DYNAMATIC TECHNOLOGIES LIMITED

18th July, 2018

1. The Secretary
   Bombay Stock Exchange Limited
   Phiroze Jeejeebhoy Towers
   Dalal Street
   MUMBAI 400 001.
   Fax No. 022 - 2272 3121 / 3719 / 2037 / 2039 / 2041 / 2061

2. The Secretary
   National Stock Exchange of India Limited
   "Exchange Plaza"
   Bandra-Kurla Complex
   Bandra East
   MUMBAI 400 051.
   Fax No.022 - 26598237 / 38 / 26598346

Sub: Dispatch of Notice calling the 43rd Annual General Meeting (AGM) along with the 43rd Annual report of Dynamatic Technologies Limited ('Company')

Dear Sir / Madam,

We wish to inform you that pursuant to Section 108 of the Companies Act, 2013 read rule number 20 and 22 of Companies (Management and Administration) rules, 2014 and regulation 44 of the SEBI(Listing obligation and Disclosure Requirement) 2015 the Company has completed the dispatch of AGM notice dated 29th May 2018 along with annual report. The event details for the said AGM are as under:

Sl. No	Event details	Date
1.	Notice date	29th May 2018
2.	Cut-off date (to ascertain the shareholders who will be participating in the e-voting)	3rd August, 2018
3.	Voting Start date	7th August, 2018
4.	Voting End date	9th August, 2018

DYNAMATIC TECHNOLOGIES LIMITED

Pursuant to regulation 30 of SEBI (LODR) 2015 we enclose the Notice calling the AGM and Annual Report for your records. Electronic version of the said documents are also uploaded on the website of the Company.

We request you to kindly take the above on record.

Thank you.

Yours truly,
for **DYNAMATIC TECHNOLOGIES LIMITED**

Naveen Chandra P
Head Legal, Compliance and Company Secretary
Enclosure: as above

Dynamatic Park Peenya Bangalore 560 058 India
Tel +91 80 2839 4933 / 34 / 35 Fax +91 80 2839 5823
www.dynamatics.com

Corporate Identity Number: L72200KA1973PLC002308

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 43rd ANNUAL GENERAL MEETING

Notice is hereby given that the **43rd (Forty Third) Annual General Meeting ('AGM')** of the Members of Dynamatic Technologies Limited (the 'Company') will be held on **Friday, the 10th (Tenth) day of August 2018 (two thousand and eighteen) at 10.00 (ten) AM IST** at Hotel "Vivanta by Taj", No. 2275, Tumkur Road, Yeshwantpur, Bangalore 560 022, to transact the following business:

ORDINARY BUSINESS

1. **Adoption of financial Statements**

   To receive, consider and adopt the financial statements of the Company, including consolidated financial statements for the year ended 31st March, 2018, together with the reports of the Auditors' and the Directors' thereon.

2. **Re-appointment of Mr. James David Tucker (DIN: 07093258) as director liable to retire by rotation**

   To appoint a Director in place of Mr. James David Tucker (DIN: 07093258), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

3. **Re-appointment of Mr. Govind Mirchandani (DIN:00022583) as an Independent Director of the Company**

   To consider and, if thought fit, to pass the following resolution as a **SPECIAL 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 Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactments thereof, for the time being in force), and the recommendation of Nomination and remuneration Committee and Board of Directors of the Company, Mr. Govind Mirchandani (DIN: 00022583), who was appointed as an Independent Director and who holds office of Independent Director up to 14th August, 2018 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years with effect from 15th August, 2018 on the Board of the Company."

4. **Re-appointment of Ms. Malavika Jayaram (DIN:02252302) as an Independent Director of the Company**

   To consider and, if thought fit, to pass the following resolution as a **SPECIAL 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 Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactments thereof, for the time being in force), and the recommendation of Nomination and remuneration Committee and Board of Directors of the Company, Ms. Malavika Jayaram (DIN: 02252302), who was appointed as an Independent Director and who holds office of Independent Director up to 14th August, 2018 and being eligible be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years with effect from 15th August, 2018 on the Board of the Company."

5. **Appointment of Mr.Arvind Mishra (DIN: 07892275) as Director**

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Arvind Mishra (DIN: 07892275), who was appointed as an Additional Director of the Company with effect from 9th August, 2017 by the Board of Directors and who holds office up to the date of the Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the 'Act'), be and is hereby appointed as a Director of the Company, liable to retire by rotation".

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

6. **Appointment of Mr. Arvind Mishra (DIN: 07892275) as an Executive Director and Global Chief Operating Officer - Hydraulics & Head of Homeland Security**

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

   "**RESOLVED THAT** pursuant to the provisions of sections 196, 197, 198 and read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), SEBI (Listing Obligation and Disclosure requirements) 2015, the relevant provisions of the Articles of Association of the Company and all applicable guidelines and any other applicable Act, if any, and in further to the recommendation of the Nomination & Remuneration Committee of the Board and the Board of Directors of the Company, the approval of the Shareholders be and is hereby accorded to appoint Mr. Arvind Mishra (DIN: 07892275) as "Executive Director and Global Chief Operating Officer - Hydraulics & Head of Homeland Security" of the Company for a term of 3 (three) years with effect from 9th August, 2017 subject to such other approvals as may be required, on the following terms:

   SALARY

   Salary per month ₹ 5,00,000 in the scale of ₹ 5,00,000 to ₹ 25,00,000.

PERQUISITES

Category A

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

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

Category B

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

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

"**RESOLVED FURTHER THAT** any further alteration, variation and modification of the terms of the said appointment / remuneration including the salary, allowances and perquisites shall be in such a manner as may be agreed to between the Board of Directors (which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute from time to time to exercise its powers including the power conferred by this resolution) and Mr. Arvind Mishra within and in accordance with the provisions of Schedule V of the Companies Act, 2013, or any amendment or any statutory modifications thereto and conditions, if any, as may be stipulated by the Central Government."

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

7. **Re-appointment and approval of remuneration payable to Mr. P S Ramesh (DIN:05205364) as an Executive Director and Chief Operating officer-Aerospace, India**

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

"**RESOLVED THAT** pursuant to the provisions of sections 196, 197, 198 and read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), SEBI (Listing Obligation and Disclosure requirements) 2015, the relevant provisions of the Articles of Association of the Company and all applicable guidelines and any other applicable Act, if any, in further to the recommendation of the Nomination & Remuneration Committee of the Board and the Board of Directors of the Company, the approval of the Shareholders be and is hereby accorded to re-appoint Mr. P.S. Ramesh (DIN: 05205364) as "Executive Director and Chief Operating Officer - Aerospace, India" of the Company for further term of 2 (two) years with effect from 14th November, 2018 subject to such other approvals as may be required, on the following terms:

SALARY

Salary per month ₹5,51,024 in the scale of ₹ 5,00,000 to ₹25,00,000.

PERQUISITES

Category A

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

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

Category B

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

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

"**RESOLVED FURTHER THAT** any further alteration, variation and modification of the terms of the said appointment / remuneration including the salary, allowances and perquisites shall be in such a manner as may be agreed to between the Board of Directors which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute from time to time to exercise its powers including the power conferred by this resolution and Mr. P.S. Ramesh within and in accordance with the provisions of Schedule V of the Companies Act, 2013, or any amendment or any statutory modifications thereto and conditions, if any, as may be stipulated by the Central Government."

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

8. **Ratification of remuneration of Cost Auditors**

To consider and pass the following resolutions as **ORDINARY RESOLUTION**:

"**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹ 4,00,000 (Four Lakhs only), excluding out of pocket expenses and applicable taxes, agreed to be paid to M/s. Rao Murthy and Associates, Cost Auditors (Membership No. 9750, Firm Reg. No. 000065) appointed by the Board of Directors of the Company for the financial year 2018-19, be and is hereby ratified."

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

NOTES:

1. A member entitled to attend the AGM is entitled to appoint a proxy to attend the AGM instead of himself or herself and such proxy need not be a member of the company. In order to be effective the proxies should be received by the company at its registered office not less than 48 hours before the time fixed for holding the AGM.
2. A person can act as a proxy on behalf of not exceeding 50 (fifty) members and holding in aggregate not more than 10 (ten) percent of the total share capital of the Company.
3. Members / Proxies should bring the enclosed duly filled-in attendance slips to attend the AGM.
4. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the AGM.
5. Shareholders are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall. The Shareholders are also requested to produce valid identity proof such as PAN card, passport, Aadhar card or driving license along with the attendance slip to enter the AGM hall.

6. Details of Directors seeking appointment / re-appointment at the AGM of the Company are enclosed in the Notice. The Directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the rules made thereunder.

7. An Explanatory Statement in respect of item number 3 to 8 of the aforesaid Notice is annexed hereto in pursuance of Section 102 of the Companies Act, 2013.

8. Members may also note that, the Notice of AGM, instructions for e-voting, attendance slip, proxy form and Annual Report 2018, will be available on the investor portal of the Company's website at **www.dynamatics.com.** The physical copies of the aforesaid documents and material documents, if any, related to the given resolutions, will also be available at the Company's Registered Office at Dynamatic Park, Peenya, Bangalore – 560 058 between 11.00 a.m. and 1.00 p.m. on all working days up to the date of AGM.

9. 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.

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

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

12. Any Shareholder having any grievance on the e-voting or any other matter in relation to the AGM, can contact the Company / Registrar & Transfer Agent at the coordinates mentioned under the 'Investor Guide' of the general instructions for e-voting.

13. The Notice calling the 43rd AGM, instructions for e-voting, attendance slip and proxy form along with ballot form and copy of the Annual Report 2017-18 are being sent by electronic mode to all Members whose email addresses are registered with the Company / Registrar & Transfer Agents / the Depository Participant(s) unless a Member has requested for a hard copy of the same. For Members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by permitted mode. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at **investors.relations@dynamatics.**net or contact the Company / Registrar & Transfer Agent at the coordinates mentioned under the 'Investor Guide' of the general instructions for e-voting.

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in dematerialized form are therefore requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Company.

15. **E-voting**

Pursuant to provisions of section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company are pleased to offer e-voting facility to the Members to cast their votes electronically on all resolutions set forth in the Notice convening the AGM. To encourage participation of the Shareholders who are unable to use the e-voting facility, the Company has enclosed a ballot form to the Notice calling the AGM, which may be used by the Shareholders to cast their vote and have the same posted to the Company's address using the enclosed business reply envelope, so as to reach the Company on or before **Thursday, 9th August, 2018, 05:00 (five) pm (IST)**. Shareholders who have not cast their votes through e-voting or ballot method, may cast their vote at the AGM at the polling booths stationed for this purpose, at the AGM venue.

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

Notice and Annual Report are being posted / dispatched by post / any other permitted mode / email to those persons whose names are registered in the register of Members of the Company as a Member as on Friday, 29th June, 2018. Shareholders holding shares of the Company as on **Friday, 03rd August, 2018 (the 'Cut-off Date')** will be permitted to attend the AGM, cast their vote electronically or through ballot form or vote at the AGM venue, as per their convenience. Persons who have become Members of the Company between **Friday, 29th June, 2018 and Friday, 03rd August, 2018 (both days inclusive),** can contact the Company, at the coordinates mentioned under the 'Investor Guide' of the general instructions for e-voting, for copy of the Notice calling the AGM, instructions for e-voting, attendance slip and proxy form along with ballot form and copy of the Annual Report 2018 or download the said documents from the investor portal of the Company's website at **www.dynamatics. com**.

Persons who are not Members of the Company as on the Cut-off Date should treat this Notice calling the 43 rd AGM for information purposes only.

The e-voting facility would commence on **Tuesday, 7th August, 2018, 9.00 (nine) a.m. IST and end on Thursday 9th August, 2018, 5.00 (five) p.m. IST.** The e-voting module shall be disabled by Karvy Computershare Private Limited, who would be managing the e-voting facility, after **9th August, 2018, 5.00 (five) p.m. IST.**

Mr. R. Vijayakumar, Practising Company Secretary (FCS 6418 - COP 8667) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

After counting the votes cast at the AGM, the Scrutinizer shall unlock the votes in the presence of at least two witnesses, not in the employment of the Company. The Scrutinizer shall upon unlocking the votes shall also make out a Scrutinizers' Report including therein the votes casted in favour or against each of the proposals, not later than 48 Hours from the date of conclusion of the AGM to the Chairman of the Company.

The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company and on the website of Karvy immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges.

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

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

17. The details of unclaimed dividend have been made part of the Corporate Governance Report of the Annual Report. Such shareholders who have not claimed their dividends for the financial years 2010-11 and 2011-12 are advised to claim the same.

By Order of the Board

Naveen Chandra P
Head – Legal, Compliance and Company Secretary

Place : Bangalore

Date : 29th May, 2018

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

Name of Director	Mr. Govind Mirchandani	Ms. Malavika Jayaram
Brief profile and expertise of the Director	Mr. Govind Mirchandani is an Independent Director of the Company. Mr. Govind Mirchandani aged 67 years, 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 Organizations, Brands and Retail Management. He had a very distinguished career and also has held various 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 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. The Director doesn't have any relationship with the company or it's Director(s) / KMP of the Company. Mr. Mirchandani has been associated with Dynamatic Board as Independent Director since 2008 and is currently the Chairman of the Dynamatic Board.	Ms. Malavika Jayaram is an Independent Director of the Company. Mr. Malavika Jayaram aged 47 years, is a law graduate and 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. The Director doesn't have any relationship with the company or it's Director(s) / KMP of the Company. Ms. Malavika Jayaram has been associated with Dynamatic Board as Independent Director since 2008.
Disclosure of relationships between Directors inter-se	**Nil**	**Nil**
Listed entities (other than Dynamatic Technologies Limited) in which the Director holds Directorship and Committee membership	**Nil**	**Nil**
Shareholding in the Company	**Nil**	**Nil**

Name of Director	Mr. James Tucker	Mr. Arvind Mishra	Mr. P S Ramesh
Brief profile and expertise of the Director	Mr. Tucker aged 46, is graduate, was formerly the General Manager of Oldland CNC. He has rich technical and operational experience in Aeronautical manufacturing as well as excellent customer liaison skills, having managed global aerospace majors like Boeing, Airbus, GKN Aerospace and Agusta Westland. He is currently the Managing Director, Dynamatic-Oldland AerospaceTM, Dynamatic Limited, UK. He currently a Non-Executive Director on the Board of the Company. The Director doesn't have any relationship with any of the Director's or KMP of the Company.	Mr. Arvind Mishra is an Executive Director of the Company. Mr. Arvind Mishra aged 47 years, has been working with Dynamatic since 1995 and has overall experience of more than 20 years in corporate Strategic and tactical Planning, Competitive sales analysis, budgeting and forecast with strong track record in delivering and sustaining revenue and profit growth in highly competitive market. He possesses great experience in driving and managing business improvement, change management and growth. He is a Mechanical Engineering Graduate from RVCE and joined Dynamatic straight out of College in 1995 and has worked in various responsibilities across functions and he has held leadership roles in marketing, business development and operations in the last 2 decades, he is currently the Global Chief Operating Officer-Hydraulics and head of homeland security business of Dynamatic. The Director doesn't have any relationship with any of the Director's or KMP of the Company.	Mr. P. S. Ramesh aged 60 years, a graduate in Mechanical Engineering from UVCE, Bangalore University and M. Tech. in Aircraft Production Engineering from IIT Madras. He started his career in Hindustan Aeronautics Limited as a Management Trainee in 1982 and in 1994 moved on to SME Aerospace- a leading aerospace company in Kaulalampur, Malaysia. Mr. Ramesh joined the Company in the year 1999 as Head of Quality and spearheaded the campaign for documenting procedures / control plans and implementing ISO 9001 certification. He is currently Executive Director and COO – Aerospace, India of the Company. The Director doesn't have any relationship with any of the Director's or KMP of the Company.
Disclosure of relationships between Directors inter-se	**Nil**	**Nil**	**Nil**
Listed entities (other than Dynamatic Technologies Limited) in which the Director holds Directorship and Committee membership	**Nil**	**Nil**	**Nil**
Shareholding in the Company	**Nil**	**Nil**	**Nil**

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

Item Number 3

TO RE-APPOINT MR. GOVIND MIRCHANDANI AS AN INDEPENDENT DIRECTOR OF THE COMPANY:

The Members of the Company, at the 39th Annual General Meeting held on 14th August, 2014 had approved the appointment of Mr. Govind Mirchandani as an Independent Director of the Company for a period of 4 years, whose term is due to expire on 14th August, 2018. However, Mr. Govind Mirchandani was originally appointed on 27th June, 2008 on the Board of the Company

As per Section 149(10) of the Companies Act, 2013 (the'Act'), an Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of up to five consecutive years on the Board of a Company.

In line with the aforesaid provisions of the Act and in view of long, rich experience, continued valuable guidance to the management and strong Board performance of Mr. Govind Mirchandani, it is proposed to re-appoint him for a second term as an independent Director on the Board of Company for a period of five years up to 14th August, 2023.

In the opinion of the Board, Mr. Govind Mirchandani fulfills the conditions specified in the Act including the criteria as laid down for appointment of an Independent Director and he is independent of management. Copy of the draft letter for appointment of Mr. Govind Mirchandani as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Summary of performance evaluation pursuant to the Secretarial Standards on General Meetings is as follows:

The summary of the Performance evaluation by the peer directors further strongly recommends the candidature of Mr. Govind Mirchandani to continue as Board members and help in providing strategic direction to the group

Age, qualification and other information, please refer the table provided under clause 36(3) of SEBI (LODR) regulation, 2015.

Details on Board and Committee meeting attendance during the year 2017-18 is provided in the Corporate Governance Report Section of Annual Report 2018.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Govind Mirchandani as an Independent Director. Accordingly, the Board recommends passing of the Resolution at Item No. 3 of the Notice as a Special Resolution.

Except Mr. Govind Mirchandani, none of the Directors / Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 3.

Item number 4

TO RE-APPOINT Ms. MALAVIKA JAYARAM AS AN INDEPENDENT DIRECTOR OF THE COMPANY

The Members of the Company, at the 39th Annual General Meeting held on 14th August, 2014 had approved the appointment of Ms. Malavika Jayaram as an Independent Director of the Company for a period of 4 years, whose term is due to expire on 14th August, 2018, however, Ms. Malavika Jayaram was originally appointed on 27th June, 2008 on the Board of the Company.

As per Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of up to five consecutive years on the Board of a Company.

In line with the aforesaid provisions of the Act and in view of long, rich experience, continued valuable guidance to the management and strong Board performance of Ms. Malavika Jayaram, it is proposed to re-appoint her for a second term as an independent Director on the Board of Company for a period of five years up to 14th August, 2023.

In the opinion of the Board, Ms. Malavika Jayaram fulfills the conditions specified in the Act including the criteria as laid down for appointment of an Independent Director and she is independent of management . Copy of the draft letter for appointment of Ms. Malavika Jayaram as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Summary of performance evaluation pursuant to the Secretarial Standards on General Meetings is as follows:

The summary of the Performance evaluation by the peer directors further strongly recommends the candidature of Ms. Malavika Jayaram to continue as Board members and help in providing strategic direction to the group.

Age, qualification and other information, please refer the table provided under clause 36(3) of SEBI (LODR) regulation 2015.

Details on Board and Committee meeting attendance during the year 2017-18 is provided in the Corporate Governance report Section of Annual Report 2018.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Ms. Malavika Jayaram as an Independent Director. Accordingly, the Board recommends passing of the Resolution at Item No. 4 of the Notice as a Special Resolution.

Except Ms Malavika Jayaram, none of the Directors / Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 4

Item number 5 & 6

BRIEF PROFILE OF THE MR. ARVIND MISHRA, APPOINTEE

Mr. Arvind Mishra Joined the Company as Management Trainee in the year 1995 and was promoted to Assistant Manager, Sales and Marketing (industrial) in 1997 and in his role he Bagged the first turnkey contract for Sugar Plant Hydraulics, Bagasse Compactor which was the 1st ever sales of this equipment outside of TNPL. He had Received Chairman's appreciation for this project. From then on he went on to hold various key position in the Company such as Manager Marketing, Industrial Hydraulics (from 1999 till January 2002), Regional Manager – North India and regional Head-industrial and mobile hydraulics (From 2002 to 2005), Regional Head & Branch Head – Andhra Pradesh, Dynamatic Hydraulics (From 2005 to 2006), Assistant General Manager Marketing-Andhra Pradesh & east zone, Dynamatic Hydraulics and Country Head-Distribution(atos) marketing head systems & projects (from 2006 to 2010), Head Operations – Systems and Projects, Country head – Distribution (Atos) (From 2010 to 2011), DGM-Business Initiatives and Homeland Security (From 2011 to 2013), Head Homeland Security (From 2013 to February 2016) and Deputy Chief Operating Officer – Hydraulics and Head – Homeland Security.

He is experienced Senior Executive, both at the strategic and operational level with 2 decades of strong track record in delivering and sustaining revenue and profit growth in highly competitive market. He possesses vast experience in driving and managing business improvement, change management and growth.

He is a Mechanical Engineering Graduate from RVCE and has been working with Dynamatic since 1995 and has overall experience of more than 20 years in Strategic and tactical planning, Account development & acquisition, Competitive sales analysis,Contracts negotiations, P&L Financial reporting, CRM, Vendor relation, Team Building, Budgeting and forecast, Inventory management and NPD

Mr. Arvind Mishra was appointed as an Additional Director by the Board of Directors of the Company ('Board') under section 161 of the Companies Act, 2013, with effect from 09th August, 2017. Pursuant to section 161 of the Companies Act, 2013, Mr. Arvind Mishra will hold office up to the date of the ensuing AGM but is eligible for re-appointment as a Director who shall be liable to retire by rotation.

The Company has received from Mr. Arvind Mishra (i) consent to act as Director, (ii) declaration that he is not disqualified from being appointed as a Director of the Company.

The Details of Mr. Arvind Mishra's Directorship and membership of Committees in other Indian Companies as follows:

Except Dynamatic Technologies Limited, He does not hold any directorship in any other Indian Company

At Dynamatic Technologies Limited he is a Member of Audit & Risk Management Committee, Technology Development & strategic Committee and Finance Committee

Details on Board and Committee meeting attendance during the year 2017-18 is provided in the Corporate Governance report Section of Annual Report 2018.

Your Directors recommend the above item 5 by the way of Ordinary Resolution and item no 6 by the way of Special Resolution for consideration and approval of the Members.

None of the Directors / Key Managerial Personnel of the Company or their relatives being concerned or interested in this resolution except Mr. Arvind Mishra. The Board of Directors recommends the proposal for approval of the Members.

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

I. General Information:

1. Nature of Industry

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

2. Date or expected date of commencement of commercial Production

The Company commenced its commercial production in the year 1973.

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

Not applicable.

4. Financial performance based on given indicators

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

(₹ in lakhs)

Financial Year	Net Sales	Profits before tax	Net Profits after tax	EBITDA
2015-16	43,137	-243	129	7,430
2016-17	50,503	2,016	1,532	9,720
2017-18	56,253	553	379	9,109

5. Foreign investments or collaborations, if any.

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

II. Information about the appointee:

1. Background details

Mr. Arvind Mishra aged 46, was appointed as the "Executive Director and Global Chief Operating Officer-Hydraulics and Head of Homeland Security of the Company for a period of three years with effect from 09th August, 2017.

He is a Mechanical Engineering Graduate from RVCE and has been working with Dynamatic since 1995 and has overall experience of more than 20 years in Strategic and tactical planning, Account development & acquisition, Competitive sales analysis, Contracts negotiations, P&L Financial reporting, CRM, Vendor relation, Team Building, Budgeting and forecast, Inventory management and NPD.

2. Past remuneration

The details of past remuneration is appended below:

Salary per month in the scale of ₹ 5,00,000 to ₹ 25,00,000.

3. Recognition or awards

Not applicable

4. Job profile and his suitability

Mr. Arvind Mishra was appointed as the "Executive Director and Global Chief Operating Officer-Hydraulics and Head of Homeland Security of the Company for a period of three years with effect from 09th August, 2017.

He is a Mechanical Engineering Graduate from RVCE and has been working with Dynamatic since 1995 and has overall experience of more than 20 years in Strategic and tactical planning, Account development & acquisition, Competitive sales analysis, Contracts negotiations, P&L Financial reporting, CRM, Vendor relation, Team Building, Budgeting and forecast, Inventory management and NPD.

5. Remuneration proposed

The remuneration proposed to Mr. Arvind Mishra is as mentioned in the resolution.

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

The remuneration sought to be paid to Mr. Arvind Mishra is commensurate to the experience and responsibilities of Mr. Arvind Mishra in the capacity of Executive Director and Global Chief Operating Officer-Hydraulics, Head of Homeland Security.

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

Apart from the remuneration which he may receive in his capacity as Executive Director and Global Chief Operating Officer-Hydraulics, Head of Homeland Security, Mr. Arvind Mishra has no other pecuniary relationship either directly or indirectly with the Company. He does not hold any shares in the Company. He does not have any relationship with any of the Key Managerial Personnel / Directors of the Company.

III. Other information:

1. Reasons of loss or inadequate profits

Consolidated net sales for FY2018 decreased by 8.5% to ₹140,842 lacs as compared to ₹ 153,918 lacs in FY2017. This was primarily due to the impact of the recent regulatory changes coupled with the Company's strategy of rationalizing product mix towards more value-added products and reducing sales of lower margin products.

Consolidated EBITDA (excluding other income) for FY2018 decreased by 19.9% to ₹ 13,239 lacs as compared to ₹ 16,528 lacs during the same period last year. This EBITDA (excluding other income) included an impact of ₹ 957 lacs on account of unfavorable foreign exchange variations. After adjusting for this impact, EBITDA (excluding other income) for the year would have been ₹ 14,196 lacs, representing a decline of 14.1% compared to FY2017. EBITDA (excluding other income) margin for the year under review was 9.4% compared to 10.7% in FY2017. On account of the implementation of GST, the Company's working capital utilization has increased leading to higher short-term borrowings.

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

During the year, the Company has undertaken a number of strategic initiatives including the rationalizing of product mix and the divestiture of JKM Auto division, aluminium foundry and the Wind Farm. These initiatives are expected to enhance profitability of the business going forward. Furthermore, the funds raised from the divestiture will help the company reduce debt and thereby finance cost going forward.

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

During the last fiscal year, order offtake increased for both Hydraulics and the Aerospace & Defence segment. The Company successfully started the ramp up of phase 2 of Airbus orders. Further, over the last few years, Dynamatic has made investment in creating a cutting-edge infrastructure and achieved a full-scale industrialization of the entire value chain. In the aerospace division, the Company also became the sole supplier of major sub-assemblies for Bell 407 helicopter cabins. For the hydraulics division, the outlook is promising given better monsoon and increased investment in the infrastructure sector in India. In the automotive division, ramp up of new orders in India started during the year, with benefit to be derived from FY2019. The newly commissioned machining facility in Germany is expected to drive both revenue and profitability in the coming year. All these factors, together, are expected to drive growth for the Company in the near term.

IV. Disclosures:

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

2. None of the Directors are not entitled to any severance fees or compensation for loss of office.

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

Considering the contribution of Mr. Arvind Mishra in the Company's Hydraulics and Homeland Security business development and as recommended by Nomination & Remuneration Committee of the Board, the Board recommends the resolution as set out in item number 5 & 6 of the Notice for appointment and payment of remuneration to Mr. Arvind Mishra as Executive Director and Global Chief Operating Officer-Hydraulics and Head of Home Security for approval of the Members by passing Special resolutions.

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

The terms and conditions of appointment of Mr. Arvind Mishra as Executive Director and Global Chief Operating Officer-Hydraulics, Head of homeland Security of the Company is available for inspection by the Members at the Company's Registered Office during normal business hours on all working days.

None of the Directors / Key Managerial Personnel of the Company or their relatives being concerned or interested in this resolution except Mr. Arvind Mishra, the Board of Directors recommends the proposal for approval of the Members.

Item number 7

Pursuant to provisions of section 197 read with schedule V and other applicable provisions of the Companies Act, 2013, Mr. P. S. Ramesh, was appointed as the "Executive Director and Chief Operating Officer – Aerospace, India of the Company for a period of one year with effect from 14th November, 2017, as approved by the Members on 42nd Annual General Meeting held on 09th August, 2017, However, Mr. PS Ramesh was originally appointed on 14th November, 2014 on the Board of the .Company

Mr. P. S. Ramesh, a graduate in Mechanical Engineering from UVCE, Bangalore University and M. Tech. in Aircraft Production Engineering from IIT Madras, started his career in Hindustan Aeronautics Limited as a Management Trainee in 1982 and in 1994 moved on to SME Aerospace- a leading aerospace company in Kaulalampur, Malaysia. He was heading Quality Assurance & Planning group and was instrumental in achieving Supplier Excellence Programme (SEP) from B.Ae. & achieving 'bronze status' for that company.

Mr. Ramesh joined the Company in the year 1999 as Head of Quality and spearheaded the campaign for documenting procedures/ control plans and implementing ISO 9001 certification.

Mr. P.S. Ramesh has been serving the Company for the past 18 years and has progressively grown to be the Executive Director & Chief Operating Officer - Aerospace, India.

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

I. General Information:

1. Nature of industry

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

2. Date or expected date of commencement of commercial Production

The Company commenced its commercial production in the year 1973.

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

Not applicable.

4. Financial performance based on given indicators

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

Financial Year	Net Sales	Profits before tax	Net Profits after tax	EBITDA
2015-16	43,137	-243	129	7,430
2016-17	50,503	2,016	1,532	9,720
2017-18	56,253	553	379	9,109

5. Foreign investments or collaborations, if any.

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

II. Information about the appointee:

1. Background details

Mr. P.S. Ramesh aged 60, a graduate in Mechanical Engineering from UVCE, Bangalore University and M. Tech. in Aircraft Production Engineering from IIT Madras, started his career in Hindustan Aeronautics Limited as a Management Trainee in 1982 and in 1994 moved on to SME Aerospace- a leading aerospace company in Kaulalampur, Malaysia. He was heading Quality Assurance & Technical Services Team.

Mr. Ramesh joined the Company in the year 1999 as Head of Quality and spearheaded the process for documenting procedures/ control plans, FMEA, etc., and implementing ISO 9001 & ISO 14001 certifications. Later he took over the Production and then the entire Operations activities. Mr. P.S. Ramesh has been serving the Company for the past 18 years and has progressively grown to be the Executive Director & Chief Operating Officer - Aerospace, India.

Mr. P. S. Ramesh is responsible for the Aerospace business in India and his role is very crucial to the development / improvement of Aerospace business of the Company.

2. Past remuneration

The details of past remuneration as approved by the Shareholders is appended below:

Salary per month ₹ 5.51,024/-; in the scale of ₹ 5,00,000/- to

₹ 25,00,000/-.

3. Recognition or awards

Not applicable

4. Job profile and his suitability

Mr. P. S. Ramesh is associated with the organization for the past 18 years and has grown to the position of Executive Director and Chief Operating Officer, Aerospace, India. He shoulders the responsibility of the overall operations of Aerospace business in India.

5. Remuneration proposed

The remuneration proposed to Mr. P. S. Ramesh is as mentioned in the resolution.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

The remuneration sought to be paid to Mr. P. S. Ramesh is commensurate to the experience and responsibilities of Mr. P. S. Ramesh in the capacity of Executive Director and COO- Aerospace, India.

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

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

III. Other information:

1. Reasons of loss or inadequate profits

Consolidated net sales for FY2018 decreased by 7.06% to ₹ 139,970 lacs as compared to ₹ 150,610 lacs in FY2017. This was primarily due to the impact of the recent regulatory changes coupled with the Company's strategy of rationalizing product mix towards more value-added products and reducing sales of lower margin products.

Consolidated EBITDA (excluding other income) for FY2018 decreased by 19.9% to ₹ 13,239 lacs as compared to ₹ 16,528 lacs during the same period last year. This EBITDA (excluding other income) included an impact of ₹ 957 lacs on account of unfavorable foreign exchange variations. After adjusting for this impact, EBITDA (excluding other income) for the year would have been ₹ 14,196 lacs, representing a decline of 14.1% compared to FY2017. EBITDA (excluding other income) margin for the year under review was 9.4% compared to 10.7% in FY2017. On account of the implementation of GST, the Company's working capital utilization has increased leading to higher short-term borrowings and increase in finance cost.

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

During the year, the Company has undertaken a number of strategic initiatives including the rationalizing of product mix and the divestiture of JKM Auto division, aluminium foundry and the Wind Farm. These initiatives are expected to enhance profitability of the business going forward. Furthermore, the funds raised from the divestiture will help the company reduce debt and thereby finance cost going forward.

