4,618**	4,519
Amortization of intangible assets	**307**	214
	4,925	**4,733**

36. Other expense

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Consumption of stores, loose tools and spare parts	**2,695**	2,427
Subcontractor charges	**5,375**	4,473
Power and fuel	**6,841**	6,159
Rent (refer note 40)	**4,507**	3,634
Repairs and maintenance:		
- buildings	**291**	280
- plant and machinery	**2,198**	1,952
- others	**942**	987
Legal and professional (refer note 39)	**1,691**	1,570
Rates and taxes	**292**	347
Foreign exchange loss (net)	**185**	479
Allowances for doubtful receivables (net)	**(2,362)**	60
Bad debts written off	**2,477**	-
Freight outward	**1,353**	1,266
Travelling and conveyance	**729**	692
Insurance	**629**	536
Sales promotion and advertisement	**248**	171
Loss on sale of fixed assets (net)	**62**	113
Warranty and replacement expenses	**12**	14
Security charges	**221**	197
Packing expenses	**550**	563
Directors sitting fees	**36**	42
Printing and stationery	**180**	171
Communication	**136**	141
Membership and subscriptions	**75**	92
Bank charges	**170**	184
Miscellaneous	**844**	499
	30,377	**27,049**

37. Contingent Liabilities

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Income tax matters	**873**	500
Indirect tax related matters	**488**	233

Provident Fund

(i) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement only for the month of March 2019. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

Realisation of export dues

The Group has certain export dues outstanding for more than 9 months as at 31 March 2019. As per the master circular on export of goods and services issued by the Reserve Bank of India (RBI), an entity is required to realise its export proceeds within a period of 9 months from the date of export, failing which it has an option to extend the realization period, subject to the fulfilment of certain conditions. The Management has approached its authorised dealer for such an extension as on 16 May 2019 with a plan of realization of the outstanding balances. The Group believes that the fines or penalties levied, if any, will not be material to the financial statements.

38. Capital and Other Commitments

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	**322**	1,928

There are no other material commitments.

39. Payment to auditors (excluding service tax) included in legal and professional fees

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Statutory audit fees	**79**	79
Limited reviews	**39**	39
Other services	**12**	12
Out of pocket expenses	**10**	8
Total	**140**	**138**

40. Leases

Operating leases

The Group has taken office premises, residential premises, machineries and other facilities under operating lease (cancellable lease). Such leases are generally with the option of renewal against increased rent and premature termination. Lease payments are renegotiated at the time of renewal.

Lease rental expense under cancellable operating leases during the year was ₹ 346 lakhs (previous year ₹ 232 lakhs).

The Group is obligated under non-cancellable operating leases for land, building and plant and machinery. Lease rental expense under non-cancellable operating leases during the year was ₹ 4,197 lakhs (previous year: ₹ 3,554 lakhs). The above includes non-cancellable operating lease expenses of ₹ 36 lakhs (31 March 2018: ₹ 152 lakhs) pertaining to discontinued operations.

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Payable within 1 year	**4,527**	4,536
Payable between 1-5 years	**12,880**	13,830
Payable later than 5 years	**1,380**	2,905

Finance Lease

The Group 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 2019 are:

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Payable within 1 year	**198**	107
Payable between 1-5 years	**215**	274
Total	**413**	**381**
Less : Finance charges	**37**	41
Present value of minimum lease payments	**376**	**340**

41 The disclosure requirement as per Ind AS 37 with respect to the movement of provisions is as follows:

(a) Provision for warranties

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Opening balance	**545**	**524**
Provisions recognized	**413**	194
Provisions utilized / reversed during the period*	**(459)**	**(173)**
Closing balance	**499**	**545**

* includes foreign currency translation adjustments

(b) Provision for asset decommissioning

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Opening balance	**333**	**293**
Unwinding of discount	**46**	**40**
Closing balance	**379**	**333**

(c) Other provision

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Opening balance	**167**	**51**
Provisions recognized	**265**	161
Provisions utilized / reversed during the period*	**(120)**	**(45)**
Closing balance	**312**	**167**

42. Segment reporting

The Chief Executive Officer and the Managing Director of the Group has been identified as the Chief Operating Decision Maker ("CODM") as defined by Ind AS 108, Operating Segments. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by the products portfolio and segment information has been presented accordingly.

Operating segment

The Group's business is concentrated in manufacturing of hydraulic products, automotive & aluminium castings, aerospace & defense related items and others. And accordingly, primary segment information is presented based on the following :

Reportable segment

- **Hydraulics** - Engaged in the activity of manufacturing hydraulic pumps, hand pumps, lift assemblies, valves and power packs.
- **Automotive and aluminium castings ("AUC")** - Engaged in the activity of manufacturing case front, intake manifolds and exhaust manifold and Wind farm division which is into generation of power through wind energy.
- **Aerospace and defence ("ASP")** - Engaged in the activity of manufacturing airframe structures and precision aerospace components.
- **Others** - Comprising Corporate division and Homeland division which offers cutting edge security products and technologies

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole. The Group has a corporate center, which provides various accounting and administrative support functions. Segment information for this activity has been aggregated under "Unallocated". Revenue identifiable to business segments have been disclosed under the respective business segment. Segment costs include employee benefit expenses, cost of material consumed, depreciation and other operating expenses that can be allocated on a reasonable basis to respective segments. Assets and liabilities in relation to segments are categorized based on items that are individually identifiable to that segment. Certain assets and liabilities are not specifically allocable to individual segments as these are used interchangeably. The Group therefore believes that it is not practicable to provide segment disclosures relating to such assets and liabilities and accordingly, these are separately disclosed as 'unallocated'.

A Operating segment information for the period from 1 April 2018 to 31 March 2019 is as follows: (₹ in lakhs)

Particulars	Year Ended 31 March 2019	Year Ended 31 March 2018
Segment revenue		
a) Hydraulics	**36,310**	31,549
b) Aerospace and Defence	**46,885**	35,636
c) Automotive and Aluminium castings	**66,833**	65,558
d) Others	**2**	36
Revenue from operations (continuing operations)	**1,50,030**	1,32,779
e) Automotive and Aluminium castings (discontinued operations) (refer note 54)	**7,853**	8,063
Total revenue from operations (continuing and discontinued operations)	**1,57,883**	**1,40,842**
Segment results (profit/ (loss) before finance costs, other income and tax from each segment)		
a) Hydraulics	**3,278**	2,732
b) Aerospace and Defence	**10,255**	6,816
c) Automotive and Aluminium castings	**889**	1,530
d) Others	**(1,823)**	(1,831)
Total (continuing operations)	**12,599**	**9,247**
e) Automotive and Aluminium castings (discontinued operations) (refer note 54)	**(460)**	(1,652)
Total (continuing and discontinued operations)	**12,139**	**7,595**
Unallocable		
- Finance costs	**(7,950)**	(7,442)
- Other income	**724**	578
Profit before tax (continuing and discontinued operations)	**4,913**	**731**
Segment assets		
a) Hydraulics	**26,064**	24,269
b) Aerospace and Defence	**51,847**	52,218
c) Automotive and Aluminium castings	**41,572**	51,985
d) Others	**3,990**	7,116
e) Unallocated	**7,437**	6,306
Segment assets from continuing operations	**1,30,910**	**1,41,894**
f) Automotive and Aluminium castings (discontinued operations) (refer note 54)	**7,574**	-
Segment assets (continuing and discontinued operations)	**1,38,484**	**1,41,894**
Segment liabilities		
a) Hydraulics	**10,209**	8,771
b) Aerospace and Defence	**6,244**	7,044
c) Automotive and Aluminium castings	**16,693**	19,600
d) Others	**1,630**	434
e) Unallocated	**71,138**	74,661
Segment liabilities from continuing operations	**1,05,914**	**1,10,510**
f) Automotive and Aluminium castings (discontinued operations) (refer note 54)	**81**	-
Segment liabilities (continuing and discontinued operations)	**1,05,995**	**1,10,510**

Information about reportable segments for the period from 1 April 2018 to 31 March 2019 is as follows: (₹ in lakhs)

Particulars	Hydraulics	Aerospace and defence	Automotive and aluminium castings (Continuing)	Automotive and aluminium castings (Discontinued)	Others	Unallocated	Total
Depreciation and amortisation expense	997	1,761	2,082	120	85	-	5,045
Capital expenditure	533	1,099	556	106	62	-	2,356
Information about reportable segments for the period from 1 April 2017 to 31 March 2018 is as follows:							
Depreciation and amortisation expense	1,102	1,674	1,909	911	48	-	5,644
Capital expenditure	557	3,026	1,990	-	114	-	5,687

B Geographic information:

The geographical information analyses the Group's revenue and non-current assets by the Group's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the customer and segment assets which have been based on the geographical location of the assets. (₹ in lakhs)

Particulars	Revenue from Operations for the year ended		Non current assets*	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
India #	**48,764**	37,416	**34,973**	47,499
Europe (other than UK)	**63,447**	63,996	**22,742**	19,931
United Kingdom	**21,734**	20,970	**7,676**	13,133
United States	**18,899**	17,536	-	-
Rest of the world	**5,039**	924	-	-
Total	**1,57,883**	**1,40,842**	**65,391**	**80,563**

*Non-current assets excludes financial assets.

Includes revenue from discontinued operations of ₹ 7,853 lakhs (31 March 2018: ₹ 8,063 lakhs)

C Major customer:

None of the customers of the Group have revenue which is more than 10 % of the Group's total revenue.

43 Dues to micro, small and medium enterprises

Total outstanding dues of micro, small and medium enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter refer to as "the MSMED Act") are given below: (₹ in lakhs)

Particulars	31 March 2019	31 March 2018
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;		
Principal	**784**	276
Interest	**30**	3
(b) the amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year, and	**30**	3
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	**30**	3
Total	**814**	**279**

44. Assets and liabilities relating to employee benefits. (₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Net defined benefit liability, gratuity plan*	**1,636**	1,681
Liability for compensated absences	**348**	352
Total employee benefit liability	**1,984**	**2,033**
Current	**345**	364
Non-current	**1,639**	**1,669**
	1,984	**2,033**

* Includes provision for discontinued operations amounting to ₹ 13 lakhs

The Group operates the following post-employment defined benefit plan

Defined benefit plan

The Group operates post-employment defined benefit plan that provide gratuity, governed by the Payment of Gratuity Act,1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service or part thereof in excess of six months. The gratuity plan is a funded plan. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

A Funding

The Group's gratuity scheme for employees is administered through a trust with the Life Insurance Corporation of India. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in (E). Employees do not contribute to the plan.

The Group expects to pay ₹ 293 lakhs in contributions to its defined benefit plans in 2019-20.

B Reconciliation of net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/ assets and its components:

Reconciliation of present value of defined benefit obligation (₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Obligation at the beginning of the year	**1,803**	1,510
Interest cost	**142**	109
Current service cost	**124**	111
Past service cost	-	56
Liability transferred on account of discontinued operations (refer note 54)	**(234)**	-
Benefits paid	**(55)**	(160)
Actuarial (Gains)/Losses on Obligations recognised in Other Comprehensive Income (OCI)		
- Changes in financial assumptions	**24**	(81)
- Experience adjustments	**(55)**	258
Obligation at the end of the year (A)	**1,749**	**1,803**

Reconciliation of present value of plan assets (₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Plan assets at the beginning of the year, at fair value	**122**	525
Interest income on plan assets	**10**	38
Contributions	**144**	(298)
Asset transferred on account of discontinued operations (refer note 54)	**(101)**	-
Benefits paid	**(55)**	(106)
Return on plan assets, excluding interest income recognised in OCI	**(7)**	(37)
Plan assets at the end of the year, at fair value (B)	**113**	**122**
Net defined benefit liability (A-B)	**1,636**	**1,681**

C (i) Expense recognised in profit or loss (₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	**124**	111
Interest cost	**142**	109
Interest income	**(10)**	(38)
Past service cost	-	56
Net gratuity cost	**256**	**238**
(ii) Remeasurement recognised in other comprehensive income		
Actuarial (gain)/ loss on defined benefit obligation	**(31)**	177
Return on plan assets, excluding interest income	**7**	37
Total (gain)/ loss recognised in other comprehensive income	**(24)**	**214**

D. Plan assets (₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Insurance fund	**113**	122
	113	**122**

E. Defined benefit obligation

i) Actuarial Assumptions

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Rate of return on planned assets	**7.69%**	7.88%
Discounting rate	**7.69%**	7.88%
Future salary growth	**6.00%**	6.00%
Attrition rate	**5.00%**	5.00%
Weighted average duration of defined benefit obligation (in years)	**9-10**	8-10
Retirement age	**58-60**	58

Notes:

(i) The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.

(ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Group's policy for plan asset management.

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

ii Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant would have affected defined benefit obligation by amounts shown below: (₹ in lakhs)

Particulars	For the Year ended	
	31 March 2019	31 March 2018
Projected Benefit Obligation on Current Assumptions(Gross)	**1,749**	1,802
Impact of change in discount rate by +1%	**(118)**	(117)
Impact of change in discount rate by -1%	**136**	134
Impact of change in salary rate by +1%	**133**	133
Impact of change in salary rate by -1%	**(118)**	(118)
Impact of change in employee turnover rate by +1%	**18**	19
Impact of change in employee turnover rate by -1%	**(20)**	(21)

Defined contribution plan

The Group's contribution to Provident Fund aggregating to ₹ 776 lakhs (31 March 2018: ₹ 736 lakhs) has been recognised in the Statement of Profit and Loss under the head employee benefit expense. The above includes contribution to provident fund of ₹ 44 lakhs (31 March 2018: ₹ 39 lakhs) pertaining to discontinued operations.

45. Financial instruments - fair value and risk management

Accounting classification and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities including their level in fair value hierarchy:

Fair value hierarchy

The section explains the judgment and estimates made in determining the fair values of the financial instruments that are:

a) recognized and measured at fair value

b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard. (₹ in lakhs)

Particulars	Carrying Amount	Fair Value			Total
	31 March 2019	Level 1	Level 2	Level 3	
Financial assets not measured at fair value					
Loans (current and non - current)	**1,567**	-	-	-	-
Trade receivables, net of loss allowance	**22,938**	-	-	-	-
Cash and cash equivalents	**3,710**	-	-	-	-
Bank balances other than cash and cash equivalents	**3,077**	-	-	-	-
Other financial assets (current and non - current)	**18**	-	-	-	-
Financial assets measured at fair value					-
Investments in equity shares	**34**	-	-	34	34
Total financial assets	**31,344**	-	-	**34**	**34**
Financial liabilities not measured at fair value					
Borrowings (current and non - current)	**65,920**	-	-	-	-
Trade payables	**27,673**	-	-	-	-
Other financial liabilities (current and non - current)*	**3,515**	-	-	-	-
Total financial liabilities	**97,108**	-	-	-	-

(₹ in lakhs)

Particulars	Carrying Amount	Fair Value			Total
	31 March 2018	Level 1	Level 2	Level 3	
Financial assets not measured at fair value					
Loans (current and non - current)	1,586	-	-	-	-
Trade receivables, net of loss allowance	18,610	-	-	-	-
Cash and cash equivalents	3,988	-	-	-	-
Bank balances other than cash and cash equivalents	2,277	-	-	-	-
Other financial assets (current and non - current)	18	-	-	-	-
Financial assets measured at fair value					-
Investments in equity shares	60	-	-	60	60
Total financial assets	**26,539**	-	-	**60**	**60**
Financial liabilities not measured at fair value					
Borrowings (current and non - current)	71,017	-	-	-	-
Trade payables	26,314	-	-	-	-
Other financial liabilities (current and non - current)*	4,560	-	-	-	-
Total financial liabilities	**1,01,891**	-	-	-	-

* Current maturities of long term borrowings aggregating ₹ 4,736 lakhs and ₹ 6,058 lakhs as at 31 March 2019 and 31 March 2018 respectively, form part of borrowings.

Fair Value Hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes investment in equity, preference securities, mutual funds and debentures that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment in equity shares included in level 3.

Fair Valuation Method

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

A. Financial Assets:

1. Fair value of all these financial assets are measured at balance sheet date value, as most of them are settled within a short period and so their fair value are assumed to be almost equal to the balance sheet date value.

B. Financial Liabilities:

1. **Borrowings:** It includes loans taken from banks and financial institution, cash credit and bill discounting facilities. Borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on the loans is reset on a monthly/quarterly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.
2. **Trade payables and other liabilities:** Fair values of trade and other liabilities are measured at balance sheet value, as most of them are settled within a short period and so their fair values are assumed to be almost equal to the balance sheet values.

46. Financial Risk Management

The Group's activities expose it to financial risks: credit risk, liquidity risk and market risk.

Risk management framework

The Board of Directors of the Holding Company have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Holding Company oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal auditor. Internal Audit function includes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(i) Credit Risk

Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represents the maximum credit exposure.

Trade and other receivables

The maximum exposure to credit risk at the reporting date is primarily from trade receivables. However, the management also considers the factors that may influence the credit risk of its customer base. Customers of the Group are spread across diverse industries and geographical areas. The Group limits its exposure to credit risk from trade receivables by establishing a maximum credit period and takes appropriate measures to mitigate the risk of financial loss from defaults. Recurring credit evaluation of credit worthiness is performed based on the financial condition of respective customers.

Expected credit loss assessment for trade receivables as at 31 March 2019 and 31 March 2018 are as follows:

The Group establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables as at 31 March 2019 amounting to ₹ 22,938 lakhs (31 March 2018: ₹ 18,610 lakhs). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance as at the beginning of the year	**3,501**	3,441
Amounts written off	**(2,477)**	-
Net measurement of loss allowance	**252**	60
Balance as at the end of the year	**1,276**	**3,501**

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligation as they become due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management monitors rolling forecast of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally carried out by the Management in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Financing arrangement

The Group maintains the following line of credit:

(a) Terms loans taken from bank aggregating to ₹ 35,427 lakhs (31 March 2018: ₹ 39,608 lakhs) out of which, ₹ 28,084 lakhs (31 March 2018: ₹ 28,645 lakhs) is repayable in 32 quarterly installments first installment starting from 15 October 2018 with interest rate ranging from 10.45% to 11.50% per annum, ₹ 5,996 lakhs (31 March 2018: ₹ 8,678 lakhs) is repayable in 19 quarterly installments at EURIBOR plus 3.50% per annum, ₹ 996 lakhs (31 March 2018: ₹ 1,896 lakhs) is repayable in 4 quarterly installments at interest rate of 13.60% per annum and ₹ 351 lakhs (31 March 2018: ₹ 389 lakhs) is repayable in 14 quarterly installments at LIBOR plus 2.50% per annum.

Term Loan from financial institutions aggregating to ₹ 8,513 lakhs (31 March 2018: ₹ 8,977 lakhs) out of which ₹ 7,752 lakhs (31 March 2018: ₹ 7,899 lakhs) is repayable in 32 quarterly installments first installment starting from 15 October 2018 with interest rate of 11.55% per annum, ₹ 761 lakhs (31 March 2018: ₹ 1,078 lakhs) repayable in 36 monthly installments with interest rate of 10.50% per annum.

These are secured by first pari passu charge on the entire movable and immovable fixed assets of the Group, present and future (other than those exclusively charged). Second pari passu charge on the entire current assets of the Group, present and future.

(b) Leasing finance from banks aggregating ₹ 376 lakhs (31 March 2018: ₹ 340 lakhs) repayable in maximum 66 monthly installments secured by way of exclusive charge on fixed assets and partly by way of corporate guarantee.

(c) Cash credit and working capital demand loans from banks carry interest ranging between 5.50% - 12.60% per annum., computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock and book debts of the Group and second pari passu charge on the movable (other than those exclusively charged) and immovable fixed assets of the Group.

(d) The Group has availed revolving packing credit facility in foreign currency, which carry interest rate of LIBOR+3.50% per annum for 120 days.

(e) The Group has taken receivable bill discounting facility from banks which carry interest rate between 5% - 13.60% per annum and is payable within 90 days from the date of bill discounted.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018. The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2019 (₹ in lakhs)

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Borrowings*	65,920	86,724	33,068	36,995	16,661
Trade payables	27,673	27,673	27,673	-	-
Other financial liabilities (current and non - current)	1,387	3,515	3,515	-	-

As at 31 March 2018 (₹ in lakhs)

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Borrowings*	71,017	96,735	35,116	44,908	16,711
Trade payables	26,314	26,314	26,314	-	-
Other financial liabilities (current and non - current)	2,290	4,560	4,560	-	-

* Including current maturities of long term borrowings.

As disclosed in note 19 and 23, the Group has secured bank loan that contains loan covenants. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table. Except for these financial liabilities, it is not expected that cash flows included in maturity analysis could occur significantly earlier.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

A) Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Group companies. The functional currency of the Holding Company is primarily ₹. The currencies in which these transactions are primarily denominated are USD, GBP etc.

Management monitors the movement in foreign currency and the Group's exposure in each of the foreign currency. Based on the analysis and study of movement in foreign currency, the Group decides to exchange its foreign currency .

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to management is as follows: (₹ in lakhs)

Particulars	Currency	31 March 2019		31 March 2018	
		Amount in foreign currency in lakhs	Amount in ₹ lakhs	Amount in foreign currency in lakhs	Amount in ₹ lakhs
Trade receivables	USD	**141**	**9,764**	127	8,260
	EURO	**1**	**76**	4	322
	GBP	**15**	**1,383**	14	1,292
Current borrowings	GBP	**21**	**1,936**	22	2,030
	USD	-	-	14	911
	EURO	**7**	**555**	-	-
Other current financial liabilities	USD	**5**	**431**	-	-
	GBP	-	**22**	4	369
Other current financial assets	USD	**14**	**943**	-	-
Trade payables	USD	**37**	**2,528**	13	846
	EURO	**7**	**553**	1	81
	GBP	**1**	**57**	1	92
	CAD	**0.3**	**16**	0.3	13

The following significant exchange rates have been applied (₹ in lakhs)

Currency	Year end spot rate	
	31 March 2019	31 March 2018
USD/INR	**69.17**	65.04
EURO/INR	**77.70**	80.62
GBP/INR	**90.48**	92.28
CAD/INR	**51.91**	50.64

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, EURO, GBP and CAD against ₹ at 31 March 2019 and 31 March 2018 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(₹ in lakhs)

Particulars	Profit and loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2019				
USD (6% movement)	469	(469)	305	(305)
EURO (4% movement)	(40)	40	(26)	26
GBP (2% movement)	(13)	13	(8)	8
31 March 2018				
USD (2% movement)	20	(20)	14	(14)
EURO (8% movement)	39	(39)	27	(27)
GBP (15% movement)	(168)	168	(118)	118
CAD (5% movement)	(1)	1	-	-

B) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Variable rate borrowings (including current maturities of long term borrowings)	**62,974**	69,939
Fixed rate borrowings (including current maturities of long term borrowings)	**2,946**	1,078
Total borrowings	**65,920**	**71,017**

(b) Sensitivity

(₹ in lakhs)

Particulars	Profit and loss		Equity, net of tax	
	1% Increase	1% decrease	1% Increase	1% decrease
31 March 2019 Variable rate borrowings	(664)	664	(434)	434
31 March 2018 Variable rate borrowings	(690)	690	(483)	483

47. Capital management

The Group's policy is to maintain a stable and strong capital base structure with a focus on total equity so as to maintain investor, creditor and market confidence and to sustain future development and growth of the business. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value and safeguard its ability to continue as a going concern.

The Group monitors capital using a ratio of 'adjusted net debt' to 'equity'. For the purpose of Group's capital management, adjusted net debt is defined as aggregate on Non-current borrowing, current borrowing and current maturities of long-term borrowings less cash and cash equivalents and total equity includes issued capital and all other equity reserves.

The Group's adjusted net debt equity ratio were as follows: (₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Borrowings (current and non-current)	**65,920**	71,017
Less: Cash and cash equivalents	**(3,710)**	(3,988)
Adjusted net debt	**62,210**	**67,029**
Total equity	**32,489**	31,384
Net debt to equity ratio	**1.91**	**2.14**

48 Related party disclosures

(i) Name of related parties and description of relationship:

Name of related party	Description of relationship
JKM Holdings Private Limited Wavell Investments Private Limited	Entities over which key executive management personnel or relatives of such personnel are able to exercise significant influence and have transactions during the year.

Key executive management personnel

Udayant Malhoutra	Chief Executive Officer and Managing Director
Hanuman Kumar Sharma	Group Chief Financial Officer and Executive Director (resigned with effect from 13 February 2018)
Chalapathi P	Chief Financial Officer (appointed with effect from 13 December 2017)
P S Ramesh	Executive Director and Chief Operating Officer, Aerospace, India upto 14 November 2018, Executive Director, Group Technical Services and Human Resource effective 15 November 2018
Naveen Chandra P	Company Secretary (resigned with effect from 15 November 2018)
Shivaram V	Company Secretary (appointed with effect from 25 March 2019)
Arvind Mishra	Executive Director & Global Chief Operating Officer – Hydraulics & Head – Homeland SecurityDIN

(ii) List of subsidiaries (including step-subsidiaries)

Name of the entity	Subsidiary/ Step Subsidiary	Country of domicile	Holding as at	
			31 March 2019	31 March 2018
JKM Erla Automotive Limited ("JEAL")	Subsidiary	India	**99.99%**	99.99%
JKM Research Farm Limited ("JRFL")	Subsidiary	India	**99.99%**	99.99%
JKM Global Pte Limited ("JGPL")	Subsidiary	Singapore	**100%**	100%
JKM Ferrotech Limited ("JFTL")	Step Subsidiary	India	**99.99%**	99.99%
Dynamatic Limited ("DLUK")	Step Subsidiary	United Kingdom	**100%**	100%
Yew Tree Investments Limited ("YTIL")	Step Subsidiary	United Kingdom	**100%**	100%
Dynamatic US, LLC ("DUS")	Step Subsidiary	United States of America	**100%**	100%
JKM Erla Holdings GmbH ("JEHG")	Step Subsidiary	Germany	**100%**	100%
Eisenwerk Erla GmbH ("EEG")	Step Subsidiary	Germany	**100%**	100%
JKM Automotive Limited ("JAL")	Step Subsidiary	India	**100%**	100%

(iii) Related party transactions during the year (₹ in lakhs)

Particulars		For the year ended	
		31 March 2019	31 March 2018
Purchase of raw materials	Wavell Investments Private Limited	**349**	-
Rent expense	JKM Holdings Private Limited	**4**	4
Intercorporate deposits taken	Wavell Investments Private Limited	**170**	-
Finance cost	Wavell Investments Private Limited	-	26

(iv) Balance receivable from and payable to related parties as at the balance sheet date: (₹ in lakhs)

Particulars		As at 31 March 2019	As at 31 March 2018
Intercorporate deposit taken	Wavell Investments Private Limited	**170**	-
Trade payables	Wavell Investments Private Limited	**65**	-

(v) Compensation of key managerial personnel* (₹ in lakhs)

Particulars	For the year ended	
	As at 31 March 2019	As at 31 March 2018
Udayant Malhoutra	**84**	79
Hanuman Kumar Sharma#	-	145
Chalapathi P	**48**	14
P S Ramesh	**76**	75
Arvind Mishra	**76**	41
Naveen Chandra	**20**	28
Shivaram V	**3**	-
	307	**382**

*Managerial remuneration does not include cost of employee benefits such as gratuity and compensated absences since, provision for these are based on an actuarial valuation carried out for the Group as a whole.
The previous year payment includes amount paid towards the full and final settlement.

Terms and conditions

All transactions with these related parties are priced at arm's length basis and resulting outstanding balances are to be settled in cash within six months to one year of reporting date. None of the balances are secured.

49. Earnings per share

₹ in lakhs except per share data

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net profit for the year attributable to equity shareholders		
From continuing operations	**3,116**	1,204
From discontinued operations	**(369)**	(1,132)
Total profit for the year	**2,747**	**72**
Reconciliation of basic and diluted shares used in computing earnings per share:		
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

Earnings per share

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Basic and Diluted earnings per share		
From continuing operations	**49.15**	18.99
From discontinued operations	**(5.82)**	(17.85)
Total basic and diluted earnings per share	**43.33**	**1.14**

50. Transfer pricing

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

51 Income tax

A Amount recognized in statement of profit and loss

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current income tax:		
Current income tax charge - continuing operations	**1,209**	1,141
Current income tax charge - discontinued operations	**(91)**	-
	1,118	**1,141**
Deferred tax:		
Attributable to-		
Origination and reversal of temporary differences- continuing operations	**1,048**	38
Origination and reversal of temporary differences- discontinued operations	-	(520)
	1,048	**(482)**
Income tax expense reported in the statement of profit and loss	**2,166**	**659**

B Income tax recognized in other comprehensive income

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net gain / (loss) on remeasurement of defined benefit liability / (assets)	**24**	(214)
Income tax expenses / (credit) to OCI	**9**	**(75)**

C Reconciliation of effective tax rate

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Accounting profit before income tax	**4,913**	731
Tax using the Holding Company's domestic tax rate 34.944% (31 March 2018: 34.608%)	**1,717**	253
Current year losses on which deferred tax was not recognised	**415**	559
Difference in enacted tax rate	**1**	(160)
Impact of non - deductible expenses for tax purposes	**33**	7
Income tax expense	**2,166**	**659**
Effective tax rate	**44.09%**	**90.15%**

D Deferred tax

Deferred tax relates to the following:

(₹ in lakhs)

Particulars	As at 1 April 2018	Recognized in profit or loss during 2018 -19	Recognized in OCI during 2018-19*	As at 31 March 2019
Deferred tax assets / (liabilities)				
Property, plant and equipment and intangible assets	(4,465)	(191)	-	(4,656)
Provision for loss allowance	1,063	(737)	-	326
Provision for gratuity and compensated absences	675	(1)	(9)	665
Provision for warranty	15	53	-	68
Others	201	(172)	118	147
Deferred tax assets / (liabilities)	**(2,511)**	**(1,048)**	**109**	**(3,450)**

Particulars	As at 1 April 2017	Recognized in profit or loss during 2018 -19	Recognized in OCI during 2018-19*	As at 31 March 2018
Deferred tax assets / (liabilities)				
Property, plant and equipment and intangible assets	(4,939)	474	-	(4,465)
Provision for loss allowance	1,090	(27)	-	1,063
Provision for gratuity and compensated absences	422	178	75	675
Provision for warranty	15	-	-	15
Others	528	(143)	(184)	201
Deferred tax assets / (liabilities)	**(2,884)**	**482**	**(109)**	**(2,511)**

*movement includes foreign currency translation adjustment

E Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items for one of the subsidiary, as it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom. (₹ in lakhs)

Particulars	31 March 2019	31 March 2018
Carry forward of business losses	**11,529**	10,683
Carry forward of unabsorbed depreciation	**10,285**	9,656
Total brought forward losses	**21,814**	**20,339**
Potential tax benefit @ 26%*	**5,672**	5,288
Deferred tax on losses created to the extent of deferred tax liabilities in books of the subsidiary	**625**	704
Unrecognised deferred tax asset	**5,047**	**4,584**

* The business losses expire in 2020-27. The deductible temporary differences do not expire under current tax legislation

52. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements for the year ended 31 March 2019:

Name of the Subsidiary	Consolidated net assets		Consolidated profit or loss		Consolidated OCI		Consolidated total Comprehensive income	
	Percentage	₹ in lakhs	Percentage	₹ in lakhs	Percentage	₹ in lakhs	Percentage	₹ in lakhs
Dynamatic Technologies Limited Standalone	159%	51,680	118%	3,230	(2%)	15	159%	3,245
Foreign Subsidiaries								
Dynamatic Limited UK*	52%	16,870	19%	529	-	-	26%	529
Eisenwerk Erla GmbH #	60%	19,629	18%	500	-	-	24%	500
JKM Global Pte Limited, Singapore	14%	4,689	(1%)	(24)	-	-	(1%)	(24)
Indian Subsidiaries								
JKM Erla Automotive Limited	73%	23,839	0%	(6)	-	-	0%	(6)
JKM Ferrotech Limited	2%	562	(56%)	(1,518)	-	-	(74%)	(1,518)
JKM Research Farm Limited	8%	2,514	1%	26	-	-	1%	26
JKM Automotive Limited	-	-	-	-	-	-	0%	-
Consolidated adjustments	(268%)	(87,294)	1%	10	102%	(721)	(35%)	(711)
Total	**100%**	**32,489**	**100%**	**2,747**	**100%**	**(706)**	**100%**	**2,041**

* includes results of Yew Tree Investments Limited, UK and Dynamatic US LLC
# includes results of JKM Erla Holdings GmbH, Germany

53. Revenue from contracts with customers

The effect of initially applying Ind AS 115 on the Group's revenue from contracts with customers is described in Note 2(l). Due to the transition method chosen in applying Ind AS 115, comparative information has not been restated to reflect the new requirements.

A. Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the year ended 31 March 2019 by market or type of customers, timing of revenue recognition, contract-type and geography.

The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Year ended 31 March 2019 (₹ in lakhs)

Particulars	Hydraulics	Aerospace and defence	Automotive & Aluminium castings (Continued)	Others	Total	Automotive & Aluminium castings (Discontinued)	Grand Total
Market or type of customer							
Government	334	1,186	-	-	1,520	-	1,520
Non-government	35,406	44,319	66,635	4	1,46,364	7,359	1,53,723
Total revenue from contract with customers#	**35,740**	**45,505**	**66,635**	**4**	**1,47,884**	**7,359**	**1,55,243**
Timing of revenue recognition							
Goods or services transferred at point in time	35,740	45,505	66,635	4	1,47,884	7,359	1,55,243
Goods or service transferred over time	-	-	-	-	-	-	-
Total revenue from contract with customers#	**35,740**	**45,505**	**66,635**	**4**	**1,47,884**	**7,359**	**1,55,243**
Primary geographical markets							
Within India	22,882	5,185	10,330	-	38,397	6,821	45,218
Outside India	12,858	40,320	56,306	3	1,09,487	538	1,10,025
Total revenue from contract with customers#	**35,740**	**45,505**	**66,636**	**3**	**1,47,884**	**7,359**	**1,55,243**

Represents revenue from sale of products included in revenue from operations.

Reconciling the amount of revenue recognised with contract and reportable segment: (₹ in lakhs)

Particulars	As at 31 March 2019	As at 01 April 2018
Revenue as per Contract	**1,55,858**	1,38,687
Adjustments:		
Discount	**615**	406
Revenue from contract with customers	**1,55,243**	**1,38,281**
Other Operating revenue		
Export incentive	**1,015**	1,162
Scrap sales	**1,373**	1,399
Liabilities no longer required written back	**251**	-
Revenue from reportable segment (refer note 42)	**1,57,882**	**1,40,842**

B. Contract balances

The Group does not have any contract balances.

C. Remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as the end of the reporting period and an explanation as to when the Group expects to recognise these amount in revenue. Unsatisfied or partially satisfied performance obligations are subject to variability due to several factors such as termination changes in contract scope, re-validation of estimates and economic factors.

Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognised corresponds directly with the value to the customer of the Group's performance completed to date, typically those contracts where invoicing is on time and material, unit price basis.