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

During the last fiscal year, order offtake increased for both Hydraulics and the Aerospace & Defence segment. The Company successfully started the ramp up of phase 2 of Airbus orders. Further, over the last few years, Dynamatic has made investment in creating a cutting-edge infrastructure and achieved a full-scale industrialization of the entire value chain. In the aerospace division, the Company also became the sole supplier of major sub-assemblies for Bell 407 helicopter cabins. For the hydraulics division, the outlook is promising given better monsoon and increased investment in the infrastructure sector in India. In the automotive division, ramp up of new orders in India started during the year, with benefit to be derived from FY2019. The newly commissioned machining facility in Germany is expected to drive both revenue and profitability in the coming year. All these factors, together, are expected to drive growth for the Company in the near term.

IV. Disclosures:

The above remuneration of the Directors are exclusive of performance linked incentive that the Directors may be entitled to. None of the Directors are not entitled to any severance fees or compensation for loss of office.

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

Considering the contribution of Mr. P.S. Ramesh in the Company's Aerospace business development and as recommended by Nomination & Remuneration Committee of the Board, the Board recommends the resolution as set out in item number 7 of the Notice for appointment of Mr. P. S. Ramesh as Executive Director and Chief Operating Officer, Aerospace - India for approval of the Members by passing Special resolutions.

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

The terms and conditions of appointment of Mr. P. S. Ramesh as Executive Director and Chief Operating Officer – Aerospace, India of the Company is available for inspection by the Members at the Company's Registered Office during normal business hours on all working days.

The Details of Mr. P S Ramesh's Directorship and membership of Committees in other Indian Companies as follows:

He is Director in Harasfera Designers Private Limited

At Dynamatic Technologies Limited he is a Member of Audit & Risk Management Committee, Technology Development Committee and Finance Committee

Details on Board and Committee meeting attendance during the year 2017-18 is provided in the Corporate Governance report Section of Annual Report 2018.

None of the Directors / Key Managerial Personnel of the Company or their relatives being concerned or interested in this resolution except Mr. P S Ramesh, the Board of Directors recommends the proposal for approval of the Members.

Item number 8

The Board, on the recommendation of the Audit & Risk Management Committee, has approved appointment of M/s. Rao, Murthy and Associates as the Cost Auditors of the Company for the financial year 2018-19 at a remuneration of ₹ 4,00,000 (four lakhs only), excluding out of pocket expenses and applicable taxes.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the Members is sought for ratification of the remuneration payable to the Cost Auditors for financial year 2018-19 as an Ordinary Resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way concerned or interested, financially or otherwise, in the resolution set out at item number 8 of the Notice.

The Board recommends the Ordinary Resolution set out at item number 8 of the Notice for approval by the Shareholders.

By Order of the Board

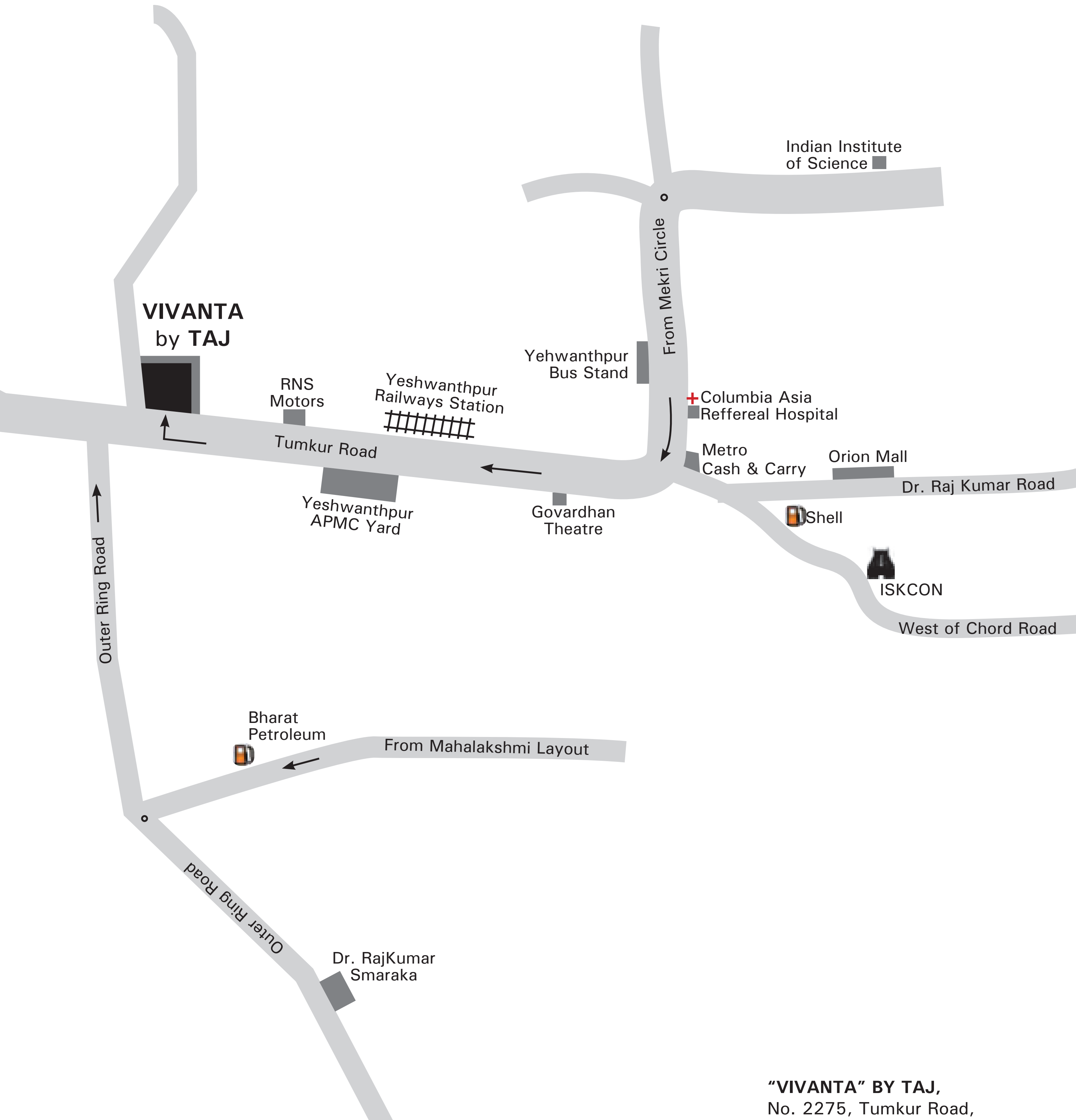
Naveen Chandra P

Head – Legal, Compliance and Company Secretary

Place: Bangalore

Date : 29th May, 2018

ROUTE MAP TO THE VENUE OF DYNAMATIC AGM 2018



"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

POSTAL BALLOT FORM

AGM Notice of Dynamatic Technologies Limited dated 29th May, 2018

I/We hereby exercise my/our vote(s) in respect of the Resolutions set out in the Notice of the Forty Third Annual General Meeting (AGM) of the Company to be held on **Friday, 10th August, 2018** by sending my/our assent or dissent to the said Resolutions by placing the tick (✓) mark at the appropriate box below:

Resolution	Vote		
	For	Against	Abstain
To receive, consider and adopt the financial statements of the Company, including consolidated financial statements for the year ended 31st March, 2018, together with the reports of the Auditors' and the Directors' thereon.			
To appoint a Director in place of **Mr. James David Tucker** (DIN: 07093258), who retires by rotation and, being eligible, offers himself for re-appointment			
Re-appointment of **Mr. Govind Mirchandani** (DIN:00022583) as an Independent Director of the Company			
Re-appointment of **Ms. Malavika Jayaram** (DIN:02252302) as an Independent Director of the Company.			
Appointment of **Mr. Arvind Mishra** (DIN: 07892275) as Director			
Appointment of **Mr. Arvind Mishra** (DIN: 07892275) as an Executive Director and Global Chief Operating Officer - Hydraulics & Head of Homeland Security			
Re-appointment and approval of remuneration payable to **Mr. P S Ramesh** (DIN:05205364) as an Executive Director and Chief Operating officer-Aerospace, India			
Ratification of remuneration of Cost Auditors			

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

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

Number of shares held ....

NOTE: Please read the instructions given overleaf and in the notes to the postal ballot notice dated 29th May, 2018. Carefully 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, 09th August, 2018, 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'.

Place :
Date :

Signature of the Member/s

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 **43rd Annual General Meeting** of the Company, scheduled at Hotel "Vivanta by Taj", Number 2275, Tumkur Road, Yeshwantpur, Bangalore 560 022 **on Friday, the 10th (Tenth) day of August 2018 (two thousand and eighteen) at 10.00 (ten) a.m.**

Signature of the Member / Proxy ....

1. Member/proxy holders desiring 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.

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

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: ....

or failing him

3. 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 43rd 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 10th day of August 2018 (two thousand and eighteen) at 10.00 (ten) a.m.** and at any adjournment thereof in respect of such resolutions as are indicated below:

Signed this.. day of..2018

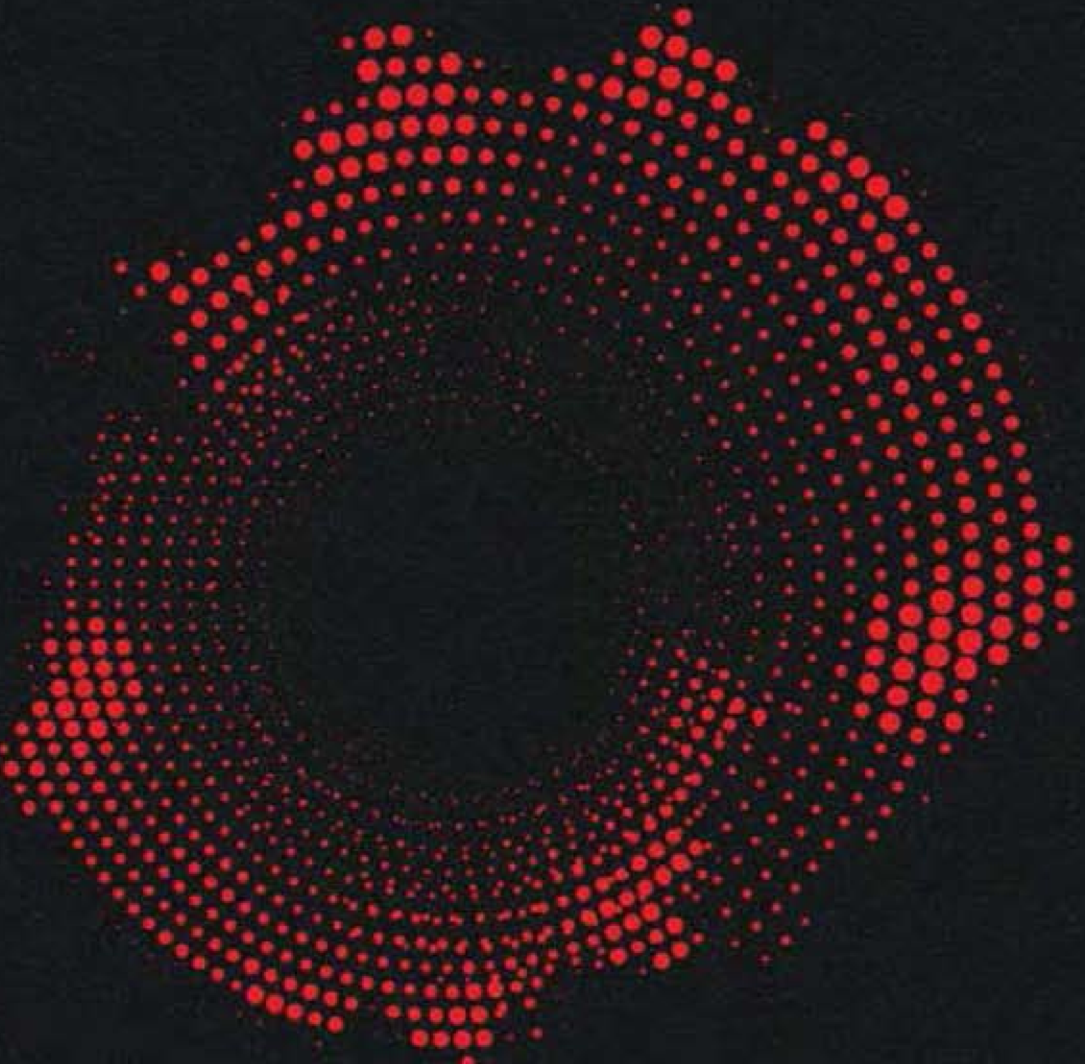
Signature of shareholder: ....

Affix revenue Stamp

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

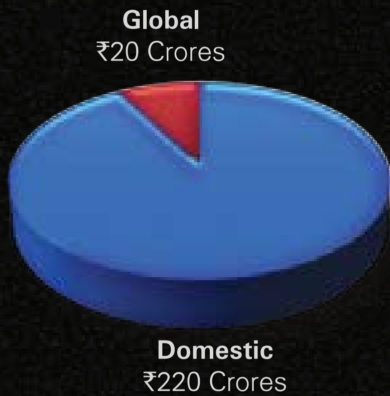
Note:
This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the meeting.

DYNAMATIC TECHNOLOGIES LIMITED

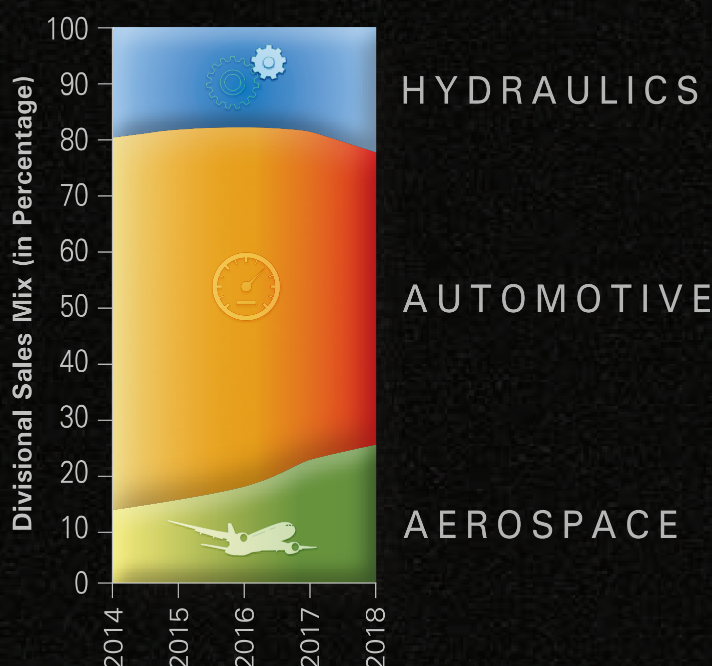


ANNUAL REPORT
2017-2018

GLOBAL REACH IN 2006-07



GLOBAL REACH IN 2017-18



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 2017-18.

During the year under review, your Company recorded Consolidated Net Revenue of ₹14,084 million with Consolidated EBIDTA of ₹1,324 million & Net Profit Before Tax of ₹73 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 on the left shows the change in sales mix between the business segments of Hydraulics, Automotive & Metallurgy and Aerospace & Defence. To achieve this transformation, your company had to re-train employees, reconfigure existing manufacturing facilities and establish a global footprint.

Dynamatic Aerotropolis near Bangalore International Airport

Today our sales outside India account for 73.5% of total turnover, compared to only 8.33% in 2007.

Your company is now an integral part of the global supply chain for leading companies like Airbus, Boeing, Bell Helicopter, Audi, BMW, Daimler, Cummins, John Deere, Hyundai and Honeywell. Additionally we support India's major defence programs with specialised products.

Dynamic Hydraulics™ has become 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.

"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

Dynamatic-Oldland Aerospace™ is now a Global Tier-1 Aerostructure producer for Airbus, Boeing and Bell Helicopter and HAL. We produce flight critical products on a single-source basis, and have established a comprehensive risk mitigation system for our customers. With advanced AI and robotics at our Swindon and Bristol plants in the UK, and artisanal craftsmanship at our plants in Bangalore, your company has developed a compelling Best-Value proposition. The company has expanded its capabilities on fighter aircrafts from control surfaces and wings to entire fuselage sections, enabling it to build any part of the Fighter Aircraft for **Make In India** programs. Your company has developed an eco-system of qualified sub-suppliers, who in turn are a force-multiplier. We are continuing to grow this business, and see large opportunities here.

Dynamic has been chosen as the supplier for Light Combat Aircraft TEJAS Front Fuselage assembly from HAL - LCA Division

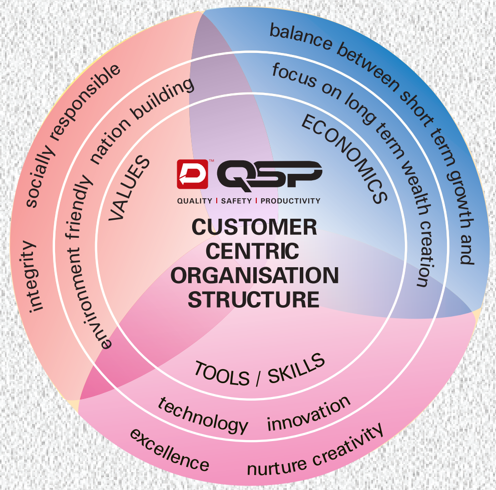
Our Automotive and Metallurgy vertical consists of an advanced steel, nickel and iron foundry at Schwarzenberg, Germany, and iron and aluminium foundries in Chennai, along with a machine shop. It also includes a captive windfarm in Coimbatore. Shareholders have recently given the company permission to divest of its perennially loss-making aluminium foundry, machine shop and windfarm, which will free up capital for more productive purposes. It will also enable your company to refocus the remaining metallurgical capabilities to support growth of its hydraulic division, and to extend our German foundry into the aerospace sector. JKM Ferrotech has seen a steep jump in demand, following the boom in India's automotive sector, and is expecting a smart turnaround during 2018.

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

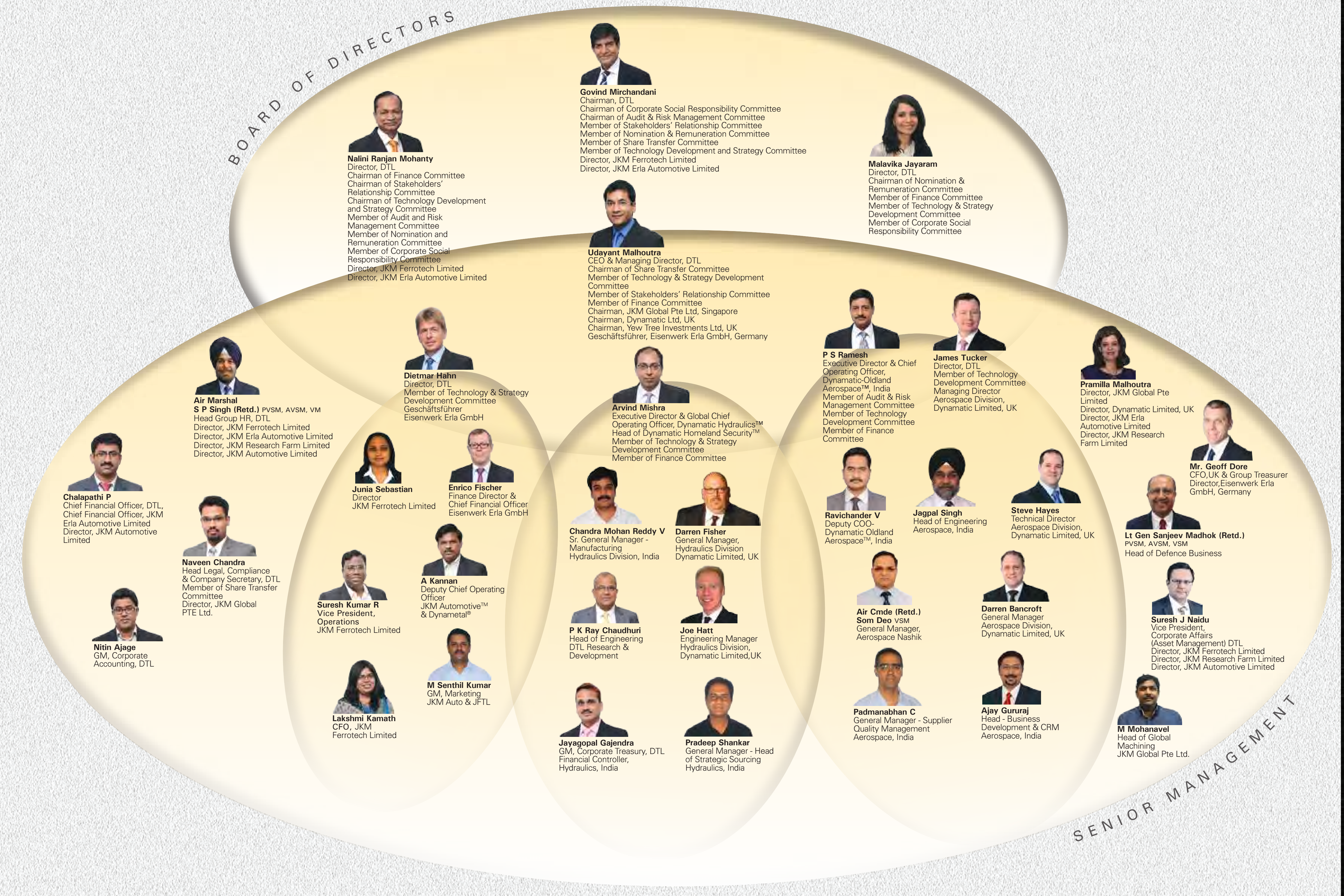
On behalf of our Board of Directors and Senior Management, I thank you for your continued support.

Udayant Malhoutra

Chief Executive Officer & Managing Director



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
Mrs. Pramilla Udayant 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. Naveen Chandra Prakash

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
Mrs. Pramilla Malhoutra

Director
Air Marshal S P Singh (Retd.)

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

JKM FERROTECH LIMITED

Director
Mr. Nalini Ranjan Mohanty

Director
Mr. Govind Mirchandani

Director
Ms. Junia Sebastian

Director
Air Marshal S P Singh (Retd.)

Director
Mr. Suresh J Naidu

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

JKM RESEARCH FARM LIMITED

Director
Mr. Suresh Jayapal Naidu

Director
Mrs. Pramilla Malhoutra

Director
Air Marshal S P Singh (Retd.)

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

JKM AUTOMOTIVE LIMITED

Director
Mr. Chalapathi P

Director
Mr. Suresh Jayapal Naidu

Director
Air Marshal S P Singh (Retd.)

Auditors
Prasad & Kumar
Chartered Accountants
Bangalore

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Govind Manik Mirchandani
Chairman of the board

Mr. Nalini Ranjan Mohanty
Independent Director

Ms. Malavika Jayaram
Independent Director

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

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

Mr. P S Ramesh
Executive Director &
Chief Operating Officer - Dynamatic-Oldland Aerospace™, India

Mr. Arvind Mishra
Executive Director &
Global Chief Operating Officer - Hydraulics & Head of Homeland Security

Mr. Udayant Malhoutra
CEO & Managing Director

KEY MANAGERIAL PERSONNELS

Mr. Chalapathi P
Chief Financial Officer

Mr. Naveen Chandra P
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
Export–Import Bank of India
ICICI Bank Limited
IndusInd Bank Limited
Kotak Mahindra Bank Limited
Sachsen Bank
Siemens Financial Services Pvt. Ltd.
The Royal Bank of Scotland
Tata Capital
DMG MORI Finance
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 Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32
Financial District,Nanakramguda
Gachibowli, Hyderabad 500 032
Tel : +91 40 6716 2222
Fax : +91 40 2342 0814
Email : support@karvy.com
Website : www.karvycomputershare.com

ORGANISATION STRUCTURE

DYNAMATIC TECHNOLOGIES LIMITED
INDIA

AUTOMOTIVE
(53% of FY2018 Revenues)

- JKM Automotive™
  Chennai, India
- JKM Ferrotech Limited
  Chennai, India
- Eisenwerk Erla GmbH
  Schwarzenberg, Germany

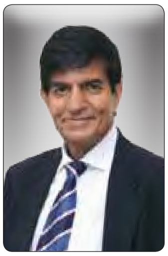
HYDRAULICS
(22% of FY2018 Revenues)

- Dynamatic Hydraulics™
  Bangalore, India
- Dynamatic Hydraulics™
  Swindon, UK

AEROSPACE & DEFENCE
(25% of FY2018 Revenues)

- Dynamatic-Oldland Aerospace™
  Bangalore, India
- Dynamatic-Oldland Aerospace™
  Bristol, UK
- Dynamatic-Oldland Aerospace™
  Swindon, UK

DIRECTORS' AND KMP PROFILE



Mr. Govind Mirchandani

Independent Director & Chairman

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 various 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 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 Directors from the year 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 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.

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.

Mr. Dietmar Hahn

Non-Executive 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.

Mr. James Tucker

Non-Executive Director

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

Mr. P S Ramesh

Executive Director & Chief Operating Officer, Aerospace – India

Mr. Ramesh joined the Company in the year 1999 as Head of Quality and spearheaded the campaign for documenting procedures/ control plans and implementing ISO 9001 certification. He has been working with Dynamatic Technologies for over 18 years and has progressively moved ranks to become the Chief Operating Officer of Dynamatic HydraulicsTM, India. He is currently the Chief Operating Officer of Dynamatic-Oldland AerospaceTM , India.

He has over 25 years of experience in Aerospace Industry

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 head of hydraulics operations and head of Home land security.

Currently he is the global COO of hydraulics business and runs its operations in India, UK and US. He also heads the Homeland Security Business for Dynamatic.

Mr. Udayant Malhoutra

Chief Executive Officer & Managing Director

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

Mr. Chalapathi P

Chief Financial Officer

Mr. Chalapathi P has been working with Dynamatics since 2009 and has overall experience of 12 years in Finance & Accounts, Controlling, Taxation, Audits, Project costing, FEMA/RBI compliances, Banking relations, Mergers & Acquisitions, Corporate governance, investor relations and financial strategy. Also 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 year in 2015, 2016 and 2017.

Mr. Naveen Chandra P

Head Legal, Compliance & Company Secretary

Naveen Chandra is the Head Legal and Compliance at Dynamatic Group. With 12+ years' experience in airport, aviation, private equity, food & beverage and retail, defense & aerospace and automotive he has lead teams at various levels. Prior to joining Dynamatic he was associated with Bangalore International Airport and Blackstone Private Equity.

During his prolific career, Mr. Chandra acclaims successful closure of large arrangements with international players and remedying some major concerns in the infrastructure industry in India. He commends expertise in equity issues, retail & branding arrangements and board management.

Mr. Chandra, during his past-time, is an adept percussionist and is an 'A grade A.I.R – All-India-Radio Artist. He acclaims appreciation from music connoisseurs and artists.

COMPANY OVERVIEW

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

The Company is one of the world's largest manufacturers of hydraulic gear pumps and automotive turbochargers and has leadership in hydraulic gear pumps market for over 44 years. It has 60% share of the Indian organised tractor market and supplies to almost all original equipment manufacturers (OEMs) in India. Dynamatic Technologies is a pioneer and leader in the Indian private sector for the manufacture of high precision airframe structures and aerospace components. It is a tier I supplier to the global aerospace OEMs such as Airbus, Boeing, Bell Helicopters and HAL. The Company also manufactures high precision, complex metallurgical ferrous and aluminium castings for performance critical components such as turbochargers and exhaust manifolds and has capabilities to develop automotive components on single-source basis.

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

HYDRAULICS

Dynamatic Hydraulics™ is one of the world's largest hydraulic gear pump manufacturers with state-of-the- art manufacturing facilities located in Bangalore, India and Swindon, U.K. The Company has technology leadership in the hydraulics space globally with one of the finest in-house engineering laboratories & rapid protyping 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, harvesters, Off-Highway Vehicles-Construction equipment, Metal cutting & Metal Forming ,Material handling & Mining equipment. The Company has over 75% market share for pumps on Agri Trcators produced in India and 34% share on agri-tractors produced globally.

Dynamatic Hydraulics™ offers complete hydraulic solutions including specialized hitch control valves, distributor valves, rock shaft assemblies including 3 point linkages and a wide range of pressure and flow control valves including steering control valve.

It also manufactures very high flow scavenging and lube oil pumps which are designed for off highway vehicles, marine and offshore equipment. The Company also designs and builds customized hydraulic solutions extending from simple hydraulic pumping units to complex marine power packs and aircraft ground support systems to turnkey industrial installations.

KEY CUSTOMERS

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

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 and gear motors. It supplies products to agricultural, construction and on-highway vehicle manufacturers. The facility also possesses advanced design knowledge for mobile hydraulics sector and comprehensive product testing and validation capabilities.

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

KEY CUSTOMERS

JOHN DEERE, USA

JOHN DEERE, MEXICO

ALEXANDER DENNIS, UK

KEY DISTRIBUTION & AFTER MARKET CUSTOMERS

TERMHOPE

WHITE HOUSE PRODUCTS

GILLIG

BERENDSEN

AEROSPACE & DEFENCE

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.

The Company's state of the art manufacturing facilities in India and UK deliver high value to its customers, by seamless integration of highly skilled workforce in India and cost of capital for manufacturing in UK. The Company has launched 'Mission Zero' as the language of change to drive continuous improvement culture for sustainable growth and increase value to the customers and shareholders.

INDIA

Dynamatic-Oldland Aerospace™ partners with Boeing for the manufacture and supply of Mission and Power Cabinets for Boeing's P8 Maritime Reconnaissance Aircraft. Also manufactures most complex artisanal and flight critical assemblies like the aft pylon and cargo ramp for the Boeing Chinook CH-47F Helicopter, which is Boeing Defense Systems' largest export programme out of India.

Dynamatic-Oldland Aerospace™ is the single source manufacturer of Flap-Track-Beam assemblies for Airbus single aisle aircraft (A318, A319, A320 & A321) through Spirit Aerosystems. The Company also manufactures Flap-Track-Beam assemblies for Airbus wide bodied aircraft (A330) as Tier-1 supplier.

Dynamatic-Oldland Aerospace™ is contracted as a single-source supplier of major airframe assemblies for the Bell 407 Helicopter, one of the world's largest selling helicopters. The industrialization program has involved digitization of over 2000 details parts, followed by development of tooling, processes and part manufacturing. The Company has now taken up five major fuselage assemblies at Dynamatic Aerotropolis plant for ramping up to full rate production.

Dynamatic-Oldland Aerospace™ is awarded the contract for development of front fuselage assembly for Light Combat Aircraft - TEJAS, Hindustan Aeronautics Limited. The Company has developed the eco system in India for manufacture of the jigs and fixtures and detail parts, which comprises of complex machined and sheetmetal work. The Company also manufactures major flight control surface assemblies for SU-30 MKII for Nasik Division, delivered over 100 aircraft sets with a long standing partnership with Hindustan Aeronautics Limited.

"There is a little bit of India in every Airbus Aircraft"

- Thomas Enders, CEO Airbus

Dynamatic-Oldland Aerpospace™ Team, India

KEY CUSTOMERS

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

UK

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

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

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

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

PATANG™ QUADCOPTOR

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

PATANG™ - Long Endurance Unmanned Aerial Vehicle

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

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

PATANG™ - Long Endurance Unmanned Aerial Vehicle.

UNMANNED AERIAL VEHICLES

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

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.

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

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

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

HERON MALE UAV

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

LAND SYSTEMS

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

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

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

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

Robo Guard 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.

Tunnel Guard 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.

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.

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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 our capability in securing our otherwise difficult to man porus borders with varied terrains.

AUTOMOTIVE & METALLURGY

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

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

Product portfolio include components for engine, transmission, brake systems, turbocharger and chassis such as Exhaust manifold, Flywheel, Brake caliper/carrier, Brake Slack Adjuster, Lanchester housing, Center Housing , Turbine housing ,Brackets, Intake Manifold ,Compressor housing and Fork Shift.

JKM Automotive™ Team, India

KEY CUSTOMERS

GETRAG FORD

FAURECIA

DAIMLER

ISUZU

MAGNA

NISSAN HONEYWELL

TURBO ENERGY

Dynametal® incorporates the use of the latest metallurgical processes to produce high quality non-ferrous alloy and castings for industrial, automotive and aerospace applications. The foundry differentiates itself radically from other conventional foundries as its heat treatment processes are designed to ensure castings are made with high quality. Dynametal® is capable of executing aluminum gravity die cast parts with intricate contours, pressure die castings and has competence in manufacturing complex castings.

Dynametal division is also upgraded with the following new equipments during the financial year to improve the quality and productivity.