54 Discontinued operations and assets held for sale

During the year ended 31 March 2018, the Board of Directors of the Company vide its meeting dated 28 February 2018 had approved the divestment of "Automotive and Aluminium Castings" ('discontinued business') segment as appearing in the Standalone Ind AS financial statements of the Company. Subsequently the company has obtained the Shareholders' approval (a substantive approval) vide postal ballot dated 15 May 2018 and accordingly "Automotive and Aluminium Castings" segment as appearing in Standalone Ind AS financial statements was classified as discontinued operation from quarter ended 30 June 2018. "Automotive and Aluminium Castings" segment as appearing in Standalone Ind AS financial statements comprises of Aluminium business, Iron business and Windfarm business.

During the year, the Board of directors of the Company vide its meeting dated 14 November 2018, after evaluation of various bids received from prospective buyers, approved the proposal received from M/s. Hi-Tech Arai Private Limited ('Hi-Tech') for sale of certain assets of aluminium business.

On 31 December 2018, the Company entered into a business transfer agreement with Hi Tech Arai Private Limited to sell certain assets of aluminium business. The transaction was consummated on 17 January 2019.

I) The impact of the transaction on statement of profit and loss is as follows: (₹ in lakhs)

Particulars	As at 31 March 2019
Gross sale consideration (A)	**4,302**
Book value of fixed assets sold (B)	**3,994**
Net book value of other assets(net of liabilities) sold (C)	**302**
Expenses pertaining to disposal of the business (D)*	**194**
Loss on disposal of aluminium business (discontinued operations) (E) = (A-B-C-D)	**(188)**
Results from discontinued operations before tax (F)	**(272)**
Total loss from discontinued operations before tax (G) = (E+F)	**(460)**

* Expenses pertaining to the disposal of the business primarily represents the amount paid to State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) towards dues for land differential charges.

The Company continues to disclose the assets and liabilities of the Iron business and Windfarm business (part of the "Automotive and Aluminium Casting Segment") as appearing in Standalone financial statements are also included as part of discontinued operations. as "Asset held for sale" as on 31 March 2019 in accordance with Ind AS 105, based on the management intention to sell these assets. Accordingly the results of Iron casting and Windfarm business as appearing in Standalone financial statements are also included as part of discontinued operations.

II) Carrying value of assets and liabilities classified as held for sale: (₹ in lakhs)

Particulars	As at 31 March 2019
Assets classified as held for sale	
Property plant & equipment	**6,531**
Current assets	**1,043**
Total assets of disposal group held for sale	**7,574**
Liabilities directly associated with assets classified as held for sale	
Current Liabilities	**81**
Total liabilities of disposal group held for sale	**81**

In accordance with Ind AS 105 - 'Non-current Assets Held for Sale and Discontinued Operations', the Management is required to assess the "recoverable amount" of the Iron casting and Windfarm business as appearing in Standalone financial statements are also included as part of discontinued operations and also to evaluate whether there is any need to provide for an impairment loss. Management is confident that they will be able to sell these assets to third parties at net selling prices which would exceed their carrying amounts and, accordingly, believe that no additional provision is required for impairment as at and for the year ended March 31, 2019.

III) Results of assets classified as discontinued operations

The results of discontinued operations included in the profit for the year are set out below. (₹ in lakhs)

Particulars	Year ended at 31 March 2019	Year ended at 31 March 2018
Revenue	**7,853**	8,063
Expenses	**(8,313)**	(9,715)
Loss before tax	**(460)**	**(1,652)**
Income tax credit	**(91)**	(520)
Loss from discontinued operations after tax	**(369)**	**(1,132)**

(IV) Cash flows from/ (used in) discontinued operations (₹ in lakhs)

Particulars	Year ended at 31 March 2019	Year ended at 31 March 2018
Net cash used in operating activities	**(232)**	(2,715)
Net cash from investing activities	**3,884**	(12)
Net cash from financing activities	-	-
Net cash flow for the year	**3,652**	**(2,727)**

55 In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows'. These amendments are in accordance with the amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows'. The below disclosure is in line with such amendments suggested: (₹ in lakhs)

Particulars	01 April 2018	Cash flows	Non Cash Changes		31 March 2019
			Interest Expense	Foreign exchange movement	
Non- Current Borrowings					
Secured					
- Term loan from banks*	39,608	(4,027)	30	(184)	**35,427**
- Term loan from financial institutions*	8,977	(464)	-	-	**8,513**
- Finance lease obligation *	340	36	-	-	**376**
Current Borrowings			-	-	
Secured			-	-	
- Cash credit and working capital demand loans	20,874	(2,642)	-	21	**18,253**
Unsecured					
- Bill discounting facility from banks	1,218	2,129	-	(166)	**3,181**
- Intercorporate deposits	-	170	-	-	**170**
Interest accrued but not due on borrowings	-	(7,869)	7,874	-	**5**
Dividend paid out of unclaimed dividend	8	(7)	-	-	**1**
Dividend declared and paid during the year	-	(153)	-	-	**2**
Total liabilities from financing activities	71,025	(12,827)	7,904	(329)	**65,928**

* includes current maturities of long term borrowings

Particulars	01 April 2017	Cash flows	Non Cash Changes		31 March 2018
			Interest Expense	Foreign exchange movement	
Non- Current Borrowings					
Secured					
- Term loan from banks*	41,656	(2,225)	53	124	39,608
- Term loan from financial institutions*	7,883	1,094	-	-	8,977
- Finance lease obligation	610	(270)	-	-	340
- Intercorporate deposits	239	(239)	-	-	-
Current Borrowings					
Secured					
- Cash credit and working capital demand loans	14,339	6,511	-	24	20,874
Unsecured					
- Short Term Loan	948	(948)	-	-	-
- Bill discounting facility from banks	2,364	(1,269)	-	123	1,218
Interest accrued but not due on borrowings	91	(7,440)	7,349	-	-
Dividend paid out of unclaimed dividend	12	(4)	-	-	8
Total liabilities from financing activities	**68,142**	**(4,790)**	**7,402**	**271**	**71,025**

* includes current maturities of long term borrowings

56 The disclosure regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

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 2019

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

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

ARVIND MISHRA
Executive Director & Global COO – Hydraulics & Head – Homeland Security
DIN: 07892275

CHALAPATHI P
Chief Financial Officer

SHIVARAM V
Head Legal, Compliance & Company Secretary

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DYNAMATIC TECHNOLOGIES LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Dynamatic Technologies Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 2019, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition
See note 2(k), 28 and 54 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable when the goods are delivered and title has passed, the Company has transferred to the buyer the significant risks and rewards of ownership of the goods and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. We identified revenue recognition as a key audit matter because the Company and its external stakeholders focus on revenue as a key performance indicator. This could result in a risk that revenues are overstated or recognized before control has been transferred.	In view of the significance of the matter we applied the following audit procedures in this area, amongst others to obtain sufficient appropriate audit evidence: 1. We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards. 2. We evaluated the design of key controls and operating effectiveness of the relevant key controls with respect to revenue recognition on selected transactions. 3. We performed substantive testing for the revenue transactions using statistical sampling and tested the underlying documents supporting the sales. 4. We carried out analytical procedures on revenue recognised during the year to identify unusual variances. 5. We tested, on a sample basis, specific revenue transactions recorded before and after the financial year end date to determine whether the revenue had been recognised in the appropriate financial period. 6. We tested manual journal entries posted to revenue to identify unusual items.

Impairment of investments in Subsidiaries
See note 2(m) and 4 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
The Company has made significant investments in subsidiaries which are recorded at cost less impairment. The investments in subsidiaries are required to be tested for impairment at least on an annual basis. The carrying value of investments is dependent on achieving sufficient level of future net cash flows. The Management is required to make significant judgement with respect to the provision required based on the information available with the Management. We have identified impairment of investments in subsidiaries as a key audit matter because of significant judgements in assessing the future performance and recoverability of respective investments	In view of the significance of the matter we applied the following audit procedures in this area, amongst others to obtain sufficient appropriate audit evidence: 1. We tested the design and operating effectiveness of the relevant key controls over the review of the investment impairment analysis. 2. We tested the underlying assumptions used by the Management for their assessment of the carrying value of the investments. 3. We involved valuation specialists who tested Management's assumptions with respect to the weighted average cost of capital and other key assumptions used for assessment of the carrying value of the subsidiaries. 4. We challenged Management by performing sensitivity analysis considering a reasonably possible change in key assumptions.

Discontinued operations and assets held for sale See note 2(r) and 55 to the standalone financial statements	
The key audit matter	**How the matter was addressed in our audit**
We have identified discontinued operations and assets held for sale as a key audit matter because of significant judgement and complexities involved in accounting and disclosure of discontinued operation and asset held for sale, in the financial statement of the Company.	In view of the significance of the matter we applied the following audit procedures in this area, amongst others to obtain sufficient appropriate audit evidence: 1. We tested the design of key controls and operating effectiveness of the relevant key controls around the accounting and disclosure of discontinued operations and assets held for sale. 2. For assets held for sale, we tested the underlying assumptions used by the Management for their assessment of the carrying value. 3. We involved valuation specialists who tested the valuation methodology used in the valuation of assets held for sale carried out by Management. 4. We considered the adequacy and appropriateness of the disclosures in the financial statements, relating to the discontinued operations and the assets held for sale, as required by the accounting standards.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises of Management Reports such as Board's Report, Management Discussion and Analysis, Corporate Sustainability Report and Risk Management Report, but does not include the Standalone financial statements and our Auditors' Report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this Auditors' Report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditors' Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows 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 Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' 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 as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 36 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.

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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 2019

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of Dynamatic Technologies Limited ('the Company') on the Standalone Ind AS financial statements for the year ended 31 March 2019, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were verified during the year. No material discrepancies were noticed on such verification.

(c) In our opinion and 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 included in property, plant and equipment 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. The discrepancies noticed on such verification between the physical stock and book records were not material. For stocks lying with third parties at the year-end, written confirmations have been obtained by the Management.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of Clause 3 (iii) (a) (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act, with respect to the investments made. Further, there are no loans, guarantees and security given in respect of which provisions of Section 185 of the Act is applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(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 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, Goods and Service tax, duty of Customs, Cess and other material statutory dues have generally been regularly deposited with appropriate authorities, though there has been slight delay 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, Goods and Service tax, duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2019 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 Sales-tax, Value added tax and Cess which have not been deposited on account of any dispute. The Company, however, disputes the following Income-tax, duty of Customs, Service tax and duty of Excise dues:

Name of the Statute	Nature of the Dues	Amount (₹ lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax	117	AY 2012-2017	Commissioner of Income Tax Appeals, Bengaluru
Customs Act, 1962	Tax / Interest	21	FY 2004-2005 and FY 2007-2008	The Commissioner of Customs (Export), Chennai
Finance Act, 1994	Tax	12	January'2006 – March'2006 & Oct'2009 – March 2011	Commissioner of Central Excise (Appeals), Bengaluru
Finance Act, 1994	Tax /Interest / Penalty	69	January'2014-December' 2014	Customs, Excise Service Tax Appellate Tribunal, Bengaluru (CESTAT)
The Central Excise Act, 1944	Tax	47	FY 1998-03 and FY 2008-09	Commissioner Appeals, Bengaluru and Chennai
The Central Excise Act, 1944	Tax	41	FY 2016-18	Assistant Commissioner Appeals, Bengaluru
The Central Excise Act, 1944	Tax/ Interest	111	FY 2010-2015	Customs Excise and Service Tax Appellate Tribunal Bengaluru and Chennai
Central Goods and Services Tax Act, 2017	Tax/ Interest	259	FY 2017-2018	Additional Commissioner (Appeals), Bengaluru
The Central Sales Tax Act, 1956	Tax	18	2010-11 and 2016-17	Commissioner of Commercial Taxes, Bengaluru

(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 loans or borrowings from government and there are no dues to debenture holders during the year.

(ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans obtained during the year were applied for the purpose for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

(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) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

(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 Standalone 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.

(xvi) According to the information and explanation given to us and in our opinion 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 2019

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

on the standalone financial statements of Dynamatic Technologies Limited for the period ended 31 March 2019.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

(Referred to in paragraph 2A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Dynamatic Technologies Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to standalone financial statements were established and maintained and whether 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, 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 Auditors' judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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 2019

BALANCE SHEET

(₹ in lakhs)

ASSETS	Note	As at 31 March 2019	As at 31 March 2018
Non-current assets			
Property, plant and equipment	3	**23,526**	34,987
Intangible assets	3	**34**	74
Capital work in progress	3	**214**	384
Financial assets			
(i) Investments	4	**53,510**	53,510
(ii) Non-current loans	5	**752**	790
(iii) Other non-current financial assets	6	**18**	18
Income tax assets (net)	7	**606**	-
Other non-current assets	8	**1,758**	360
Total non-current assets		**80,418**	**90,123**
Current assets			
Inventories	9	**10,937**	12,065
Financial assets			
(i) Trade receivables	10	**15,635**	14,202
(ii) Cash and cash equivalents	11	**287**	364
(iii) Bank balances other than cash and cash equivalents above	12	**3,029**	2,215
(iv) Current loans	13	**406**	291
(v) Other current financial assets	14	**1,323**	1,938
Other current assets	15	**7,172**	7,587
Assets classified as held for sale	55	**7,574**	-
Total current assets		**46,363**	**38,662**
Total Assets		**1,26,781**	**1,28,785**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	**634**	634
Other equity	17	**51,046**	47,954
Total equity		**51,680**	**48,588**
Liabilities - Non-current liabilities			
Financial liabilities			
(i) Non-current borrowings	18	**34,392**	36,186
(ii) Other non-current financial liabilities	19	**11**	31
Non-current provisions	20	**1,964**	1,966
Deferred tax liabilities (net)	21	**6,548**	5,896
Total non-current liabilities		**42,915**	**44,079**
Current liabilities			
Financial liabilities			
(i) Current borrowings	22	**15,689**	18,459
(ii) Trade payables	23		
(a) total outstanding dues of micro enterprises and small enterprises		**577**	129
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		**11,615**	12,031
(iii) Other current financial liabilities	24	**3,672**	4,192
Current provisions	25	**322**	359
Current tax liabilities (net)	26	-	380
Other current liabilities	27	**230**	568
Liabilities directly associated with assets classified as held for sale	55	**81**	-
Total current liabilities		**32,186**	**36,118**
Total liabilties		**75,101**	**80,197**
Total Equity and Liabilities		**1,26,781**	**1,28,785**
Significant accounting policies	2		

The notes referred above form an intergral part of Standalone annual 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 2019

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

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

ARVIND MISHRA
Executive Director & Global COO – Hydraulics & Head – Homeland Security
DIN: 07892275

CHALAPATHI P
Chief Financial Officer

SHIVARAM V
Head Legal, Compliance & Company Secretary

STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Continuing operations	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	28	**59,215**	48,832
Other income	29	**892**	647
Total Income		**60,107**	**49,479**
Expenses			
Cost of materials and components consumed	30	**27,064**	22,311
Change in inventory of finished goods and work-in-progress	31	**742**	(154)
Excise duty	28	-	440
Employee benefits expense	32	**7,247**	7,179
Finance costs	33	**6,832**	6,328
Depreciation and amortisation expense	34	**1,865**	1,964
Other expenses	35	**10,821**	9,206
Total expenses		**54,571**	**47,274**
Profit from continuing operation before tax		**5,536**	**2,205**
Tax expenses			
Current tax	53	**1,294**	632
Deferred tax	53	**643**	62
Income tax expense		**1,937**	**694**
Profit from continuing operation (A)		**3,599**	**1,511**
Discontinued operations			
Loss from discontinued operations	55	**(460)**	(1,652)
Tax credit of discontinued operations	53	**(91)**	(520)
Loss from discontinued operations after tax (B)		**(369)**	**(1,132)**
Profit for the year (C) = (A + B)		**3,230**	**379**
Other comprehensive income			
Items that will not to be reclassified subsequently to profit and loss			
Remeasurements of defined benefit plans		**24**	(217)
Income tax relating to items that will not be reclassified to profit or loss		**(9)**	75
Other comprehensive income for the year, net of income tax		**15**	**(142)**
Total comprehensive income for the year		**3,245**	**237**
Earnings per equity share (of ₹10 each) (for continuing operation)			
Basic and diluted (in ₹)	48	**56.77**	23.83
Earnings per equity share (of ₹10 each) (for discontinued operation)			
Basic and diluted (in ₹)	48	**(5.82)**	(17.85)
Earnings per equity share (of ₹10 each) (for discontinued & continuing operation)			
Basic and diluted (in ₹)	48	**50.95**	5.98
Significant accounting policies	2		

The notes referred above form an intergral part of Standalone annual 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 2019

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Chief Financial Officer

SHIVARAM V
Head Legal, Compliance & Company Secretary

STATEMENT OF CASH FLOWS

(₹ in lakhs)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from operating activities		
Profit/(loss) before tax from		
- continuing operations	**5,536**	2,205
- discontinuing operations	**(460)**	(1,652)
	5,076	553
Adjustments:		
Interest income	**(235)**	(198)
Interest on loans/ advance given to related parties	**(300)**	(50)
Interest on income tax refund	-	(61)
Financial guarantee obligation income	**(34)**	(45)
Depreciation and amortisation expense	**1,985**	2,875
Finance costs	**6,786**	6,288
Unwinding of discount on dismantling liability	**46**	40
Loss on sale of property, plant and equipment, net	**115**	38
Loss on disposal of fixed asset attributable to discontinued operations	**188**	-
Rent amortization due to discounting of deposits	**74**	64
Loss allowance on financial assets, net	**(2,233)**	5
Bad debts written off, net	**2,477**	-
Unrealised foreign exchange differences	**(83)**	(87)
Operating cash flow before working capital changes	**13,862**	**9,422**
Changes in operating assets and liabilities		
Changes in inventories	**919**	(545)
Changes in trade receivables	**(2,164)**	(3,199)
Changes in loans	**(30)**	(40)
Changes in other financial assets	**506**	(589)
Changes in other assets	**(1,066)**	(4,044)
Changes in trade payables	**(27)**	3,265
Changes in other financial liabilities	**(790)**	644
Changes in provisions	**(46)**	512
Changes in other current liabilities	**(303)**	386
Cash generated from operations	**10,861**	**5,812**
Income taxes paid, net of refund	**(2,189)**	(440)
Net cash generated from operating activities (A)	**8,672**	**5,372**

(₹ in lakhs)

Cash flows from investing activities		
Expenditure on property, plant and equipment and intangibles	**(1,601)**	(2,497)
Proceeds from sale of property, plant and equipment	**79**	251
Proceeds from sale of property, plant and equipment pertaining to discontinued operations	**3,806**	-
Loans to related parties	-	(1,331)
Repayment of loan by related parties	-	1,331
Bank deposits (having original maturity of more than three months), net	**(819)**	(187)
Interest received on loan to related parties	**374**	50
Interest received on bank deposits	**169**	144
Net cash from/(used) in investing activities (B)	**2,008**	**(2,239)**
Cash flows from financing activities		
Proceeds from long term borrowings	**63**	1,086
Repayment of long term borrowings	**(1,118)**	(8)
Proceeds from short term borrowings, net	**(2,791)**	2,139
Interest paid	**(6,751)**	(6,237)
Dividend paid	**(160)**	(4)
Net cash used in financing activities (C)	**(10,757)**	**(3,024)**
Net increase/(decrease) in cash and cash equivalents (A + B +C)	**(77)**	**109**
Cash and cash equivalents at the beginning of the year	**364**	**255**
Cash and cash equivalents at the end of the year	**287**	**364**

Components of cash and cash equivalents (refer note 11)		
Cash and cash equivalents		
Cash on hand	**8**	12
Balance with banks		
- in current accounts	**279**	352
Cash and cash equivalents in standalone balance sheet	**287**	**364**

The notes referred above form an integral part of Standalone annual 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 2019

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

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CEO & Managing Director
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DIN: 07892275

CHALAPATHI P
Chief Financial Officer

SHIVARAM V
Head Legal, Compliance & Company Secretary

STATEMENT OF CHANGES IN EQUITY

(A) Equity share capital

(₹ in lakhs)

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Opening balance	**634**	**634**
Changes in equity share capital	-	-
Closing balance	**634**	**634**

(B) Other equity

(₹ in lakhs)

Particulars	Surplus						Other items of other comprehensive income	Total equity attributable to equity holders of the Company
	Capital reserve	Capital redemption reserve	Securities premium	Reserve on amalgamation	General reserve	Retained earnings	Re measurement of the net defined benefit liability/asset	
Balance as at 01 April 2017	**15**	**240**	**17,410**	**154**	**3,138**	**26,760**	-	**47,717**
Profit for the year	-	-	-	-	-	**379**	-	**379**
Other comprehensive income for the year	-	-	-	-	-	-	(142)	**(142)**
Transfer to retained earnings	-	-	-	-	-	(142)	142	-
Balance as at 31 March 2018	**15**	**240**	**17,410**	**154**	**3,138**	**26,997**	-	**47,954**
Balance as at 01 April 2018	**15**	**240**	**17,410**	**154**	**3,138**	**26,997**	-	**47,954**
Profit for the year	-	-	-	-	-	**3,230**	-	**3,230**
Other comprehensive income for the year	-	-	-	-	-	-	15	**15**
Transfer to retained earnings	-	-	-	-	-	15	(15)	-
Dividends (including dividend distribution tax)	-	-	-	-	-	**(153)**	-	**(153)**
Balance as at 31 March 2019	**15**	**240**	**17,410**	**154**	**3,138**	**30,089**	-	**51,046**
Significant accounting policies			**2**					

The notes referred above form an integral part of Standalone annual 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 2019

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

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

ARVIND MISHRA
Executive Director & Global COO – Hydraulics & Head – Homeland Security
DIN: 07892275

CHALAPATHI P
Chief Financial Officer

SHIVARAM V
Head Legal, Compliance & Company Secretary

1(i) Reporting entity

Dynamatic Technologies Limited ("the Company") was incorporated in 1973 as Dynamatic Hydraulics Limited under provisions of the Companies Act, 1956. In 1992, the name of the Company was changed to Dynamatic Technologies Limited. The Company is in the business of manufacturing highly engineered products for the Aerospace, Automotive and Hydraulic industries. The Company is listed in India with National Stock Exchange and Bombay Stock Exchange. As detailed in note 55, during the year the Company has discontinued its automotive and aluminium casting segment. The Standalone financial statements for the year ended 31 March 2019 have been approved by the Board of Directors on 29 May 2019.

2 Significant accounting policies

a Statement of compliance

These Standalone annual financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act 2013 ('the Act') read with Companies (Indian Accounting Standard) Rules (as amended from time to time) and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to an existing Indian Accounting Standard requires a change in the accounting policy hitherto in use.

b Functional and presentation currency

These Standalone annual financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise mentioned.

c Basis of Preparation

The Standalone annual financial statements have been prepared on the historical cost convention and on an accrual basis of accounting, except for the following assets and liabilities which have been accounted as follows:

(i) Defined benefit and other long-term employee benefits where plan asset is measured at fair value less present value of defined benefit obligations.

(ii) Certain financial assets and liabilities that are qualified to be measured at fair value;

(iii) Assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

The Company has consistently applied the following accounting policies to all the periods presented in the Standalone annual financial statements, except for the adoption of Ind AS 115 (Revenue from contracts with customers), which was adopted with effect from 1 April 2018.

d Use of estimate, assumption and judgements

The preparation of Standalone annual financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent liabilities and assets on the date of the Standalone annual financial statements and the reported amount of revenue and expenses for the year reported income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors that are believed to be reasonable under the circumstance. Revisions to accounting estimates are recognised in the year in which the estimates are revised, and future periods are affected.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- note 39 : leases classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- note 3: useful life of property, plant and equipment and intangible assets;
- note 53 : recognition of deferred tax asset: availability of future taxable profit against which deferred tax can be used;
- note 20, 25 and 36 : recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- note 43 : measurement of defined benefit obligation: key actuarial assumptions;
- note 4, 5, 6, 10, 13, 14 and 45 : impairment of financial assets;
- note 55 : asset classified as held for sale.

e Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- note 44: financial instruments.

f Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation (which includes capitalised borrowing costs, if any) and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing an asset to working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Borrowing cost directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are capitalized to the extent they relate to the period till such assets are ready to be put to use.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a Straight Line Method ('SLM') over estimated useful life of the property, plant and equipment less their estimated residual value as defined by the Management. Depreciation for assets purchased / sold during the year is proportionately charged.

The range of estimated useful lives of items of property, plant and equipment are as follows:

Category of assets	Useful life estimated by Management
Leasehold land	Over the period of lease
Buildings	30 years
Plant and machinery*	10 years, 13 years and 21 years for 3 shifts, 2 shifts and 1 shift respectively
Measuring instruments*	10 years, 13 years and 21 years for 3 shifts, 2 shifts and 1 shift respectively
Electrical installations*	10 years, 13 years and 21 years for 3 shifts, 2 shifts and 1 shift respectively
Data processing equipment	4 years
Office equipment	5 years
Furniture and fixtures	5-10 years
Tools, dies and moulds	9 years
Vehicles*	10 years
Motor boat*	20 years
Assets taken on lease:	
- leasehold improvements	Period of lease or useful life of assets whichever is lower

Freehold land is not depreciated.

* The Management believes that the useful lives as given above best represent the period over which management expects to use these assets based on an internal assessment and technical evaluation where necessary. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act ,2013.

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / losses.

Advance paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date classified as capital advances under other non current assets and the cost of the assets not put to use before such date are disclosed under Capital work in progress.

g Intangible assets

Acquired intangible assets

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

Internally generated intangible assets

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

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalized only if it is probable that the future economic benefits that are attributable to the assets will flow to the Company.

Subsequent measurement

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including on internally generated software is recognized in profit and loss as and when incurred.

Amortisation

The Company amortizes intangible assets with a finite useful life using the straight-line method.

The estimated useful lives of intangibles are as follows:

Category of asset	**Useful life**
Application software	4 years
Prototype development	10 years

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

h Impairment

(i) Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from initial recognition.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

(ii) Non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

i Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains lease, if fulfillment of arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to lower of their fair value and the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Leases in which a significant portion of risk and rewards of ownership are not transferred to the company as lessee are classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line over period of lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

j Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost is used. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. The comparision of cost and net realizable value is made on an item-by-item basis. Inventories are stated net of write down or allowances on account of obsolescence, damage or slow moving items.

The method of determination of cost is as follows:

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

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

Fixed production overheads are allocated on the basis of normal capacity of production facilities. The provision for inventory obsolescence is assessed periodically and is provided as considered necessary.

k Revenue recognition

Policy applicable from 1 April 2018

Revenue is recognised upon transfer of control of promised goods or services to customer in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

The Company derives its revenue from sale of products.

Effective 1 April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue Recognition, Ind AS 11 Construction Contracts and related interpretations. The Company has adopted Ind AS 115 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Under this transition method, the standard is applied retrospectively only to contracts that are not completed as at the date of initial application. Accordingly, the information presented for the year ended 31 March 2018 has not been restated – i.e. it is presented, as previously reported, under Ind AS 18 and related interpretations. The adoption of the new standard did not have any material impact on the financial statements of the Company.

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax, etc. For certain contracts that permits the customer to return an item, revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Revenue from sale of products is recognised at the point in time when control is transferred to customer.

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

Service income including management fees is measured based on transaction price and is recognized when an unconditional right to receive such income is established and on the performance of services.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned revenue ("contract liability") is recognised when there are billings in excess of revenue.

Use of significant judgements in revenue recognition:

- The Company 's contracts with customers could include promise to transfer multiple goods and services to a customer. The Company assesses the goods/services promised in a contract and identifies distinct performance obligations in the contract. identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of' such goods, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Policy applicable before 1 April 2018

Refer note 2f "Significant Accounting Policies" in the Company's standalone financial statements as at and for the year ended 31 March 2018 for the accounting policies that were in effect for revenues recognized prior to 1 April 2018.

l Other income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

m Investments in subsidiaries

Investment in equity shares in subsidiaries is carried at deemed cost in the financial statements.

n Financial Instruments

A. Financial assets

1) Recognition and initial measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to contractual provisions of the instrument.

A financial asset or liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction cost that are directly attributable to its acquisition or issue.

2) Classification and subsequent measurement

Financial assets

On initial recognition, a financial instrument is classified and measured at

- amortised cost
- fair value through other comprehensive income (FVOCI) - debt instruments;
- fair value through other comprehensive income (FVOCI) - equity investments; or
- fair value through profit and loss (FVTPL)

Financial assets are not classified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets; and

- the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI-equity investment). This election is made on an investment-to-investment basis.

All financial assets not classified as amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mistake that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets, at FVTPL:

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognized in profit or loss.

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVTOCI:

These assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI:

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

3) Derecognition of financial assets

A financial asset is derecognized only when:

- the Company has transferred the rights to receive cash flows from financial asset or

- retains the contractual rights to receive the cash flows from financial asset but assumed a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

B. Financial liability

1) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortised cost.

All financial liabilities are recognized initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

2) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit or loss .

Amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

o Employee benefits

Defined benefit plans

The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Re-measurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

The Company's gratuity scheme is administered through Life Insurance Corporation on India and the provision for the same is determined on the basis of actuarial valuation carried out by an independent actuary. Provision is made for the shortfall, if any, between the amounts required to be contributed to meet the accrued liability for gratuity as determined by actuarial valuation and the available corpus of the funds.

Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g. short term performance incentive, if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the amount of obligation can be estimated reliably.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

The employees of the Company are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accumulating compensated absence and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is measured on the basis of an independent actuarial valuation using the Projected Unit method as at the reporting date.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee Provident Fund to Government administered Provident Fund Scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes cost of restructuring. If the benefits are not expected to be settled wholly within 12 months of reporting date, then they are discounted.

p Foreign currency transactions and balances

Foreign currency are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated into relevant functional currency at exchange rates in effect at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss and are generally recognized in profit and loss,except exchange differences arising from the translation of the following items which are recognized in OCI:

- equity investments at fair value through OCI (FVOCI)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

q Taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current income tax for current and prior periods is recognized at the amount expected to be paid or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except for the cases mentioned below:

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or substantive enactment date.

Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits or loss at the time of the transaction;

- temporary investments related to investment in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the forcible future; and
- taxable temporary difference arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profits will be available against which such deferred tax can be realized. Deferred tax assets, unrecognized or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realized.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realized.

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

r Discontinued Operations

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from those of the rest of the Company's business and which represents a separate major line of business or geographical area of operations and

- is part of a single co-ordinated paln to dispose of a separate major line of business or geographic area of operations or
- is a subsidiary acquired exclusively with a view to re- sale

Clasiification as a discontinued operation occurs upon disposal or when the operations meets the criteria to be classified as held for sale, if earlier.

When a operation is classified as a discontinued operation, the comparative statememt of profit and loss is re-presented as if the operations had been discontinued from the start of the comparative period.

s Provisions (other than employee benefits)

(i) General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(ii) Onerous contract

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

t Contingent Liability

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

u Cash and cash equivalents

Cash and cash equivalent includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

v Cash flow statement

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

w Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the owners of the Company for the year by the weighted average number of equity shares outstanding during reporting period.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Dilative potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that is dilutive and which either reduces earnings per share or increase loss per share are included.

x Segment reporting

Based on the "management approach" as defined in Ind AS 108, Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments viz. Hydraulics, Aerospace and defense, Automotive and aluminium castings and Others.

y Warranties

Warranty costs are estimated by the Management on the basis of technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the period of sale of goods.

z Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods to which they relate. When the grant relates to an asset, it is treated as deferred income and recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

aa Cash dividend to equity shareholders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

ab Recent accounting pronouncements

Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Company has not applied as they are effective from 1 April 2019.

Ind AS 116, Lease Accounting

Ind AS 116 will replace the current guidance in Ind AS 17, 'Leases'. Ind AS 116 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116 with effect from annual reporting periods beginning on 1 April 2019. The Company has chosen to apply the standard retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application i .e. 1 April 2019 . Accordingly, the Company will not restate comparative information, instead. the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the Standard had been applied since the commencement date. but discounted using the lessee's incremental borrowing rate as at 1 April 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application .

The Company will recognise with effect from 1 April 2019 new assets and liabilities for its operating leases of premises and other assets.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under Ind AS 116, the nature of expenses related to those leases will change from lease rent in previous periods to amortisation charge for the right- to use asset and interest accrued on lease liability. The Company is evaluating the effect of Ind AS 116 on its standalone financial statements.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company is evaluating the effect of the said amendment on its standalone financial statements.

Amendment to Ind AS 12 - 'Income Taxes'

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is akin to taxes paid on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12. The Company is evaluating the effect of the said amendment on its standalone financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement-

The amendment clarifies that when determining past service cost, or a gain or loss on settlement due to plan amendment, curtailment or settlement, an entity shall re-measure the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions, including current market interest rates and other current market prices, reflecting:

(a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and

(b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

Further, if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect any significant impact of this amendment on its financial statements.

Amendment to Ind AS 23, Borrowing Costs :

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. The Company is evaluating the impact on account of this amendment.

3. Property, plant and equipment and Intangible assets

3.1 Property, plant and equipment

(₹ in lakhs)

Particulars	Owned												Leased	Total
	Freehold Land	Buildings	Plant and Machinery	Measuring Instruments	Electrical Installa-tions	Data Processing Equipment	Office Equipment	Furni-ture and Fixtures	Tools, Dies and Moulds	Vehicles	Motor Boat	Leasehold Improve-ments	Land (Note (ii))	
Gross carrying amount:														
Balance as at 1 April 2017	5,562	2,421	12,682	977	687	952	412	348	2,382	237	402	638	13,248	40,948
Additions	-	497	689	227	375	235	75	26	1,061	-	-	49	-	3,234
Deletion	-	(33)	(2,557)	-	(23)	(2)	-	-	-	-	-	(4)	-	(2,619)
Reclassification from intangible assets	-	-	147	-	-	-	-	-	-	-	-	-	-	147
Balance as at 31 March 2018	**5,562**	**2,885**	**10,961**	**1,204**	**1,039**	**1,185**	**487**	**374**	**3,443**	**237**	**402**	**683**	**13,248**	**41,710**
Balance as at 1 April 2018	5,562	2,885	10,961	1,204	1,039	1,185	487	374	3,443	237	402	683	13,248	41,710
Additions	-	93	450	51	33	108	15	23	294	-	-	36	-	1,103
Deletion	-	(945)	(1,277)	(316)	(680)	(621)	(149)	(231)	(881)	(51)	-	-	(543)	(5,694)
Classified as held for sale (refer note 55)	(5,562)	(94)	(2,657)	(7)	-	(6)		(1)	(773)	-	-	-	-	(9,100)
Balance as at 31 March 2019	**-**	**1,939**	**7,477**	**932**	**392**	**666**	**353**	**165**	**2,083**	**186**	**402**	**719**	**12,705**	**28,019**
Accumulated depreciation*:														
Balance as at 1 April 2017	-	56	1,873	250	303	739	308	281	1,891	153	120	260	5	6,239
Depreciation for the year	-	124	1,900	57	44	125	30	12	358	17	20	127	-	2,814
Depreciation on deletion	-	(4)	(2,314)	-	(6)	(2)	-	-	-	-	-	(4)	-	(2,330)
Balance as at 31 March 2018	**-**	**176**	**1,459**	**307**	**341**	**862**	**338**	**293**	**2,249**	**170**	**140**	**383**	**5**	**6,723**
Balance as at 1 April 2018	-	176	1,459	307	341	862	338	293	2,249	170	140	383	5	6,723
Depreciation for the year	-	93	1,153	55	31	135	28	11	278	41	20	74	-	1,919
Depreciation on deletion	-	(140)	(137)	(203)	(51)	(547)	(120)	(212)	(114)	(39)	-	-	(5)	(1,568)
Classified as held for sale (refer note 55)	-	(26)	(2,028)	(6)	-	-	-	(1)	(520)	-	-	-	-	(2,581)
Balance as at 31 March 2019	**-**	**103**	**447**	**153**	**321**	**450**	**246**	**91**	**1,893**	**172**	**160**	**457**	**-**	**4,493**
Net carrying amount:														
As at 31 March 2019	**-**	**1,836**	**7,030**	**779**	**71**	**216**	**107**	**74**	**190**	**14**	**242**	**262**	**12,705**	**23,526**
As at 31 March 2018	**5,562**	**2,709**	**9,502**	**897**	**698**	**323**	**149**	**81**	**1,194**	**67**	**262**	**300**	**13,243**	**34,987**

NOTE: (i) Aggregating ₹ 12,705 lakhs allotted by Karnataka Industrial Areas Development Board (KIADB) and ₹ 543 lakhs allotted by State Industrial Promotion Corporation of Tamil Nadu Limited (SIPCOT) for a period of 10 years and 99 years respectively. As per the lease agreement, KIADB shall sell the land to the Company at any time during the tenure of the lease or on the expiry of the lease period at an additional consideration, if any to be decided at the time of entering into sale agreement. Accordingly, no depreciation has been charged on land taken on lease from KIADB. The Management believes that the condition require to be fulfilled to obtain the ownership of this land is administrative in nature.