1. Auto pour in GDC line
2. Metallurgical Microscope to check porosity
3. Hardness testing machine
4. Universal tensile testing machine with extensometer facility
5. Auto polishing machine
6. Hot tensile strength tester
7. Density Meter to check density
8. Sand Sieve Tester

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

KEY CUSTOMERS

VOLKSWAGEN, GERMANY
BMW AUSTRIA
MAN GERMANY
DAIMLER ,GERMANY
HYUNDAI MOTORS INDIA
DAIMLER INDIA
HALDEX INDIA
CHASSIS BRAKES INTERNATIONAL
TVS SUNDRAM FASTNERS
MANDO INDIA
ISUZU MOTORS INDIA
TURBO ENERGY
WOOSU AUTOMOTIVE
PHI AUTOMOTIVE
MYUNGHWA AUTOMOTIVE
ADDISON

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 industryenvironment. The Company believes its commitment to R&D will allow it to continue to be a leading technology provider and preferred partner to the global OEMs.

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

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

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

The 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.

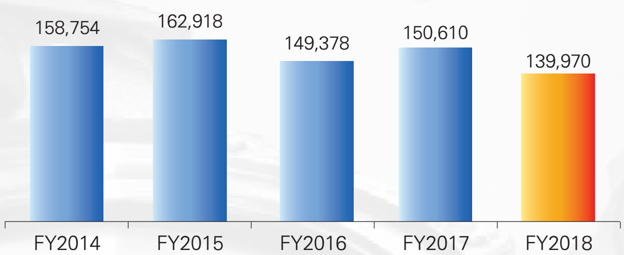
JKM Science Center aims at imparting competitive advantages to its clients through shorter development cycle time and time-to-market. The JKM Science Center strategically blends mechanical engineering expertise with an in-depth software application knowledge to impart world-class engineering services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

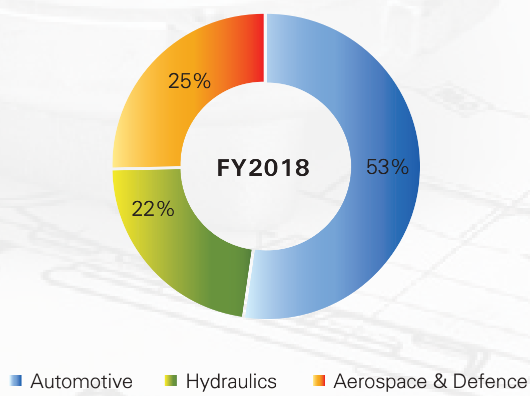
The Dynamatic Technologies Engineering Laboratory in Swindon, UK, possesses advanced design knowledge for the mobile hydraulics sector and has comprehensive product testing and validation capabilities.

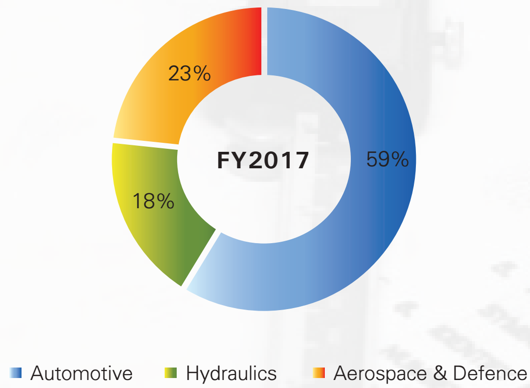
CONSOLIDATED FINANCIAL HIGHLIGHTS

REVENUE BREAK UP

(₹ in Lacs)

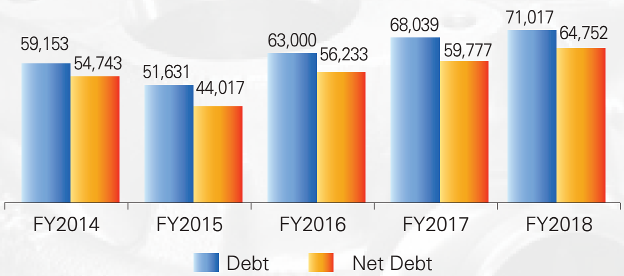


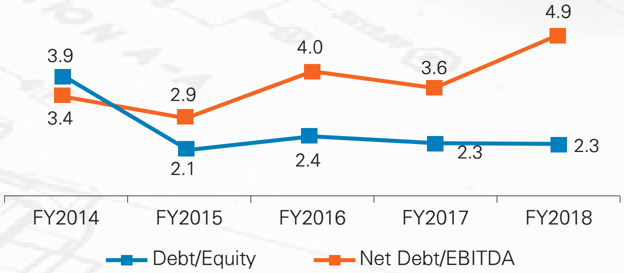


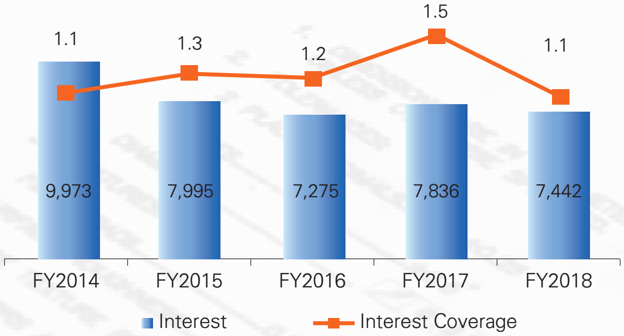


DEBT & LEVERAGE RATIOS

(₹ in Lacs)







DIRECTORS' REPORT TO SHAREHOLDERS

DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors are pleased to present their 43rd Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2018.

1. FINANCIAL RESULTS

The Financial Results of the Company for the year ended 31st March, 2018, were as follows:

(₹ in Lacs)

Particulars	Consolidated		Standalone	
	Year Ended 31 March 2018	Year Ended 31 March 2017	Year Ended 31 March 2018	Year Ended 31 March 2017
Gross Revenue	**140,842**	**153,918**	**56,895**	**53,143**
Less: Excise duty	872	3,308	642	2,640
Net Revenue	**139,970**	**150,610**	**56,253**	**50,503**
Less: Cost of material and increase/decrease in stock	71,961	83,804	26,877	22,937
Less: Employee benefit expenses	24,838	22,958	8,178	6,718
Less: Other Expenses	29,932	27,320	12,089	11,128
EBITDA	**13,239**	**16,528**	**9,109**	**9,720**
EBITDA Margin	9.46%	10.97%	16.19%	19.25%
Add: Other Income	578	576	647	1,588
Less: Finance Charges	7,442	7,836	6,328	6,162
Less: Depreciation and Amortisation Expense	5,644	5,282	2,875	2,816
Less: Exceptional Expense	-	426	-	314
Profit before tax	**731**	**3,560**	**553**	**2,016**
Profit before tax margin	0.52%	2.36%	0.98%	3.99%
Less: Tax expense	659	1,598	174	484
Profit After Tax	**72**	**1,962**	**379**	**1,532**
Profit After Tax margin	0.05%	1.30%	0.67%	3.03%
Add: Other Comprehensive Income/(Losses)	2,226	(2,138)	(142)	(20)
Profit for the year	**2,298**	**(176)**	**237**	**1,512**
Profit available for appropriation	**2,298**	**(176)**	**237**	**1,512**
Balance carried to Balance Sheet	**2,298**	**(176)**	**237**	**1,512**

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

COMPANY PERFORMANCE

FY2018 was a year of important reforms in the Indian economy including the Goods & Service Tax (GST). While in the short term, it faced temporary challenges of implementation, on a long-term basis it will lead to improved business environment and renewed investment opportunities. Recent regulatory changes coupled with our strategy of rationalizing product mix resulted in a subdued business performance. Consolidated net sales for FY2018 decreased by 7.06% to ₹139,970 lacs as compared to ₹ 150,610 lacs in FY2017.

Consolidated EBITDA (excluding other income) for FY2018 decreased by 19.9% to ₹13,239 lacs as compared to Rs. 16,528 lacs during the same period last year. This EBITDA (excluding other income) included an impact of ₹ 957 lacs on account of unfavorable foreign exchange variations. After adjusting for this impact, EBITDA (excluding other income) for the year would have been ₹14,196 lacs, representing a decline of 14.1% compared to FY2017. EBITDA (excluding other income) margin for the year under review was 9.4% compared to 10.9% in FY2017. On account of the implementation of GST, our working capital utilization increased, leading to higher short-term borrowings and finance charges on a y-o-y basis.

The Aerospace & Defence segment recorded a revenue growth of 3.1% to reach ₹ 35,634 lacs compared ₹ 34,569 in FY2017. Continuing order book execution led to substantial revenue growth in Q4 FY2018. Further, ramp up of phase 2 Airbus orders started resulting in stabilization of overall operations. Segment EBITDA was ₹ 8,143 lacs compared with from ₹10,473 lacs in FY2018. While India operations registered a 11.5% growth in revenue, UK performance increased by 17% on constant currency basis.

During the year, the Aerospace & Defence segment continued its focus on product innovation and advanced technology platform. The division announced commercial production of Airbus A330 Long Range FTBs to be manufactured in India and the UK during the life of the program. The Company successfully started the ramp up of phase 2 of Airbus orders, putting in place a state-of-the-art infrastructure and achieved a full-scale industrialization of the entire value chain. Further, the Company became the sole supplier of major sub-assemblies for Bell 407 helicopter cabins.

Hydraulics segment continued its strong performance during Q4 and FY2018, mainly on account of better order off takes. Revenues for this segment increased by 12.4% to ₹ 31,111 lacs compared to ₹ 27,683 lacs in the same period last year. One-time impact of long term union wages revision led FY2018 EBITDA to decline by 6.8% to ₹ 3,712 lacs. With a recent established sales office in the US, the Company expects to expand further in the North American markets. With improved farm sentiment and infrastructure investments, this segment is expected to remain strong.

With a focus on margin expansion, low margin products rationalization continued for the Automotive and Metallurgy business during FY2018. Adoption of such rationalization strategy impacted the financials performance during the year but resulted in significant improvement in EBITDA during the last quarter of FY2018. Revenue for this segment was ₹ 73,225 lacs, representing a decline of 17.1% compared to same period last year. Segment EBITDA was ₹1,849 compared to ₹ 2,939 in FY2017. New order ramp up and new machining facility in Germany expected to drive growth for this division going forward.

SHARE CAPITAL

As of March 31, 2018, the Company had an authorized share capital of ₹2,500 lacs, divided into 2,00,00,000 equity shares of ₹10/- each and ₹500 lacs divided into 5,00,000 redeemable cumulative preference shares of ₹100/- each. During the year under review, there was no change in the Company's issued, subscribed and paid-up equity share capital. As of 31st March, 2018, the Company had issued, subscribed and paid-up equity share capital of ₹ 634.14 lacs divided into 63,41,443 equity shares of ₹10/- each.

TRANSFER TO RESERVES

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

DIVIDEND

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

CAPITAL EXPENDITURE

During the year under review, your Company incurred capital expenditure of ₹7,085 lacs for physical infrastructure and ₹218 lacs for procurement of intangible assets. Significant investments have been made in building infrastructure, state-of-the-art machinery, design software, data security, information systems, and design and development activities; for the future benefits of your Company.

DEPOSITS

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

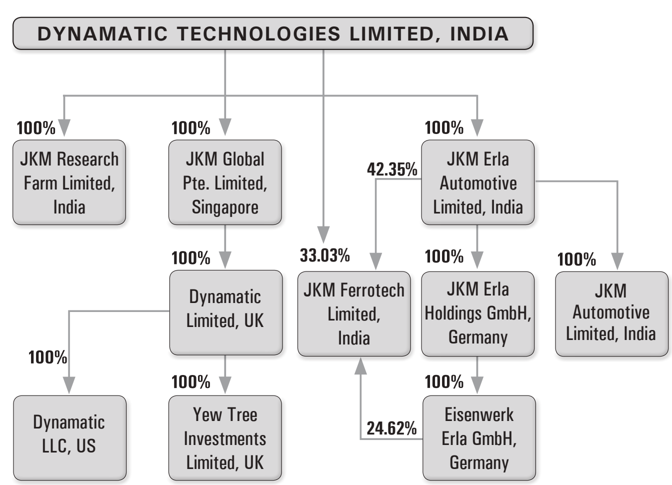
SUBSIDIARIES

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

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

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

The structure of Dynamatic Technologies Limited and its subsidiaries as on March 31, 2018 is appended hereunder :



INDIAN SUBSIDIARIES

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

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

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

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

OVERSEAS SUBSIDIARIES

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

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

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

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

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Inductions, Re-appointments, Retirements & Resignations

During the year under review, the Board of Directors at their meeting held on 09th August, 2017 appointed Mr. Arvind Mishra as Additional Director of the Company.

Mr. Raymond Keith Lawton (DIN:01687605) stepped down from the Board Directors of the Company with effect from 19th July, 2017.

Mr. Vijai Kapur (DIN:00056415) and Mr. Krishnaswamy Srinivasapuram (00056250) ceased to be with effect from 13th August, 2017.

Mr. Arvind Mishra has been appointed as Executive Director and Global Chief Operating officer, Hydraulics & Head of Homeland Security.

Mr. Hanuman Kumar Sharma (DIN:07012725) stepped down from the Board Directors of the Company with effect from 14th February, 2018.

Mr. Chalapathi P, has been appointed as a Chief Financial Officer of the company with effect from 13th December 2017.

Mr. Sirish Saraf (DIN:0001918219) vacated the office of Directorship under section 167 read with 164(2)(a) of Companies Act, 2013.

Mr. James Tucker, Non-Executive Director of the Company would retire by rotation in accordance with section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

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

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

Declaration by Independent Directors

All Independent Directors of the Company meet the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013. In line with the provisions of section 134(3)(d) of the Companies Act, 2013, the declaration from Independent Directors, confirming their independence in terms of section 149 of the Companies Act, 2013 have been obtained.

Key Managerial Personnel (KMP)

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

- Mr. Udayant Malhoutra, CEO & Managing Director
- Mr. P S Ramesh, Executive Director & COO - Aerospace, India
- Mr. Arvind Mishra has been appointed as Executive Director and Global Chief Operating officer, Hydraulics & Head of Homeland Security.
- Mr. Naveen Chandra P, Head Legal, Compliance and Company Secretary
- Mr. Chalapathi P, has been appointed as a Chief Financial Officer of the company with effect from 13th December 2017.

BOARD MEETINGS

The Company prepares a Board and allied committee meeting calendar and circulates to all the directors in advance for their concurrence. During FY2018, 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 FY2018 and not more than one hundred and twenty days had intervened between two consecutive meetings of the Board.

COMMITTEES OF BOARD OF DIRECTORS

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

FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

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

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

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

PARTICULARS OF REMUNERATION OF DIRECTORS, KMP AND EMPLOYEES

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

DIVERSITY IN THE BOARD

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

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

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

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

REMUNERATION POLICY

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

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

CORPORATE SOCIAL RESPONSIBILTY (CSR)

- 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 in 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.

- During the current year an exclusive Building along with a Borewell to provide drinking water was constructed and state-of- the-art teaching aids, tools and materials were acquired to create a new Skill Development Center at ITI Devanahalli.

- This new Skill Development Center at ITI Devanahalli has adequate Training Rooms for theory classes, Workshop practices and Rest Rooms for the trainee students. The required infrastructure such as Compressor and Generator have been procured and installed. The Building is fully furnished and was inaugurated on 12th December 2017 by the amidst designatories and CEO & MD of Dynamatic Technologies Ltd. ITI authorities from the State Government, IMC Chairman and Members, and other industry partners were present on the occasion.

- Total amount spent for various CSR activities for ITI Devanahalli was over ₹ 7 lakh.

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 provides the organization at all levels with an instrument for detecting risks early and taking steps to eliminate, reduce, and consciously deal with risks The Company has a robust process in place to identify key risks across the Group and prioritise relevant action plans to mitigate these risks. The Audit & Risk Management Committee has been entrusted with the responsibility to assist the Board members about the risk assessment and its minimization procedures, which includes discussing the management submissions on risks, prioritising key risks and approving action plans to mitigate such risks. The Policy suggests framing an appropriate response action for the key risks identified, so as to make sure that risks are adequately compensated or mitigated.

The main objectives of the said policy are.

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

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

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

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

v. To assure business growth with financial stability.

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

WHISTLE BLOWER POLICY AND VIGIL MECHANISM

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

POLICY FOR SAFETY AND WELL BEING OF WOMEN

To motivate our Women work force, Women's Day was celebrated with full gusto in all the Divisions. In keeping with our resolve to ensure zero incidents of sexual harassment at workplace, provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace are being strictly adhered to. Awareness programmes and workshops are held periodically to educate all employees. There have been no complaints of sexual harassment received during the year. Work on construction of a Crèche in Aerospace Division has commenced and likely to be completed by end May 2018.

AUDITORS

Statutory Auditors

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

The report of the Statutory Auditors along with notes to Schedules is enclosed to this report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments. The Auditor's Report does not contain any qualification, reservation or adverse remark.

Cost Auditors

As per Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a Cost Accountant in practice. M/s Rao, Murthy & Associates who were appointed as Cost Auditors of the Company for the FY2018 conduct cost audits pertaining to relevant products prescribed under the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time.

Internal Auditors

The Internal Audit function is responsible for assisting the Audit & Risk Management Committee on an independent basis with a full status of the risk assessments and management. M/s. Ernst & Young, LLP were appointed as Internal Auditors of the Company for the FY2018.

Secretarial Auditor

The Company had appointed Mr. R Vijayakumar, Company Secretary in practice in Bangalore, to conduct its Secretarial Audit for the financial year ended 31st March, 2018. The Secretarial Auditors have submitted their report, confirming compliance by the Company of all the provisions of the applicable corporate laws. The Report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is annexed as **Annexure 4** to this report.

Tax Auditors

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

INTERNAL CONTROLS SYSTEMS AND THEIR ADEQUACY

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

The Company 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 authorised, recorded and reported correctly. The Company's internal financial control system also comprises due compliances with Company's policies, standard operating procedures and audit and compliance by an in-house internal audit division, supplemented by internal audit checks from M/s. Ernst &Young, LLP, the Internal Auditors and various transaction auditors.

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.

OTHER DISCLOSURES

Events Subsequent to the Date of the Financial Statements

There were material changes / commitments affecting the financial position of the company between March 31, 2018 and the date of Board's Report.

The Board at its meeting held on 28th February, 2018 had approved the Divestment of Automotive and wind Farm business located at Chennai and Coimbatore. The shareholders had approved the proposal of Divestment through postal ballot process. Mr. Vijay Kumar (practicing Company Secretary had issued the scrutinizer report dated 16th May, 2018 and declared the resolution passed with requisite majority and the same is made available on the website of the Company.

Change in the Nature of Business, if any

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

Significant & Material Orders Passed by the Regulators

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

Demat Suspense Account unclaimed shares

As on 31st March, 2018 there are 22 members, holding 1,161 equity shares of ₹10/- each, lying in the escrow account due to non-availability of their correct particulars. A detailed note in this regard is provided in the Corporate Governance Section under "Suspense Account for the unclaimed shares". The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Extract of the Annual Return

Pursuant to the provisions of section 92(3) of the Companies Act,2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return is made part of this Annual Report.

Listing with Stock Exchanges

The Company confirms that it has paid the Annual Listing Fees for the year 2017-2018 to NSE and BSE where the Company's Shares are listed.

Consolidated Financial Statements

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

RELATED PARTY TRANSACTIONS

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

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

ENVIRONMENTAL PROTECTION MEASURES

Your Company continuously strives to reduce our environmental footprint, while enhancing livelihood of people across our product value chain. Accordingly the Company has adopted a number of measures to improve in the field of environment, safety and health. Measures like standard operating procedures, training programmes for all levels of employees regarding resource conservation, 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 & OUTGOING

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

Conservation of Energy

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

Technology Absorption

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

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

Research & Development (R&D)

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

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

Expenditure on Research & Development (₹ in lacs)

Particulars		31st March, 2018	31st March, 2017
A.	Capital	**69**	**52**
B.	Revenue	**486**	**635**
	Total	**555**	**687**

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Particulars	31st March, 2018	31st March, 2017
a. Total Foreign Exchange Earned	**26,602**	24,460
b. Total Foreign Exchange Used	**11,338**	8,562
• Import of Raw materials, components, stores and spares	**9,750**	8,154
• Foreign Travel	**100**	41
• Interest	**33**	169
• Capital Expenditure	**1,303**	93
• Others	**152**	105

MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

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

CORPORATE GOVERNANCE

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

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

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

PROMOTERS

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

Mr. Udayant Malhoutra is the promoter of the Company within the definition of 'Promoter' for the purpose of regulations 2(1)(s) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Details of the promoter group are appended as under:

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

a. In the preparation of accounts for the financial year ended March 31, 2018, 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 March 31, 2018, 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.

HUMAN RESOURCES

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

ACKNOWLEDGMENTS

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

For and on behalf of the Board of Directors

Udayant Malhoutra	**P S Ramesh**
CEO & Managing Director	Executive Director
DIN : 00053714	& COO, Aerospace, India
	DIN: 05205364

Place : Bangalore
Date : 29 May 2018

ANNEXURE - 1

Form AOC-1

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

(₹ in lacs)

Sl. No.	Name of the Subsidiary	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities [excluding (2) & (3)]	Investments			% of Holding	Turnover	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend (incl. dividend tax)
	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)	6,045	7,244	22,760	9,472	-	-	-	100%	24,660	635	140	495	-
2	Yew Tree Investments Ltd,UK (a)	-	1,611	1,048	(563)	-	-	-	100%	-	68	18	50	-
3	Dynamatic LLC, US	-	(65)	65	130	-	-	-	100%	77	(59)	-	(59)	
4	JKM Erla Holdings GmbH, Germany (c)	20	21,514	27,489	5,955	25,082	-	25,082	100%	-	(356)	-	(356)	-
5	Eisenwerk Erla GmbH, Germany (c)	1,290	14,500	37,135	21,344	4,858	-	4,858	100%	58,861	1,443	315	1,127	-
6	JKM Global Pte Limited, Singapore (b)	8,777	(254)	9,363	839	9,284	-	9,284	100%	-	(246)	-	(246)	-
	Indian Subsidiaries													
7	JKM Erla Automotive Limited	10,455	10,241	20,700	4	20,689	-	20,689	99.99%	-	(7)	-	(7)	-
8	JKM Automotive Limited	1	(1)	1	-	-	-	-	99.99%	-	(1)	-	(1)	-
9	JKM Ferrotech Limited	16,651	(14,574)	12,415	10,338	60	-	60	99.99%	10,484	(1,372)	-	(1,372)	-
10	JKM Research Farm Limited	500	1,985	2,496	12	-	-	-	99.99%	-	34	12	22	-

Details of reporting currency and the rate used for converting.

Reporting Currency Reference	For Conversion		
	Currency	Average Rate (in ₹)	Closing Rate (in ₹)
a	GBP	85.47	92.28
b	SGD	47.52	49.72
c	EURO	75.42	80.62

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 : Bangalore
Date : 29 May 2018

Udayant Malhoutra
CEO & Managing Director
DIN : 00053714

P S Ramesh
Executive Director
& COO, Aerospace, India
DIN: 05205364

ANNEXURE - 2

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

1. Details / Disclosures of Ratio of Remuneration to each Director to the median employee's remuneration of the Employees of the Company (Ratio) for the financial year 2016-17 and the percentage increase in remuneration of Directors and Key Managerial Personnel (KMP) (%) during the financial year 2017-18:

Name & Designation	Category	2016-17 (in ₹)	2017-18 (in ₹)	Increase/Decrease	Ratio	% increase
Mr. Udayant Malhoutra, CEO & Managing Director	Director and KMP	79,29,012	79,29,012	-	1:17	0
Mr. Hanuman Kumar Sharma Group CFO & Executive Director (Resigned w.e.f 14th February 2018)	Director and KMP	1,01,68,702	1,28,70,374	27,01,672	1:27	26.57
Mr. P S Ramesh, Executive Director & COO, Dynamatic-Oldland Aerospace™, India	Director and KMP	57,22,096	75,48,776	18,26,680	1:16	31.92
Mr. Arvind Mishra, Executive Director and Global Chief Operating Officer-Hydraulics, Head of Homeland Security	Director and KMP	-	64,14,650	N/A	1:13	NA
Mr. Naveen Chandra, Head-Legal, Compliance and Company Secretary	KMP	23,99,562	28,27,152	4,27,590	1:6	17.82
Mr. Chalapathi P, Chief Financial Office	KMP	-	36,43,478	N/A	1:8	NA

Name of the Director	Sitting Fees (INR)
Mr. Vijai Kapur (Ceasedw.e.f 13th August 2017)	2,50,000
Air Chief Marshal S. Krishnaswamy (Retd.) (Ceasedw.e.f 13th August 2017)	3,50,000
Mr. Govind Mirchandani	13,00,000
Ms. Malavika Jayaram	1,00,000
Mr. Nalini Ranjan Mohanty	10,50,000
Mr. Shirish Saraf (Disqualified as Director under Section 164(2)(a) read with 167(1)(a) on 25th April 2018)	50,000

2. The percentage increase in the median remuneration of employees in this financial year is 29.74%
3. The number of permanent employees on the rolls of company: 1,146
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 21.53%

   Average percentage increase in the managerial remuneration is 13.69%.
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

Name	Mr. Hanuman Kumar Sharma (Resigned w.e.f 14th February 2018)
Designation	Group CFO & Executive Director
Remuneration (CTC) received during 2017-18	₹1,28,70,374
Nature of Employment Contractual / otherwise	Regular
Nature of Duties	Financial Planning & Control
Qualification	CA, CS, CWA, MBA & B.Com.
Experience	20 years
Age	44 years
Last Employment	CFO - Kamaz Vectra Motors
Date of commencement of Employment	17 - 09 - 2012
No. of Share	Nil
%of Paid up Capital	Nil
Relationship with other Directors	Nil

Udayant Malhoutra
CEO & Managing Director
DIN : 00053714

P S Ramesh
Executive Director & Coo, Aerospace
DIN: 0005205364

Place : Bangalore
Date : 29th May, 2018

ANNEXURE - 3

DYNAMATIC TECHNOLOGIES LIMITED REMUNERATION POLICY

Preamble

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

1.2 This Policy applies to Directors, senior management including its Key Managerial Personnel (KMP) and other employees of Dynamatic.

Guiding Principle

2.1 The guiding principle is that the remuneration and other terms of employment shall be competitive in order to ensure that Dynamatic can attract and retain competent executives.

2.2 The Remuneration Policy for executives reflects the overriding remuneration philosophy and principles of the Dynamatic. When determining the Remuneration Policy and arrangements for Executive Directors/ KMP's, the Nomination and Remuneration Committee ('NRC') considers pay and employment conditions with peers / elsewhere in the competitive market to ensure that pay structures are appropriately aligned and that levels of remuneration remain relevant in this context.

2.3 The NRC while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.

2.4 The NRC while considering a remuneration package ensures a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

2.5 The NRC considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

Reward Principles and Objectives

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

P S Ramesh
Executive Director
& COO, Aerospace, India
DIN: 05205364

Place : Bangalore
Date : 29 May, 2018

ANNEXURE - 4

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2018

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

To

The Members of

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 31 March 2018 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 31 March, 2018 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.

On the basis of the written representation received from Mr Shirish Saraf as on 31 March 2018, I report that he is disqualified from being appointed as a director in terms section 164 (2)(a) of the Act. Subsequent to disqualification, the Board of Directors at their meeting held on 25 April 2018 took on record the annual disclosures and passed the resolution for vacation of office as director by Mr. Shirish Saraf. As far as other directors are concerned, on the basis of the written representation received from such directors, and taken on record by the Board of Directors, I report that none of the remaining directors are disqualified as on 31 March 2018 from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013.

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

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

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

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

1) Demerger Plan of Auto Division: The Board of Directors at their meeting held on 28 Feb 2018 considered and approved, subject to necessary approval(s), the disinvestments, viz., (a) JKM – Auto division situated at Sriperumbudur, Tamilnadu; (b) Aluminum Foundry division situated at Sriperumbudur, Tamilnadu; and (c) Wind farm property situated at Coimbatore, Tamilnadu. The Board also considered and approved, subject to necessary approvals, as may be required, to take steps to ensure JKM Ferrotech Limited becomes 100% subsidiary of JKM Erla Automotive Limited, which is holding company of Eisenwerk Erla, GmbH.