(ii) Deletion include disposal of assets relating to discontinued operations referred to in note 55.

Particulars	Gross block	Accumulated depreciation	Net carrying amount
Property, plant and equipment of disposal group	4,448	516	3,932
Property, plant and equipment of assets held for sale	9,100	2,581	6,519
Total discontinued operations	**13,548**	**3,097**	**10,451**

(iii) Break up of depreciation of continued and discontinued operations for the year and previous year is as follows:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Continuing Operations	1,803	1,928
Discontinued operations	116	886
Total	**1,919**	**2,814**

3 Property, plant and equipment and Intangible assets *(Continued)...*

3.2 Intangible assets

(₹ in lakhs)

Particulars	Application Software	Prototype development	Total
Gross carrying amount:			
Balance as at 1 April 2017	882	140	1,022
Additions	41	-	**41**
Reclassifications	(147)	-	**(147)**
Balance as at 31 March 2018	**776**	**140**	**916**
Balance as at 1 April 2018	776	140	**916**
Additions	100	-	**100**
Deletion	-	(140)	**(140)**
Classified as held for sale (note 55)	(67)	-	**(67)**
Balance as at 31 March 2019	**809**	-	**809**
Accumulated amortisation:			
Balance as at 1 April 2017	739	42	**781**
Amortisation for the year	25	36	**61**
Balance as at 31 March 2018	**764**	**78**	**842**
Balance as at 1 April 2018	764	78	**842**
Amortisation for the year	66	-	**66**
Amortisation on deletion	-	(78)	**(78)**
Classified as held for sale (note 55)	**(55)**	-	**(55)**
Balance as at 31 March 2019	**775**	-	**775**
Net carrying amount:			
As at 31 March 2019	**34**	-	**34**
As at 31 March 2018	**12**	**62**	**74**

Note:

(i) Deletion include disposal of assets relating to discontinued operations referred to in note 55

(₹ in lakhs)

Particulars	Gross block	Accumulated depreciation	Net carrying amount
Property, plant and equipment of disposal group	140	78	62
Property, plant and equipment of assets held for sale	67	55	12
Total discontinued operations	**207**	**133**	**74**

(ii) Break up of amortisation for the year and previous year is as follows:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Continuing Operations	**62**	36
Discontinued operations	**4**	25
Total	**66**	61

4. Non - current investments

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Unquoted equity shares		
Investment in subsidiaries at deemed cost*		
1) 4,999,930 equity shares (31 March 2018: 4,999,930 equity shares) of face value of ₹ 10 each fully paid up of JKM Research Farm Limited	**2,448**	2,448
2) 17,652,937 equity shares (31 March 2018: 17,652,937 equity shares) of face value of SGD 1 each fully paid of JKM Global Pte Limited, Singapore *#	**20,005**	20,005
3) 104,554,994 equity shares (31 March 2018: 104,554,994 equity shares) of face value of ₹ 10 each fully paid of JKM Erla Automotive Limited	**25,381**	25,381
4) 55,000,000 equity shares (31 March 2018: 55,000,000 equity shares) of face value of ₹ 10 each fully paid of JKM Ferrotech Limited*	**5,676**	5,676
	53,510	**53,510**
Aggregate value of unquoted investments	**53,510**	53,510
Aggregate amount of impairment in value of investments	-	-
*Includes investment in form of financial guarantee provided to banks.	**800**	800

Corporate guarantee amounting ₹ 191 lakhs represents financial guarantee given to Dynamatic Limited, UK (wholly owned subsidiary of JKM Global Pte Limited)

5. Non-Current Loans

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Security deposits	**752**	790
	752	**790**

6. Other non-current financial assets

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Bank deposits (due to mature after 12 months from the reporting date)	**18**	18
	18	**18**

7. Income tax assets (net)

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Advance income tax and tax deducted at source, net of provision	**606**	-
	606	-

8. Other non-current assets

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Capital advances	**148**	60
Advances other than capital advances		
Trade advance to related parties (refer note 47)*	**1,380**	-
Others		
Prepaid rent	**230**	300
	1,758	**360**

* The Company has made trade advance to it's wholly owned subsidiary JKM Ferrotech Limited on extended credit terms at an interest rate of 11% p.a. The said advance will get adjusted against the purchases of goods from JKM Ferrotech Limited.

9. **Inventories** (Valued at lower of cost and net realizable value)

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials and components* #	**4,741**	4,661
Work-in-progress	**5,370**	5,923
Finished goods	**227**	856
Stores and spares *	**599**	625
	10,937	**12,065**

including goods in transit as on 31 March 2019: ₹ 96 lakhs (31 March 2018: ₹.175 lakhs)
* net of provision for inventory obsolescence of ₹ 650 lakhs (31 March 2018: ₹ 642 lakhs)

10. Trade receivables

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured	**16,473**	17,273
Less: Allowance for expected credit losses	**(838)**	(3,071)
Net trade receivables	**15,635**	**14,202**

(i) All trade receivables are current.

Of the above, trade receivables from related parties are as below:

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables from related parties (refer note 47)	**59**	145
Net trade receivables	**59**	**145**

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 45.

11. Cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Cash on hand	**8**	12
Balance with banks		
- in current accounts	**279**	352
	287	**364**

12. Bank balances other than cash and cash equivalents above

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
In deposit accounts (due to mature within 12 months from the reporting date)*	**3,026**	2,207
Unpaid dividend	**3**	8
	3,029	**2,215**

*The Company has placed these deposits as margin money or under lien for various matters.

13. Current loans

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Security deposits	**343**	202
Loans to employees	**63**	89
	406	291

14. Other current financial assets

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Interest receivable from related parties (refer note 47)	**270**	344
Management fee receivable from related parties (refer note 47)	**1,053**	1,594
	1,323	**1,938**

15. Other current assets

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Advance for supply of goods	**316**	742
Trade advance to related parties (refer note 47)*	**3,199**	2,226
Prepayments	**167**	318
Prepaid rent	**76**	77
Balances with government authorities	**3,414**	4,224
	7,172	**7,587**

* The Company has made trade advance to it's wholly owned subsidiary JKM Ferrotech Limited on extended credit terms at an interest rate of 11% p.a. The said advance will get adjusted against the purchases of goods from JKM Ferrotech Limited.

16. Equity share capital

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised		
Equity shares		
20,000,000 equity shares (31 March 2018: 20,000,000 equity shares) of par value of ₹ 10 each	**2,000**	2,000
Preference shares		
500,000 redeemable cumulative preference shares (31 March 2018: 500,000 shares) of par value of ₹ 100 each	**500**	500
	2,500	**2,500**
Issued, subscribed and fully paid up		
Equity shares		
6,341,443 equity shares (31 March 2018: 6,341,443 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 reporting period

Particulars	31 March 2019		31 March 2018	
	Number of shares	Amount (₹ in lakhs)	Number of shares	Amount (₹ in lakhs)
At the commencement of the year	**63,41,443**	**634**	63,41,443	634
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. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining asset of the Company after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has not allotted any fully paid equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

Details of shareholders holding more than 5% of equity shares

Particulars	31 March 2019		31 March 2018	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹.10 each fully paid-up held by				
-Udayant Malhoutra	**6,20,179**	**9.78%**	7,10,179	11.20%
-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%**	5,55,754	8.76%
-Wavell Investments Private Limited	**4,48,281**	**7.07%**	4,48,281	7.07%
-HDFC Trustee Company Limited	**5,69,650**	**8.98%**	5,69,650	8.98%

17 Other equity*

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Capital reserves	**15**	15
Capital redemption reserve	**240**	240
Securities premium	**17,410**	17,410
Reserve on amalgamation	**154**	154
General reserve	**3,138**	3,138
Retained earnings	**30,089**	26,997
Total other equity	**51,046**	**47,954**

* For detailed movement of reserves refer Standalone Statement of Changes in Equity.

17(i) Capital reserve:

Capital reserve was created on account of Subsidy received during the year ended 31 March 2005.

17(ii) Capital redemption reserve:

During the year ended 31 March 2005, an amount of ₹ 240 lakhs was transferred to capital redemption reserve upon redemption of preference share, in accordance with Section 69 of the Companies Act, 1956. It is not freely available for distribution.

17(iii) Securities premium:

Securities premium reserve is used to record the premium received on issue of shares by the Company. The reserve can be utilised in accordance with the provision of the Act.

17(iv) Reserve on amalgamation:

Reserve on amalgation was created pursuant to the scheme of amalgamation of JKM Daerim Automotive Limited (JDAL) during the year ended 31 March 2008.

17(v) General reserve:

General reserve is used from time to time to transfer profits from retained earnings for appropriation purpose.

17(vi) Retained earnings:

The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the statement of profit and loss to the retained earnings account. The Company has declared dividend during the year from retained earnings.

The following dividend was declared and paid during the year: (₹ in lakhs)

Particulars	31 March 2019	31 March 2018
₹ 2/- per equity share to equity shareholders*	**127**	-
Dividend distribution tax on dividend to equity shareholders	**26**	-
Total	**153**	-

* During the year the Board in their meeting held on 10 August 2018 declared interim dividend of ₹ 2 per share

18. Non current borrowings

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Secured loans		
Term loans		
- from banks [refer footnote (i)]	**28,084**	28,645
- from financial institutions [refer footnote (ii)]	**8,513**	8,977
Total borrowings	**36,597**	**37,622**
Less: current maturities of long term borrowing	**(2,205)**	(1,436)
	34,392	**36,186**

Information about the Company's exposure to interest rate, currency and liquidity risk are disclosed in note 45.

(i) From banks (including current maturities of non - current borrowings shown under other current financial liabilities)

Details of repayment terms, interest and maturity	Nature of security
Term loan from bank aggregating to ₹ 28,084 lakhs (31 March 2018: ₹ 28,645 lakhs) repayable in 32 quarterly installments. First installment starting from 15 October 2018 with interest rate ranging from 10.40% to 11.50% per annum.	First pari passu charge on the entire movable and immovable fixed assets of the Company, present and future. Second pari passu charge on the entire current assets of the Company. Pledge of the shares of subsidiaries and personal guarantee issued by the promoter.

(ii) From financial institutions (including current maturities of non - current borrowings shown under other current financial liabilities

Details of repayment terms, interest and maturity	Nature of security
Term Loan from financial institutions aggregating to ₹ 7,752 lakhs (31 March 2018: ₹ 7,899 lakhs) repayable in 32 quarterly installments first installment starting from 15 October 2018 with interest rate of 11.55% per annum.	First pari passu charge on movable and immovable fixed assets of the Company, present and future. Second pari passu charge on all current assets of the Company. Pledge of the shares of subsidiaries and personal guarantee issued by the promoter.
Term Loan from financial institutions aggregating to ₹ 761 lakhs (31 March 2018: ₹ 1,078 lakhs) repayable in 36 monthly installments with interest rate of 10.50% per annum.	Secured by way of exclusive charge on fixed assets purchased out of the proceeds of the loan.

19. Other non - current financial liabilities

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Finance guarantee obligation	**11**	31
	11	**31**

20. Non - current provisions

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
Provision for gratuity (refer note 43)	**1,315**	1,369
Provision for compensated absences	**270**	264
Other provisions		
Provision for decommissioning costs (refer note 40(b))	**379**	333
	1,964	**1,966**

21. Deferred tax liabilities (net)*

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax liabilities		
Property, plant and equipment's and intangible assets	**2,723**	2,903
Fair value impact on investment in subsidiaries	**4,991**	4,943
Total deferred tax liabilities (A)	**7,714**	**7,846**
Deferred tax assets		
Provision for gratuity and compensated absences	**665**	675
Provision for loss allowance	**293**	1,063
Others	**208**	212
Total deferred tax assets (B)	**1,166**	**1,950**
Net deferred tax liability (A - B)	**6,548**	**5,896**

*refer note 53

22. Current borrowings

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Secured Loans		
Loans from banks repayable on demand		
- Cash credit and working capital demand loans*	**14,652**	17,538
	14,652	**17,538**
Unsecured Loans		
From banks		
- Bill discounting facility from banks@	**1,037**	921
	1,037	**921**
	15,689	**18,459**

* Cash credit and working capital demand loans from banks carry interest ranging between 10.00% - 12.60% per annum., computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock and book debts of the Company and second pari passu charge on the movable (other than those exclusively charged) and immovable fixed assets of the Company.

@ The Company has availed bill discounting facility from banks which carry an interest rate of 12.00 % per annum and is payable within 90 days from date of discounting of bills

Information about the Company's exposure to interest rate, currency and liquidity risk are disclosed in note 45.

23. Trade payables

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Acceptances	**1,457**	1,434
Dues of micro, small and medium enterprises (refer note 42)	**577**	129
Dues to creditors other than micro and small enterprises	**9,433**	8,856
Trade payables to related parties (refer note 47)	**725**	1,741
	12,192	**12,160**

All trade payables are current.

The Company's exposure to currency and liquidity risk are disclosed in note 45.

24. Other current financial liabilities

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Current maturities of long-term borrowings (refer note 18)	**2,205**	1,436
Capital creditors	**237**	714
Accrued expenses	**251**	874
Employee related liabilities	**889**	1,063
Finance guarantee obligation	**18**	34
Dealer deposits	**64**	63
Unpaid dividend	**3**	8
Interest accrued but not due on borrowings	**5**	-
	3,672	**4,192**

The Company's exposure to currency and liquidity risk are disclosed in note 45.