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

Place : Bangalore
Date : 29 May 2018

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

Place : Bangalore
Date : 29 May 2018

ANNEXURE - 5

FORM NO. MGT 9 (Extract of Annual Return as on financial year ended on 31.03.2018)
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Standalone

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	Turnover amount in ₹ lacs	% to total turnover of the company
1	Hydraulic products	2813	22,354	39%
2	Aerospace Products	3030	25,251	44%
3	Automotive Products	2930	8,062	14%
4	Others	-	1,228	3%
	Total Revenue		**56,895**	**100%**

Consolidated

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	Turnover amount in ₹ lacs	% to total turnover of the company
1	Hydraulic products	2813	31,549	22%
2	Aerospace Products	3030	35,636	25%
3	Automotive Products	2930	63,137	45%
4	Iron Castings	2431	10,484	7%
5	Others	-	36	1%
	Total Revenue		**140,842**	**100%**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) as at 31st March, 2018

A) Category-wise Share Holding

CATEGORY CODE	CATEGORY OF SHAREHOLDER	No. of Shares held at the end of the year [As on 31st March 2017]				No. of Shares held at the end of the year [As on 31st March 2018]				% 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	7,15,117	Nil	7,15,117	11.28	Nil
(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**	**31,83,245**	Nil	**31,83,245**	**50.20**	Nil
(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**	**31,83,245**	Nil	**31,83,245**	**50.20**	Nil
(B)	**PUBLIC SHAREHOLDING**									
(1)	**INSTITUTIONS**									
(a)	Mutual Funds /UTI	8,20,552	10,503	8,31,055	13.11	6,77,055	10,503	6,87,558	10.84	-2.26
(b)	Financial Institutions /Banks	2,981	Nil	2,981	0.05	3,383	Nil	3,383	0.05	0.01
(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	9,30,624	Nil	9,30,624	14.68	9,53,927	Nil	9,53,927	15.04	0.37
(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) :	**17,54,157**	**10,503**	**17,64,660**	**27.83**	**16,34,365**	**10,503**	**16,44,868**	**25.94**	**-1.89**
(2)	**NON-INSTITUTIONS**									
(a)	Bodies Corporate	1,99,721	2453	2,02,174	3.19	2,05,340	2,084	2,07,424	3.27	0.08
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	7,01,211	1,29,351	8,30,562	13.10	7,79,608	1,00,860	8,80,468	13.88	0.79
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	3,31,421	Nil	3,31,421	5.23	3,66,762	Nil	3,66,762	5.78	0.56
(c)	Others		Nil				Nil			
	Clearing Members	1,150	Nil	1,150	0.02	2,328	Nil	2,328	0.04	0.02
	IEPF	Nil	Nil	Nil	Nil	23,424	Nil	23,424	0.37	0.37
	Non Resident Indians	12,219	66	12,285	0.19	12,526	66	12,592	0.20	Nil
	NRI Non-Repatriation	12,145	Nil	12,145	0.19	16,536	Nil	16,536	0.26	0.07
	Trusts	3,801	Nil	3,801	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) :	**12,61,668**	**1,31,870**	**13,93,538**	**21.98**	**14,10,320**	**1,03,010**	**15,13,330**	**23.86**	**1.89**
	Total B=B(1)+B(2) :	**30,15,825**	**1,42,373**	**31,58,198**	**49.80**	**30,44,685**	**1,13,513**	**31,58,198**	**49.80**	**Nil**
	Total (A+B) :	**61,99,070**	**1,42,373**	**63,41,443**	**100.00**	**62,27,930**	**1,13,513**	**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) :	**61,99,070**	**1,42,373**	**63,41,443**	**100.00**	**62,27,930**	**1,13,513**	**63,41,443**	**100.00**	**Nil**

B) SHAREHOLDING OF PROMOTER AND PROMOTERS' GROUP - AS AT 31ST MARCH, 2018

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	7,10,179	11.20	0.007	Nil
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	2.46	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	01-04-2017			7,10,179	11.20
				31-03-2018			7,10,179	11.20
2	JKM HOLDINGS PRIVATE LIMITED	912538	14.39	01-04-2017			9,12,538	14.39
				31-03-2018			9,12,538	14.39
3	UDAYANT MALHOUTRA AND COMPANY PRIVATE LIMITED	642011	10.12	01-04-2017			6,42,011	10.12
				31-03-2018			6,42,011	10.12
4	WAVELL INVESTMENTS PRIVATE LIMITED	448281	7.07	01-04-2017			4,48,281	7.07
				31-03-2018			4,48,281	7.07
5	JKM OFFSHORE INDIA PVT LTD	442071	6.97	01-04-2017			4,42,071	6.97
				31-03-2018			4,42,071	6.97
6	GREENEARTH BIOTECHNOLOGIES LTD	22927	0.36	01-04-2017			22,927	0.36
				31-03-2018			22,927	0.36
7	BAROTA MALHOUTRA	4938	0.08	01-04-2017			4,938	0.08
				31-03-2018			4,938	0.08
8	VITA PRIVATE LTD	100	0.00	01-04-2017			100	0.00
				31-03-2018			100	0.00
9	CHRISTINE HODEN (INDIA) PRIVATE LIMITED	100	0.00	01-04-2017			100	0.00
				31-03-2018			100	0.00
10	PRIMELLA SANITARY PRODUCTS PVT LTD	100	0.00	01-04-2017			100	0.00
				31-03-2018			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	01/04/2017			5,69,650	8.98
				09/02/2018	65,291	Transfer	6,34,941	10.01
				09/02/2018	-65,291	Transfer	5,69,650	8.98
				31/03/2018			5,69,650	8.98
2	SAMENA SPECIAL SITUATIONS MAURITIUS	5,55,754	8.76	01/04/2017			5,55,754	8.76
				31/03/2018			5,55,754	8.76
3	SBI MAGNUM MULTIPLIER FUND	2,04,515	3.23	01/04/2017			2,57,645	4.06
				10/11/2017	-10,930	Transfer	1,93,585	3.05
				12/01/2018	-8,661	Transfer	1,84,924	2.92
				19/01/2018	-11,160	Transfer	1,73,764	2.74
				26/01/2018	-8,020	Transfer	1,65,744	2.61
				02/02/2018	-8,500	Transfer	1,57,244	2.48
				09/02/2018	-10,362	Transfer	1,46,882	2.32
				16/02/2018	-6,000	Transfer	1,40,882	2.22
				23/02/2018	-5,000	Transfer	1,35,882	2.14
				02/03/2018	-21,284	Transfer	1,14,598	1.81
				09/03/2018	-5,000	Transfer	1,09,598	1.73
				16/03/2018	-2,193	Transfer	1,07,405	1.69
				31/03/2018			1,07,405	1.69

4	GOLDMAN SACHS INDIA FUND LIMITED	1,79,011	2.82	01/04/2017			1,79,011	2.82
				31/03/2018			1,79,011	2.82
5	ALCHEMY INDIA LONG TERM FUND LIMITED	1,15,001	1.81	01/04/2017			1,15,001	1.81
				14/04/2017	-3,323	Transfer	1,11,678	1.76
				31/03/2018			1,11,678	1.76
6	MUKUL MAHAVIR PRASAD AGRAWAL	1,00,000	1.58	01/04/2017			1,00,000	1.58
				31/03/2018			1,00,000	1.58
7	NEHA SANGHVI	82,000	1.29	01/04/2017			82,000	1.29
				31/03/2018			82,000	1.29
8	LASHIT SANGHVI	82,000	1.29	01/04/2017			82,000	1.29
				31/03/2018			82,000	1.29
9	TAIYO GREATER INDIA FUND LTD	0	0.00	01/04/2017			80,215	1.26
				12/05/2017	2,321	Transfer	2,321	0.04
				19/05/2017	3,279	Transfer	5,600	0.09
				02/06/2017	5,000	Transfer	10,600	0.17
				09/06/2017	19,900	Transfer	30,500	0.48
				17/11/2017	11,000	Transfer	41,500	0.65
				31/03/2018			41,500	0.65
10	PREMIER INVESTMENT FUND LIMITED	38,741	0.61	01/04/2017			38,741	0.61
				31/03/2018			38,741	0.61
11	CYRIL TRADERS PRIVATE LIMITED	30,983	0.49	01/04/2017			30,983	0.49
				31/03/2018			30,983	0.49

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	01/04/2017			710179	11.20
				31/03/2018			710179	11.20
2	Air Chief Marshal S. Krishnaswamy (Retd.)	69	0.0007	01/04/2017			69	0.0007
				31/03/2018			69	0.0007

V. INDEBTEDNESS

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

Particulars	Secured loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
1) Principal Amount	50,819	1,721	-	52,540
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	2	-	-	2
Total(1 + 2 + 3)	**50,821**	**1,721**	-	**52,542**
Change in Indebtedness during the financial year				
Addition	4,341	-	-	4,341
Reduction	2	800	-	802
Net Change	4,339	(800)	-	3,539
Indebtedness at the end of the financial year				
1) Principal Amount	55,158	921	-	56,081
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
Total(1 + 2 + 3)	**55,158**	**921**	-	**56,081**

VI. REMUNERATION OF DIRECTORS & KEY MANAGERIAL PERSONNEL

Compensation paid to the Directors for the financial year ended 31st March, 2018:

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. Hanuman KumarSharma (WTD & Group CFO)	Mr. Naveen Chandra P (Company Secretary)	Chalapathi P (CFO)	
1	**Gross salary**							
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	72,44,004	68,93,301	59,24,388	1,20,13,144	26,04,979	32,86,161	3,79,65,977
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	6,85,008	6,55,475	490262	8,57,230	2,22,173	3,57,317	32,67,465
	(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**	**75,48,776**	**64,14,650**	**1,28,70,374**	**28,27,152**	**36,43,478**	**4,12,33,442**
	Ceiling as per the Act	**1,20,00,000**	**1,20,00,000**	**1,20,00,000**	**1,20,00,000**	-	-	-

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. Vijai Kapur	2,50,000	-	-			2,50,000
Air Chief Marshal S. Krishnaswamy (Retd.)	3,50,000	-	-			3,50,000
Mr. Govind Mirchandani	13,00,000	-	-			13,00,000
Ms. Malavika Jayaram	1,00,000	-	-			1,00,000
Mr. Nalini Ranjan Mohanty	10,50,000	-	-			10,50,000
Mr. Shirish Saraf	50,000					50,000
Other Non- Executive & Non-Independent Directors						
Mr. Raymond Keith Lawton	-	-	-	-	-	-
Mr. Dietmar Hahn	-	-	-	-	-	-
Mr. James David Tucker	-	-	-	-	-	-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Udayant Malhoutra
CEO & Managing Director
DIN : 00053714

P S Ramesh
Executive Director
& COO, Aerospace, India
DIN: 05205364

Place : Bangalore
Date : 29 May, 2018

ANNEXURE – 6

AOC-2

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

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

Name of related party	Nature of relationship	Nature of contracts/ arrangement/ transactions	Transactions during the year ended 31st March 2018	Date of approval by the Board	Amount Paid as a advance
Dynamatic Limited, UK	Step Subsidiary	Sale of manufactured goods	159	As per Listing Regulations, appropriate omnibus approval have been obtained at the Audit and Risk Management Committee Meetings held on 13th September 2017, 14th November 2017, 13th December 2017, 13th February 2018, 28th February 2018 and 29th May 2018	Nil
		Purchase of raw materials	3,888		Nil
		Purchase of fixed assets	1,111		Nil
		Management fees	438		Nil
JKM Research Farm Limited	Subsidiary	Expenses- rent	48		Nil
Eisenwerk Erla GmbH, Germany	Step Subsidiary	Management fees income	753		Nil
JKM Ferrotech Limited	Step Subsidiary	Sales of raw materials	102		Nil
		Purchase of raw materials and components	2,405		Nil
		Other income-interest income	50		Nil
		Loans and advances given	1,331		Nil
		Loans and advances repaid	(1,331)		Nil
			2,226		Nil
JKM Holdings Private Limited	Companies over which key management personnel or relatives of such personnel are able to exercise significant influence (other related entities)	Rent paid	4		Nil
Udayant Malhoutra	Chief Executive Officer and Managing Director	Managerial remuneration	79		Nil
Hanuman Kumar Sharma (Resigned w.e.f 14th Feb 2018)	Executive Director and Group CFO	Managerial remuneration	145		Nil
Chalapathi P	Chief Financial Officer	Managerial remuneration	14		Nil
P. S. Ramesh	Executive Director and Chief Operating Officer– Aerospace, India	Managerial remuneration	75		Nil
Arvind Mishra	Executive Director and Chief Operating Officer– Hydraulics, India	Managerial remuneration	41		Nil
Naveen Chandra	Head-Legal, Compliances and Company Secretary	Managerial remuneration	28		Nil

Place : Bangalore
Date : 29 May, 2018

Udayant Malhoutra
CEO & Managing Director
DIN : 00053714

P S Ramesh
Executive Director & COO,
Aerospace, India. DIN: 05205364

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, 2018

Udayant Malhoutra
CEO & Managing Director
DIN : 00053714

Chalapathi P
Chief Financial Officer
Pan No : AMXPP4042L

Place : Bangalore
Date : 29 May 2018

BUSINESS OVERVIEW

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

The Company is one of the world's largest manufacturers of hydraulic gear pumps and automotive turbochargers and has leadership in hydraulic gear pumps market for over 44 years. It has 60% share of the Indian organized tractor market with supplies to almost all OEMs in India. Dynamatic Technologies is a pioneer and leader in the Indian private sector for the manufacture of 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 (Bangalore, Chennai, Coimbatore, Nasik), United Kingdom (Swindon, Bristol) and Germany (Schwarzenberg), are lean, green and clean, and processes are designed to ensure cost effective manufacturing methods and comply with norms to ensure safety and protect .

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

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

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

The **Aerospace & Defence** products include control surfaces such as wing, ailerons and wing flaps, and fuselages, & other key flight critical airframe structures such as flap track beams, Aerospace division has built excellent capability in machining 5 axis components in Aluminum, Steel and Titanium. Tooling is another proven expertise the division has demonstrated.

RESEARCH & DEVELOPMENT

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

The Company owns 21 patents to its credit in various countries including India, USA, UK, Germany and other European countries. There are 4 patent applications which are pending for registration.

Besides the patents mentioned above, the Company has registered eight trademarks and applied for multiple others in various countries including India, USA and UK. Dynamatic Technologies employs over 60 scientists and 600 engineers and technicians with expertise in Mechanical Engineering, Advanced Computer Aided Engineering, Computer Aided Manufacture, Materials & Metallurgical Engineering, Fluid Dynamics and Defence & Aerospace Research. The state-of-the- art JKM Science Center brings together Design Engineering, Development, Prototyping, Metallurgical and Manufacturing Infrastructure enabling your Company to comprehensively address the needs of its global customers.

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

GLOBAL MACROECONOMIC SCENARIO

Towards the end of calendar year 2016, the global economic activity began to see modest pickup and momentum continued in 2017. The global economy rebound could be clearly seen amid low financial volatility, banking sector reforms, recovery in commodity sectors and thus creating a positive investment environment. This has supported the capital flows to emerging markets with a rise in cross border lending. World industrial production has increased with a recovery in global trade driven by stronger demand in Emerging Asia. Global trade which is highly correlated with global investments recovered strongly in 2017 after two years of weakness.

In advanced economies, the growth was driven by an uptick in investment spending which had remained weak since the 2008-09 global financial crises. Large exporters, such as Germany, Japan, the United Kingdom and the United States, contributed strongly to the recovery in exports while the recovery in imports was broad based, except in the United

Kingdom. New monetary policy and the gradual fading of crisis-related drags have been instrumental in helping advanced economies to attain growth and reduce unemployment. In developing economies, the growth was primarily driven by resurgent net exports and strong private consumption. The rebound in exports was particularly strong in emerging Asia.

Overall improved investment and economic sentiments has led to a global economic growth of 3.8% which is the highest rate of growth since 2011. About 75% of the world economy grew at a faster pace in 2017 compared to the same period last year. This growth momentum is expected to continue for the global economic activity and record a growth of 3.9% in both 2018 and 2019.

INDIAN ECONOMY

FY2017-18 was a year of major structural reforms, economic activity was slow during the first half of the year due to post demonetization impact and liquidity crunch. Consumer spending and consumption confidence suffered due to demonetization, however a recovery is underway and spending patterns gradually improving. In the later part of the year, Government of India implemented one of the biggest tax reforms of the country, the Goods and Service Tax (GST). The economy remained resilient and has recovered remarkably after the transitory negative impacts of demonetization and GST.

In addition, the Indian Government also took various initiatives to strengthen credibility and effectiveness of monetary policy including the introduction of the Insolvency and Bankruptcy Code. This code aims at protecting the interests of small investors and make the process of doing business simpler. The banking sector recapitalisation plan announced by the central government is expected to give a big boost to the banking sector.

These structural reforms have provided much needed impetus for transparent economic growth and is confirmed by the recovery in industrial production and investment. India's economic outlook looks promising and is projected to grow at 7.4% and 7.8% in 2018 and 2019, respectively, surpassing China to become the fastest growing economy in the world. Inflation pressure was seen during the second part of the year due to rise in crude oil prices and may put pressure on growth in the coming year.

INDUSTRY OVERVIEW AND SEGMENT DISCUSSION

Hydraulics

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

Industry Overview and Outlook

Farm Mechanisation

With back to back 2 years of good monsoons and pro-rural policies from GOI, Tractor industry in FY2018 has shown a great promise with apporximately 17% YOY growth in the number of tractors produced in India. In addition to favourable crop cycles, increased haulage demand from usage of tractors in construction activities with investments in infrastructure development picking up, coupled with various government support programs laying Government of India's (GoI's) endeavor to double the farmer's income by FY2022,has supported demand to an extent.

With industry drivers intact and a large potential for farm mechanisation in India which is currently at less than 50% as against Europe and USA where the respective numbers are over 80%, industry will witness steady growth for next few years. Add to this the opportunity for non farm income through deployment of tractors for construction industry, Tractor production in India will contiunue on the helathy growth path.

Construction

The outlook for the construction sector is very positive with the government ready to mobilise $1 trillion investment plan over the next five years.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 etc will continue to drive growth in this sector.

Machine Tools and Material Handling

This industry caters to and is driven by Automotive industry. The Automotive Mission plan 2026 shows clear vision of the GOI which aims at making India a global manufacturing sector. In addition, other Initiatives like NEMMP 2020 and Make in India keep the industry sentiments fairly positive. Supporting infrastructure growth, well established auto ancillary supply chain and FDI augur well for growth in the auto industry.

The Indian automotive aftermarket is estimated to grow at around 10-15 per cent to reach US$ 16.5 billion by 2021 from around US$ 7 billion in 2016. It has the potential to generate up to US$ 300 billion in annual revenue by 2026, create 65 million additional jobs and contribute over 12 per cent to India's Gross Domestic Product

Segment Overview

Dynamatic Hydraulics™ manufactures high precision hydraulic aggregates for tractors, construction equipment, material handling and machine tool industries. Your company has three state-of-the-art manufacturing excellence centers at Bangalore for aluminum pumps, cast iron pumps and agriculture sector valves backed by (Department of Scientific and Industrial

Research) DSIR approved design and R&D center and a rapid prototyping laboratory.

The Company has approximately 74% market share in the domestic tractor industry and is a partner of choice for almost all tractor OEMs globally. Your company also designs and builds hydraulic hitch control valve with draft control and complete rockshaft assembly for the agricultural tractors.

The demand for equipment with higher horse power (HP) (i.e. over 50 HP) is expected to continue to grow faster than the industry both in the domestic market as well as for exports. Dynamatic Technologies is strategically positioned to cater to this market sector with highest installed capacity in India to produce tandem pumps. While the Tractor Industry in India is growing at a healthy pace and a lot of growth for Dynamatic will come from there, your company is also increasing its share of business with all Tractor manufacturing OEMs. This will further drive the grwoth.

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

Operational and Financial Performance (₹ in lacs)

Particulars	FY2018	FY2017	Change (%)
Revenue	**31,111**	**27,683**	**12.4%**
EBITDA	**3,712**	**3,975**	**(6.8)%**
Margin %	*11.9%*	*14.4%*	

Hydraulics segment recorded a growth of 12.4% during FY2018 to reach ₹ 31,111 Lacs mainly on account of better order offtake. EBITDA during the same period declined by (6.8)%. This was primarily due to a one-time impact of long term union wages revision. Going forward, performance in India is expected to remain strong on the back of improved farm sentiment due to better monsoon and investment in the infrastructure sector. Additionally, with the sales office in the US, the Company expects to expand further in the North American. This segment continues to focus on OEM market, exports and growth through replacement market and lean manufacturing systems.

AUTOMOTIVE & METALLURGY

Industry Overview and Outlook

In 2017 global sales of passenger cars and LCV sales hit a record sales with around 94.5 million sold and up 2.4 % from 2016.

China remains the largest single market with 25,8 million sales despite reporting the slowest growth rate in more than a decade. Car sales in the EMEA region were up 3,5% to 21 million with Germany as the biggest market growing 3% and Russia showing double digit growth after four years of slumping sales.

North American car sales decreased 1,5% to 20,9 million vehicles as record sales in Canada (+5% to break 2 million for the first time) were offset by declines in the US (-2% after 7 years of growth) and Mexico (-5% after two record years).

Sales in the Asia Pacific region excluding China, Japan and South Korea were up 5,2% to 8,04 million, boosted by India and Thailand (+14% after four years of declines).

Australia set another sales record for the third consecutive year, despite just a small gain. Japan was up 2,3% to 5,16 million (of which just 300.000 non-Japanese brands) while South Korea was down 1,8% to 1,76 million. The South America region was the most dynamic, recovering from its crisis with a 14,6% improvement in car sales to 3,4 million. Of the three largest markets in the region Brazil grew by 9% to 2,17 million, Argentina by 26% to 861.000 and Chile by 22% to 370.000 (of which just over 10% Chinese brands).

The 2017-18 financial year turned out to be a major success for the Indian automotive industry, which has registered almost double-digit growth during last fiscal year. India overtook Germany as the fourth largest global automotive market, right behind China, the United States and Japan. The total vehicle sales in India during FY 2018 grew by 9.2 per cent with total sales of 4.02 million units, compared to Germany, which saw a growth of a decent 2.19 per cent, with total sales accounting for 3.81 million. This includes the sale of passenger vehicles, commercial vehicles, sold during April 2017 -March 2018.

The sales volume built upon last year's momentum to register a double-digit growth - first time since FY12 - helped by improvement in the rural economy and partly due to demonetization-influenced low base in the second half of FY17.

Based on the sales report by the Society of Indian Automotive Manufacturers (SIAM) the country domestic sales and exports in the automotive market saw a major surge across all segments. In the domestic market, the passenger vehicle market saw a growth of 7.89 per cent, with sale 3.28 million vehicles in April-March 2018, majorly led by utility vehicle sales, which itself saw a growth of 20.97 per cent. Within the passenger vehicles segment, a sale of passenger cars, and vans grew by 3.33 per cent and 5.78 per cent respectively, over the same period last fiscal year

As for the commercial vehicle segment, total sales grew by 19.94 percent during April-March 2018. Medium & Heavy Commercial Vehicles (M&HCVs) segment saw a growth of 12.48 per cent, while Light Commercial Vehicles (LCV) segment grew by 25.42 per cent, during the same period.

The Company is focusing on multiple areas to drive higher growth and profitability in the Automotive business. Over the years, the Company has developed capabilities to manufacture performance critical components for the automotive industry such as turbochargers and exhaust manifolds, 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 Automotive™, India, the automotive division of the Company located in Chennai, possesses state-of-the- art manufacturing platform for the supply of advanced automotive components. It is the only company in Chennai which has the unique expertise in aluminum and green sand ferrous foundries and manufactures high technology castings for automotive OEMs. It produces high quality ferrous and

non-ferrous critical engine and transmission components on a single source basis for the global automotive OEMs such as Hyundai Motors India , Daimler India , Tata Motors, Nissan ,Honeywell and MAGNA. It caters to the needs of Indian passenger car market and is currently working towards enhancing the global footprint through collaborations with international automotive OEMs.

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

The JKM Ferrotech Limited, India, facility in Chennai specialize in safety critical brake components for passenger cars and trucks and is the largest supplier to Haldex India and Chassis Brakes International. Foundry is certified for various quality standards like IATF 16949, ISO 14001 and OHSAS 18001. Business added new customers - Myunghwa, Woosu and PHI who are Korean Tier I to Hyundai Motors. Our foundry was approved by Hyundai Motors Corporation, Korea for producing safety critical part Steering Knuckle for Myunghwa India.

Dynametal®, India, incorporates the use of the latest technology and metallurgical processes to produce high quality Aluminum gravity die castings and Pressure die castings for automotive application .Foundry is equipped with best in class manufacturing and quality testing equipments to produce intricate contours and complex castings.

Eisenwerk Erla GmbH, Germany, is a preferred supplier of precision, complex metallurgical products for automotive engines and turbochargers to leading global automotive OEMs including Audi, BMW, Borg Warner Turbo Emission Systems, Daimler and Volkswagen. With a history of over 630 years, Eisenwerk Erla possesses one of the finest ferrous foundries in Europe, capable of manufacturing extremely intricate ferrous castings from difficult-to-cast materials. It also has strong R&D capabilities with patented technologies specific to the automotive industry. During the year, the first "Machining Facility" was inaugurated at Eisenwerk Erla GmbH, Germany. This is fully robotized facility for machining at Erla, which incorporates the latest technological innovations and will allow Dynamatic to increase its competitiveness in manufacturing high value precision parts of BMW. It is also expected to drive the both revenue and profitability in the coming year.

Operational and Financial Performance (₹ in lacs)

Particulars	FY2018	FY2017	Change (%)
Revenue	**73,225**	88,358	(17.1)%
EBITDA	**1,849**	2,939	(37.0)%
Margin %	*2.5%*	*3.3%*	

During the year FY2018, Dynamatic took a conscious step to rationalize product mix to enhance margins. Adoption of such rationalization strategy had a temporary impact on the financials performance during the year but significant improvement in EBITDA during Q4 FY2018. 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 FY2019. The new machining facility commissioned in Germany will drive both revenue and profitability in the coming year. Dynamitic 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.

AEROSPACE & DEFENCE

INDUSTRY OVERVIEW AND OUTLOOK

With rising passenger traffic, increasing military and defence expenditures globally, the demand for aircrafts is expected to increase. As Indian manufacturing capabilities advance over the years, it is expected to capture a large share of this opportunity. The Indian aerospace industry is one of the fastest-growing in the world with an expanding consumer base. The robust growth of the aerospace industry has also led global leaders to look to India as an attractive manufacturing platform. Factors driving progress in the aerospace industry include strong economic growth leading to rapidly expanding domestic aircraft demand, the liberalization of civil aviation policies, offset requirements, a robust domestic manufacturing base, cost advantages, a large talent pool, the ability to leverage IT competitiveness and a liberal Special Economic Zones law that provides attractive fiscal benefits for developers and manufacturers. However, the industryis 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 became the third largest aerospace industry by 2020. Driven by the rapid increase in passenger traffic over the last few years, almost all Indian airlines are focused on increasing their capacities. This has put pressure on the existing civil aviation infrastructure in the country. Key focus is on modernisation 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 operationalise 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 forecast 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

The defence sector in India has experienced robust growth over the year, with India's defence budget for 2017-18 reaching US$ 57.4 billion. Indian defence industry today is on the threshold of entering into a new era where it will assume greater responsibility in making the nation self-reliant in defence production.

The important development in the defence sector in 2017 was 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 broad objective of the Policy was to encourage private sector participation, enhance competition, increase efficiency, create 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 also opens the doors for Indian companies to form joint ventures with multinational original-equipment manufacturers (OEMs) for defence production. In the next 10 years, an estimated, Rs. 5 lakh crore ($ 100 billion) will be invested on acquisitions in the aerospace and defence sector in India.

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 CAGR of nearly 50 per cent every year. In 2018, the Government has substantially increased the budget. An amount of Rs. 9,734 crore has been allocated for R&D, which is an increase of 29% from last year, and is expected to boost indigenous defence manufacturing. Further supported by promotion of the Make in India initiative which will help to develop and nurture defence production capabilities.

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.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 100 Aircrafts sets have been produced and supplied to HAL, Nasik from our facility in Nasik.

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

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

In the commercial aircraft business, the Company has been 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 4,300 aircrafts sets till date and is working closely with Spirit AeroSystems to ramp up furter 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 last year and the series commercial production was started in the presence of Rt. Hon. Ms. Therese May, Prime Minister of UK visiting the facility. The project has a deep industrialization with over 96% of details manufactured within Dynamatic and Final assembly shipped to Airbus. The company is projected to be a single source in 2019 making the company 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.

TECHNOLOGY & QUALITY

Dynamatic being a Tier 1 company for OEMs has continuously invested in technology for the making the business more cost effective and world class. The company has put in best practices by implementing Lean Manufacturing, Continuous Improvement programs etc. the company has also launched QSP – Quality, Safety & 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, Laser Tracker etc., Paint Booths, high accuracy 5-axis machines which are one of the largest giga milling machines in the country. This giga milling machine comes with a special probing software system enhancing the capability of the machine beyond a CMM.

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

The company has also established Skill Development Center in house to train and mentor new recruits. Having adopted a govt ITI under PPP, the company 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 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 standards. Dynamatic Technologies has also been accredited with Environmental Management System (EMS) certification under ISO: 14001.

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

Dynamatic Homeland Security™, offers cutting edge security products and technologies such as unmanned aerial vehicles, mobile surveillance vehicles, under vehicle scanners, bollards, boom barriers and RFID based access controls. These solutions are aimed at enhancing the potential customers' capabilities in countering modern day security threats. The Company has industrial defence production licenses from the Ministry of Commerce & Industry, Government of India for the manufacture of drones (unmanned aerial systems.

Operational and Financial Performance (₹ in lacs)

Particulars	FY2018	FY2017	Change (%)
Revenue	**35,634**	**34,569**	**3.1%**
EBITDA	**8,143**	**10,473**	**(22.25)%**
Margin %	*22.9%*	*30.3%*	

Performance during Q1 FY2018 was impacted due to uncertainty in export procedure under GST regulations which resulted in reversal of sales due to cut off procedure. Continuing order book execution led to substantial revenue growth for the rest of the year. EBITDA during the year was subdued due to increase in raw material expense on account of new projects mix combined with one-time impact of long term union wages revision. 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 with shifting of facilities ongoing and expected to be completed during H1 FY2019. This segment is focused on developing capabilities in large aero-structural assemblies and high precision areo-structure design and manufacture.

JKM Wind Farm

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

FINANCIAL CONDITION

Share Capital (₹ in lacs)

Year Ended 31st March	FY2018	FY2017	Change (%)
Share Capital	**634**	634	0
Reserve & Surplus	**30,750**	29,245	5.15%

The Company had an Authorized Share Capital of ₹2,500 lacs, as on March 31st, 2018, divided into 20,000,000 shares with face value of ₹10 each. The issued, subscribed and paid-up share capital was ₹634 lacs, as on March 31st, 2018 unchanged from March 31st, 2017.

The Reserves and Surplus were ₹30,750 lacs, as on March 31st, 2018, increase of ₹1,505 lacs compared to March 31st, 2017.

The increase is attributable to: (₹ in lacs)

Profit generated during the year	**72**
Other Comprehensive Income during the year	**2,226**
Total	**2,298**

Offset by: (₹ in lacs)

Debit balance arising on consolidation	**793**
Total	**793**
Net Change	**1,505**

Borrowings (₹ in lacs)

Year Ended 31st March	FY2018	FY2017	Change (%)
Long term borrowings	**48,925**	50,388	**(2.90%)**
Short term borrowings	**22,092**	17,651	**25.16%**
Total	**71,017**	68,039	**4.38%**

On account of the implementation of GST, our working capital utilization increased, leading to higher short-term borrowings and finance cost on a y-o-y basis. Furthermore, to reduce the borrowing and interest cost, the Board of Directors of the Company has approved the divestiture of the JKM-Automotive division, aluminium foundry and the wind farm.

Fixed Assets (₹ in lacs)

Year Ended 31st March	FY2018	FY2017	Change (%)
Property plant and equipment	**66,875**	64,673	**3.40%**
Intangible assets	**2,882**	2,991	**(3.64%)**
Capital work in progress	**817**	2,433	**(66.42%)**
Total	**70,574**	70,097	**0.68%**

Increase in fixed assets is primarily due to the completion of ongoing projects in the Aerospace division. 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 ₹7,085 lacs for physical infrastructure and ₹218 lacs for procurement of intangible assets. Significant investments have been made in building infrastructure, state-of-the-art machinery, design software, data security, information systems, and design and development activities; for the future benefits of your Company.

Inventories

The inventories of the Company mainly comprise of raw material of ₹10,147 lacs, work in progress of ₹15,168 lacs, finished goods of ₹2,208 lacs and stores and spares of ₹782 lacs. The account showed increase of ₹4,471 lacs during the year, primarily due to the new projects in the aerospace division.

OPPORTUNITIES & THREATS

Growth in Indian economy: FY2018 has been a year of reforms for Indian economy. These structural reforms have provided much needed impetus for recovery and growth in the industrial production and investment. India's economic outlook looks promising and is projected to grow at 7.4% and 7.8% in 2018 and 2019, respectively, surpassing China to become the fastest growing economy in the world. These fundamental drivers provide a strong case for the growth of automotive and industrial sectors in India.

Regulatory changes: Increase in regulations related to environment and safety standards are expected to increase cost and complexity for the component manufacturers. Further, as OEMs seek to develop alternative powertrain technologies, suppliers will likely 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.

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

Promising Industry Dynamics: Indian automotive industry registered a robust production growth of 14.8% in FY2018 and momentum is expected to continue going forward. Rising disposable incomes, rapid urbanization, lower finance costs, agricultural automation and industrial growth all support further penetration of automotive vehicles across India.

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

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

RISKS & CONCERNS

Competition: The business environment in which the Company operates is highly competitive in nature. In addition, it is standard practice for OEMs to maintain multiple suppliers for their products. However, Dynamatic Technologies believes that this is not a major concern as they always focus on enhancing the quality of the product and to ensure customer satisfaction. Furthermore, the long standing relationship that it has with the global OEMs is an added advantage.

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

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

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

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

RISK MANAGEMENT

The Company emphasizes on achieving the corporate strategic objectives by following best practices in Risk Management. It has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework. This mechanism is implemented as an integral part of our business processes across the entire Dynamatic Technologies operations and includes recording, monitoring, and controlling internal enterprise business risks and appropriate actions are immediately taken to mitigate such risks.

QUALITY MANAGEMENT SYSTEM (QMS)

Dynamatic-Oldland Aerospace is always focused on achieving international quality standards for its products and services. In pursuit of this goal, the Company has established a comprehensive Aerospace 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.

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

Your company is also NADCAP (accreditation for special processes in the aerospace and defense industry) accredited for special processes like Heat Treatment, Spot Welding, Non Destructive Testing and Measurement & Inspection.

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

As part of continual improvements, your company is going digital by deploying software's like

- Compliant Management System
- Document Management system
- Engineering Change management system modules

to enhance the Quality Management System.

Your Company is the first to adopt and implement AS9145 International Standard for Advanced Product Quality Planning (APQP) and Production Part Approval Process (PPAP) in Aerospace domain.

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, etc. 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 (GEM).

Your company 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). Your company also implemented Information Security Management System (ISO/IEC 27001) and is certified by DQS, India.

Your 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 (Competency Assessment & Training Identification) 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, 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: Your Company has successfully completed the surveillance audits to ISO: 9001 specifications for Quality Management System and also to ISO:14001 specifications for its Environmental Management System. Your Company's QMS which is compliant to ISO standards since 1999, has evolved and matured and is highly system driven. These two management systems which are merged and called as Integrated Management System (IMS) and was audited by UL DQS India. The Surveillance audit which was for 6 man days was successfully completed and your company has been awarded a certification by UL DQS India.

Automotive & Metallurgy: During FY2017-18 your Company has successfully completed the surveillance audits to ISO: 9001 specifications for Quality Management System and also to ISO:14001 specifications for its Environmental Management System. Your Company's QMS which is compliant to ISO standards since 1999, has evolved and matured and is highly system driven. The Surveillance audit which was for 6 man days was successfully completed and your company has been awarded a certification by TUV NORD for the next year surveillance audit year 2017-18.

- Transferring to IATF 16949 from TS 16949.
- Since it is mandatory requirements for Automotive OEMs
- There are the new requirements in IATF certification to stabilize the business growth
- Risk based approach would be the new concept introduced in the IATF quality systems
- We have successfully completed the IATF certification audit in March – 2018 by the accredited auditors.
- The present certified quality system of TS 16949 will be obsolete from September 2018.
- Accredited Management system as per IATF 16949 :2016 from June'18.

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

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

INFORMATION SECURITY MANAGEMENT SYSTEM (ISMS)

During FY 2018, your 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 UL 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.

SUPPLY CHAIN MANAGEMENT (SCM) AND PRODUCTIVITY

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

At Dynamatic Technologies' there is a continuous effort to adopt the best practices and tools to achieve excellence in supply chain characterized by a sharp focus on revenue growth, better asset utilization, inventory turns, cost reduction and accelerating cash to cash cycles. Flexibility, reliability and cost efficiency are the key drivers for our Supply Chain Management practices. 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.