25. Current provisions

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits:		
Provision for gratuity (refer note 43)	**276**	281
Provision for compensated absences	**26**	35
Other provision		
Provision for warranties (refer note 40(a))	**20**	43
	322	**359**

26. Current tax liabilities (net)

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for income tax, net of advance tax and tax deducted at source	-	380
	-	**380**

27. Other current liabilities

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Advance from customers	**76**	370
Statutory liabilities	**154**	198
	230	**568**

28. Revenue from operations

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of products (refer note 54)		
Revenue from sale of products (including excise duty)*	**56,855**	46,084
Total revenue from sale of products (A)	**56,855**	**46,084**
Other Operating revenue		
Management fees (refer note 47 & 51)	**832**	1,191
Export Incentive	**963**	1,101
Scrap sales	**565**	456
Total other operating revenue (B)	**2,360**	**2,748**
Total revenue from operations (A + B)	**59,215**	**48,832**

* Consequent to the introduction of Goods and Service Tax ("GST") with effect from 1 July 2017, Central Excise, Value Added Tax ("VAT"), etc have been subsumed into GST. In accordance with Indian Accounting Standard -18 on Revenue and Schedule III of the Companies Act, 2013 unlike Excise duties, levies like GST, VAT, etc are not part of revenue. Accordingly, the figures for the year ended 31 March 2018 are not strictly relatable to those thereafter. The following additional information is being provided to facilitate such an understanding:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations (A)	**59,215**	48,832
Excise duty (B)	-	440
Revenue from operations, net of excise duty (A-B)	**59,215**	**48,392**

29. Other income

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income on financial assets carried at amortised cost	**235**	198
Interest on trade advance from related party (refer note 47)	**300**	50
Foreign exchange gain (net)	**295**	215
Guarantee income	**34**	45
Interest on income tax refund	-	61
Miscellaneous income	**28**	78
	892	**647**

30. Cost of materials and components consumed

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Inventory of materials and components at the beginning of the year	**4,176**	3,598
Add: Purchases	**27,629**	22,889
Less: Inventory of materials and components at the end of the year	**4,741**	4,176
	27,064	**22,311**

31. Changes in inventory of finished goods and work-in-progress

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening stock		
- Finished goods	**666**	911
- Work-in-progress	**5,673**	5,274
	6,339	**6,185**
Closing stock		
- Finished goods	**227**	666
- Work-in-progress	**5,370**	5,673
	5,597	**6,339**
	742	**(154)**

32. Employee benefits expense

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	**6,073**	5,968
Contribution to provident fund and other funds	**379**	442
Gratuity expense	**181**	228
Expenses related to compensated absence	**40**	72
Staff welfare expenses	**574**	469
	7,247	**7,179**

33. Finance costs

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense on financial liabilities at amortised cost	**6,619**	6,271
Unwinding of discount on dismantling liability	**46**	40
Other borrowing cost	**20**	17
Interest on delayed payment of taxes	**147**	-
	6,832	**6,328**

34. Depreciation and amortisation expense

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation on property, plant and equipment (refer note 3)	**1,803**	1,928
Amortisation of intangible assets (refer note 3)	**62**	36
	1,865	**1,964**

35. Other expense

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Consumption of stores, loose tools and spare parts	**1,428**	1,389
Subcontractor charges	**2,231**	1,421
Rent (refer note 39)	**1,820**	1,512
Power and fuel	**841**	745
Repairs and maintenance:		
- buildings	**71**	100
- plant and machinery	**374**	232
- others	**458**	621
Legal and professional fees (refer note 38)	**1,275**	1,128
Rates and taxes	**103**	175
Travelling and conveyance expenses	**404**	377
Allowances for doubtful receivables (net)	**(2,366)**	5
Bad debts written off	**2,477**	-
Insurance	**137**	120
Freight outward	**195**	256
Subscription and advertisement	**241**	169
Packing expenses	**550**	485
Loss on sale of fixed assets (net)	**55**	83
Security charges	**158**	149
Directors sitting fees	**23**	31
Printing and stationery	**82**	65
Communication expenses	**30**	39
Bank charges	**52**	51
Miscellaneous	**182**	53
	10,821	**9,206**

36. Contingent liabilities

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Corporate guarantee given as security for loans taken by related parties*	**2,295**	3,681
Income tax matters	**116**	43
Indirect tax related matters	**488**	233

Provident Fund

(i) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement only for the month of March 2019. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

Realisation of export dues

The Company has certain export dues outstanding for more than 9 months as at 31 March 2019. As per the master circular on export of goods and services issued by the Reserve Bank of India (RBI), an entity is required to realise its export proceeds within a period of 9 months from the date of export, failing which it has an option to extend the realization period, subject to the fulfilment of certain conditions. The Management has approached its authorised dealer for such an extension as on 16 May 2019 with a plan of realization of the outstanding balances. The Company believes that the fines or penalties levied, if any, will not be material to the financial statements.

*** Corporate guarantee**

The Company has given guarantee to banks for loans given to related parties to make good of any default made its related parties in payment to banks on the loan availed by those related parties.

Movement of Corporate guarantee given on behalf of related parties during the year is as follows: (₹ in lakhs)

Related parties	As at 1 April 2018	Given during the year	Settled /expired during the year	As at 31 March 2019
Dynamatic Limited, UK	1,282	-	(344)	**938**
JKM Ferrotech Limited, India	2,399	-	(1,042)	**1,357**
Total	**3,681**	-	**(1,386)**	**2,295**

Movement of Corporate guarantee on behalf of related parties during the previous year is as follows: (₹ in lakhs)

Related parties	As at 1 April 2017	Given during the year	Settled /expired during the year	As at 31 March 2018
Dynamatic Limited, UK	1,395	-	(113)	1,282
JKM Ferrotech Limited, India	2,932	-	(533)	2,399
Total	**4,327**	-	**(646)**	**3,681**

37. Capital Commitments

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	**188**	1,928

There are no other material commitments.

38. Payment to auditors (excluding service tax) included in legal and professional fees

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Statutory audit fees	**65**	65
Limited reviews	**39**	39
Other services	**12**	12
Out of pocket expenses	**10**	8
Total	**126**	124

39. Leases

Operating leases

The Company has taken office premises, residential premises, machineries and other facilities under operating lease (cancellable lease). Such leases are generally with the option of renewal against increased rent and premature termination. Lease payments are renegotiated at the time of renewal.

Lease rental expense under cancellable operating leases during the year was ₹ 334 lakhs (previous year: ₹ 227 lakhs).

The Company is obligated under non-cancellable operating leases for land, building and plant and machinery. Lease rental expense under non-cancellable operating leases during the year was ₹ 1,522 lakhs (previous year: ₹ 1,437 lakhs). The above includes non-cancellable operating lease expenses of ₹ 36 lakhs (31 March 2018: ₹ 152 lakhs) pertaining to discontinued operations.

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows: (₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Payable within 1 year	**1,737**	1,375
Payable between 1-5 years	**7,211**	4,770
Payable later than 5 years	**540**	1,633

40. The disclosure requirement as per Ind AS 37 with respect to the movement of provisions is as follows:

(a) Provision for warranties (₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Opening balance	**43**	43
Provisions recognized	-	-
Reversals/ utilizations	**(23)**	-
Closing balance	**20**	43

(b) Provision for asset decommissioning (₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Opening balance	**333**	293
Unwinding of discount	**46**	40
Closing balance	**379**	333

41. Segment information

The Chief Executive Director and Managing Director of the Company has been identified as the Chief Operating Decision Maker ("CODM") as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by the products portfolio and segment information has been presented accordingly.

Operating segment

The Company's business is concentrated in manufacturing of hydraulic products, automotive & aluminium castings, aerospace & defence related items and others. And accordingly, primary segment information is presented based on the followings:

Reportable segment

- **Hydraulics** - Engaged in the activity of manufacturing hydraulic pumps, hand pumps, lift assemblies, valves and power packs.
- **Automotive and Aluminium castings ("AUC")** - Engaged in the activity of manufacturing case front, intake manifolds and exhaust manifold and Wind farm division which is into generation of power through wind energy.
- **Aerospace and defence ("ASP")** - Engaged in the activity of manufacturing airframe structures and precision aerospace components.
- **Others** - Comprising Corporate division and Homeland division which offers cutting edge security products and technologies

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole. The Company has a corporate center, which provides various accounting and administrative support functions. Segment information for this activity has been aggregated under "Unallocated". Revenue identifiable to business segments have been disclosed under the respective business segment. Segment costs include employee benefit expenses, cost of material consumed, depreciation and other operating expenses that can be allocated on a reasonable basis to respective segments. Assets and liabilities in relation to segments are categorized based on items that are individually identifiable to that segment. Certain assets and liabilities are not specifically allocable to individual segments as these are used interchangeably. The Company therefore believes that it is not practicable to provide segment disclosures relating to such assets and liabilities and accordingly, these are separately disclosed as 'unallocated'.

A Operating segment information for the period from 1 April 2018 to 31 March 2019 is as follows: (₹ in lakhs)

Particulars	Year Ended 31 March 2019	Year Ended 31 March 2018
Segment revenue		
a) Hydraulics	**25,577**	22,354
b) Aerospace and Defence	**32,802**	25,251
c) Others	**836**	1,227
Revenue from operations (continuing operations)	**59,215**	**48,832**
d) Automotive and Aluminium castings (discontinued operations)	**7,853**	8,063
Total revenue from operations (continuing and discontinued operations)	**67,068**	**56,895**
Segment results (profit/ (loss) before finance costs, other income and tax from each segment)		
a) Hydraulics	**3,024**	2,273
b) Aerospace and Defence	**9,321**	6,020
c) Others	**(869)**	(407)
Total (continuing operations)	**11,476**	**7,886**
d) Automotive and Aluminium castings (discontinued operations)	**(460)**	(1,652)
Total (continuing and discontinued operations)	**11,016**	**6,234**
Unallocable		
- Finance costs	**(6,832)**	(6,328)
- Other income	**892**	647
Profit before tax (continuing and discontinued operations)	**5,076**	**553**

Particulars	As at 31 March 2019	As at 31 March 2018
Segment assets		
a) Hydraulics	**14,987**	14,183
b) Aerospace and Defence	**39,275**	39,651
c) Others	**7,495**	2,564
d) Automotive and Aluminium castings (continuing operations)	-	15,936
e) Unallocated	**57,450**	56,451
Segment assets from continuing operations	**1,19,207**	**1,28,785**
f) Automotive and Aluminium castings (discontinued operations)	**7,574**	-
Segment assets (continuing and discontinued operations)	**1,26,781**	**1,28,785**
Segment liabilities		
a) Hydraulics	**8,031**	7,254
b) Aerospace and Defence	**5,192**	5,649
c) Others	**1,590**	378
d) Automotive and Aluminium castings (continuing operations)	-	4,486
e) Unallocated	**60,207**	62,430
Segment liabilities from continuing operations	**75,020**	**80,197**
f) Automotive and Aluminium castings (discontinued operations) (refer note 55)	**81**	-
Segment liabilities (continuing and discontinued operations)	**75,101**	**80,197**

Information about reportable segments for the period from 1 April 2018 to 31 March 2019 is as follows: (₹ in lakhs)

Particulars	Hydraulics	ASP	AUC (Discontinued)	Others	Unallocated	Total
Depreciation and amortisation expense	674	1,105	120	85	-	1,984
Capital expenditure	265	607	106	55	-	1,033

Information about reportable segments for the period from 1 April 2017 to 31 March 2018 is as follows: (₹ in lakhs)

Particulars	Hydraulics	ASP	AUC (Discontinued)	Others	Unallocated	Total
Depreciation and amortisation expense	795	1,121	911	48	-	2,875
Capital expenditure	308	2,504	143	113	-	3,068

B Geographic information:

The geographical information analyses the Company's revenue and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the customer and segment assets which have been based on the geographical location of the assets.

Particulars	Revenue for the year ended		Non-current assets*	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
India #	**33,294**	30,685	**25,532**	35,805
Europe (other than UK)	**8,073**	6,073	-	-
United Kingdom	**8,732**	7,935	-	-
United States	**12,925**	12,117	-	-
Rest of world	**4,044**	85	-	-
Total	**67,068**	**56,895**	**25,532**	**35,805**

*Non-current assets excludes financial assets.

Includes revenue from discontinued operations of ₹ 7,853 lakhs (31 March 2018: ₹ 8,063 lakhs)

C Major customer:

Revenue from transactions with the external customer amounting to 10% or more of the Company's revenues is as follows:

Particulars	31 March 2019	31 March 2018
Customer 1	**7,856**	6,667
Customer 2	**6,858**	5,948
Customer 3	**4,553**	3,776
Customer 4	**6,445**	5,159
Customer 5	**7,451**	5,054

42 Dues to micro, small and medium enterprises

Total outstanding dues of micro, small and medium enterprises, whiich are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter refer to as "the MSMED Act") are given below:

	Particulars	31 March 2019	31 March 2018
(a)	the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;		
	Principal	**559**	126
	Interest	**18**	3
(b)	the amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c)	the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d)	the amount of interest accrued and remaining unpaid at the end of each accounting year, and	**18**	3
(e)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	**18**	3
	Total	**577**	**129**

43 Assets and liabilities relating to employee benefits

Particulars	As at 31 March 2019	As at 31 March 2018
Net defined benefit liability, gratuity plan *	**1,604**	1,650
Liability for compensated absences *	**299**	299
Total employee benefit liability	**1,903**	**1,949**
Current	**302**	316
Non-current	**1,601**	1,633
	1,903	**1,949**

* Includes provision for discontinued operations amounting to ₹ 16 lakhs

The Company operates the following post-employment defined benefit plan.

Defined benefit plan

The Company operates post-employment defined benefit plan that provide gratuity, governed by the Payment of Gratuity Act,1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service or part thereof in excess of six months. The gratuity plan is a funded plan. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

A. Funding

The Company's gratuity scheme for employees is administered through a trust with the Life Insurance Corporation of India. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in (E). Employees do not contribute to the plan.

The Company expects to pay ₹ 276 lakhs in contributions to its defined benefit plans in 2019-20.

B. Reconciliation of net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/ assets and its components:

Reconciliation of present value of defined benefit obligation (₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Obligation at the beginning of the year	**1,746**	1,461
Interest cost	**138**	106
Current service cost	**116**	103
Past service cost	-	55
Liability transferred on account of discontinued operations (refer note 55)	**(225)**	-
Benefit paid	**(55)**	(159)
Actuarial (Gains)/Losses on Obligations recognised in Other Comprehensive Income (OCI)		
- Changes in financial assumptions	**23**	(78)
- Experience adjustments	**(54)**	258
Obligation at the end of the year (A)	**1,689**	1,746
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	**96**	500
Interest income on plan assets	**8**	36
Contributions	**144**	(298)
Asset transferred on account of discontinued operations (refer note 55)	**(101)**	-
Benefits paid	**(55)**	(105)
Return on plan assets, excluding interest income recognised in OCI	**(7)**	(37)
Plan assets at the end of the year, at fair value (B)	**85**	**96**
Net defined benefit liability (A) - (B)	**1,604**	**1,650**

C. (i) Expense recognised in the statement of profit and loss (₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	**116**	103
Interest cost	**138**	106
Interest income	**(8)**	(36)
Past service cost	-	55
Net gratuity cost	**246**	**228**

(ii) Remeasurement recognised in other comprehensive income (₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Actuarial (gain)/ loss on defined benefit obligation	**(31)**	180
Return on plan assets, excluding interest income	**7**	37
Total (gain)/ loss recognised in other comprehensive income	**(24)**	**217**

D. Plan assets (₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Insurance fund	**85**	96
	85	**96**

E. Defined benefit obligation

(i) Actuarial Assumptions

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Rate of return on planned assets	**7.69%**	7.88%
Discounting rate	**7.69%**	7.88%
Future salary growth	**6.00%**	6.00%
Attrition rate	**5.00%**	5.00%
Weighted average duration of defined benefit obigation (in years)	**9**	8
Retirement age	**60**	58

Notes:

(a) The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.

(b) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

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

(ii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant would have affected defined benefit obligation by amounts shown below:

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Projected Benefit Obligation on Gross	**1,689**	1,746
Impact of change in discount rate by +1%	**(114)**	(113)
Impact of change in discount rate by -1%	**131**	129
Impact of change in salary rate by +1%	**128**	128
Impact of change in salary rate by -1%	**(114)**	(114)
Impact of change in employee turnover rate by +1%	**17**	18
Impact of change in employee turnover rate by -1%	**(19)**	(20)

Defined Contribution plan

The Company's contribution to Provident Fund aggregating to ₹ 423 lakhs (31 March 2018: ₹ 481 lakhs) has been recognised in the Statement of Profit and Loss under the head employee benefit expense. The above includes contribution to provident fund of ₹ 44 lakhs (31 March 2018: ₹ 39 lakhs) pertaining to discontinued operations.

44 Financial instruments - fair value and risk management

Accounting classification and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities including their levels in fair value hierarchy:

Fair value hierarchy

The section explains the judgment and estimates made in determining the fair values of the financial instruments that are:

a) recognised and measured at fair value

b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard.

(₹ in lakhs)

Particulars	Carrying Amount 31 March 2019	Fair Value Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans (current and non - current)	**1,158**	-	-	-
Trade receivables, net of loss allowance	**15,635**	-	-	-
Cash and cash equivalents	**287**	-	-	-
Bank balances other than cash and cash equivalents	**3,029**	-	-	-
Other financial assets (current and non - current)	**1,341**	-	-	-
Total financial assets	**21,450**	-	-	-
Financial liabilities measured at amortised cost				
Borrowings (current and non - current)	**52,286**	-	-	-
Trade payables	**12,192**	-	-	-
Other financial liabilities (current and non - current)*	**1,478**	-	-	-
Total financial liabilities	**65,956**	-	-	-

Particulars	Carrying Amount 31 March 2018	Fair Value Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans (current and non - current)	1,081	-	-	-
Trade receivables, net of loss allowance	14,202	-	-	-
Cash and cash equivalents	364	-	-	-
Bank balances other than cash and cash equivalents	2,215	-	-	-
Other financial assets (current and non - current)	1,956	-	-	-
Total financial assets	**19,818**	-	-	-
Financial liabilities measured at amortised cost				
Borrowings (current and non - current)	56,081	-	-	-
Trade payables	12,160	-	-	-
Other financial liabilities (current and non - current)*	2,787	-	-	-
Total financial liabilities	**71,028**	-	-	-

* Current maturities of long term borrowings aggregating ₹ 2,205 lakhs and ₹ 1,436 lakhs as at 31 March 2019 and 31 March 2018 respectively have been disclosed under Borrowings (current and non - current).

Investment in equity shares of subsidiaries are not appearing as financial asset in the table above being investment in subsidiaries accounted under Ind AS 27, Separate Financial Statements which is scoped out under Ind AS 109.

Fair Value Hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes investment in equity, preference securities, mutual funds and debentures that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unquoted equity securities.

FAIR VALUATION METHOD

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

A. Financial Assets:

1. Fair value of all the above financial assets except investments are measured at balance sheet date value, as most of them are settled within a short period and so their fair value are assumed to be almost equal to the balance sheet date value.

B. Financial Liabilities:

1. **Borrowings:** It includes loans taken from banks and financial institution, cash credit and bill discounting facilities. Borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on loans is reset on yearly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.
2. **Trade payables and other financial liabilities:** Fair values of trade payables and other financial liabilities are measured at balance sheet date value, as most of them are settled within a short period and so their fair values are assumed almost equal to the balance sheet date values.

45. Financial risk management

The Company's activities expose to financial risks: credit risk, liquidity risk and market risk.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal auditor. Internal Audit function includes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i) Credit risk

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represent the maximum credit exposure.

Trade and other receivables

The maximum exposure to credit risk at the reporting date is primarily from trade receivables. However, the management also considers the factors that may influence the credit risk of its customer base. Customers of the Company are spread across diverse industries and geographical areas. The Company limits its exposure to credit risk from trade receivables by establishing a maximum credit period and takes appropriate measures to mitigate the risk of financial loss from defaults. Recurring credit evaluation of credit worthiness is performed based on the financial condition of respective customers.