ENVIRONMENT SAFETY AND HEALTH

Dynamatic Technologies places high importance on managing its environment footprint. Accordingly, the Company's policies are aimed towards ensuring minimum wastage of natural resources and use of green technologies for production. Techniques such as rain water harvesting and waste water treatment have been adopted at all plants to minimize water consumption and wastage. The new Factory at Devanhalli 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. The Company's facilities are non-polluting and are ISO: 14000 certified. This enables adoption of systematic and quantifiable approaches and techniques to minimize impact on environment.

SAFETY AND HEALTH

Dynamatic Technologies is committed to adopt the best environmental technologies to create and ensure healthy workplace, free from occupational hazards, to realise its aim of zero incidents. Sustainable progress has been made in the area of process safety and implementation of employee health and safety management system at work place resulting in elimination of workplace hazards to the minimum level. The Company is fully committed towards the protection of environment, health and safety of its employees and conservation of energy. These objectives are considered as an integral part of operations and the Company's vision of a sustainable and responsible growth.

HEALTH AND SAFETY OF EMPLOYEES

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

The activities are focused on health & safety of its employees on the shop floor. Awareness campaigns have been undertaken to enforce the use of personnel protective equipment (PPE) at work. At the same time, the Company has been 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

THRUST TOWARDS AMICABLE INDUSTRIAL RELATIONS

The Company strives continuously to inculcate a culture of inclusiveness and involvement, which is not just about the perks and benefits but one in which all are inspired and have the opportunity to willingly contribute their talents for a better tomorrow. A heartening feature of the year was Long Term Settlement of wages for the unionized employees of Aerospace and Hydraulics in cordial and amicable manner.

The focus of the HR team is to promote excellence through merit and value based work culture across the Organisation. Every effort is made to keep pace with the latest developments in management of HR to enhance transparency and trust for better industrial relation and welfare objectives. HR teams work towards inculcating Dynamatic's vision and values through a robust process of training, sharing, inspiring and celebrating to promote sense of belongingness amongst all Employees of the Company. Kannada Rajaotsava celebrations at Bangalore were combined with Dynamatics Day celebration organized collectively by Aerospace and Hydraulic Divisions including a day out for families of all Employees. The event was a roaring success, reflecting the bonhomie and camaraderie that obtains amongst the Employees.

The Company is committed to improving day to day relationships that employees experience through safe work practices, use of personal protective equipment on the shop floor and by continuously educating the workforce through training programmes and demonstrations. On-site health care facilities, health and accident insurance coverage, medical feedback from experts and support in maintaining Special health requirements form part of the various initiative 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. 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 of over 3220 personnel with very low attrition rate.

WORK CULTURE

The Company constantly endeavors to inculcate sound work ethos and values among all employees by creating a high performance work environment. HR policies, practices and work environment are constantly reviewed to make them current, humane and enjoyable. Continuous efforts are maintained towards acquiring, developing, management and retention of best talent with a focus on engagement and building a cohesive and productive work force

HIGHLIGHTS FOR THE YEAR

- Long term wage Settlement was signed for a period of three years, for unionized workers of Aerospace and Hydraulics, in a highly amicable environment to the satisfaction of Management and the Workers.
- Conversion to Corporate salary account, generating foobetter benefits for account holders including zero balance, accident insurance, free Demand Drafts and better terms for withdrawal through ATM.
- Despite adverse market conditions a comprehensive medical insurance was obtained for Employees at very low premium for self and family.
- Training calendars including technical skills and soft skills programmes, were designed in accordance with the specific needs of each business segment and implemented at each business unit. At the Corporate level, HR has designed leadership development programme for senior leaders, management development programme for middle management and training for associates to be conducted across all divisions of the Company in India.
- World Environment Day was celebrated on 05 June 17 by planting trees in all Divisions.

- November 2017 was celebrated as Quality Month at JKM Auto. Activities like Lectures on Quality awareness, Quiz Competition, Elocution and Slogan writing were conducted.
- National Safety Day was celebrated in all Divisions. "Mission Zero" was launched by the CEO & MD where he exhorted all employees to adhere the principles of QSP and constantly endeavor to achieve zero defects and zero incidents in our march toward professional excellence
- Dissemination of Policy on prevention, prohibition and redressal of sexual harassment at workplace is conducted diligently at all Divisions ensuring zero incidents of sexual harassment.
- Aerospace division is now certified for the latest version of Environmental management System i.e. ISO 14001: 2015. Similarly, Hydraulics Division is certified for latest version of Integrated Management System comprising both Quality as well as Environmental Management System i.e. ISO 9001: 2015 & ISO 14001: 2015.JKM Auto transferred from TS 16949 Quality System Certification to IATF 16949.
- A Training Center has been inaugurated to impart "hands-on" shop skills training for young inductees. They undergo two months theoretical and practical training for various skills required for the artisanal work in manufacturing. Topics like Safety, 5S, Quality, and technical requirements for drilling, riveting, counter sinking and sealant application are covered extensively
- The Web based portal, "Competency Assessment and Training Identification (CATI)", has matured and helped immensely to meet the specific requirements of our organization, creating a better informed and trained workforce. This will also help us in scheduling the training effectively and on time.
- Employee Participation Program (Suggestion Scheme) is working well resulting in good initiatives.
- **"Competency Assessment and Training Identification (CATI)"** launched last year has matured well and is very effective in capturing competencies and defining training needs. This has created better informed and trained workforce, which has been well appreciated by our customers.
- Employee Participation Program (Suggestion Scheme) is working well in creating a sense of inclusiveness amongst the employees. A special Camp for three days was organized by Hydraulics Division to facilitate making the Aadhaar Card. Over 500 Employees benefited from this Camp.

SAFE HARBOUR STATEMENT

Statements in this Management Discussion and Analysis contains "forward looking statements" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to 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.

RISK MANAGEMENT REPORT

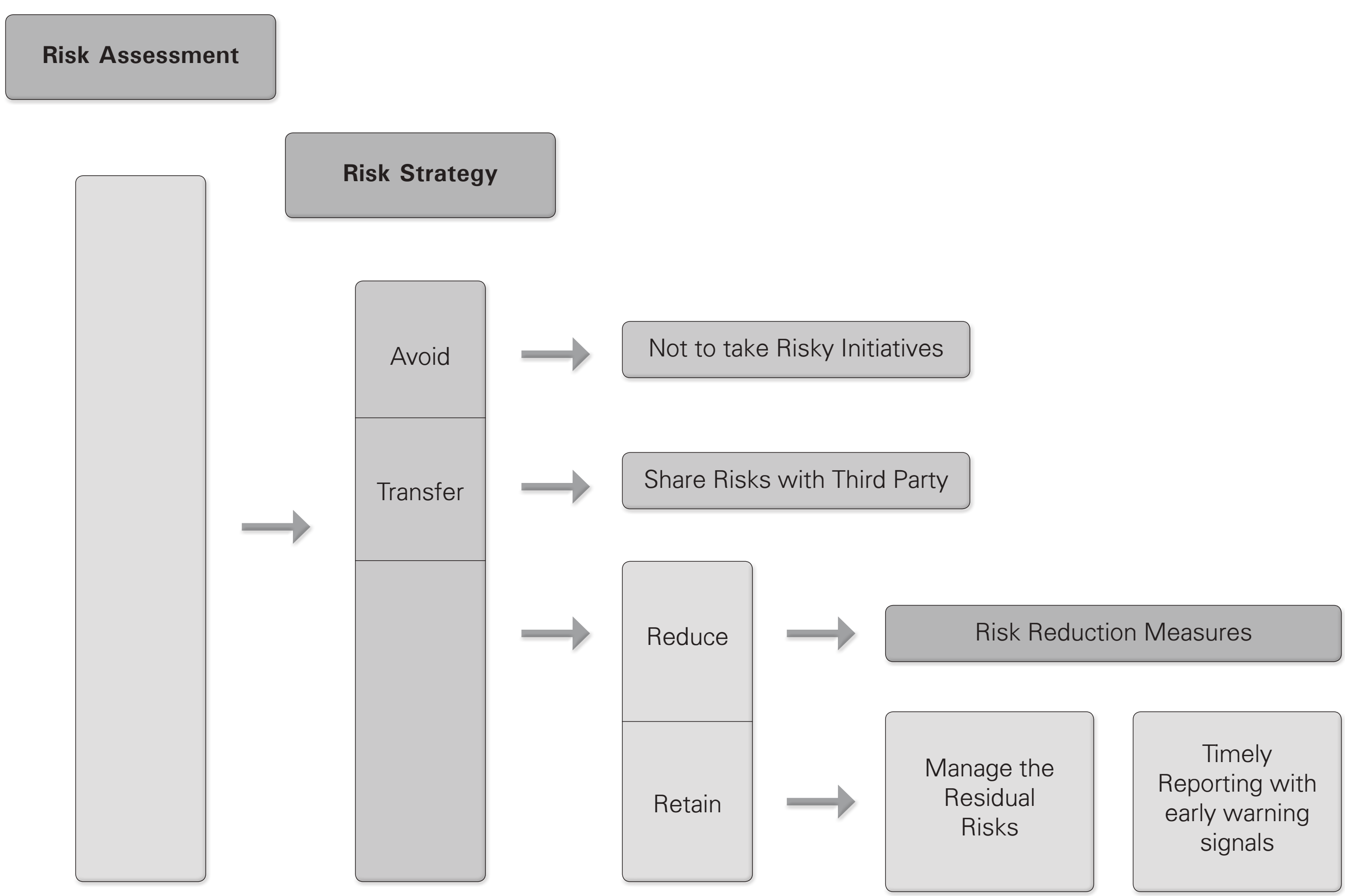
The following section discusses various dimensions of our risk management. The risk-related information outlined in this section is not exhaustive and is for information purposes only. The discussion may contain statements, which may be forward looking in nature. Our business model is subject to uncertainties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

Overview:

The Company has a well-defined Risk Management Policy which has been developed after taking cognizance of the relevant statutory guidelines, Company internal guidelines, empirical evidences and stakeholder feedback. 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:

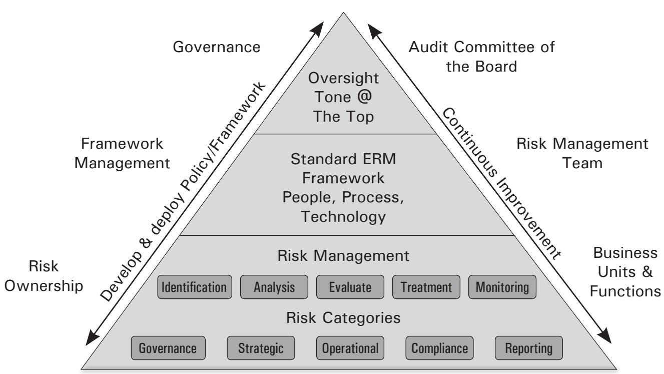
Level	Key roles and responsibilities
Risk Council (RC)	• Comprises Chief Executive Officer (CEO), Chief Operating Officer/s (COO), Chief Financial Officer (CFO) and Head-Legal, Compliances and Company Secretary • Responsible for oversight of risk management practices including, identification, impact 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 DataPrivacy 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 the last fiscal, our risk management practices continued to focus on mitigating risks relating to supply chain, delivery and quality of OEMs in our all three segments. Impact of risks relating to our public reputation, our competitive position and differentiation in aerospace segments, and volatile currency movements also required continuous focus during the year.

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

We had reviewed key operational risks and actions based on inputs from the risk register, internal audit findings and key incidents. We had also reviewed operational risk areas including product liability, new aerospace projects, delivery, newly acquired skills, and execution management. Looking at the risk trends across the Globe, we have undertaken a review of the across the Cyber security, Information Security, Business Continuity and Data Privacy.

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CORPORATE GOVERNANCE REPORT

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 hereunder:

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

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

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

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

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

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

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

Some Corporate Governance Initiatives:

- **Comprehensive Digital Compliance Management System:**

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

- **Board e-Portal:**

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

- **Paperless Board/Committee Meetings:**

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

- **Induction kit to Directors:**

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

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

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

- **Remuneration policy:**

  The Company has formulated the Remuneration Policy and the same has been approved by the Board on recommendation of Nomination and Remuneration Committee of the Board. The policy has been posted on the website of the Company **(www.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 fromtime 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**

  The Company has a well-defined and approved Code of Conduct applicable to all Board Members and Senior Management of the Company. The Board of Directors and Senior Management have affirmed compliance with the Code during the financial year 2017- 18. The Code of Conduct is displayed in the Company's website.

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

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

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

  In accordance with SEBI (LODR) Regulations, 2015, the Company had imparted familiarisation programmes to Independent Directors details of which has been hosted on the website of the Company **(www.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, 2018, the Board consisted eight (8) members of whom two (2) are Non-Executive Directors comprising of three (3) independent Directors which includes a Woman Director and three (3) Executive Directors out of which 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.

COMPOSITION OF THE BOARD AND DIRECTORSHIPS/SHAREHOLDINGS IN THE COMPANY/MEMBERSHIP HELD BY DIRECTORS DURING THE YEAR 2017-18

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 the Dynamatic
			As Chairman	As Member	
Mr. Vijai Kapur **(Cessation w.e.f 13th August 2017)**	Independent and Non- Executive Director	-	-	-	**NIL**
Air Chief Marshal S. Krishnaswamy (Retd. **(Cessation w.e.f 13th August 2017)**	Independent and Non- Executive Director	Skan Consultancy Private Limited	-	-	**69**
Mr. Govind Mirchandani	Independent 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	-	-	**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 under Section 164(2)(a) read with 167(1)(a) and board noted the same on 25th April 2018)**	Independent and Non- Executive Director	1. Tejas Networks Limited	-	-	**NIL**
Mr. Dietmar Hahn	Non-Executive and Non-Independent Director	-	-	-	**NIL**
Mr. James David Tucker	Non-Executive and Non-Independent Director	-	-	-	**NIL**
Mr. Raymond Keith Lawton **(Resigned w.e.f 19th July 2017)**	Non-Executive and Non-Independent Director	-	-	-	**NIL**
Mr. P S Ramesh	Executive Director	-	-	-	**NIL**
Mr. Hanuman Kumar Sharma **(Resigned w.e.f 14th February 2018)**	Executive Director	-	-	-	**NIL**
			-	-	**NIL**
Mr. Arvind Mishra	Executive Director	-	-	-	**NIL**
Mr. Udayant Malhoutra	Promoter and Managing Director	1. Centrust Financial Limited	-	-	**7,10,179**
		2. Greenearth Biotechnologies Limited	-	-	
		3. SAN Engineering and Locomotive Company Limited	-	-	

Notes:

None of the Directors are relatives within the provisions of Section 2(77) of the Companies Act, 2013.
None of the Directors are nominees of any bank / financial institution during the year 2017-18.

There are no instrument lying for conversion and hence none of the Non-Executive / 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 (Managing Director) who is also a Promoter Director during the year under review.

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

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

Independent Directors

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

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

Board membership criteria

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

Selection of New Directors

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

The Company facilitates continual education program to all its Directors. All support are 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 3 years each.

Executive Directors are normally 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.

Balanced Board

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

To ensure and drive down gender diversity across 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 endeavours to fulfil the position of the retiring Director by choosing candidates, ideally, from the same realm as that of the retiring Director so as to ensure balanced representation of Directors on the Board at all times.

Board Compensation policy / Remuneration policy

On recommendation of Nomination and Remuneration Committee, the Board at its meeting held on 23rd March, 2015 approved remuneration policy applicable to the Directors, senior management including Key Managerial Personnel and other employees of the Company. The same has been uploaded on the website of the Company. **(www.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 conferencing 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 March 31, 2018 is as follows:

in ₹ (Rupees)

Name of the Director	Remuneration		Total
	Sitting fees*	Salary	
Mr. Vijai Kapur **(Ceasedw.e.f 13th August 2017)**	2,50,000	-	2,50,000
Air Chief Marshal S. Krishnaswamy (Retd.) **(Ceasedw.e.f 13th August 2017)**	3,50,000	-	3,50,000
Mr. Govind Mirchandani	13,00,000	-	13,00,000
Ms. Malavika Jayaram	1,00,000	-	1,00,000
Mr. Nalini Ranjan Mohanty	10,50,000	-	10,50,000
Mr. Shirish Saraf **(Disqualified as Director under Section 164(2)(a) read with 167(1)(a) and board noted the same on 25th April 2018)**	50,000	-	50,000
Mr. Raymond Keith Lawton **(Resigned w.e.f 19th July 2017)**	-	-	-
Mr. Dietmar Hahn	-	-	-
Mr. James David Tucker	-	-	-
Mr. P. S. Ramesh *Executive Director & COO, Dynamatic-Oldland AerospaceTM, India*	-	79,85,816	79,85,816
Mr. Hanuman Kumar Sharma *Group CFO & Executive Director* **(Resigned w.e.f 14th February 2018)**	-	1,45,47,174	1,45,47,174
Mr. Arvind Mishra *Executive Director and Global Chief Operating Officer-Hydraulics, Head of Homeland Security*	-	68,14,490	68,14,490
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 one months' notice unless termination at a shorter notice is mutually agreed by the concerned Executive Director and the Board of Directors of the Company. As per terms of appointment, none of the 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 / tele-conference are also used to enable Directors who are traveling to participate in the meetings.

During the year 2017-18, 7 (Seven) Board meetings were held. The dates on which the Board Meetings were held are as follows:

- 29th May 2017
- 9th August 2017
- 13th September 2017
- 14th November 2017
- 13th December 2017
- 14th February 2018
- 28th February 2018

The aforesaid Board meetings were held during the year 2017-18 and not more than one hundred and twenty days has intervened between two consecutive meetings of the Board.

Board meetings and the attendance of Directors during the year 2017-18

Name of the Director	Attended	Participation Via Video-Conference	Attended last AGM held on 11th August 2017
Mr. Vijai Kapur *(Cessation w.e.f 13th August 2017)*	2	-	Yes
Air Chief Marshal S. Krishnaswamy (Retd.) *(Cessation w.e.f 13th August 2017)*	2	-	Yes
Mr. Govind Mirchandani	7	-	Yes
Ms. Malavika Jayaram	1	-	No
Mr. Nalini Ranjan Mohanty	7	-	Yes
Mr. Shirish Saraf *(Disqualified to be a Director under Section 164(2)(a) read with Section 167(1)(a)and Board noted on 25th April 2018)*	1	1	No
Mr. Raymond Keith Lawton *(Resigned w.e.f 19th July 2017)*	0	-	NA
Mr. Dietmar Hahn	6	4	Yes
Mr. James David Tucker	4	2	No
Mr. P. S. Ramesh	7	-	Yes
Mr. Hanuman Kumar Sharma *(Resigned w. e. f 14th February 2018)*	5	-	Yes
Mr. Arvind Mishra	6	1	NA
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. Minutes are finalized after the draft is circulated to the Chairman and other members of the Board / Committee for their comments. The minutes of the proceedings of the meetings are entered in the minutes book within 30 (thirty) days of the conclusion of the meeting.

Post Meeting follow-up mechanism

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

BOARD COMMITTEES

Currently, the Board has seven (7) Committees:

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

Procedure at Committee Meetings

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

AUDIT & RISK MANAGEMENT COMMITTEE

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

The Audit & Risk Management Committee has met six times in the FY 2017-18 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 31stMarch, 2018:

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

- To review and recommend appointment / re-appointment, remuneration and terms of appointment of auditors of the company and, if required, the replacement or removal of the auditors including chief internal auditor; (auditors includes statutory auditors, cost auditors, tax auditors and internal auditors).
- To review and monitor the auditor's independence and performance, effectiveness of audit process (audit includes statutory audit, cost audit, tax audit and internal audit).
- To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To evaluate internal financial controls and risk management systems and review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit and call for any comments of the auditors about internal control systems.
- To review with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
- To discuss with the internal auditors any significant findings and follow up there on.
- To discuss the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- To review the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the Company.
- To examine the auditors' report.
- To review with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report.
- To review with the management, the quarterly financial statements before submission to the Board for approval.
- To approve related party transaction and / or any subsequent modification of related party transactions. The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 24, Related Party Transactions, issued by The Institute of Chartered Accountants of India.
- To scrutinize inter-corporate loans and investments;
- To conduct valuation of undertakings or assets of the company, wherever it is necessary.

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

Attendance at Audit & Risk Management Committee Meetings held during the year 2017-18

Audit & Risk Management Committee meetings were held on:

- 29 th May, 2017
- 13th September, 2017
- 14th November, 2017
- 13th December, 2017
- 13th February, 2018
- 28th February, 2018

Name of the Member	No. of meetings attended
Mr. Vijai Kapur, (Ceased w.e.f 13th August, 2017)	1
Air Chief Marshal S. Krishnaswamy (Retd.) (Ceased w.e.f 13th August, 2017)	1
Mr. Govind Mirchandani Chairman of the Audit Committee	6
Mr. NaliniRanjanMohanty	5
Mr. P.S Ramesh	5

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

Mr. Govind Mirchandani, Chairman of the Audit & Risk Management committee was present at the Annual General Meeting held on 09th August, 2017.

NOMINATION AND REMUNERATION COMMITTEE

The Company had constituted a "Remuneration Committee" at its Board meeting held on 7th July, 2002. Considering the need for developing leadership within the group and the significance of absorbing, retaining and training high quality manpower, the Remuneration Committee was renamed as the **"HRD & Remuneration Committee"** with effect from 22nd July, 2006. Further, the Committee was renamed as the **"Leadership, HRD & Remuneration Committee"** with effect from 11th February, 2008. The powers to recommend the appointment of Directors were earlier vested with the Nomination Committee of the Board and the powers to decide on the appointment of senior management, remuneration aspects of the Directors / senior management and macro HRD matters of the Company was vested with the Leadership HRD & Remuneration Committee.

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

Terms of reference / Objectives

The objectives of the said Committee are:

- Identifying persons and recommending their appointment / removal to / from the Board;
- Carrying out evaluation of Directors' performance;
- Formulating a criteria for determining qualifications, positive attributes and independence of a Director;
- Board succession planning, ensuring balanced representation of experts from various realms;
- Recommending to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- Identifying persons who may be appointed in Senior Management [unless, otherwise specified in the Companies Act, 2013 or any Rules thereunder, 'Senior Management' means employees who are the employees of its core management team excluding the BODs and would comprise the Heads of the department and all Executives in the grade of General Manager and above;
- Laying down criteria for appointment of Directors, Senior Management and Key Managerial Personnel.

Composition

The Committee comprises 3 (three) Independent Directors as on March 31, 2018:

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

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

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

Attendance at the Nomination and Remuneration Committee Meetings held during the year 2017-18

The Nomination and Remuneration Committee was constituted by the Board on November 8, 2013. During the FY 2017-18, the Committee had 2(two) meetings.

Nomination and Remuneration Committee meetings were held on:

- 29th May, 2017
- 08th August, 2017
- 13th December, 2017
- 13th February, 2018

Name of the Member	No. of meetings attended
Air Chief Marshal S. Krishna swamy (Retd.) (Cessation w. e. f 13th August, 2017)	2
Mr. VijaiKapur (Cessation w. e. f 13th August, 2017)	2
Ms. Malavika Jayaram, Chairperson	1
Mr. Nalini Ranjan Mohanty	2
Mr. Govind Mirchandani	4

Performance evaluation criteria for Directors

The Company has in place performance evaluation mechanism for all Directors which consists of several attributes and once in every year the performance of independent directors are being evaluated based on these attributes.The evaluation for the year 2017-18 was carried out during the month of February 2018.

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

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Objective

The primary object of this Committee is to service the shareholders and review all issues relating to Shareholders including share transfers, redress Shareholders / investor grievances, issues relating to duplicate share certificates, transmission of shares and other related matters.

Composition

The Board level Stakeholders' Relationship Committee comprises 3 (three) Directors as on 31st March, 2018.

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

Attendance at the Committee Meetings held during the year 2017-18

The Committee Meetings were held on:

- 29th May, 2017
- 08th August, 2017
- 14th November, 2017
- 13th February, 2018

Name of the Member	No. of meetings attended
Air Chief Marshal S. Krishnaswamy (Retd.) (Cessation w. e. f 13th August 2017)	2
Mr. Nalini Ranjan Mohanty	2
Mr. Govind Mirchandani	4
Mr. Udayant Malhoutra	4
Mr. Hanuman Kumar Sharma *(Resigned w. e. f 14th February 2018)*	4

Compliance officer

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

Investor Grievance report for the year 2017-18

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

Sl. No	Subject	
1	No. of investor complaints pending at the beginning of quarter	Nil
2	No. of investor complaints received during the quarter	Nil
3	No. of investor complaints disposed off during the quarter	Nil
4	No. of investor complaintsthose remaining unresolved at the end of the quarter	Nil

16 requests (157 Equity shares) for transfers and 18 requests (4899 Equity shares)for transmissions, transposition and deletion of name and 77 requests (8852 Equity shares) for dematerialization were received and approved by the Company and 366 folios for 23424 equity share were transferred to IEPF on 30th November, 2017 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 Computer share Private Limited, Hyderabad, Registrars and Share Transfer Agents onbehalf of the Company (RTA / Karvy) and all these requests from the Shareholders have been addressed to their satisfaction.

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

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

Suspense Account for the unclaimed shares

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

Details of suspense account

As required under clause F of schedule V of the Listing

Regulations, the disclosures with respect to demat suspense account / unclaimed suspense account are appended here below:

i. Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the year; 110 Shareholders and 4423 shares.

ii. 4 Number of Shareholders who approached the Company for transfer of 20 shares from suspense account during the year.

iii. 4 Number of Shareholders to whom 20 shares were transferred from suspense account during the year. further, 84 number of equity shareholders for 3242 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; 22 Shareholders and number of shares were 1161.

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Share Transfer Committee – A Sub Committee of Stakeholders' Committee

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

Composition

The Committee comprises the following members as on March 31, 2018:

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

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, 2018.

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

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, 2018.

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

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

Composition

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

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

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, 2018.

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
2014-15 EGM	Registered Office, Bangalore	11th October, 2014 at 10.00 am	• Issue of further securities through Qualified Institutions Placement
2014-15 AGM	Taj Vivanta, Yeshwantpur, Bangalore	14th August, 2015 at 10.00 am	• Appointment of Mr. Rajendra Babu Subodh as Executive Director of the Company.
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, Bangalore	11th August, 2016 at 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, Bangalore	09th August, 2017	• 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

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

PROCEDURE FOR POSTAL BALLOT

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

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

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

REMOTE E-VOTING AND BALLOT VOTING AT THE AGM

To allow the shareholders to vote on the resolutions proposed at the AGM, the Company has arranged for a remote e-voting facility. The Company has engaged Karvy Computershare Private Limited to provide e-voting facility to all the members. Members who hold shares physical or demat as on 7th August, 2018 shall be eligible to participate in the e-voting. The facility for voting through ballot will also be made available at the AGM, and the members who have not already cast their vote by remote e-voting can exercise their vote at the AGM.

SUBSIDIARY COMPANIES

All the subsidiary companies of the Company are professionally driven by their respective Boards for management in the best interests of their stakeholders. The Executive Directors of the Subsidiaries may be nominated as Non-Executive Directors of the Company. Financial statements, in particular the investments / loans made by the unlisted subsidiary companies, are reviewed quarterly by the Audit and Risk Management Committee of the Board. All minutes of the meetings of the Board of subsidiary companies are placed before the Company's Board regularly.

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

DISCLOSURES TO SHAREHOLDERS

Communication to the Shareholders

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

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

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

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

Management Discussion and Analysis Report

This forms part of the Directors' Report.

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

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

Remuneration of Directors

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

Non Compliances

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

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

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

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

Whistle Blower Policy and Vigil Mechanism

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

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

General Shareholder Information

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

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

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

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

Unclaimed Dividend

Section 124 & 125 of the Companies Act, 2013 read with applicable rules mandates that companies transfer dividend that has been unclaimed for a period of seven years from unpaid dividend account to the Investor Education and Protection Fund (IEPF). As given in the following table, the dividend for the years mentioned below, if unclaimed within a period of seven years, will be transferred to IEPF.

Dividend for the year	Date of declaration	Last date for claiming unclaimed divided	Due date for transfer to IEPF
2010-11			
Final Dividend	13.08.2011	12.08.2018	12.09.2018
2011-12			
Interim Dividend - I	14.11.2011	13.11.2018	13.12.2018
Interim Dividend - II	13.02.2012	12.02.2019	12.03.2019
Final Dividend	28.09.2012	27.09.2019	27.10.2019

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

ANNUAL GENERAL MEETING FOR THE YEAR 2017-18

Date and time:	**10th August, 2018 at 10:00 AM**	
Venue:	**'Vivanta' by Taj**, #2275 Tumkur Road, Yeshwantpur, Bangalore 560 022, Karnataka, India	
Financial calendar:	Our tentative calendar for declaration of results for the financial year 2018-19 is given below:	
	Calendar for Reporting:	
	Quarter ended	**Release of results**
	30th June, 2018	On or before 14th August, 2018
	30th September, 2018	On or before 14th November, 2018
	31st December, 2018	On or before 14th February, 2019
	31st March, 2019	On or before 30th May, 2019
Date of book closure	Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of the Listing Regulations,	
Dividend payment date	The Board of Directors of the Company have not recommended any dividend for the financial year 2017-18.	

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 43rd Annual General Meeting of the Company. Any Shareholder having any grievance on the e-voting can contact at the coordinates mentioned in the 'Investor Guide', towards the end of this report.

International Securities Identification Number (ISIN)

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

Corporate Identity Number (CIN)

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

Share Transfer System

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

Distribution of Shareholding as on March 31, 2018

Sl. No.	Category (Amount)	No. of Holders	% To Holders	Amount (₹)	% To Equity
1	1 - 5,000	9572	95.60	4981770.00	7.86
2	5,001 - 10,000	204	2.04	1437770.00	2.27
3	10,001 - 20,000	107	1.07	1539360.00	2.43
4	20,001 - 30,000	30	0.30	741440.00	1.17
5	30,001 - 40,000	13	0.13	460570.00	0.73
6	40,001 - 50,000	11	0.11	531640.00	0.84
7	50,001 - 1,00,000	17	0.17	1154190.00	1.82
8	1,00,001& Above	27	0.27	52567690.00	82.90
	TOTAL:	**9981**	**100.00**	**63414430**	**100.00**

SHAREHOLDING PATTERN AS ON MARCH 31, 2018

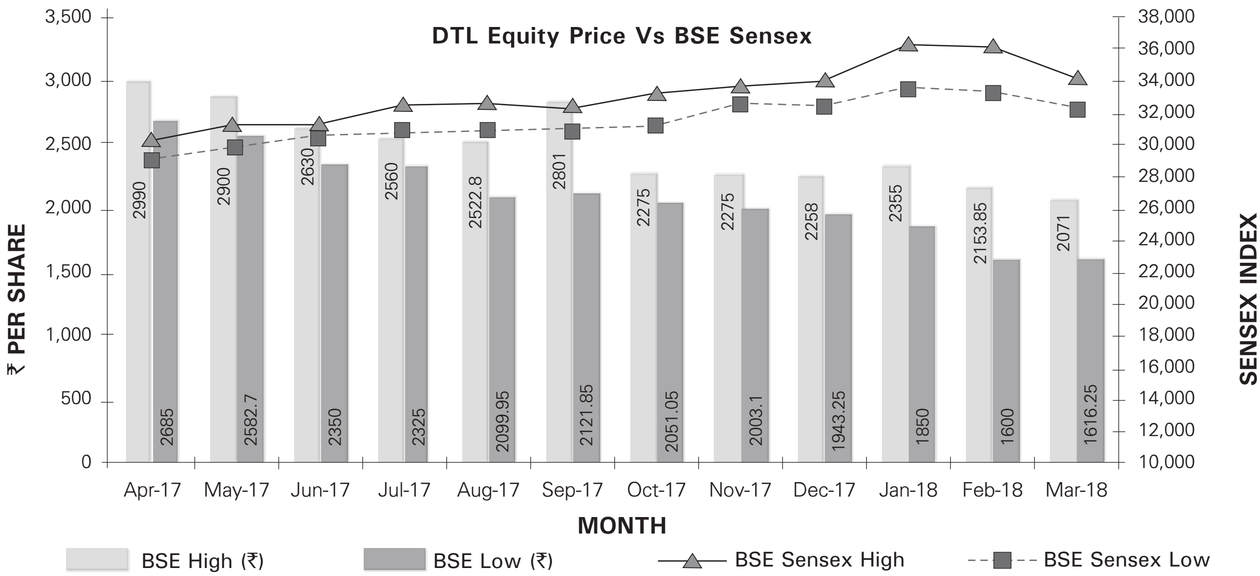
Category	No. of Shares	% of shareholding
PROMOTERS HOLDING		
Indian Promoters		
JKM Holdings Private Limited	9,12,538	14.39
Udayant Malhoutra	7,10,179	11.20
Udayant Malhoutra and Company Private Limited	6,42,011	10.13
Wavell Investments Private Limited	4,48,281	7.07
JKM Offshore India Private Limited	4,42,071	6.97
Greenearth Biotechnologies Limited	22,927	0.36
Barota Malhoutra	4,938	0.08
Vita Private Limited	100	0.00
Christine Hoden (India) Private Limited	100	0.00
Primella Sanitary Products Private Limited	100	0.00
TOTAL	**31,83,245**	**50.20**
NON-PROMOTERS HOLDING		
Mutual Funds / UTI	6,87,558	10.84
Financial Institutions / Banks	3,383	0.05
Central Government / State Government (S)	0	0.00
Venture Capital Funds	0	0.00
Insurance Companies	0	0.00
Foreign Institutional Investors	9,53,927	15.04
SUB TOTAL	**16,44,868**	**25.94**
OTHERS		
Private Corporate Bodies	2,07,694	3.27
Indian Public	12,46,960	19.66
Clearing Agents	2,328	0.04
NRIs/OCBs	29,128	0.46
Trust	3,796	0.06
IEPF	23,424	0.37
SUB TOTAL	**15,13,330**	**23.86**
GRAND TOTAL	**63,41,443**	**100**

Share market price data

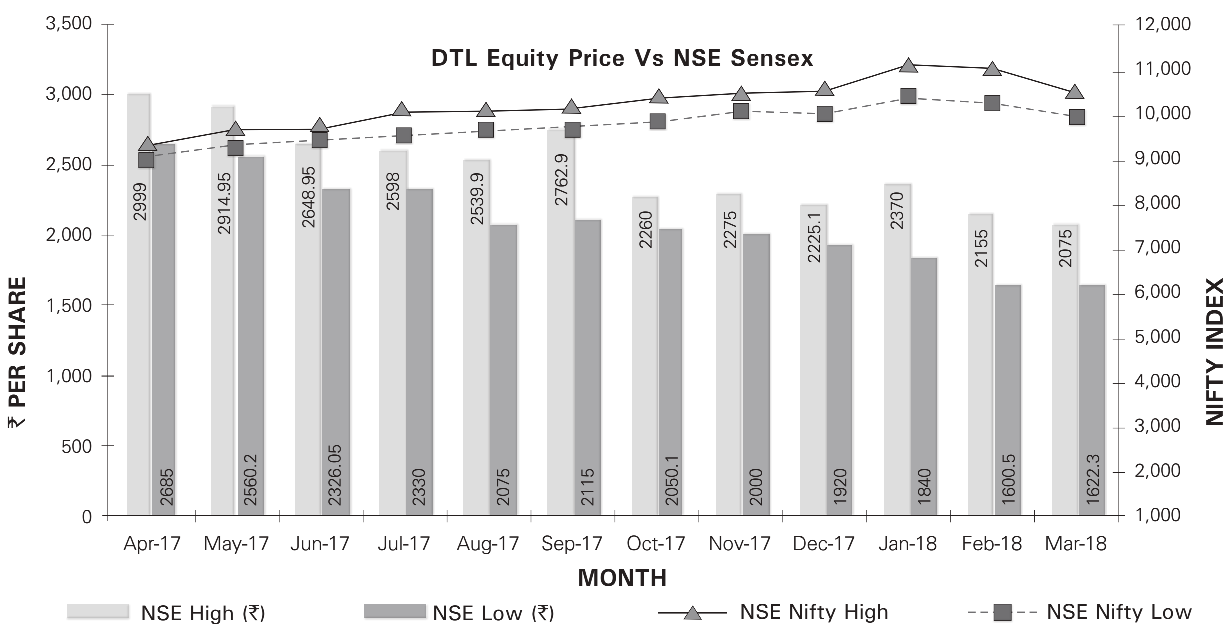
The monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Limited and National Stock Exchange of India Limited for the year 2017-2018:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume of shares traded	High (₹)	Low (₹)	Volume of shares traded
Apr-17	2,990	2,685	5,940	2,999	2,685	40,278
May-17	2,900	2,583	11,220	2,915	2,560	51,269
Jun-17	2,630	2,350	7,006	2,649	2,326	61,998
Jul-17	2,560	2,325	7,772	2,598	2,330	36,981
Aug-17	2,523	2,100	9,129	2,540	2,075	62,099
Sep-17	2,801	2,122	12,663	2,763	2,115	47,900
Oct-17	2,275	2,051	4,909	2,260	2,050	32,494
Nov-17	2,275	2,003	18,637	2,275	2,000	34,005
Dec-17	2,258	1,943	6,048	2,225	1,920	39,662
Jan-18	2,355	1,850	11,567	2,370	1,840	92,512
Feb-18	2,154	1,600	37,518	2,155	1,600	2,36,763
Mar-18	2,071	1,616	10,988	2,075	1,622	75,824

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, 2017		March 31, 2018	
	No. of shares	% of total shares	No. of shares	% of total shares
National Securities Depository Limited	59,66,763	94.09	59,22,901	93.40
Central Depository Services (I) Limited	2,32,307	3.66	3,05,029	4.81
Total Dematerialized	**61,99,070**	**97.75**	**62,27,930**	**98.21**
Physical	1,42,373	2.25	1,13,513	1.79
Grand Total	**63,41,443**	**100**	**63,41,443**	**100.00**

- 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, Bangalore 560 058, Karnataka, India
2. No. 1A/1, 1st Main Road, 1st Stage, 2nd Phase, Peenya Industrial Area, Bangalore 560 058, Karnataka, India
3. No. 28/A, 3rd Main, 1st Stage, 1st Phase, Peenya Industrial Area, Bangalore 560 058, Karnataka, India
4. No. K-12, 5th Cross, 1st Stage, Peenya Industrial Area, Bangalore 560 058, Karnataka, India
5. No. K-11, Between 5th & 6th Cross, 1st Stage, Peenya Industrial Area, Bangalore 560 058, Karnataka, India
6. Plot No. 55, Dynamatic Aerotropolis, KIADB Aerospace Park, Unachur Village, Jala Hobli, Yelahanka Taluk, Bangalore 562 110, Karnataka, India
7. JKM Park, SIPCOT, Irrungattukottai, Kanchipuram District 602 105, Tamil Nadu, India
8. K-4, SIPCOT Phase II, Gummidipoondi, Thiruvallore District 601 201, Tamil Nadu, India
9. Airforce Toad, HAL Ancillary Unit – III, Ojhar, Niphad, Nasik 422 207, Maharashtra, India
10. Cheney Manor, Swindon, Wiltshire, SN2 2PZ, United Kingdom
11. Jarvis Street, Barton Hill, Bristol, BS5 9TR, United Kingdom
12. Gießereistraße 1, 08340 Schwarzenberg/Erzgeb, Germany

INVESTOR GUIDE

Investor Contacts

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

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

Registrar and Share Transfer Agents
Karvy Computershare 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, 2018.

UDAYANT MALHOUTRA
CEO & Managing Director
DIN No.: 00053714

Place : Bangalore
Date : 29 May 2018

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 2018. 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.Vijayakumar
Company Secretary in Practice
FCS – 6418; COP – 8667

Place : Bangalore
Date : 29 May 2018

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"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:

MISSION Zero

Mission Zero is a Management Tool which aims at increasing value to ourselves and customers by reducing Defects, Accidents, Delays, Waste, Complaints, etc. through proactive measures.

This Mission is to motivate employees to prevent mistakes by inculcating a conscious desire to perform their job "right the first time and every time."

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.

INFORMATION AND Data Security

ISO 27001:2013 certification obtained from UL DQS India for Dynamatic-Oldland Aerospace™, Peenya Division to standardise and improve Information and Data Security for Aerospace Division.

- 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.).
- Interactive sessions with local community.
- Increase employment of Women.
- Increase employment of individuals coming from disadvantaged communities.

ETHICS

Code of Business Conduct for employees across the Dynamatic Group and Code of Conduct for Board Members & Senior Management Personnel have been formulated. These are formal articulations of our approach and position on multiple dimensions of business ethics and integrity.

Code of Business Conduct for employees provides policy shelter on a wide range of issues of ethics, labour and human rights – prevention of fraudulent and corrupt practices, freedom of association, elimination of child and forced labour, advertisement and media policy, avoidance of conflict of interest, prevention of sexual harassment and unyielding integrity at all times.

CORPORATE GOVERNANCE

We believe that sound corporate governance is vital to enhance the trust reposed in us by our stakeholders. Accordingly, we consistently strive to ensure that we attain our goals with integrity.

The Board of Directors exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures always seek to attain the best practices in corporate governance. We also endeavour to enhance long-term shareholder value and respect minority rights in all our business decisions.

Over the years, our Board has strived to achieve compliance with the corporate governance requirements, both mandatory as well as voluntary, to help fulfil our responsibility towards the stakeholders. The detailed Corporate Governance Report forms part of this Annual Report.

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Ministry of Corporate Affairs (MCA) vide its circulars dated April 21, 2011 and April 29, 2011, has taken a 'Green Initiative in the Corporate Governance', thereby allowing companies to serve documents to its shareholders through electronic mode.

Environment conservation and sustainable development are continuously on your Company's radar and therefore your Company supports MCA in this initiative.

Accordingly, the Company advised its shareholders to register their email IDs with the Company / Registrar & Share Transfer Agent to enable sending documents such as notices of general meeting (s), annual reports and other communications to the shareholders through e-mail. In a phased manner, sending hard copies of communications will be discontinued. All such documents shall be available on the Company's website **www.dynamatics.com** and shall also be kept open for inspection at the Registered Office of the Company during office hours.

CORPORATE SOCIAL Responsibility

For better Skill Development through engagement with the local ITI, a skill development team has been formed. A new building to house the Skill Development Centre has been constructed at ITI Devanahalli with training rooms equipped with state of the art training aids, Work shop, Rest Rooms and a Borewell for drinking water.

CONSOLIDATED IND AS FINANCIAL STATEMENTS

INDEPENDENT AUDITORS REPORT
TO THE MEMBERS OF DYNAMATIC TECHNOLOGIES LIMITED

Report on the Audit of Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Dynamatic Technologies Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit (including 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 Indian Accounting Standards (Ind AS) 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 the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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

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

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

We are also responsible to conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause Group to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2018 and their consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements/ financial information of eight subsidiaries, whose financial statements/ financial information reflect total assets of ₹77,541 lacs and net assets of ₹ 43,390 lacs as at 31 March 2018, total revenues (including other income) of ₹ 82,592 lacs and net cash outflows amounting to ₹ 2,286 lacs for the year ended on that date, as considered in these consolidated Ind AS 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 Ind AS financial statements, insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of Section 143(3) of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors. Of the above:

The annual financial statements and other financial information of two subsidiaries incorporated in India have been audited by other auditors whose reports have been furnished to us and our opinion on these consolidated Ind AS financial statements to the extent they have been derived from such annual financial statements is based solely on the report of such other auditors.

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 these subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. This has been done on the basis of a reporting package prepared by the Holding Company which covers accounting and disclosure requirements applicable to the consolidated Ind AS financial statements under the generally accepted accounting principles in India. The reporting packages made for this purpose have been audited by the other auditors and reports for consolidation purposes of those other auditors have been furnished to us. Our opinion on the consolidated Ind AS financial statements, insofar as it relates to balances and affairs of such subsidiaries located outside India, is based solely on the aforesaid audit reports of these other auditors.

One subsidiary located outside India whose financial statements and other financial information has been prepared in accordance with accounting principles generally accepted in that country and which has been audited by other auditors under generally accepted auditing standards applicable in that country. The Holding Company's Management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's Management. Our opinion on the consolidated Ind AS financial statements insofar as it relates to the balances and affairs of such subsidiary located outside India, is based solely on the report of the other auditors and the conversion adjustments prepared by the Management of the Holding Company and audited by us.

Our opinion above on the consolidated Ind AS 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

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and other financial information of subsidiaries 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 Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

(e) On the basis of the written representation received from Mr Shirish Saraf as on 31 March 2018 and taken on record by the Board of Directors of the Holding Company, we report that he is disqualified from being appointed as a director of the Holding Company in terms Section 164 (2)(a) of the Act. As far as other directors are concerned, on the basis of the written representation received from such directors of the the Holding Company as on 31 March 2018, and taken on record by the Board of Directors of Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, we report that none of the directors of the Holding Company and subsidiary companies incorporated in India are disqualified as on 31 March 2018 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, its subsidiary companies, incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and also the other financial information of the subsidiaries, as noted in the 'Other matters' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 40 to the consolidated Ind AS 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, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2018; and

iv. The disclosure in the consolidated Ind AS 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 since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited consolidated Ind AS financial statements for the period ended 31 March 2017 have been disclosed – refer note 54 to the Consolidated Ind AS financial statements.

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

Chartered Accountants

Firm registration number: 101248W/W-100022

Supreet Sachdev

Partner

Membership number: 205385

Place : Bengaluru

Date : 29 May 2018

ANNEXURE - A

TO THE INDEPENDENT AUDITOR'S REPORT

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

In conjunction with our audit of the consolidated Ind AS financial statements of Dynamatic Technologies Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Group") as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Dynamatic Technologies Limited and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and based on the consideration of the reports of the other auditors referred to in the 'Other Matters' paragraph below, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

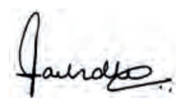
Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies, which are companies incorporated in India, are based solely on the corresponding report of the auditor of such subsidiary companies incorporated in India.

Our opinion is not modified in respect of the above matters.

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

Chartered Accountants
Firm registration number: 101248W/W-100022



Supreet Sachdev
Partner
Membership number: 205385

Place : Bengaluru
Date : 29 May 2018

CONSOLIDATED BALANCE SHEET AS AT

(₹ in lacs)

	Note	31 March 2018	31 March 2017	1 April 2016
ASSETS				
Non-current assets				
Property plant and equipment	3	**67,022**	64,673	64,947
Intangible assets	4	**2,735**	2,991	385
Goodwill	5	**9,513**	8,261	9,356
Capital work in progress		**817**	2,433	2,859
Financial assets				
(i) Investments	6	**60**	69	9
(ii) Non-current loans	7	**1,291**	1,631	1,598
(iii) Other non-current financial assets	8	**18**	33	98
Income tax assets (net)	9	**23**	36	296
Other non-current assets	10	**476**	702	627
Total non - current assets		**81,955**	**80,829**	**80,175**
Current assets				
Inventories	11	**28,305**	23,834	22,657
Financial assets				
(i) Trade receivables	12	**18,610**	15,062	14,098
(ii) Cash and cash equivalents	13	**3,988**	6,191	5,988
(iii) Bank balances other than cash and cash equivalents above	14	**2,277**	2,071	779
(iv) Current loans	15	**295**	261	282
(v) Other current financial assets	16	**-**	106	22
Other current assets	17	**6,464**	4,539	3,996
Total current assets		**59,939**	**52,064**	**47,822**
Total Assets		**141,894**	**132,893**	**127,997**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	18	**634**	634	634
Other equity	19	**30,750**	29,245	30,123
Total equity		**31,384**	**29,879**	**30,757**
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Non-current borrowings	20	**42,867**	46,326	38,251
(ii) Other non-current financial liabilities	21	**333**	293	290
Non-current provisions	22	**1,669**	977	797
Deferred tax liabilities (net)	23	**2,511**	2,884	3,314
Other non-current liabilities	24	**101**	107	128
Total non-current liabilities		**47,481**	**50,587**	**42,780**
Current liabilities				
Financial liabilities				
(i) Borrowings	25	**22,092**	17,651	13,205
(ii) Trade Payables	26	**26,314**	24,501	24,187
(iii) Other current financial liabilities	27	**10,618**	7,776	15,216
Current provisions	28	**1,076**	935	782
Current tax liabilities (net)	29	**1,125**	690	561
Other current liabilities	30	**1,804**	874	509
Total current liabilities		**63,029**	**52,427**	**54,460**
Total liabilities		**110,510**	**103,014**	**97,240**
Total equity and liabilities		**141,894**	**132,893**	**127,997**
Significant accounting policies	2			

The notes referred above form an integral part of Consolidated Ind AS 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 2018

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

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

P.S. RAMESH
Executive Director & Chief Operating Officer, Aerospace, India
DIN: 05205364

CHALAPATHI P
Chief Financial Officer
Pan No : AMXPP4042L

NAVEEN CHANDRA P
Head Legal, Compliance & Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

(₹ in lacs)

	Note	31 March 2018	31 March 2017
Income			
Revenue from operations	**31**	140,842	153,918
Other income	**32**	578	576
Total income		**141,420**	**154,494**
Expenses			
Cost of materials and components consumed	**33**	72,306	84,590
Change in inventory of finished goods and work-in-progress	**34**	(345)	(786)
Excise duty	**31**	872	3,308
Employee benefit expense	**35**	24,838	22,958
Finance costs	**36**	7,442	7,836
Depreciation and amortization expenses	**37**	5,644	5,282
Other expenses	**38**	29,932	27,320
Total expenses		**140,689**	**150,508**
Profit before exceptional items and tax		**731**	**3,986**
Exceptional items	**39**	-	(426)
Profit before tax		**731**	**3,560**
Current tax		1,141	1,981
Deferred tax		(482)	(383)
Income tax expense		**659**	**1,598**
Profit for the year		**72**	**1,962**
Other comprehensive income / (expense)			
Items that will not to be reclassified subsequently to profit or loss			
- Remeasurements of defined benefit plans		(214)	(40)
- Income tax relating to items that will not be reclassified to profit or loss		75	10
Items that will be reclassified to profit or loss			
- Exchange differences in translating financial statements of foreign operations		2,365	(2,108)
Other comprehensive income for the year, net of income tax		**2,226**	**(2,138)**
Total comprehensive income for the year		**2,298**	**(176)**
Earnings per equity share (face value of ₹10 each)			
Basic and diluted (in ₹)	**52**	1.14	30.94
Significant accounting policies	**2**		

The notes referred above form an integral part of Consolidated Ind AS 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 2018

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

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

P.S. RAMESH
Executive Director & Chief Operating Officer, Aerospace, India
DIN: 05205364

CHALAPATHI P
Chief Financial Officer
Pan No : AMXPP4042L

NAVEEN CHANDRA P
Head Legal, Compliance & Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

(₹ in lacs)

	31 March 2018	31 March 2017
Cash flow from operating activities		
Profit before tax	731	3,560
Adjustments:		
Interest income	(211)	(233)
Interest on income tax refund	(61)	-
(Profit)/Loss on sale of property, plant and equipment, net	(151)	20
Provision no longer required written back	-	(14)
Depreciation and amortisation expense	5,644	5,282
Finance costs	7,402	7,801
Unwinding of discount on dismantling liability	40	35
Bad debts written off	-	59
Rent amortization due to discounting of deposits	64	70
Loss allowance on financial assets	60	27
Unrealised foreign exchange differences	71	(213)
Operating cash flow before working capital changes	**13,589**	**16,394**
Changes in operating assets and liabilities		
(Increase) in inventories	(4,071)	(1,577)
(Increase) in trade receivables	(3,033)	(1,425)
Decrease/ (increase) in loans	306	(12)
Decrease/ (increase) in other financial assets	121	(19)
(Increase) in other assets	(1,838)	(570)
Increase in trade payables	1,738	378
Increase/ (decrease) in other financial liabilities	896	(435)
Increase in provisions	833	347
Increase in other current liabilities	924	344
Cash generated from operations	**9,465**	**13,425**
Income taxes paid, net of refund	(662)	(1,669)
Net cash generated from operating activities (A)	**8,803**	**11,756**
Cash flows from investing activities		
Expenditure on property, plant and equipment and intangibles	(6,698)	(8,299)
Proceeds from sale of property, plant and equipment	702	8
Investment in shares	-	(60)
Proceed from sale of investment in shares	9	-
Bank deposits (having original maturity of more than three months), net	(210)	(1,298)
Interest received from bank deposits	211	233
Net cash used in investing activities (B)	**(5,986)**	**(9,416)**

	31 March 2018	31 March 2017
Cash flows from financing activities		
Loans taken from shareholders	-	216
Repayment of loans to shareholders	-	(216)
Proceeds from long term borrowings	1,086	40,044
Repayment of long term borrowings	(2,581)	(38,196)
Proceeds from short term borrowings	4,441	4,446
Intercorporate deposits repaid	(239)	(1,031)
Interest paid	(7,493)	(7,754)
Dividend paid out of unclaimed dividend	(4)	(6)
Net cash (used in) by financing activities (C)	**(4,790)**	**(2,497)**
Net decrease in cash and cash equivalents (A + B + C)	**(1,973)**	**(157)**
Cash and cash equivalents at the beginning of the year	6,191	5,988
Effect of exchange rate changes on cash and cash equivalent	(230)	360
Cash and cash equivalents at the end of the year (refer note 13)	**3,988**	**6,191**
Components of cash and cash equivalents (refer note 13)		
Cash and cash equivalents		
Cash on hand	21	26
Balances with banks		
- in current accounts	3,967	6,112
- in deposit accounts (with original maturity of less than 3 months)	-	53
Cash and cash equivalents in consolidated balance sheet	**3,988**	**6,191**
Significant accounting policies **2**		

The notes referred above form an integral part of Consolidated Ind AS 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 2018

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

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

P.S. RAMESH
Executive Director & Chief Operating Officer, Aerospace, India
DIN: 05205364

CHALAPATHI P
Chief Financial Officer
Pan No : AMXPP4042L

NAVEEN CHANDRA P
Head Legal, Compliance & Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

(A) Equity share capital

(₹ in lacs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Opening balance	**634**	634	634
Changes in equity share capital	-	-	-
Closing balance	**634**	634	634

(B) Other equity

(₹ in lacs)

Particulars	Reserves and 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	Debit balances arising on consolidation	Remeasurement of the net defined benefit liability/ asset	Hegde reserve	Foreign currency translation reserve	
Balance as at 01 April 2016	**15**	**240**	**12,072**	**154**	**3,010**	**18,488**	**(3,765)**	-	**(91)**	-	**30,123**
Profit for the year	-	-	-	-	-	1,962	-		-	-	1,962
Depreciation on fair valuation of fixed assets	-	-	-	-	-	-	(793)	-	-	-	(793)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-		-	(2,108)	(2,108)
Other comprehensive income for the year	-	-	-	-	-	-	-	(30)	91	-	61
Transfer to retained earnings	-	-	-	-	-	(30)	-	30	-	-	-
Total comprehensive income for the year	-	-	-	-	-	1,932	(793)	-	91	(2,108)	(878)
Balance as at 31 March 2017	**15**	**240**	**12,072**	**154**	**3,010**	**20,420**	**(4,558)**	-	-	**(2,108)**	**29,245**
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	-	-	-
Total comprehensive income for the year	-	-	-	-	-	**(67)**	**(793)**	-	-	**2,365**	**1,505**
Balance as at 31 March 2018	**15**	**240**	**12,072**	**154**	**3,010**	**20,353**	**(5,351)**	-	-	**257**	**30,750**

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

Significant accounting policies 2

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 2018

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

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

P.S. RAMESH
Executive Director & Chief Operating Officer, Aerospace, India
DIN: 05205364

CHALAPATHI P
Chief Financial Officer
Pan No : AMXPP4042L

NAVEEN CHANDRA P
Head Legal, Compliance & Company Secretary

SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Dynamatic Technologies Limited ("the Company") together with its subsidiaries (including step subsidiaries) collectively referred to as ("the Group") is incorporated and domiciled in India. The Company was incorporated in 1973 as Dynamatic Hydraulics Limited under provisions of the Companies Act, 1956. In 1992, the name of the Company was changed to Dynamatic Technologies Limited. The Group is in the business of manufacturing automotive components, hydraulics components, aerospace components and wind farm power generation. The Company is listed in India with National Stock Exchange and Bombay Stock Exchange. During the year ended 31 March 2018, the Board of Directors of the Company vide its meeting dated 28 February 2018 has approved the divestment plan of Auto divisions of the Company (refer note 59).

1A Basis of preparation

(i) Statement of compliance

These Consolidated Ind AS financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of the Companies Act 2013 ('the Act') and other relevant provisions of the Act.

The Group's consolidated financial statements up to and for the year ended 31 March 2017 were 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').

As these are the Group's first consolidated Ind AS financial statements prepared in accordance with Indian Accounting Standards (Ind AS). Ind AS 101, First time adoption of Indian Accounting Standard has been applied. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the Previous GAAP and an explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Group is provided in note 57.

The Group's consolidated Ind AS financial statements are authorised for issue by the Company's Board of Directors on 29 May 2018.

(ii) Functional and presentation currency

These Consolidated Ind AS financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts have been rounded-off to the nearest lacs, unless otherwise mentioned.

(iii) Basis of Measurement

The Consolidated Ind AS financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following:

(a) Defined benefit and other long-term employee benefits where plan asset is measured at fair value less present value of defined benefit obligations.

(b) Certain financial assets and liabilities that are qualified to be measured at fair value;

(iv) Use of estimate and judgements

The preparation of Consolidated Ind AS 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, liabilities, 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 prospectively.

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 43 : 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 2018 is included in the following notes:

- note 3: useful life of property, plant and equipment and intangible assets;

- note 55: recognition of deferred tax asset: availability of future taxable profit against which tax losses carried forward can be used;

- note 22, 28 and 38: recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

- note 47: measurement of defined benefit obligation: key actuarial assumptions;

- note 6, 7, 8, 12, 15, 16 and 49: impairment of financial assets.

(v) Measurement of fair values

Certain accounting policies and disclosures of the Group require the measurement of fair values, for both financial and non financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- note 48 : financial instruments.

1B 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. 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.

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 Ind AS financial statements comprise the financial statements of the Company and its subsidiaries as disclosed in Note 51. Control exists when the parent has power over an investee, exposure or rights to 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 statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date control lapses.

The financial statements of the Group Companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized 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.

2 Significant accounting policies

a 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.

Transition to Ind AS

On transition to Ind AS, the Group has elected to fair value certain items of property, plant and equipment and uses that fair value as its deemed cost at the date of transition, viz., 1 April 2016 (refer note 57). The remaining item of property, plant and equipment are valued in accordance with Ind AS 16 - Property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a Straight Line Method ('SLM') over estimated useful life of the property, plant and equipment less their estimated residual value by the Management. Depreciation for assets purchased / sold during the year is proportionately charged.

The Group's range of estimated useful lives of property, plant and equipment are as follows:

Category of assets	**Useful life estimated by Management**
Leasehold land	Over the period of lease
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.

b Goodwill and Other Intangible assets

(i) Goodwill

For measurement of goodwill that arises on a business combination [refer note 2 (a)]. Subsequent measurement is at cost less any accumulated impairment losses.

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 Previous GAAP.

(ii) Other Intangible assets

Acquired intangible assets

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

Internally generated intangible assets

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in 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 technically feasible to complete the product or process so that it will be available for use.
- Management intends to complete the development and use or sell it.
- It can be demonstrated how the product or process will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the product or process are available, and
- The expenditure attributable to the product or process during its development can be reliably measured.

The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable borrowing costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognized in the consolidated statement of profit and loss as incurred..

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.

Transition to Ind AS

On transition to Ind AS, the Group has elected to fair value certain items of intangible assets and uses that fair value as its deemed cost at the date of transition, viz., 1 April 2016 (refer note 57). The remaining item of intangible assets are valued in accordance with Ind AS 38 - Intangible Assets.

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.

c Impairment

(i) 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.

(ii) Financial assets

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the consolidated statement of profit and loss.

(iii) Non-financial assets

Intangible assets and property, plant and equipment

IIntangible 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 consolidated 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.

d Leases

Leases of property , plant and equipment that transfer to the group 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. Subsequent to initial recognition the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

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 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.

e 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.

f Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and is inclusive of excise duty and net of taxes and duties collected on behalf of the government.

Revenue from the sale of goods and sale of scrap in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale.

Export benefits are recognized in the consolidated 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 is recognized when an unconditional right to receive such income is established and on the performance of services.

g 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.

h 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.

- 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 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 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 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 statement of profit and loss.

3) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Group follows ' simplified approach' for recognition of impairment loss on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from initial recognition.

For recognition of impairment loss on financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

4) Derecognition of financial assets

A financial asset is derecognized only when:

- the Group has transferred the rights to receive cash flows from financial asset or

- retains the contractual rights to receive the cash flows from financial asset but assumed a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

B. Financial liability

1) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortised cost.

All financial liabilities are recognized initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

2) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the 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 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 or 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.

i 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 and are recognised as expenses in the period in which the employee renders the related service.

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g. short term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the amount of obligation can be estimated reliably.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognized immediately in the 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.

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.

j Foreign currency transactions and balances

Foreign currency are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated into relevant functional currency at exchange rates in effect at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the 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 generally 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 INR, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the 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.

k 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.

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.

l Provisions (other than employee benefits)

(i) 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.

(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.

m 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.

n 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.

o 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.

p 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.

q 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 aluminum castings and Others.

r 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.

s 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.

t Recent accounting pronouncements

Standards issued but not yet effective

On 28 March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 40, 'Investment Property', Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates, Ind AS 12, 'Income Taxes', Ind AS 28, 'Investments in Associates and Joint Ventures', 'Ind AS 112, ' Disclosure of Interests in Other Entities' and Ind AS 115, 'Revenue from contracts with customers'.' These amendments maintain convergence with IFRS by incorporating amendments issued by the International Accounting Standards Board (IASB) into Ind AS. The amendments are applicable to the group from 1 April 2018.

Amendment to Ind AS 40, Investment Property

The amendment to Ind AS 40 lays down the principle regarding when a Company should transfer to, or from, investment property. Accordingly, a transfer is made only when:

i. There is an actual change of use i.e. an asset meets or ceases to meet the definition of investment property.

ii. There is evidence of the change in use.

The impact of the above stated amendment to the Group is Nil as the same is not applicable to the Group.

Amendment to Ind AS 21, The Effects of Changes in Foreign Exchange Rates

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The Group is in process of evaluating the effect of this on the consolidated financial statements and expects the impact to be not material.

Amendment to Ind AS 12, Income Taxes

The amendment to Ind AS 12 considers that:

i. Tax law determines which deductions are offset against taxable income in determining taxable income in determining taxable profits.

ii. No deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions.

The Group is evaluating the effect of this on the consolidated financial statements and expects the impact to be not material.

Amendment to Ind AS 28, Investments in Associates and Joint Ventures

The amendment to Ind AS 28 clarifies that a venture capital organisation, or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture.

The impact of the above stated amendment to the Group is NIL as the same is not applicable to the Group.

Amendment to Ind AS 112, Disclosure of Interests in Other Entities

The amendment to Ind AS 112 provide that the disclosure requirements for interests in other entities also apply to interests that are classified (or included in a disposal group that is classified) as held for sale or as discontinued operations in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations.

The impact of the above stated amendment to the Group is NIL as the same is not applicable to the Group.

Ind AS 115, Revenue from Contracts with Customers:

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The standard permits two possible methods of transition:

• Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

• Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach)

The Group has completed an initial qualitative assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its consolidated financial statements. The quantitative impact of adoption of Ind AS 115 on the consolidated financial statements in the period of initial application is not expected to be material.

The Group will adopt the standard on 1 April 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted.

3. Property, plant and equipment

(₹ in lacs)

Particulars	Owned												Leased		Total
	Freehold land *	Buildings *	Plant and Machinery*	Measuring Instruments	Electrical Installations	Data Processing Equipment	Office Equipment	Furniture And Fixtures	Tools, Dies And Moulds	Vehicles	Motor Boat	Leasehold improvements	Land* (Note A)	Plant and Machinery	
Cost or deemed cost*:															
Balance as at 1 April 2016	8,762	11,241	23,801	873	1,821	1,184	1,374	562	4,474	342	402	560	14,654	900	**70,950**
Additions	114	2,475	2,590	104	148	161	790	344	185	12	-	77	-	-	**7,000**
Translation adjustment	(62)	(664)	(2,770)	-	-	(62)	(287)	(61)	(288)	(10)	-	-	-	-	**(4,204)**
Deletion/ adjustments	-	(190)	(545)	-	-	-	(84)	-	(1)	-	-	-	-	-	**(820)**
Balance as at 31 March 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**
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**
Reclassification	-	-	147	-	-	-	-	-	-	-	-	-	-	-	**147**
Deletion	-	(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**
Accumulated depreciation*:															
Balance as at 1 April 2016	-	-	21	194	437	995	385	434	2,498	172	101	126	-	640	**6,003**
Depreciation for the year	-	570	4,004	55	30	91	264	91	585	33	20	120	15	25	**5,903**
Translation adjustment	-	(373)	(2,096)	-	-	(57)	(157)	(26)	(148)	(4)	-	-	-	-	**(2,861)**
Depreciation on deletion	-	(186)	(538)	-	-	-	(68)	-	-	-	-	-	-	-	**(792)**
Balance as at 31 March 2017	-	**11**	**1,391**	**249**	**467**	**1,029**	**424**	**499**	**2,935**	**201**	**121**	**246**	**15**	**665**	**8,253**
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**
Net carrying amount*:															
Balance as at 31 March 2018	**8,940**	**16,179**	**18,954**	**898**	**1,807**	**763**	**1,590**	**254**	**2,027**	**124**	**261**	**395**	**14,622**	**208**	**67,022**
Balance as at 31 March 2017	8,814	12,851	21,685	728	1,502	254	1,369	346	1,435	143	281	391	14,639	235	**64,673**
Balance as at 1 April 2016	8,762	11,241	23,780	679	1,384	189	989	128	1,976	170	301	434	14,654	260	**64,947**

* Refer note 57

There has been no impairment losses recognised during the year or previous year.