Expected credit loss assessment for Trade Receivables as at 31 March 2019 and 31 March 2018 are as follows:

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables as at 31 March 2019 amounting to ₹ 15,635 lakhs (31 March 2018: ₹ 14,202 lakhs).

The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows.

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance as at beginning of the year	**3,071**	3,066
Amounts written off	**(2,477)**	-
Net measurement of loss allowance	**244**	5
Balance as at end of the year	**838**	**3,071**

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as the become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecast of the Company's liquidity position and cash and bank balances on the basis of expected cash flows. This is generally carried out by the Management of the Company in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

i) Financing arrangement

The Company maintains the following line of credit:

(i) Terms loans taken from bank aggregating to ₹ 28,084 repayable in 32 quarterly installments first installment starting from 15 October 2018 with interest rate ranging from 10.40% to 11.50% per annum. Term Loan from financial institutions aggregating to ₹ 8,513 lakhs with interest rate ranging from 10.50%-11.55% per annum. These are secured by 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.

(ii) Cash credit and working capital demand loans from banks carry interest ranging between 10.00% - 12.60% per annum, computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock and book debts of the Company and second pari passu charge on the movable (other than those exclusively charged) and immovable fixed assets of the Company.

(iii) The Company has availed revolving packing credit facility in foreign currency, which carry interest rate of LIBOR+3.50% per annum for 120 days.

(iv) The Company has taken availed bill discounting facility from banks which carry an interest rate of 12.00% per annum and is payable within 90 days from date of bill discounted.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018. The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2019 (₹ in lakhs)

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Borrowings*	52,286	72,359	24,184	31,514	16,661
Trade payables	12,192	12,192	12,192	-	-
Other financial liabilities (current and non - current)	1,478	1,473	1,462	11	-
Total	**65,956**	**86,024**	**37,838**	**31,525**	**16,661**

As at 31 March 2018 (₹ in lakhs)

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Borrowings*	56,081	81,149	26,331	38,107	16,711
Trade payables	12,160	12,160	12,160	-	-
Other financial liabilities (current and non - current)	2,787	2,787	2,756	31	-
Total	**71,028**	**96,096**	**41,247**	**38,138**	**16,711**

* Includes current maturities of long term borrowings

As disclosed in note 18 and 22, the Company has secured bank loan that contains loan covenants. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table. Except for these financial liabilities, it is not expected that cash flows included in maturity analysis could occur significantly earlier.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Company. The functional currency of the Company is ₹. The currencies in which these transactions are primarily denominated are USD, GBP etc.

Management monitors the movement in foreign currency and the Company's exposure in each of the foreign currency. Based on the analysis and study of movement in foreign currency, the Company decides to exchange its foreign currency.

Exposure to currency risk (₹ in lakhs)

The summary quantitative data about the Company's exposure to currency risk as reported to management is as follows:

Particulars	As at 31 March 2019		As at 31 March 2018	
	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
Trade receivables				
USD	**100**	**6,920**	93	6,030
EURO	-	**8**	2	129
GBP	**16**	**1,442**	15	1,394
Current borrowings				
GBP	**21**	**1,936**	22	2,016
USD	-	-	14	881
Other current financial liabilties				
GBP	-	**22**	4	355
USD	-	**6**	-	-
Other current financial assets				
SGD	-	-	7	344
GBP	**7**	**636**	15	1,392
EURO	**5**	**417**	3	202
Trade payables				
EURO	**0.3**	**24**	1	92
USD	**40**	**2,737**	33	2,122
GBP	**1**	**57**	5	427
CAD	**0.3**	**16**	0.3	13

The following significant exchange rates have been applied

Currency	Year end spot rate	
	As at 31 March 2019	As at 31 March 2018
USD/INR	**69.17**	65.04
EURO/INR	**77.70**	80.62
GBP/INR	**90.48**	92.28
SGD/INR	**50.98**	49.72
CAD/INR	**51.91**	50.64

Sensitivity analysis

A reasonably possible strengthening /(weakening) of the USD, EURO, GBP, SGD and CAD against ₹ at 31 March 2019 and 31 March 2018 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(₹ in lakhs)

Particulars	Profit and loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2019				
USD (6% movement)	249	(249)	162	(162)
EURO (4% movement)	16	(16)	10	(10)
GBP (2% movement)	2	(2)	1	(1)
SGD (3% movement)	-	-	-	-
CAD (3% movement)	0.5	(0.5)	0.3	(0.3)
31 March 2018				
USD (0.30% movement)	9	(9)	6	(6)
EURO (16% movement)	52	(52)	34	(34)
GBP (14% movement)	(13)	13	(8)	8
SGD (7% movement)	24	(24)	16	(16)
CAD (4% movement)	1	(1)	-	-

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(i) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows: (₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Variable rate borrowings ((including current maturities of long term debts)	**50,488**	55,003
Fixed rate borrowings (including current maturities of long term debts)	**1,798**	1,078
Total borrowings	**52,286**	**56,081**

(ii) Sensitivity (₹ in lakhs)

Particulars	Profit and loss		Equity, net of tax	
	1% Increase	1% decrease	1% Increase	1% decrease
31 March 2019 Variable rate borrowings	(527)	527	(343)	343
31 March 2018 Variable rate borrowings	(535)	535	(350)	350

46. Capital management

The Company's policy is to maintain a stable and strong capital base structure with a focus on total equity so as to maintain investor, creditor and market confidence and to sustain future development and growth of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value and safeguard its ability to continue as a going concern.

The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For the purpose of Company's capital management, adjusted net debt is defined as aggregate on Non-current borrowing, current borrowing and current maturities of long-term borrowings less cash and cash equivalents and total equity includes issued capital and all other equity reserves.

The Company's adjusted net debt equity ratio were as follows: (₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Borrowings (current and non-current)	**52,286**	56,081
Less: Cash and cash equivalents	**(287)**	(364)
Adjusted net debt	**51,999**	**55,717**
Total equity	**51,680**	48,588
Net debt to equity ratio	**1.01**	**1.15**

47. Related party disclosures

(i) Name of related parties and description of relationship:

Name of related party	Description of relationship
JKM Global Pte Limited, Singapore JKM Research Farm Limited, India JKM Erla Automotive Limited, India JKM Automotive Limited, India Dynamatic Limited, UK Yew Tree Investment Limited, UK JKM Erla Holdings GmbH, Germany Eisenwerk Erla GmbH, Germany JKM Ferrotech Limited, India Dynamatic US, LLC	Subsidiaries (including step subsidiaries)
JKM Holdings Private Limited, India Wavell Investments Private Limited, India	Entities over which key executive management personnel or relatives of such personnel are able to exercise significant influence

Key executive management personnel

Udayant Malhoutra	Chief Executive Officer and Managing Director
Hanuman Kumar Sharma	Group Chief Financial Officer and Executive Director (resigned with effect from 13 February 2018)
Chalapathi P	Chief Financial Officer (appointed with effect from 13 December 2017)
P S Ramesh	Executive Director and Chief Operating Officer, Aerospace, India upto 14 November 2018 Executive Director, Group Technical Services and Human Resource effective 15 November 2018
Arvind Mishra	Executive Director and Global Chief Operating Officer-Hydraulics
Naveen Chandra P	Company Secretary (resigned with effect from 15 November 2018)
Shivaram V	Company Secretary (appointed with effect from 25 March 2019)

(ii) Related party transactions during the year (₹ in lakhs)

Particulars		For the year ended	
		31 March 2019	**31 March 2018**
Revenue from operations	Dynamatic Limited, UK	**145**	159
	JKM Ferrotech Limited	**68**	102
Purchase of raw materials	Dynamatic Limited, UK	**1,441**	3,888
	JKM Ferrotech Limited	**2,566**	2,405
	Wavell Investments Private Limited	**349**	-
Purchase of property, plant and equipment	Dynamatic Limited, UK	-	1,111
	JKM Ferrotech Limited	**54**	-
Management fees income	Dynamatic Limited, UK	**270**	438
	Eisenwerk Erla GmbH, Germany	**562**	753
Rent expense	JKM Research Farm Limited	**48**	48
	JKM Holdings Private Limited	**4**	4
Interest income	JKM Ferrotech Limited	**300**	50
Loans given	JKM Ferrotech Limited	-	1,331
Loans repaid	JKM Ferrotech Limited	-	1,331
Trade advances given	JKM Ferrotech Limited	**6,189**	2,226
Reimbursement of expenses	JKM Ferrotech Limited, India	**87**	-
	Dynamatic Limited, UK	**151**	-
Corporate guarantee released/ settled	Dynamatic Limited, UK	**344**	113
	JKM Ferrotech Limited, India	**1,042**	533

(iii) Balance receivable from and payable to related parties: (₹ in lakhs)

Particulars		**As at 31 March 2019**	**As at 31 March 2018**
Trade receivables	Dynamatic Limited, UK	**59**	145
Trade payables	Dynamatic Limited, UK	**660**	1,660
	JKM Ferrotech Limited	-	81
	Wavell Investments Private Limited	**65**	-
Other current financial assets	Dynamatic Limited, UK	**636**	1,392
	Eisenwerk Erla GmbH, Germany	**417**	202
	JKM Ferrotech Limited	**270**	
	JKM Global Pte Limited, Singapore	-	344
Other current financial liabilities	JKM Research Farm Limited, India	**93**	76
Other current assets	JKM Ferrotech Limited, India	**3,199**	2,226
Other non- current assets	JKM Ferrotech Limited, India	**1,380**	-
Corporate guarantee	Dynamatic Limited, UK	**938**	1,282
	JKM Ferrotech Limited, India	**1,357**	2,399

(iv) Compensation of key managerial personnel*

(₹ in lakhs)

Particulars	For the year ended	
	31 March 2019	**31 March 2018**
Udayant Malhoutra	**84**	79
Hanuman Kumar Sharma#	-	145
Chalapathi P	**48**	14
P S Ramesh	**76**	75
Arvind Mishra	**76**	41
Naveen Chandra P	**20**	28
Shivaram V	**3**	-
	307	**382**

*Managerial remuneration does not include cost of employee benefits such as gratuity and compensated absences since, provision for these are based on an actuarial valuation carried out for the Company as a whole.

The previous year payment includes amount paid towards the full and final settlement.

Terms and conditions

All transactions with these related parties are priced at arm's length basis and resulting outstanding balances are to be settled in cash within six months to one year of reporting date except the non current portion of the advance extended to JKM Ferrotech Ltd which will be settled in the next 18-24 months. None of the balances are secured.

48. Earnings per share

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net profit for the year attributable to equity shareholders		
From continuing operations	**3,599**	1,511
From discontinued operations	**(369)**	(1,132)
Total profit for the year	**3,230**	**379**

Reconciliation of basic and diluted shares used in computing earnings per share:

Particulars	As at 31 March 2019	As at 31 March 2018
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

Earnings per share

(₹)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Basic and Diluted earnings per share		
From continuing operations	**56.77**	23.83
From discontinued operations	**(5.82)**	(17.85)
Total basic and diluted earnings per share	**50.95**	**5.98**

49. Details of non-current investments purchased and sold during the year under Section 186(4) of the Act:

Investments in equity instruments (₹ in lakhs)

(a) Subsidiaries	Face value per unit	As at 1 April 2018	Purchased during the year	Sold during the year	As at 31 March 2019
JKM Research Farm Limited	₹10	2,448 (49,99,930)*	-	-	**2,448 (49,99,930)***
JKM Global Pte Limited, Singapore	SGD 1	20,005 (17,652,937)*	-	-	**20,005 (17,652,937)***
JKM Erla Automotive Limited	₹10	25,381 (104,554,994)*	-	-	**25,381 (104,554,994)***
JKM Ferrotech Limited	₹10	5,676 (55,000,000)*	-	-	**5,676 (55,000,000)***
Total		**53,510**	-	-	**53,510**

*The amounts in parenthesis represents number of shares

Details of Non-current investments purchased and sold during the previous year under Section 186(4) of the Act:

Investments in equity instruments (₹ in lakhs)

(a) Subsidiaries	Face value per unit	Fair Value at 1 April 2017	Purchased during the year	Sold during the year	As at 31 March 2018
JKM Research Farm Limited	₹10	2,448 (4,999,930)*	-	-	2,448 (4,999,930)*
JKM Global Pte Limited, Singapore**	SGD 1	20,005 (17,652,937)*	-	-	20,005 (17,652,937)*
JKM Erla Automotive Limited	₹10	25,381 (104,554,994)*	-	-	25,381 (104,554,994)*
JKM Ferrotech Limited	₹10	5,676 (55,000,000)*	-	-	5,676 (55,000,000)*
Total		**53,510**	-	-	**53,510**

* The amounts in parenthesis represents number of shares

50. Details of loans given during the year under Section 186(4) of the Act

The Company has not granted any loans to any person or body corporate and hence no dislosure required under Sec 186(4) in the financial year 2018-19.

Details of loans given during the previous year under Section 186(4) of the Act: (₹ in lakhs)

Name of borrower	Rate of Interest	Nature of relationship	Secured / Unsecured	As at 1 April 2017	Given during the year	Repayment during the year #	As at 31 March 2018
JKM Ferrotech Limited	12%-13% per annum	Step subsidiary	Unsecured	-	1,331	1,331	-

The loans have been given to these subsidiaries in the normal course of business for their operations and are repayable on demand.

Refer note 47

51. Management fees

It 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.

52. Transfer pricing

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

53. Income tax

A Amount recognised in statement of profit and loss

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current income tax:		
Current income tax charge- continuing operations	**1,294**	632
Current income tax charge- discontinued operations	**(91)**	-
	1,203	**632**
Deferred tax:		
Attributable to-		
Origination and reversal of temporary differences- continuing operations	**643**	**62**
Origination and reversal of temporary differences- discontinued operations	-	(520)
	643	**(458)**
Income tax expense reported in the statement of profit and loss	**1,846**	**174**

B Income tax recognised in other comprehensive income

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net gain / (loss) on remeasurement of defined benefit liability / (assets)	**24**	(217)
Income tax expense/ (credit) to OCI	**9**	**(75)**

C Reconciliation of effective tax rate

(₹ in lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Accounting profit before income tax	**5,076**	553
Tax using the Company's domestic tax rate 34.944% (31 March 2018: 34.608%)	**1,774**	191
Impact of non - deductible expenses for tax purposes	**72**	(17)
Income tax expense	**1,846**	**174**
Effective tax rate	**36.37%**	**31.46%**

D Deferred tax

Deferred tax relates to the following:

(₹ in lakhs)

Particulars	As at 1 April 2018	Recognised in profit or loss during 2018-19	Recognised in OCI during 2018-19	As at 31 March 2019
Deferred tax assets / (liabilities)				
Property, plant and equipments and intangible assets	(2,903)	180	-	**(2,723)**
Fair value impact on investment in subsidiaries	(4,943)	(48)	-	**(4,991)**
Provision for gratuity and compensated absences	675	(1)	(9)	**665**
Provision for loss allowance	1,063	(770)	-	**293**
Others	212	(4)	-	**208**
Deferred tax assets / (liabilities)	**(5,896)**	**(643)**	**(9)**	**(6,548)**

(₹ in lakhs)

Particulars	As at 1 April 2017	Recognised in profit or loss during 2017 -18	Recognised in OCI during 2017-18	As at 31 March 2018
Deferred tax assets / (liabilities)				
Property, plant and equipments and intangible assets	(3,176)	273	-	(2,903)
Fair value impact on investment in subsidiaries	(4,943)	-	-	(4,943)
Provision for gratuity and compensated absences	422	178	75	675
Provision for loss allowance	1,061	2	-	1,063
Others	207	5	-	212
Deferred tax assets / (liabilities)	**(6,429)**	**458**	**75**	**(5,896)**

54. Revenue from contracts with customers

The effect of initially applying Ind AS 115 on the Company's revenue from contracts with customers is described in Note 2k. Due to the transition method chosen in applying Ind AS 115, comparative information has not been restated to reflect the new requirements.

A. Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the year ended 31 March 2019 by market or type of customers, timing of revenue recognition, contract-type and geography.

The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Year ended March 31, 2019 (₹ in lakhs)

Particulars	Hydraulics	Aerospace and Defense	Others	Total	Automotive and aluminium castings (Discontinued)	Grand Total
Market or type of customer						
Government	334	1,186	-	1,520	-	1,520
Non-government	24,759	30,572	4	55,335	7,359	62,694
Total revenue from contract with customers#	**25,093**	**31,758**	**4**	**56,855**	**7,359**	**64,214**
Timing of revenue recognition						
Goods or services transferred at point in time	25,093	31,758	4	56,855	7,359	64,214
Goods or service transferred over time	-	-	-	-	-	-
Total revenue from contract with customers#	**25,093**	**31,758**	**4**	**56,855**	**7,359**	**64,214**
Primary geographical markets						
India #	22,915	1,532	4	24,451	6,821	31,272
Europe (other than UK)	60	7,451	-	7,511	-	7,511
United Kingdom	1,065	6,859	-	7,924	538	8,462
United States	516	12,409	-	12,925	-	12,925
Rest of world	537	3,507	-	4,044	-	4,044
Total revenue from contract with customers#	**25,093**	**31,758**	**4**	**56,855**	**7,359**	**64,214**

Represents revenue from sale of products included in revenue from operations.

Reconciling the amount of revenue recognised with contract and reportable segment: (₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Revenue as per Contract	**64,575**	54,113
Adjustments:		
Discount	**361**	184
Revenue from contract with customers	**64,214**	**53,929**
Other Operating revenue		
Management fees	**832**	1,191
Export incentive	**997**	1,101
Scrap sales	**774**	674
Liabilities no longer required written back	**251**	-
Revenue from reportable segment (refer note 41)	**67,068**	**56,895**

B. Contract balances

The Company does not have any contract balances.

C. Remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as the end of the reporting period and an explanation as to when the Company expects to recognise these amount in revenue. Unsatisfied or partially satisfied performance obligations are subject to variability due to several factors such as termination changes in contract scope, re-validation of estimates and economic factors.

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognised corresponds directly with the value to the customer of the Company's performance completed to date, typically those contracts where invoicing is on time and material, unit price basis.

55 Discontinued operations and assets held for sale

During the year ended 31 March 2018, the Board of Directors of the Company vide its meeting dated 28 February 2018 had approved the divestment of "Automotive and Aluminium Castings" ('discontinued business') segment of the Company. Subsequently, the Company has obtained the Shareholders' approval (a substantive approval) vide postal ballot dated 15 May 2018 and accordingly "Automotive and Aluminium Castings" segment was classified as discontinued operation from quarter ended 30 June 2018. "Automotive and Aluminium Castings" segment comprises of Aluminium business, Iron business and Windfarm business.

During the year, the Board of directors of the Company vide its meeting dated 14 November 2018, after evaluation of various bids received from prospective buyers, approved the proposal received from M/s. Hi-Tech Arai Private Limited ('Hi-Tech') for sale of certain assets of aluminium business.

On 31 December 2018, the Company entered into a business transfer agreement with Hi-Tech Arai Private Limited to sell certain assets of aluminium business. The transaction was consummated on 17 January 2019.

I) The impact of the transaction on statement of profit and loss is as follows: (₹ in lakhs)

Particulars	Year Ended 31 March 2019
Gross sale consideration (A)	**4,302**
Book value of fixed assets sold (B)	**3,994**
Net book value of other assets(net of liabilities) sold (C)	**302**
Expenses pertaining to disposal of the business (D)*	**194**
Loss on disposal of aluminium business (discontinued operations) ('E) = (A-B-C-D)	**(188)**
Results from discontinued operations before tax (F)	**(272)**
Total loss from discontinued operations before tax (G) = (E+F)	**(460)**

* Expenses pertaining to the disposal of the business primarily represents the amount paid to State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) towards dues for land differential charges.

The Company continues to disclose the assets and liabilities of the Iron business and Windfarm business as appearing in Standalone financial statements (part of the "Automotive and Aluminium Castings Segment") as "Asset held for sale" as on 31 March 2019 in accordance with Ind AS 105, based on the management intention to sell these assets. Accordingly the results of iron business and Windfarm business are also included as part of discontinued operations.

II) Carrying value of assets and liabilities classified as held for sale: (₹ in lakhs)

Particulars	As at 31 March 2019
Assets classified as held for sale	
Property plant & equipment	**6,531**
Current assets	**1,043**
Assets of disposal group held for sale	**7,574**
Liabilities directly associated with assets classified as held for sale	
Current Liabilities	**81**
Liabilities of disposal group held for sale	**81**

In accordance with Ind AS 105 - 'Non-current Assets Held for Sale and Discontinued Operations', the Management is required to assess the "recoverable amount" of the Iron and Windfarm business and also to evaluate whether there is any need to provide for an impairment loss. Management is confident that they will be able to sell these assets to third parties at net selling prices which would exceed their carrying amounts and, accordingly, believe that no additional provision is required for impairment as at and for the year ended March 31, 2019.

III) Results of assets classified as discontinued operations (₹ in lakhs)

The results of discontinued operations included in the profit for the year are set out below.

Particulars	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
Revenue	**7,853**	8,063
Expenses	**(8,313)**	9,715
Loss before tax	**(460)**	(1,652)
Income tax credit	**(91)**	(520)
Loss from discontinued operations after tax	**(369)**	**(1,132)**

IV) Cash flows from/ (used in) discontinued operations (₹ in lakhs)

Particulars	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
Net cash used in operating activities	**(232)**	(2,715)
Net cash from investing activities	**3,884**	(12)
Net cash from financing activities	-	-
Net cash flow for the year	**3,652**	**(2,727)**

56 In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows'. These amendments are in accordance with the amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows'.

The below disclosure is in line with such amendments suggested: (₹ in lakhs)

Particulars	1 April 2018	Cash flows	Non Cash Changes		31 March 2019
			Interest Expense	Foreign exchange movement	
Non- Current Borrowings					
Secured					
- Term loan from banks*	28,645	(591)	30	-	**28,084**
- Term loan from financial institutions*	8,977	(464)	-	-	**8,513**
Current Borrowings					
Secured					
- Cash credit and working capital demand loans	17,538	(2,907)	-	21	**14,652**
Unsecured		-			
- Bill discounting facility from banks	921	116	-	-	**1,037**
Interest accrued but not due on borrowings	-	(6,751)	6,756		**5**
Dividend paid out of unclaimed dividend	8	(7)	-	-	**1**
Dividend declared and paid during the year	-	(153)	-	-	-
Total liabilities from financing activities	**56,089**	**(10,757)**	**6,786**	**21**	**52,292**

* includes current maturities of long term borrowings

Particulars	1 April 2017	Cash flows	Non Cash Changes		31 March 2018
			Interest Expense	Foreign exchange movement	
Non- Current Borrowings					
Secured					
- Term loan from banks*	28,608	(16)	53	-	28,645
- Term loan from financial institutions*	7,883	1,094	-	-	8,977
Current Borrowings					
Secured					
- Cash credit and working capital demand loans	14,328	2,939	-	271	17,538
Unsecured					
- Term loan	948	(948)	-	-	-
- Bill discounting facility from banks	773	148	-	-	921
Interest accrued but not due on borrowings	2	(6,237)	6,235	-	-
Dividend paid out of unclaimed dividend	12	(4)	-	-	8
Total liabilities from financing activities	**52,554**	**(3,024)**	**6,288**	**271**	**56,089**

* includes current maturities of long term borrowings

57 The disclosure regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

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 2019

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

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

ARVIND MISHRA
Executive Director & Global COO – Hydraulics & Head – Homeland Security
DIN: 07892275

CHALAPATHI P
Chief Financial Officer

SHIVARAM V
Head Legal, Compliance & Company Secretary

DYNAMATIC LIMITED
UNITED KINGDOM

BUSINESS REVIEW REPORT 2018-19

DYNAMATIC LIMITED, UK

DIRECTORS

Mr. Udayant Malhoutra - Chairman
Mr. Michael John Handley - Director
Mr. Arvind Mishra - Managing Director, Hydraulics Division
Mr. James Tucker - Managing Director, Aerospace Division
Mrs. Pramila Udayant Malhoutra - Director
Mr. Steve Hayes - Technical Director, Aerospace Division
Mr. Geoff Dore - Director

FINANCE HEAD

Mr. Geoff Dore

AUDITORS

KPMG LLP, UK
Chartered Accountants & Statutory Auditors

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

FINANCIAL RESULTS

DYNAMATIC LIMITED, UK		
Particulars	**Year ended 31.03.2019 ₹ *in Lacs****	**Year ended 31.03.2018 ₹ *in Lacs****
Sales	**26,403**	23,626
EBITDA	**1,727**	1,677
Interest	**129**	132
Depreciation	**978**	860
PBT	**620**	685
Tax Charge/(Credit)	**91**	158
Profit After Tax	**529**	527

** Numbers restated as per Indian GAAP*

DYNAMATIC HYDRAULICS™

DYNAMATIC LIMITED, UK

Dynamatic Hydraulics™, Swindon, UK, saw a healthy 8.5% increase in sales from £10.86 million in 2017-18 to £11.78 million in 2018-19. This increase in sales over the previous year is due to improved agri-market in the United States resulting an increase in the tractor production and demand from our major OEMs. The year also saw an increase in demand for after sales market, in particular for Gold Value pumps in European market. Last couple of years we had seen a decline in demand for these pumps due to influx of low cost products from China and other countries. However, due to poor performance of these pumps most of the market is coming back to us for better quality and reliability.

While the business has improved and this year looks even better, Swindon plant has continued to focus on its cost reduction and continuous improvement projects which will improve our margins and will also enable us to market aggressively for increased share of business. Though the Agri Market Sentiments in year 2020 in USA looks a bit subdued compared to previous year, we are witnessing a rising demand from construction and material handling segment and will be expecting a 10% YoY growth in our revenues.

Future Outlook

Looking forward, 2020 will witness a moderate growth, with tractor industry volumes expected to stay flat. As a strategy Dynamatic is increasing its share of business with existing OEMs while adding new OEMs in this sector.

We have also developed products for the construction equipment sector, off highway vehicle sector which is growing at a healthy rate and will continue to grow in the next few years.

We have added a number of OEMs in the construction equipment sector which are expected to reach full scale production in 18 to 24 months and have potential to exponentially grow the Hydraulics revenue from UK operations.

We have integrated our supply chain as one global supply chain for hydraulics which provides us much more bargaining capability and enables us to keep our costs lower.

Arvind Mishra
Global Chief Operating Officer
Dynamatic Hydraulics™

DYNAMATIC-OLDLAND AEROSPACE®

DYNAMATIC LIMITED, UK

Dynamatic-Oldland Aerospace® division in the UK continues to prosper with a good mix of business across a varied range of aircraft in commercial & military markets. This includes the Boeing Chinook pylon and ramp monolithic machined components, Airbus Flap-track parts for A318, A319, A320, A321 & A330.

This year we achieved sales of £16.9 million, although this was an decrease from the previous financial year (£18 million) it should be noted that the previous year included a one-off sale of machine fixtures worth £1.25 million. Taking this factor in to account, there was therefore a modest growth in sales of product supplied to aircraft build lines. During this financial year the aerospace business has had to adjust capacity and capability to address evolving customer order books, especially the temporary slowdown in requirements for the A330 programme. In doing so we have focused attention on balancing cost control whilst continuing to invest in technology driven business opportunities.

Future Outlook

The focus of our business remains one of new technology development which focuses on customer satisfaction. In turn this will enhance the unique partnerships we have built with our clients.

Our state-of-the-art robotic manufacturing cells and our robust internal processes enable us to continually deliver high standards of quality and embrace an 'Industry 4.0' methodology within our factories.

We have demonstrated new standards of machining by manufacturing new structural prototype parts and we have several new opportunities being pursued which give us confidence in future growth and support our consistent strategy of making regular investments to remain at the leading edge of technical advancements.

Our confidence in future growth is also enhanced by the early success in synergistic collaboration across the Group's Indian and UK Aerospace business teams. Already we have seen the benefits of collaboration and close alignment of the aerospace team, regardless of geography, will be at the Centre of furthering leading technical solutions to our customers and improving financial performance.

James Tucker
Global Chief Operating Officer
Dynamatic-Oldland Aerospace®

EISENWERK ERLA GmbH
GERMANY

BUSINESS REVIEW REPORT 2018-19

DIRECTORS

Mr. Udayant Malhoutra	- Chairman
Mr. Dietmar Hahn	- Managing Director
Mr. Geoff Dore	- Director
Mr. Enrico Fischer	- Chief Financial Officer

FINANCE HEAD AND COMPANY SECRETARY

Mr. Christoph Kakoschke

LAWYER

Dr. Hans-Hein Thomas

AUDITORS

KMPG AG, Germany

Chartered Accountant & Statutory Auditors

BANKERS

Commerzbank, Germany

Sachsen Bank, Germany

Oldenburgische Landesbank 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 31.03.2019 ₹ *in Lacs**	Year ended 31.03.2018 ₹ *in Lacs**
Sales	**56,635**	58,861
EBITDA	**2,324**	2,593
Interest	**628**	607
Depreciation	**1,084**	958
PBT	**774**	1,086
Tax Charge/(Credit)	**272**	318
Profit after tax	**502**	768

** Numbers restated as per Indian GAAP*

Our turnover at €69.98 million for the period April 2018 to March 2019 was lower by €8.07 million (10.3%) as compared to previous financial year due to conscious step taken to rationalize volumes of lower margin products and to have better product mix to enhance margins.

Adoption of such rationalization strategy had a temporary impact on the financial performance also during the year 2018-19. Pricing in raw materials and for example nickel were stable during the year.

The overall performance comprising sales, change in inventory and other miscellaneous operational proceeding was at €69.23 million compared to €76.76 million in the previous year.

Prediction of the economic outlook indicates a growth of 1.0% to 1.6% in FY2019-20.

Though the raw material and energy market may remain volatile there could be stable in production and turnover levels in German Foundry industry, generally is assured of stable orders from our niche market, the turbo charger industry for FY2019-20. Thereby the financial and yield conditions are likely to remain solid for Eisenwerk Erla GmbH, the new machining facility commissioned in Germany will drive both revenue and profitability in the coming years. The company has received contract for series delivery of machined castings and negotiations are also in progress for additional contracts.

As on 31st March 2019, there were 301 employees, of these 7 apprentices and additional 53 temporary workers.

Future Outlook

- Increase of productivity inside the foundry processes for saving costs and improving the quality level.
- Expanding the machining capabilities to improve the margins and have a positive impact on the market position.
- Expand trading activities with the Indian subsidiary JKM Ferrotech Limited.
- Diversify into aerospace products in collaboration with our parent company Dynamatic Technologies Limited.

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 to higher variable interests. To improve its market share the company is also focusing on further development of high-end automotive parts within machining.

Dietmar Hahn
Managing Director
Eisenwerk Erla GmbH

JKM FERROTECH LIMITED

INDIA

BUSINESS REVIEW REPORT **2018-19**

JKM Ferrotech Limited ('JFTL') focussed on growing sales with major domestic customers like Hyundai Motors (new Santro), Haldex India, Foundation brakes and Turbo Energy and controlling OPEX during this year.

JFTL was awarded the Steering Knuckles business by Myunghwa Automotive for Hyundai Motors and upcoming KIA motors .JFTL added new parts for Daimler India for the BSVI program

During this financial year, JFTL faced challenges like steep increase in raw material price, labour cost, freight charges and unavailability of skilled manpower.

JFTL retained the SQ mark certification by Hyundai Motors India.

Future Outlook

- Transitioning from Tier II status to Tier I to Hyundai Motors India and Daimler India
- Add new parts for Brake system customers and continue the growth story
- Focus on Steering Knuckles business for Myunghwa and other potential customers and gain market share
- Development and series production of new parts for BSVI program
- Focus on machining and value addition for parts like Turbine Housing
- Implementing energy management quality system -ISO 50001

Chalapathi P
Director
DIN : 08087615

DIRECTORS

Mr. Govind Mirchandani	- Independent Director
Mr. Nalini Ranjan Mohanty	- Independent Director
Ms. Junia Sebastian	- Independent Director
Mr. Pradyumna Vyas	- Independent Director
Mr. P S Ramesh	- Director
Mr. Chalapathi P	- Director
Ms. Lakshmi Kamath	- CFO
Mr. Chandrashekar	- Company Secretary

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 31.03.2019 ₹ *in Lacs*	Year ended 31.03.2018 ₹ *in Lacs*
Revenue from Operation [Gross]	**13,219**	10,484
Less: Excise duty	-	230
Revenue from Operation [Net]	**13,219**	10,254
EBITDA	**185**	84
Interest	**736**	532
Depreciation	**989**	942
PBT	**(1,518)**	(1,372)
Tax Charge / (credit)	-	-
Profit (Loss) After Tax	**(1,518)**	(1,372)

JKM RESEARCH FARM LIMITED

BANGALORE, INDIA

BUSINESS REVIEW REPORT 2018-19

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. JFRL 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 ₹54.88 lakhs. The profit after tax for the year amounted to ₹25.59 lakhs.

Arvind Mishra
Director
DIN : 07892275

DIRECTORS

Mr. P S Ramesh	- Director
Mr. Arvind Mishra	- Director
Ms. Pramilla Malhoutra	- Director

AUDITORS

M/s. Prasad & Kumar
Chartered Accountants, Bangalore

REGISTERED OFFICE

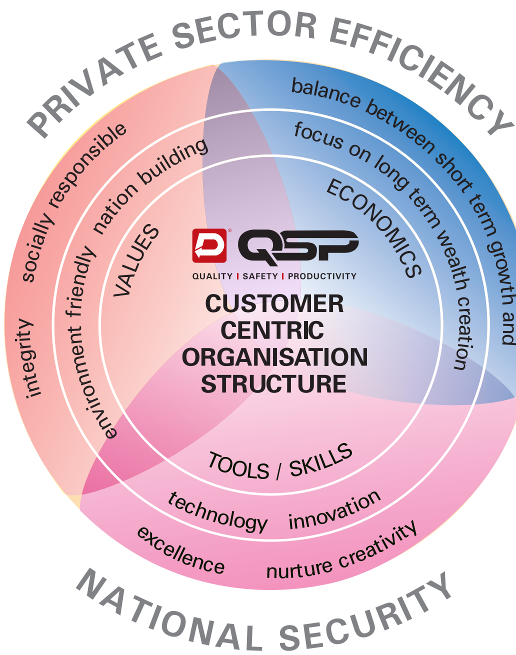
C/o. Dynamatic Hydraulics™
Plot No.1A/1, 1st Main Road,2nd Phase
1st Stage, Peenya Industrial Estate
Bangalore 560 058, Karnataka, India

FARM LOCATION

Kalludevanahalli Village
Kadanur Post
Doddaballapura District
Bangalore Rural 561 204
Karnataka India


100% Dynamatic


To
2018



Dynamatic Technologies Limited

www.dynamatics.com

Dynamatic Limited, UK

www.dynamatics.com

Eisenwerk Erla GmbH, Germany

JKM Ferrotech Limited

www.jkm-erla.com

DYNAMATIC TECHNOLOGIES LIMITED

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