Note A: Represents an amount aggregating to ₹ 12,705 lacs allotted by Karnataka Industrial Area Development Board (KIADB) and ₹ 1,949 lacs 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.

(₹ in lacs)

Depreciation for the year is reflected as follows:	For the Year ended 2018	For the Year ended 2017
Depreciation and amortisation as per statement of Profit and loss	5,644	5,282
Fair value depreciation	793	793
Total	**6,437**	**6,075**
Depreciation on tangible assets as per Property, plant and equipment (refer note 3)	6,198	5,903
Amortisation of intangible assets (refer note 4)	239	172
Total	**6,437**	**6,075**

4. Intangible assets

(₹ in lacs)

Particulars	Owned intangible asset		Total
	Application Software	Prototype development*	
Cost or deemed cost*:			
Balance as at 1 April 2016	1,145	140	**1,285**
Additions	145	2,852	**2,997**
Translation adjustment	(23)	(222)	**(245)**
(Deletion)	(23)	-	**(23)**
Balance as at 31 March 2017	**1,244**	**2,770**	**4,014**
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**
Accumulated amortization*:			
Balance as at 1 April 2016	900	-	**900**
Amortisation for the year	130	42	**172**
Translation adjustment	(26)	-	**(26)**
Amortisation on deletion	(23)	-	**(23)**
Balance as at 31 March 2017	**981**	**42**	**1,023**
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**
Net carrying amount*:			
Balance as at 31 March 2018	**217**	**2,518**	**2,735**
Balance as at 31 March 2017	263	2,728	**2,991**
Balance as at 1 April 2016	245	140	**385**

*Refer note 57

There has been no impairment losses recognised during the year or previous year.

5. Goodwill

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Carrying value at the beginning of the year	8,261	9,356	8,789
Translation differences	1,252	(1,095)	567
Carrying value at the end of the year	**9,513**	**8,261**	**9,356**

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 units (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	Automotive

The carrying value of goodwill, net of translation differences, as on 31 March 2018, 31 March 2017 and 1 April 2016 are as follows:

(₹ in lacs)

Entity acquired	Allocated operating segment	31 March 2018	31 March 2017	1 April 2016
Dynamatic Limited, UK	Hydraulics and Aerospace	5,003	4,387	5,139
JKM Erla Holdings GmbH, Germany	Automotive	4,510	3,874	4,217
Total Carrying value at the end of the year		**9,513**	**8,261**	**9,356**

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, fair value of a CGU is determined based on the market capitalization and the value in use is determined based on specific calculations. The recoverable amount of all CGU's has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and an average of the range of each assumption mentioned below:

Particulars	As of 31 March 2018	As of 31 March 2017	As of 1 April 2016
Discount rate*	11%-12%	11%-12%	11%-12%
Terminal growth rate **	2%	2%	2%
Operating margins	4%-10%	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 2018, 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 lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unquoted			
Investments carried at fair value through profit and loss			
Investments in equity instruments			
1) Nil (31 March 2017 : 9,000, 1 April 2016 : 9,000) equity shares of face value of Rs 100 each fully paid up of Rengaraj Ispat Industries Private Limited	-	9	9
2) 600,000 (31 March 2017 : 600,000, 1 April 2016 : Nil) equity shares of face value of ₹10 each of Kamachi Industries Limited	60	60	-
	60	**69**	**9**
Aggregate value of unquoted investments	60	69	9
Aggregate amount of impairment in value of investments	-	-	-

7. Non - Current Loans

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured, considered good			
Security deposits	1,291	1,631	1,598
	1,291	**1,631**	**1,598**

8. Other non - current financial assets

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured, considered good			
Bank deposits (due to mature after 12 months from the reporting date)	18	33	98
	18	**33**	**98**

9. Income tax assets (net)

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance income tax and tax deducted at source, net of provision	23	36	296
	23	**36**	**296**

10. Other non-current assets

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Prepaid expenses	56	50	168
Prepaid rent	300	340	380
Capital advances	120	312	79
	476	**702**	**627**

11. Inventories
(Valued at lower of cost and net realizable value)

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw materials and components*	10,147	7,360	6,220
Work-in-progress	15,168	13,958	11,961
Finished goods	2,208	1,686	3,706
Stores and spares	782	830	770
	28,305	**23,834**	**22,657**

*including goods in transit as on 31 March 2018: ₹.175 lacs (31 March 2017: ₹ 126 lacs; 1 April 2016: ₹ 106 lacs).

12. Trade receivables (₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured, Considered good	**18,610**	15,062	14,098
Doubtful	**3,501**	3,441	3,414
	22,111	**18,503**	**17,512**
Less: Loss allowance			
Doubtful	**(3,501)**	(3,441)	(3,414)
	(3,501)	**(3,441)**	**(3,414)**
Net trade receivables	**18,610**	**15,062**	**14,098**

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 49.

13. Cash and cash equivalents (₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Cash on hand	21	26	182
Balance with banks	-	-	
- in current accounts	3,967	6,112	5,479
- in deposit accounts (with original maturity of less than 3 months)*	-	53	327
	3,988	**6,191**	**5,988**

*The Company has placed these deposits as margin money or under lien for various matters.

14. Bank balances other than cash and cash equivalents above (₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
In deposit accounts (due to mature within 12 months from the reporting date)*	2,269	2,059	761
Unpaid dividend	8	12	18
	2,277	**2,071**	**779**

*The Company has placed these deposits as margin money or under lien for various matters.

15. Current loans (₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured, considered good			
Security deposit	202	154	206
Loans to employees	93	107	76
	295	261	282

16. Other current financial assets (₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured, considered good			
Other receivables	-	106	22
	-	**106**	**22**

17. Other current assets (₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Prepaid expenses	1,259	779	670
Prepaid rent	77	64	70
Advances to suppliers	789	549	730
Balances with government authorities	4,339	3,147	2,526
	6,464	**4,539**	**3,996**

18. Equity share capital

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Authorised			
Equity shares			
20,000,000 equity shares (31 March 2017: 20,000,000 equity shares; 1 April 2016: 20,000,000 equity shares) of par value of ₹ 10 each	2,000	2,000	2,000
Preference shares			
500,000 redeemable cumulative preference shares (31 March 2017: 500,000 shares; 1 April 2016: 500,000 shares) of par value of ₹ 100 each	500	500	500
	2,500	**2,500**	**2,500**
Issued, subscribed and fully paid up			
Equity shares			
6,341,443 equity shares (31 March 2017: 6,341,443 equity shares; 1 April 2016: 6,341,443 equity shares) of par value of ₹ 10 each	634	634	634
	634	**634**	**634**

Reconciliation of shares outstanding at the beginning and at the end of the Reporting period:

Particulars	31 March 2018		31 March 2017	
	Number of shares	Amount (₹ in lacs)	Number of shares	Amount (₹ in lacs)
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 in the Company

Particulars	31 March 2018		31 March 2017	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹10 each				
- Udayant Malhoutra	7,10,179	11.20%	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%

19 Other equity*

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital reserves [refer note 19(i)]	15	15	15
Capital redemption reserve [refer note 19(ii)]	240	240	240
Securities premium [refer note 19(iii)]	12,072	12,072	12,072
Reserve on amalgamation [refer note 19(iv)]	154	154	154
General reserve [refer note 19(v)]	3,010	3,010	3,010
Retained Earnings [refer note 19(vi)]	20,353	20,420	18,488
Debit balance arising on consolidation [refer note 19(vii)]	(5,351)	(4,558)	(3,765)
Hedge reserve [refer note 19(viii)]	-	-	(91)
Foreign currency translation reserve [refer note 19(ix)]	257	(2,108)	-
Total other equity	**30,750**	**29,245**	**30,123**

* For detailed movement of reserves refer Consolidated Statement of Changes in Equity

19(i) Capital reserve :

Capital reserve was created on account of Subsidy received during the year ended 31 March 2005

19(ii) Capital Redemption Reserve :

During the year ended 31 March 2005, an amount of ₹ 240 lacs was transferred to Capital redemption reserve upon redemption of preference share, in accordance with the Companies Act, 1956. Capital redemption reserve is not freely available for distribution.

19(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 Sec 52(2) of Companies Act, 2013.

19(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.

19(v) General Reserve :

General Reserve is used from time to time to transfer profits from retained earnings for appropriation purpose.

19(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.

19(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.

19(viii) Hedge Reserve :

Changes in the fair value of the derivatives to the extent the derivative is considered effective is recognized in hedge reserve under other equity.

19(ix) 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. The Company has set foreign currency translation reserve to zero as at transition date i.e., 1 April 2016 which is in accordance with the transitional provision exemption given under Ind AS 101.

20. Non-current borrowings

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Secured			
Term loans			
- from banks [refer footnote(i)]	39,608	41,656	24,717
- Financial institutions [refer footnote(ii)]	8,977	7,883	23,071
Finance lease obligation [refer footnote(iii)]	340	610	737
Intercorporate Deposits [refer footnote(iv)]	-	239	1,270
Total Borrowings	**48,925**	**50,388**	**49,795**
Less: Current Maturities of long term borrowings from banks	5,367	3,843	7,888
Less: Current Maturities of long term borrowings from financial institutions**	602	-	3,432
Less: Current Maturities of finance lease obligations	89	219	224
Net non-current borrowings	**42,867**	**46,326**	**38,251**

Information about the Company's exposure to interest rate, currency and liquidity risk are disclosed in note 49.

(i) From Banks (Including current maturities of the non-current borrowings shown under other current liabilities) (read along with note 58)

Details of repayment terms, interest and maturity	Nature of security
Term loan from bank aggregating to INR 28,645 lacs (31 March 2017 INR 28,608 lacs; 1 April 2016: INR Nil) repayable in 32 quarterly installments. First installment starting from 15 October 2018 with interest rate ranging from 10.45% 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 INR Nil (31 March 2017 : INR Nil, 1 April 2016 : INR 2,826 lacs carrying interest rate of LIBOR plus 4% per annum). However, the entire loan was repaid during 2016-17.	First pari passu charge on the entire movable and immovable fixed assets of the Company, present and future (other than those exclusively charged). Second pari passu charge on the entire current assets of the Company, present and future.
Term loan from bank aggregating to INR Nil (31 March 2017 : INR Nil, 1 April 2016 : INR 4,479 lacs repayable in 17 quarterly installments with rate of interest @ 11.75% per annum). However the entire loan was repaid during 2016-17.	First pari passu charge on the entire movable and immovable fixed assets of the Company.
Term loan from bank aggregating INR Nil (31 March 2017 : INR Nil, 1 April 2016 : INR 60 lacs repayable in 8 monthly installments @ 11.75% per annum). However the entire loan was repaid during 2016-17.	First pari passu charge on the movable fixed assets of the Company.

Term loan from bank amounting to INR Nil (31 March 2017 - INR Nil and 1 April 2016 - INR 1,685 lacs repayable in 4 half yearly installments @ 11.75% per annum). However the entire loan was repaid during 2016-17.	The Security provided consists of pledge of share of Dynamatic Limited, UK and Corporate Guarantee given by the Company and JKM Erla Automotive Limited.
Term loan from bank aggregating to INR 8,678 lacs (31 March 2017 : INR 10,108 lacs and 1 April 2016 - INR 11,077 lacs) repayable in 8 quarterly installments. The rate of interest is EURIBOR plus 2.25% per annum.	Secured by movable and immovable Fixed assets of Eisenwerk Erla Holding GmbH.
Term loan from banks aggregating INR Nil (31 March 2017 : INR Nil, 1 April 2016 : INR 976 lacs repayable in 2 half yearly installments @ LIBOR plus 3% per annum). However the entire loan was repaid during 2016-17.	Secured by first pari passu charge on the fixed assets of JKM Erla Automotive Limited and Corporate Guarantee given by the Company
Term loan aggregating INR 1,896 lacs (31 March 2017 : INR 2,455 lacs, 1 April 2016 - INR 2,863 lacs) is repayable in 8 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 INR 389 lacs (31 March 2017 - INR 485 lacs, 1 April 2016 - INR 751 lacs) repayable in 14 quarterly installments with rate of interest LIBOR plus 2.75% per annum.	Secured by way of charge over assets of Yew Tree Investments Limited and Dynamatic Limited UK and by way of corporate guarantees given by Yew Tree Investments Limited and Dynamatic Limited UK.

** The Group during the year ended 31 March 2017 has entered into a new facility arrangement with a consortium of banks and financial institutions wherein the terms of agreement stipulates the payment of borrowings after twelve months from the reporting date i.e., 31 March 2017. Hence, Current maturities of long term borrowings is Nil (refer note 58).

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

Details of repayment terms, interest and maturity	Nature of security
Term Loan from financial institutions aggregating to INR 1,078 lacs (31 March 2017: INR Nil, 1 April 2016: INR Nil) repayable in 36 monthly installments with interest rate of 10.50% per annum.	Secured by way of exclusive charge on fixed assets.
Term Loan from financial institutions aggregating to INR 7,899 lacs (31 March 2017: INR 7,883 lacs, 1 April 2016: INR Nil) repayable in 32 quarterly installments first installment starting from 15 October 2018 with interest rate of 10.35% 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 INR Nil (31 March 2017 - INR Nil, 1 April 2016 : INR 11,531 lacs repayable in 49 monthly instalments with rate of interest @ SBI base rate plus 3.15% per annum). However, the entire loan was repaid during 2016-17.	First pari passu charge on the movable fixed assets of the Company, present and future and immovable properties of the Company, present and future. Second pari passu charge on the entire current assets of the Company, present and future. Also secured by personal guarantee of promoter.
Term loan from financial institutions aggregating to INR Nil (31 March 2017 : INR Nil, 1 April 2016 : INR 4,795 lacs repayable in 51 monthly installments with rate of interest @ SBI base rate plus 3.30% per annum). However, the entire loan was repaid during 2016-17.	

Term loan from financial institutions aggregating to INR Nil (31 March 2017 : INR Nil, 1 April 2016 : INR 1,288 lacs repayable in 52 monthly installments with rate of interest @ 14% per annum). However, the entire loan was repaid during 2016-17.	Secured by way of exclusive charge on fixed assets.
Term loan from financial institutions aggregating to INR Nil (31 March 2017 : INR Nil, 1 April 2016 : INR 102 lacs repayable in 7 monthly installments with rate of interest @ 14% per annum). However, the entire loan was repaid during 2016-17.	Secured by way of exclusive charge on fixed assets and secured by way of personal guarantee given by promoter.
Term loan from financial institutions aggregating to INR Nil (31 March 2017 : INR Nil, 1 April 2016 : INR 160 lacs repayable in 47 monthly installments with rate of interest ranging from 11% to 13% per annum). However, the entire loan was repaid during 2016-17.	Secured by way of exclusive charge on fixed assets.
Term loan from financial institutions aggregating to INR Nil (31 March 2017 : INR Nil, 1 April 2016 : INR 176 lacs repayable in 54 monthly installments with rate of interest ranging from 11% to 13% per annum). However, the entire loan was repaid during 2016-17.	Secured by way of exclusive charge on fixed assets.
Term loan from financial institutions aggregating to INR Nil (31 March 2017 : INR Nil, 1 April 2016 : INR 66 lacs repayable in 25 monthly installments with rate of interest @ 15% per annum). However, the entire loan was repaid during 2016-17.	Secured by way of exclusive charge on fixed assets.
Term Loan from Financial institutions aggregating to INR Nil (31 March 2017 - Rs. Nil and 1 April 2016 - Rs 4,953 lacs). However, the entire loan was repaid during 2016-17.	The term loan is secured by first pari passu charge on the fixed assets of JKM Erla Automotive Limited and corporate guarantee of Dynamatic Technologies Limited, holding company.

(iii) Leasing Finance / HP from banks aggregating ₹ 340 lacs (31 March 2017 - ₹ 610 lacs and 1 April 2016 - ₹ 737 lacs) 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.

(iv) Deposit from Wavell Investments Private Limited aggregating ₹ Nil (31 March 2017 - ₹ 239 lacs and 1 April 2016 - ₹ 1,120 lacs). The rate of interest is 18% per annum. The deposit was repaid during the current year.

Deposit from Conbar India Private Limited aggregating to ₹ Nil (31 March 2017 - ₹ Nil and 1 April 2016 - ₹ 150 lacs) with interest rate @ 18% per annum,. The deposit was repaid during the year 2016-17.

21. Other non - current financial liabilities

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Liability for dismantling of property, plant and equipment	333	293	258
Others	-	-	32
	333	**293**	**290**

22. Non - current provisions

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for employee benefits			
Provision for gratuity (refer note 47)	1,382	719	582
Provision for compensated absences	287	258	215
	1,669	**977**	**797**

23. Deferred tax liabilities (net)*

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred tax liabilities			
Property, plant and equipment and intangible assets	4,465	**4,939**	**5,141**
Total deferred tax liabilities (A)	**4,465**	**4,939**	**5,141**
Deferred tax assets			
Provision for gratuity and compensated absences	675	422	372
Provision for loss allowance	1,063	1,090	1,082
Provision for warranty	15	15	15
Others	201	528	358
Total deferred tax assets (B)	**1,954**	**2,055**	**1,827**
Net deferred tax liability (A - B)	**2,511**	**2,884**	**3,314**

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.

The movement in deferred tax holding workings includes a foreign currency translation adjustment of ₹ 184 lacs loss (31 March 2017: ₹ 37 lacs gain) which is credited to Foreign currency translation reserve under Other Comprehensive Income.

* Refer note 55

24. Other non-current liabilities

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred government grant	53	62	71
Others	48	45	57
	101	**107**	**128**

25. Current borrowings

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Secured Loans			
Loans from banks repayable on demand			
Cash credit and working capital demand loans*	20,874	14,339	8,918
	20,874	**14,339**	**8,918**
Unsecured Loans			
From banks			
- Foreign currency buyer's credit **	-	-	19
- Short Term Loan ***	-	948	-
- Bill discounting facility from banks #	1,218	2,364	4,268
	1,218	**3,312**	**4,287**
	22,092	**17,651**	**13,205**

* Cash credit and working capital demand loans from banks carry interest ranging between 10.40% - 12.10% 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 taken foreign currency letter of credit /buyer's credit, which carry interest ranging between LIBOR+ 1% to LIBOR+1.5% per annum for 180 days which have been repaid during the year 2016-17.

*** Short term loan from bank carries rate of interest @ 12.00% per annum repayable in 6 equal monthly installments and secured by way of personal guarantee given by promoter. The same has been repaid during the year.

\# The Group has availed bill discounting facility from banks which carry interest rate between 9.50% to 12.25 % per annum and is payable within 90 days from date of discounting of bills.

Information about the Group's exposure to interest rate, currency and liquidity risk are disclosed in note 49.

26. Trade payables

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Due to micro and small and medium enterprises (refer to note 46)	-	-	-
Other trade payables	24,684	22,692	22,644
Acceptances	1,630	1,809	1,543
	26,314	**24,501**	**24,187**

All trade payables are current.

The Company's exposure to currency and liquidity risk are disclosed in note 49.

27. Other current financial liabilities

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current maturities of long-term borrowings (refer note 20)	6,058	4,062	11,544
Capital creditors	763	714	304
Retention money	26	136	146
Accrued expenses	1,430	946	1,092
Interest accrued but not due on borrowings*	-	91	44
Employee related liabilities	2,270	1,754	1,945
Dealer deposits	63	61	64
Unpaid dividend	8	12	18
Others	-	-	59
	10,618	**7,776**	**15,216**

* Includes due to related party (refer note 51)

The Company's exposure to currency and liquidity risk are disclosed in note 49.

28. Current provisions

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for employee benefits:			
Provision for gratuity (refer note 47)	299	266	228
Provision for compensated absences	65	94	162
Others			
Provision for warranties (refer note 44)	545	524	365
Others	167	51	27
	1,076	**935**	**782**

29. Current tax liabilities (net)

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for income tax, net of advance tax and tax deducted at source	1,125	690	561
	1,125	**690**	**561**

30. Other current liabilities

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance received from customers	1,296	542	207
Deferred government grant	9	9	9
Statutory liabilities	499	323	293
	1,804	**874**	**509**

31. Revenue from operations

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(A) Sale of products		
Revenue from sale of products (including excise duty)*	1,38,281	1,52,715
Total revenue from sale of products (A)	**1,38,281**	**1,52,715**
(B) Other operating revenue		
Export incentive	1,162	168
Scrap sales	1,399	1,035
Total other operating revenue (B)	2,561	1,203
Total revenue from operations (A+B)	**1,40,842**	**1,53,918**

*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 periods upto 30 June 2017 are not strictly relatable to those thereafter. The following additional information is being provided to facilitate such an understanding: (₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations (A)	140,842	153,918
Excise duty (B)	872	3,308
Revenue from operations, net of excise duty (A-B)	**139,970**	**150,610**

32. Other income

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income on financial assets carried at amortized cost	211	233
Provision no longer required written back	-	14
Interest on income tax refund	61	-
Foreign exchange gain (net)	-	196
Profit on sale of fixed assets (net)	219	-
Miscellaneous income	87	133
	578	**576**

33. Cost of materials and components consumed

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventory of materials and components at the beginning of the year	7,360	6,220
Add: Purchases	75,093	85,730
Less: Inventory of materials and components at the end of the year	10,147	7,360
	72,306	**84,590**

34. Changes in inventories of finished goods and work-in-progress

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening stock		
- Finished goods	1,686	3,706
- Work-in-progress	13,958	11,961
	15,644	**15,667**
Closing stock		
- Finished goods	2,208	1,686
- Work-in-progress	15,168	13,958
	17,376	**15,644**
Impact of excise duty on change in stock of finished goods	-	81
Add: Foreign currency translation adjustments	1,387	(890)
	(345)	**(786)**

35. Employee benefits expense

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	21,191	19,705
Contribution to provident fund and other funds	736	616
Expenses related to post employement defined benefit plans-gratuity	238	160
Expenses related to compensated absence	74	15
Staff welfare expenses	2,599	2,462
	24,838	**22,958**

36. Finance costs

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expense on financial liabilities at amortised cost	7,385	7,649
Unwinding of discount of dismantling cost	40	35
Other borrowing cost	17	152
	7,442	**7,836**

37. Depreciation and amortisation expense

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation on property, plant and equipment	5,405	5,110
Amortization of intangible assets	239	172
	5,644	**5,282**

38. Other expenses

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Consumption of stores, loose tools and spare parts	3,068	2,705
Subcontractor charges	5,201	4,709
Power and fuel	6,554	6,410
Rent	3,786	2,784
Legal and professional fees	1,678	1,612
Repairs and maintenance:		
- buildings	281	338
- plant and machinery	2,033	1,950
- others	1,104	1,134
Freight outward	1,561	950
Rates and taxes	359	461
Travelling and conveyance	837	830
Printing and stationery	182	203
Communication expenses	154	159
Foreign exchange loss (net)	479	158
Loss allowance on financial assets (net)	60	27
Bad debts written off	-	59
Insurance	598	575
Sales promotion and advertisement	171	355
Loss on sale of fixed assets (net)	68	20
Warranty and replacement expenses	14	106
Security charges	293	258
Packing expenses	563	560
Membership and subscriptions	92	87
Bank charges	238	143
Miscellaneous	558	727
	29,932	**27,320**

39. Exceptional items*

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Loan prepayments and its related costs	-	426
	-	426

*Exceptional items for the year ended 31 March 2017 amounting to ₹ 426 lacs represents various expenses such as prepayment charges and other ancillary charges incurred by the Company towards prepayment of loan funds to banks and financial institutions.

40. Contingent Liabilities

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Income tax matters	500	30	53
Custom, Service tax and Excise duty related matter	233	266	219

41. Capital and Other Commitments

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital Commitments			
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	1,928	2,013	1,244

There are no other material commitments.

42. Payment to auditors (excluding service tax) included in legal and professional fees

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Statutory audit fees	79	79
Limited review fees	39	39
Other services	12	12
Out of pocket expenses	8	6
Total	**138**	**136**

43. 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 ₹ 232 lacs (previous year ₹ 336 lacs).
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 ₹ 3,554 lacs (previous year: ₹ 2,448 lacs).

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Payable within 1 year	4,536	3,305	2,479
Payable between 1-5 years	13,830	10,247	7,255
Payable later than 5 years	2,905	4,663	5,029

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 2018 are:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Payable within 1 year	107	267	284
Payable between 1-5 years	274	485	584
Total	**381**	**752**	**868**
Less : Finance charges	41	142	131
Present value of minimum lease payments	**340**	**610**	**737**

44 The disclosure requirement as per Ind AS 37 with respect to the movement of provisions is as follows:

Provision for warranties

Particulars	As at 31 March 2018	As at 31 March 2017
Opening balance	524	**365**
Provisions recognized	194	298
Provisions utilized / reversed *	(173)	**(139)**
Closing balance	**545**	**524**

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

* includes foreign currency translation adjustments

45. 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 & aluminum 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, 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, finance costs, 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 2017 to 31 March 2018 is as follows: (₹ in lacs)

Particulars	Hydraulics	ASP	AUC	Others	Unallocated	Total
Segment revenue	31,549	35,636	73,621	36	-	140,842
Segment cost	28,817	28,820	73,743	1,867		133,247
Segment result	**2,732**	**6,816**	**(122)**	**(1,831)**	-	**7,595**
Other income	-	-	-	-	578	578
Finance charges	-	-	-	-	(7,442)	(7,442)
Exceptional item	-	-	-	-	-	-
Profit before taxation	**2,732**	**6,816**	**(122)**	**(1,831)**	**(6,864)**	**731**
Taxation	-	-	-	-	(659)	(659)
Profit after taxation	**2,732**	**6,816**	**(122)**	**(1,831)**	**(7,523)**	**72**
Segment asset	24,269	52,218	51,985	7,116	6,306	141,894
Segment liabilities	8,771	7,044	19,600	434	74,661	110,510
Depreciation and amortisation expense	1,102	1,674	2,820	48	-	5,644
Capital expenditure	557	3,026	1,990	114	-	5,687

Operating segment information for the period from 1 April 2016 to 31 March 2017 is as follows: (₹ in lacs)

Particulars	Hydraulics	ASP	AUC	Others	Unallocated	Total
Segment revenue	29,494	34,578	89,710	136	-	153,918
Segment cost	26,576	25,110	88,721	2,265	-	142,672
Segment result	**2,918**	**9,468**	**989**	**(2,129)**	-	**11,246**
Other income	-	-	-	-	576	576
Finance charges	-	-	-	-	(7,836)	(7,836)
Exceptional item	-	-	-	-	(426)	(426)
Profit before taxation	**2,918**	**9,468**	**989**	**(2,129)**	**(7,686)**	**3,560**
Taxation	-	-	-	-	(1,598)	(1,598)
Profit after taxation	**2,918**	**9,468**	**989**	**(2,129)**	**(9,284)**	**1,962**
Segment asset	23,134	45,750	48,861	6,817	8,331	132,893
Segment liabilities	6,354	4,217	20,389	337	71,717	103,014
Depreciation and amortisation expense	1,149	1,355	2,737	41	-	5,282
Capital expenditure	355	5,233	3,933	50	-	9,571

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 lacs)

Particulars	Revenue for the year ended		Non current assets*	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
India	37,379	32,594	47,499	49,051
Outside India	103,463	121,324	33,064	30,009
Total	**140,842**	**153,918**	**80,563**	**79,060**

*Non-current assets exclude financial assets, deferred tax assets and post employment benefit assets.

C Major customer:

None of the customers of the Group have revenue which is more than 10 % of the Group's total revenue.

46 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Group does not have any amounts payable to such enterprises as at 31 March 2018 (31 March 2017: Rs Nil) based on the information received and available with the Group. Also the Group has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

47. Assets and liabilities relating to employee benefits. (₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Net defined benefit liability, gratuity plan	1,681	985	810
Liability for compensated absences	352	352	377
Total employee benefit liability	**2,033**	**1,337**	**1,187**
Current	364	360	390
Non-current	1,669	977	797
	2,033	**1,337**	**1,187**

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 ₹105 lacs in contributions to its defined benefit plans in 2018-19.

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 lacs)

Particulars	As at 31 March 2018	As at 31 March 2017
Obligation at the beginning of the year	1,510	1,350
Interest cost	109	109
Current service cost	111	95
Past service cost	56	-
Benefits paid	(160)	(80)
Actuarial (Gains)/Losses on Obligations recognised in Other Comprehensive Income (OCI)		
- Changes in financial assumptions	(81)	78
- Experience adjustments	258	(42)
Obligation at the end of the year	**1,803**	**1,510**
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	525	540
Interest income on plan assets	38	43
Contributions	(298)	19
Benefits paid	(106)	(73)
Return on plan assets, excluding interest income recognised in OCI	(37)	(4)
Plan assets at the end of the year, at fair value	**122**	**525**
Net defined benefit liability	**1,681**	**985**

C (i) Expense recognised in the statement of profit and loss

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	111	95
Interest cost	109	109
Interest income	(38)	(44)
Past service cost	56	-
Net gratuity cost	**238**	**160**
(ii) Remeasurement recognised in other comprehensive income		
Actuarial loss on defined benefit obligation	177	35
Return on Plan Assets, Excluding Interest Income	37	5
	214	**40**

D. Plan assets

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Insurance fund	122	525	540
	122	**525**	**540**

E. **Defined benefit obligation**

i **Actuarial Assumptions**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 1 April 2016
Rate of return on planned assets	7.88%	7.26%	7.99%
Discounting rate	7.88%	7.26%	7.99%
Future salary growth	6.00%	6.00%	6.00%
Attrition rate	5.00%	5.00%	5.00%
Weighted average duration of defined benefit obligation (in years)	8-10	9-10	9-10
Retirement age	58	58	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 lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Projected Benefit Obligation on Current Assumptions	1,802	1,509	1,350
Impact of change in discount rate by +1%	(117)	(101)	(89)
Impact of change in discount rate by -1%	134	125	102
Impact of change in salary rate by +1%	133	116	98
Impact of change in salary rate by -1%	(118)	(98)	(90)
Impact of change in employee turnover rate by +1%	19	15	15
Impact of change in employee turnover rate by -1%	(21)	(9)	(17)

Defined contribution plan

The Group's contribution to Provident Fund aggregating to ₹ 494 lacs (31 March 2017: ₹ 391 lacs) has been recognized in the Statement of Profit and Loss under the head employee benefit expense.

48. 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 of 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 Group has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard.

(₹ in lacs)

Particulars	Carrying Amount 31 March 2018	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Total
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)	64,959	-	-	-	-
Trade payables	26,314	-	-	-	-
Other financial liabilities (current and non - current)	10,951	-	-	-	-
Total financial liabilities	**102,224**	-	-	-	-

Particulars	Carrying Amount 31 March 2017	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Total
Financial assets not measured at fair value					
Loans (current and non - current)	1,892	-	-	-	-
Trade receivables, net of loss allowance	15,062	-	-	-	-
Cash and cash equivalents	6,191	-	-	-	-
Bank balances other than cash and cash equivalents	2,071	-	-	-	-
Other financial assets (current and non - current)	139				-
Financial assets measured at fair value					-
Investments in equity shares	69	-	-	69	69
Total financial assets	**25,424**	-	-	**69**	**69**
Financial liabilities not measured at fair value					
Borrowings (current and non - current)	63,977	-	-	-	-
Trade payables	24,501	-	-	-	-
Other financial liabilities (current and non - current)	8,069	-	-	-	-
Total financial liabilities	**96,547**	-	-	-	-

(₹ in lacs)

Particulars	Carrying Amount	Fair Value			Total
	1 April 2016	Level 1	Level 2	Level 3	
Financial assets not measured at fair value					
Loans (current and non - current)	1,880	-	-	-	-
Trade receivables, net of loss allowance	14,098	-	-	-	-
Cash and cash equivalents	5,988	-	-	-	-
Bank balances other than cash and cash equivalents	779	-	-	-	-
Other financial assets (current and non - current)	120	-	-	-	-
Financial assets measured at fair value					
Investments in equity shares	9	-	-	9	9
Total financial assets	**22,874**	-	-	**9**	**9**
Financial liabilities not measured at fair value					
Borrowings (current and non - current)	51,456	-	-	-	-
Trade payables	24,187	-	-	-	-
Other financial liabilities (current and non - current)	15,506	-	-	-	-
Total financial liabilities	**91,149**	-	-	-	-

* Current maturities of long term borrowings aggregating ₹ 6,058 lacs, ₹ 4,062 lacs and ₹ 11,544 lacs as at 31 March 2018, 31 March 2017 and 1 April 2016 respectively, form part of other financial liabilities.

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 also includes cash credit and bill discounting facilities. These short-term borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on the loan 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.

49. Financial Risk Management

The Group's activities expose to a variety of 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 1 April 2016, 31 March 2017 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 2018 amounting to ₹18,610 lacs (31 March 2017: ₹15,062 lacs; 1 April 2016: ₹14,098 lacs). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows.

Particulars	As at 31 March 2018	As at 31 March 2017
Balance as at the beginning of the year	3,441	3,414
Net measurement of loss allowance	60	27
Balance as at the end of the year	**3,501**	**3,441**

There is no significant movement in the impairment loss allowance during 2017-18

(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.

A) Financing arrangement

The Group maintains the following line of credit:

(a) Terms loans taken from bank aggregrating to INR 39,608 lacs out of which, INR 28,645 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, INR 8,678 lacs is repayable in 8 quarterly installments at EURIBOR plus 2.25% per annum, INR 1,896 lacs is repayable in 8 quarterly installments at interest rate of 13.60% per annum and INR 389 lacs is repayable in 14 quarterly installments at LIBOR plus 2.75% per annum.
Term Loan from financial institutions aggregrating to INR. 8,977 lacs with interest rate ranging from 10.35% - 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 INR 340 lacs 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 10.40% - 12.10% 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 had taken foreign currency letter of credit /buyer's credit in foreign currency, which carry interest ranging between LIBOR+ 1% to LIBOR+1.5% per annum for 180 days which and are renewable at 6 monthly rests for a maximum of one year.

(e) The Group has taken receivable bill discounting facility from banks which carry interest rate between 9.50% to 12.25% 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 2018, 31 March 2017 and 1 April 2016. The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2018 (₹ in lacs)

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Borrowings*	71,017	71,253	28,201	23,218	19,834
Trade payables	26,314	26,314	26,314	-	-
Other financial liabilities (current and non - current)#	4,893	4,893	4,560	-	333

As at 31 March 2017

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Borrowings*	68,039	68,166	21,713	21,084	25,369
Trade payables	24,501	24,501	24,501	-	-
Other financial liabilities (current and non - current)#	4,007	4,007	3,714	-	293

As at 1 April 2016 is as follows: (₹ in lacs)

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Borrowings*	63,000	63,584	24,891	36,541	2,152
Trade payables	24,187	24,187	24,187	-	-
Other financial liabilities (current and non - current)#	3,962	3,962	3,672	32	258

* Including current maturies of long term borrowings.
# Excluding current maturies of long term borrowings.
As disclosed in note 20 and 25, the Group has secured bank loan that contains loan covenants. A future breach of convenant may require the Company to repay the loan earlier than indicated in the above table. Except for these financial liabilties,
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 optimising 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 lacs)

Particulars	Currency	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
		Foreign currency	Amount	Foreign currency	Amount	Foreign currency	Amount
Trade receivables	USD	127	8,260	96	6,225	66	4,378
	EURO	4	322	4	277	5	376
	GBP	14	1,292	13	1,051	11	1,046
Current borrowings	GBP	22	2,030	20	1,618	17	1,617
	USD	14	911	16	1,037	56	3,714
	EURO	-	-	-	-	0.24	18
Other current financial liabilities	USD	-	-	-	-	0.05	3
	GBP	4	369	-	-	-	-
Trade payables	USD	13	846	29	1,880	33	2,189
	EURO	1	81	5	346	4	300
	GBP	1	92	1	81	1	95
	CAD	0.26	13	0.12	6	0.08	4

The following significant exchange rates have been applied

Currency	Year end spot rate		
	31 March 2018	31 March 2017	1 April 2016
USD/INR	65.04	64.84	66.33
EURO/INR	80.62	69.25	75.10
GBP/INR	92.28	80.88	95.09
CAD/INR	50.64	48.70	51.23

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, EURO, GBP and SGD against INR at 31 March 2018 and 31 March 2017 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 lacs)

Particulars	Profit and loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2018				
USD (-0.30% movement)	19.51	(19.51)	13.66	(13.66)
EURO (-16% movement)	38.70	(38.70)	27.09	(27.09)
GBP (-14% movement)	(167.95)	167.95	(117.57)	117.57
CAD (4% movement)	(0.53)	0.53	(0.37)	0.37
31 March 2017				
USD (2% movement)	66.14	(66.14)	46.30	(46.30)
EURO (8% movement)	(5.54)	5.54	(3.88)	3.88
GBP (15% movement)	(97.06)	97.06	(67.94)	67.94
CAD (5% movement)	(0.29)	0.29	(0.20)	0.20

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. The Group's borrowings comprises of term loan, cash credit working capital loan and bill discounting which carries fixed rate of interest, which do not expose it to interest rate risk.

(a) Interest rate risk exposure

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Variable rate borrowings	69,939	68,039	57,366
Fixed rate borrowings	1,078	-	5,634
Total borrowings	**71,017**	**68,039**	**63,000**

(b) Sensitivity

(₹ in lacs)

Particulars	Profit and loss		Equity, net of tax	
	1% Increase	1% decrease	1% Increase	1% decrease
31 March 2018 Variable rate borrowings	(690)	690	(483)	483
31 March 2017 Variable rate borrowings	(627)	627	(439)	439
1 April 2016 Variable rate borrowings	(428)	428	(300)	300

50. 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 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 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 managements, 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 lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Borrowings (current and non-current)	71,017	68,039	63,000
Less: Cash and cash equivalents	(3,988)	(6,191)	(5,988)
Adjusted net debt	**67,029**	**61,848**	**57,012**
Total equity	31,383	29,879	30,757
Net debt to equity ratio	**2.14**	**2.07**	**1.85**

51 Related Party Transaction

Related party disclosures

(i) Name of related parties and description of relationship:

Name of related party	Description of relationship
- Entities over which Key executive management personnel has significant influence	JKM Holdings Private Limited, India
	Conbar India Private Limited, India
	Wavell Investments Private Limited, India

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)
P.S. Ramesh	Executive Director and Chief Operating Officer - Aerospace, India
Naveen Chandra P	Company Secretary
Udita Malhoutra	Relative of Key Managerial Person
Arvind Mishra	Executive Director (appointed with effect from 9 August 2017) and Chief Operating Officer, Global Hydraulics
Chalapathi P.	Chief Financial Officer (appointed with effect from 13 December 2017)

(ii) List of subsidiaries (including step-subsidiaries) (₹ in lacs)

Name of the entity	Subsidiary/ Step Subsidiary	Country of domicile	Holding as at	
			31 March 2018	31 March 2017
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 lacs)

Particulars		For the year ended	
		As at 31 March 2018	As at 31 March 2017
Rent	JKM Holdings Private Limited, India	4	4
Short term borrowings taken	Wavell Investments Private Limited, India	-	216
Short term borrowings repaid	Wavell Investments Private Limited, India	-	(216)
Finance cost	Wavell Investments Private Limited, India	26	101
	Conbar India Private Limited, India	-	7
Inter-corporate deposit taken	Wavell Investments Private Limited, India	-	170
Inter-corporate deposit repaid	Wavell Investments Private Limited, India	-	(1,051)
	Conbar India Private Limited, India	-	(150)

(iv) Balance receivable from and payable to related parties as at the balance sheet date: (₹ in lacs)

Particulars		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Other current financial liabilities	Wavell Investments Private Limited, India	-	(89)	(1)
Non-current borrowings	Wavell Investments Private Limited, India	-	(239)	(1,120)
	Conbar India Private Limited, India	-	-	(150)

(v) Compensation of Key Executive Managerial Personnel*

Particulars	For the year ended	
	As at 31 March 2018	As at 31 March 2017
Udayant Malhoutra	79	85
Hanuman Kumar Sharma#	145	102
Chalapathi P.	14	-
P. S. Ramesh	75	61
Arvind Mishra	41	-
Naveen Chandra	28	26
	382	**274**

*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 current 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.

52. Earnings per share

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Net profit for the year attributable to equity shareholders	72	1962
Reconciliation of basic and diluted shares used in computing earnings per share:		
Number of equity shares outstanding at the beginning of the year	**6,341,443**	6,341,443
Add: Weighted average number for equity shares issued during the year	-	-
Weighted average number of equity shares outstanding during the year	**6,341,443**	6,341,443
Earnings per share		
Basic	1.14	30.94
Diluted	1.14	30.94

53. 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 as well as specified domestic transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international as well as specified domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

54. Specified bank notes

During the year ended 31 March 2017, the Group had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017. The details of Specific Bank Notes ('SBN') held and transacted during the period from 8 November 2016 to 30 December 2016 and the denomination wise SBNs and other notes as per the notification is given below:

(₹ in lacs)

Particulars	SBNs*	Other Denomination Notes	Total
Closing cash on hand as on 8 November 2016	15	5	20
(+) Permitted receipts	-	41	41
(-) Permitted payments	-	(34)	(34)
(-) Amount deposited in Banks	(15)	-	(15)
Closing cash on hand as on 30 December 2016	-	**12**	**12**

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November 2016.

Note: The disclosures in the 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 since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited consolidated Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

55 Income tax

A Amount recognized in statement of profit and loss

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax:		
Current income tax charge	1,141	1,981
	1,141	**1,981**
Deferred tax:		
Attributable to-		
Origination and reversal of temporary differences	(482)	(383)
	(482)	**(383)**
Income tax expense reported in the statement of profit and loss	**659**	**1,598**

B Income tax recognized in other comprehensive income

Net gain / (loss) on remeasurement of defined benefit liability / (assets)	(214)	(40)
Income tax charged to OCI	**(75)**	**(10)**

C Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Accounting profit before income tax	731	3,560
Tax using the Holding Company's domestic tax rate 34.608% (31 March 2017: 33.063%)	253	1,177
Current year losses on which deferred tax was not recognised	559	936
Difference in enacted tax rate	(160)	(391)
Impact of non - deductible expenses for tax purposes	7	(124)
Income tax expense	**659**	**1,598**
Effective tax rate	**90.15%**	**44.89%**

D Deferred tax

Deferred tax relates to the following:

Particulars	As at 1 April 2016	Recognized in profit or loss during 2016-17	Recognized in OCI during 2016-17*	As at 31 March 2017	Recognized in profit or loss during 2017 -18	Recognized in OCI during 2017-18*	As at 31 March 2018
Deferred tax assets / (liabilities)							
Property, plant and Equipment	(5,141)	202	-	(4,939)	474	-	(4,465)
Provision for loss allowance	1,082	8	-	1,090	(27)	-	1,063
Provision for gratuity and compensated absences	372	40	10	422	178	75	675
Provision for warranty	15	-	-	15	-	-	15
Others	358	133	37	528	(143)	(184)	201
Deferred tax assets / (liabilities)	**(3,314)**	**383**	**47**	**(2,884)**	**482**	**(109)**	**(2,511)**

*movement on account of foreign currency translation adjustment

E Unrecognized deferred tax assets/ (liabilities)

The Group does not have unrecognized deferred tax liabilities

Unrecognized deferred tax assets primarily pertains to business losses. These unexpired business losses will expire based on the year of origination as follows:

As at 31 March 2018	Unabsorbed business losses
2019	-
2020	-
2021	1,000
2022	2,000
2023	3,000
Thereafter	5,492
	11,492

Since it is not probable that future taxable profit will be available against which the entity in the Group can use the benefits there from, the entity in the Group has recognised deferred tax asset on unabsorbed loss and depreciation to the extent of deferred tax liability.

56. Additional information pursuant to para 2 of general instructions for the preparation of Consolidated Financial Statements:

Name of the Subsidiary	(a) Net assets as a percentage of consolidated net assets	(b) Amount of net assets	(c) Share in profit or loss as a percentage of consolidated profit or loss	(d) Amount of share in profit or loss
Dynamatic Technologies Limited Standalone	155%	48,588	526%	379
Foreign Subsidiaries				
Dynamatic Limited UK*	53%	16,688	724%	521
Eisenwerk Erla GmbH #	62%	19,490	1078%	776
JKM Global Pte Limited, Singapore	15%	4,727	-342%	(246)
Indian Subsidiaries				
JKM Erla Automotive Limited	57%	17,969	-11%	(8)
JKM Ferrotech Limited	7%	2,078	-1906%	(1,372)
JKM Research Farm Limited	8%	2,485	31%	22
JKM Automotive Limited	-	-	-	-
Consolidated adjustments	-257%	(80,641)	-	-
Total	**100%**	**31,384**	**100%**	**72**

* includes results of Yew Tree Investments Limited, UK and Dynamatic US LLC

includes results of JKM Erla Holdings GmbH, Germany

57. First time adoption

As stated in note 1, these are the Group's first Consolidated Ind AS financial statements prepared in accordance with Ind AS. For the purpose of transition from previous GAAP to Ind AS, the Group has followed the guidance prescribed under Ind AS 101 – First time adoption of Indian Accounting Standards ("Ind AS 101"), with effect from 1 April 2016 ("transition date"). For the year ended 31 March 2017, the Group had prepared its Consolidated financial statements in accordance with Companies (Accounts) Rules, 2014, notified under Section 133 of the Act and other relevant provisions of the Act ("previous GAAP" or the "Indian GAAP").

The accounting policies set out in note 2 have been applied in preparing these consolidated Ind AS financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening consolidated Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing its consolidated Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Group has adjusted amounts reported previously in consolidated financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its consolidated financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Group's financial position. There were no significant reconciling items between cash flows prepared under Indian GAAP and those prepared under Ind AS..

Optional exemptions availed and mandatory exceptions

In preparing these Consolidated Ind AS financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions.

Optional exemptions availed:

(i) Property, plant and equipment and intangible assets:

As per Ind AS 101 an entity may elect to:

(a) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date;

(b) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

- fair value;

- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index. The elections under (a) and (b) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(c) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustment relating to decommissioning liability prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.\

As permitted by Ind AS 101, the Group has elected to fair value certain items of property, plant and equipment and uses that fair value as its deemed cost at the date of transition, viz., 1 April 2016. The remaining item of property, plant and equipment are valued in accordance with Ind AS 16 - Property, plant and equipment.

(ii) Business combination:

As per Ind AS, at the date of transition, an entity may elect not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also Ind AS 110, Consolidated Financial Statements from the same dae. The Group has elected to apply Ind AS 103, Business combinations prospectively to business combinations occured after 1 April 2016 i.e., the transition date, Busniess combinations occured prior to the transition date have not been restated.

B) Mandatory exceptions:

Ind AS 101 also allows first-time adopters certain mandatory exceptions to be applied for retrospective application of certain requirements under Ind AS for transition from the previous GAAP (IGAAP):

(i) Estimates:

As per Ind AS 101. an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Fair valuation of financial instruments carried at fair value through profit and loss or fair value through other comprehensive income;

- Impairment of financial assets based on expected credit loss model,

- Determination of the discounted value for financial instruments carried at amortized cost and

- Discounted value of liability for decommissioning costs.

Upon the assessment of the estimate made under previous GAAP, the Group has concluded that there was no necessity to revise such estimates under Ind AS, other than those which are required due to application of Ind AS.

(ii) Derecognition of financial assets and liabilities:

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions were obtained at the time of initially accounting for those transactions.

The Group has chosen to avail the exception to apply the derecognition provision of Ind AS 109 prospectively from the date of transition.

(iii) Classification and measurement of financial assets:

Ind AS 101 require an entity to classify and measure its financial assets into amortized cost, fair value through profit or loss or fair value through other comprehensive income based on the business model assessment and solely payment of principal and interest ("SPPI") criterion based on facts and circumstances that exist at the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on the facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortized cost has been done retrospectively, except where the same is impracticable.

C) Reconciliation between previous GAAP and Ind AS:

The following reconciliations provides the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101

1. Balance sheet as at 1 April 2016 and 31 March 2017.
2. Net profit for the year ended 31 March 2017.
3. Total equity as at 1 April 2016 and 31 March 2017.

1. Reconciliation of balance sheet as previously reported under previous GAAP to Ind AS (₹ in lacs)

Particulars	Note	Balance Sheet as at 31 March 2017			Balance Sheet as at 1 April 2016		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	i	54,448	10,225	64,673	54,614	10,333	64,947
Intangible assets	i	3,990	(999)	2,991	1,649	(1,264)	385
Goodwill		8,261	-	8,261	9,356	-	9,356
Capital work-in-progress		2,433	-	2,433	2,859	-	2,859
Financial assets							
(i) Investments		69	-	69	9	-	9
(ii) Non-current loans	ii	2,168	(537)	1,631	2,221	(623)	1,598
(iii) Other non- current financial assets		33	-	33	98	-	98
Income tax assets (net)		36	-	36	296	-	296
Other non-current assets	ii & iv	903	(201)	702	765	(138)	627
Total non-current assets		72,341	8,488	80,829	71,867	8,308	80,175
Current Assets							
Inventories		23,834	-	23,834	22,657	-	22,657
Financial assets							
(i) Trade receivables	iii	17,744	(2,682)	15,062	16,770	(2,672)	14,098
(ii) Cash and cash equivalents		6,191	-	6,191	5,988	-	5,988
(iii) Bank balances other than cash and cash equivalents above		2,071	-	2,071	779	-	779
(iv) Current loans	ii	183	78	261	149	133	282
(v) Other current financial assets		106	-	106	22	-	22
Other current assets	ii	4,709	(170)	4,539	4,183	(187)	3,996
Total current assets		**54,838**	**(2,774)**	**52,064**	**50,548**	**(2,726)**	**47,822**
Total Assets		127,179	5,714	132,893	122,415	5,582	127,997
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital		634	-	634	634	-	634
Other equity		24,007	5,238	29,245	25,126	4,997	30,123
Total equity		**24,641**	**5,238**	**29,879**	**25,760**	**4,997**	**30,757**
LIABILITIES							
Non-current liabilities							
Financial liabilities							
(i) Non-current borrowings	iv	46,861	(535)	46,326	38,835	(584)	38,251
(ii) Other non-current financial liabilities	i	-	293	293	32	258	290
Non-current provisions		977	-	977	797	-	797
Deferred tax liabilities (net)	v	2,318	566	2,884	2,530	784	3,314
Other non-current liabilities	i & vi	36	71	107	116	12	128
Total non-current liabilities		**50,192**	**395**	**50,587**	**42,310**	**470**	**42,780**
Current liabilities							
Financial liabilities							
(i) Current borrowings		17,651	-	17,651	13,205	-	13,205
(ii) Trade payables		24,501	-	24,501	24,187	-	24,187
(iii) Other current financial liabilities		7,776	-	7,776	15,216	-	15,216
Current provisions		784	151	935	667	115	782
Current tax liabilities (net)		690	-	690	561	-	561
Other current liabilities		874	-	874	509	-	509
Total current liabilities		**52,276**	**151**	**52,427**	**54,345**	**115**	**54,460**
Total Liabilities		**102,468**	**546**	**103,014**	**96,655**	**585**	**97,240**
Total Equity and Liabilities		**127,109**	**5,784**	**132,893**	**122,415**	**5,582**	**127,997**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of Statement of Profit and Loss as previously reported under previous GAAP to Ind AS (₹ in lacs)

Particulars	Note	For the year ended 31 March 2017		
		Previous GAAP *	Adjustments	Ind AS
Income				
Revenue from operations		153,918	-	153,918
Other income, net	i, ii & iii	503	73	576
Total Income		**154,421**	**73**	**154,494**
Expenses				
Cost of materials and stores and spare parts consumed		84,590	-	84,590
Change in inventory of finished goods and work-in-progress		(786)	-	(786)
Employee benefit expenses	vii	22,998	(40)	22,958
Excise duty		3,308	-	3,308
Finance costs	iv	7,398	438	7,836
Depreciation and amortization expenses	i	5,439	(157)	5,282
Other expenses	viii	27,196	124	27,320
Total expenses		**150,143**	**365**	**150,508**
Profit before exceptional items & tax		4,278	(292)	3,986
Exceptional items	iv & ix	1,012	(586)	426
Profit before tax		**3,266**	**294**	**3,560**
Tax expense				
Current tax		1,981	-	1,981
Deferred tax (credit)	v	(175)	(208)	(383)
Profit for the year		**1,460**	**502**	**1,962**
Other comprehensive income/ (expense)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of the net defined benefit liability/ asset	vii	-	(40)	(40)
Income tax relating to items that will not be reclassed to profit or loss	v	-	10	10
Items that will reclassified to profit or loss				
Exchange differences in translating financial statements of foreign operations	x	-	(2,108)	(2,108)
Other comprehensive income/ (expense) for the year, net of income tax		-	**(2,138)**	**(2,138)**
Total comprehensive income for the year		**1,460**	**(1,636)**	**(176)**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

3. Reconciliation of total equity as at 31 March 2017 and 1 April 2016

(₹ in lacs)

Particulars	Note	As at	
		31 March 2017	1 April 2016
Total equity (shareholder's funds) as per previous GAAP		**24,641**	**25,760**
Adjustments:			
Amortisation of finance cost under effective interest method	iv	(238)	(190)
Fair valuation and depreciation impact of property, plant and equipment and intangible assets and decommissioning liability	i	8,889	8,732
Expected credit loss allowance	iii	(2,682)	(2,672)
Other adjustments		(165)	(89)
Tax impact of Ind AS adjustments	v	(566)	(784)
Total adjustments		**5,238**	**4,997**
Equity under Ind AS		**29,879**	**30,757**

Explanations for Reconciliation of Balance Sheet and Statement of profit & loss statement as previously reported under previous GAAP to Ind AS:

(i) Property, plant and equipment and other intangible assets

The Group has elected to measure land, building and plant and machinery at fair value at the date of transition to Ind AS and the remaining item has been accounted based on cost as determined in accordance with Ind AS - 16. As per Ind AS 16, the cost of the item of Property, plant and equipment comprises the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The Group has elected to present the Government Grant related to asset as deferred income. Hence at the date of transition to Ind AS, a net increase of ₹ 10,333 lacs was recognised in property, plant and equipment and a net decrease of ₹ 1,264 lacs has been recognised in intangible assets.

(ii) Loans and other non financial assets- Security deposit

Under the previous GAAP, interest free security deposits were recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS and reclassified into current and non-current assets and differences between the fair value and transaction value of the security deposits has been recognised as prepaid rent.

(iii) Trade Receivables

Under Previous GAAP, loss provision for trade receivables was created based on credit risk assessment. Under Ind AS, these provisions are based on assessment of risk of default and timing of collection. The Group uses an allowance matrix to measure the expected credit loss over the last four years under which the Group impaired its trade receivables by ` 2,672 lacs on the date of transition (31 March 2017: ₹ 2,682 lacs).

(iv) Borrowings

Under previous GAAP, amount of processing fees was required to be amortised over the period of loan, whereas in accordance with Ind AS 109, transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

(v) Deferred tax liabilities (net)

Increase in the deferred tax liabilities assets are on account of adjustments made on transition to Ind AS.

(vi) Leases

Under the previous GAAP, lease payments under an operating lease were recognised as an expense on a straight-line basis over the lease term. Under Ind AS, if the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, then lease payments are not straightlined.

(vii) Remeasurement of post employment benefit expenses

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

(viii) Other expenses

Ind AS adjustments in relation to other expenses pertains to amortisation of prepaid rent recognised against security deposits, impairment loss recognised against trade receivables as per expected credit loss model.

(ix) Foreign Currency Monetary Item Translation Difference Account (FCMITD)

The Group has chosen to avail the exemption provided by Ind AS 101 wherein cumulative amount lying in FCMITD has been derecognized by an adjustment against retained earnings on the date of transition to Ind AS.

(x) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans.

In accordance with Ind AS 101, amount of foreign currency differences arising from translation of financial statements of foreign subsidiaries to Indian Rupees has been routed through other comprehensive income.

The concept of other comprehensive income did not exist under previous GAAP.

58. During the previous year, the Group had entered into a new facility arrangement with a consortium of banks and financial institution for term loan of ₹ 36,900 lacs. The proceeds of such term loan was utilized primarily towards the prepayment of existing debts. The loans have a moratorium period for 2 years from the date of first drawdown i.e. 15 July 2016, and then repayable in 32 quarterly installments. The loans are secured by first ranking pari passu charge on movable and immovable fixed assets of the Company, present and future, second ranking pari passu charge on all current assets of the Company, pledge of the shares of subsidiaries and personal guarantee issued by the promoter.

59. During the year ended 31 March 2018, the Board of Directors of the Holding Company vide its meeting dated 28 February 2018 has approved the plan for the future of Auto divisions of the Holding Company and has directed the management to execute the following plan:

Divestment of the following assets along with business:

- JKM-Auto division situated at Irrangattukottai, Sriperumbudur, Tamil Nadu;
- Aluminum Foundry division situated at Irrangattukottai, Sriperumbudur, Tamil Nadu;
- Windfarm property situated at Coimbatore, Tamil Nadu

Subsequent to the year end, the Group has intimated stock exchanges vide letter dated 16 May 2018 based on the voting results based on postal ballot and scrutiny report dated 15 May 2018 that the above resolution have been passed with more than requisite majority.

With respect to divestment above, JKM Auto division and Aluminium Foundry division represents "Automotive and Aluminum Castings", refer below table for assets, liabilities, revenues and results pertaining to the JKM Auto division and Aluminium Foundry division.

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Segment revenue	8,063	8,173
Segment results	(1,652)	(1,946)
Segment assets	9,975	8,173
Segment liabilities	4,442	4,226

The notes referred to above form an integral part of the financial statements.
As per our report of even date attached

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

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 2018

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

P.S. RAMESH
Executive Director & Chief Operating Officer, Aerospace, India
DIN: 05205364

CHALAPATHI P
Chief Financial Officer
Pan No : AMXPP4042L

NAVEEN CHANDRA P
Head Legal, Compliance
& Company Secretary

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

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of Dynamatic Technologies Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit or loss 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 Indian Accounting Standards ('Ind AS') prescribed 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 Ind AS 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 Ind AS financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder.

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

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

We are also responsible to 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 the Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;

   (e) On the basis of the written representation received from Mr Shirish Saraf as on 31 March 2018 and taken on record by the Board of Directors, we report that he is disqualified from being appointed as a director in terms of Section 164 (2)(a) of the Act. As far as other directors are concerned, on the basis of the written representation received from such directors as on 31 March 2018, and taken on record by the Board of Directors, we report that none of the remaining directors are disqualified as on 31 March 2018 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 the Standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

      i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – refer note 37 to the Standalone Ind AS financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

      iv. The disclosures in the Standalone Ind AS 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 since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed - refer note 54 to the Standalone Ind AS financial statements.

for **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership number: 205385

Place : Bengaluru
Date : 29 May 2018

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the members of Dynamatic Technologies Limited ('the Company') on the Standalone Ind AS financial statements for the year ended 31 March 2018, 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. For stocks lying with third parties at the year-end, written confirmations have been obtained by the Management. The discrepancies noticed on such verification between the physical stock and book records were not material.

(iii) The Company has granted unsecured loans to one of its wholly owned subsidiary covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act").

(a) In our opinion and according to the information and explanations given to us, the terms and conditions on which the loans had been granted to the wholly owned subsidiary listed in the Register maintained under Section 189 of the Act are not, prima facie, prejudicial to the company's interest.

(b) In the case of the loan granted to the wholly owned subsidiary listed in the register maintained under Section 189 of the Act, the terms of the arrangements do not stipulate any repayment schedule and the loans are repayable on demand and interest is payable on demand. As per the information and explanation given to us, repayment of principle and the payment of interest has been done as and when demanded.

(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 loans given, investments made, guarantees and security given. 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, Sales-tax, Service tax, duty of Customs, duty of Excise, Value added tax, 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, Sales-tax, Service tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018 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 (₹ lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax	43	AY 2012-2015	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
The Central Excise Act, 1944	Tax/ Interest	46	FY 1998-2009	Commissioner Appeals, Joint Commissioner, Bengaluru and Chennai
The Central Excise Act, 1944	Tax/ Interest	154	FY 2010-2015	Customs Excise and Service Tax Appellate Tribunal Bengaluru and Chennai

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions or banks. The Company did not have any outstanding 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 give 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 Ind AS 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 2018

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls with reference to Standalone Ind AS financial statements of Dynamatic Technologies Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Standalone Ind AS 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 ("Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to Standalone Ind AS financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control with reference to Standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to Standalone Ind AS 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 Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls with reference to Standalone Ind AS 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 Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to Standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

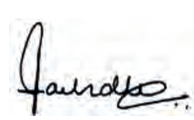
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Standalone Ind AS financial statements and such internal financial controls with reference to Standalone Ind AS financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to Standalone Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Chartered Accountants

Firm registration number: 101248W/W-100022



Supreet Sachdev
Partner
Membership number: 205385

Place : Bengaluru

Date : 29 May 2018

BALANCE SHEET AS AT

(₹ in lacs)

	Note	31 March 2018	31 March 2017	1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	34,987	34,709	34,484
Intangible assets	3	74	241	304
Capital work in progress		384	591	43
Financial assets				
(i) Investments	4	53,510	53,510	40,762
(ii) Non-current loans	5	790	737	627
(iii) Other non-current financial assets	6	18	18	85
Income tax assets (net)	7	-	-	278
Other non-current assets	8	360	657	458
Total non - current assets		**90,123**	**90,463**	**77,041**
Current assets				
Inventories	9	12,065	11,520	9,126
Financial assets				
(i) Trade receivables	10	14,202	10,733	10,676
(ii) Cash and cash equivalents	11	364	255	390
(iii) Bank balances other than cash and cash equivalents above	12	2,215	2,028	738
(iv) Current loans	13	291	250	1,951
(v) Other current financial assets	14	1,938	1,188	1,045
Other current assets	15	7,587	3,563	2,694
Total current assets		**38,662**	**29,537**	**26,620**
Total Assets		**1,28,785**	**1,20,000**	**1,03,661**
Equity and Liabilities				
Equity				
Equity share capital	16	634	634	634
Other equity	17	47,954	47,717	46,205
Total equity		**48,588**	**48,351**	**46,839**
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Non-current borrowings	18	36,186	36,491	19,670
(ii) Other non-current financial liabilities	19	364	356	564
Non-current provisions	20	1,633	948	778
Deferred tax liabilities (net)	21	5,896	6,429	6,694
Total non-current liabilities		**44,079**	**44,224**	**27,706**
Current liabilities				
Financial liabilities				
(i) Current borrowings	22	18,459	16,049	11,937
(ii) Trade payables	23	12,160	8,820	8,880
(iii) Other current financial liabilities	24	4,192	1,810	7,789
Current provisions	25	359	315	341
Current tax liabilities (net)	26	380	249	-
Other current liabilities	27	568	182	169
Total current liabilities		**36,118**	**27,425**	**29,116**
Total liabilties		**80,197**	**71,649**	**56,822**
Total Equity and Liabilities		**1,28,785**	**1,20,000**	**1,03,661**
Significant accounting policies	2			

The notes referred above form an intergral part of Standalone Ind AS 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 2018

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

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

P.S. RAMESH
Executive Director & Chief Operating Officer, Aerospace, India
DIN: 05205364

CHALAPATHI P
Chief Financial Officer
Pan No : AMXPP4042L

NAVEEN CHANDRA P
Head Legal, Compliance & Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

(₹ in lacs)

	Note	31 March 2018	31 March 2017
Income			
Revenue from operations	**28**	56,895	53,143
Other income	**29**	647	1,588
Total income		**57,542**	**54,731**
Expenses			
Cost of materials and components consumed	**30**	27,233	24,262
Change in inventory of finished goods and work-in-progress	**31**	(356)	(1,325)
Excise duty	**28**	642	2,640
Employee benefits expense	**32**	8,178	6,718
Finance costs	**33**	6,328	6,162
Depreciation and amortisation expense	**34**	2,875	2,816
Other expenses	**35**	12,089	11,128
Total expenses		**56,989**	**52,401**
Profit before exceptional items and tax		**553**	**2,330**
Exceptional items	**36**	-	314
Profit before tax		**553**	**2,016**
Current tax		632	739
Deferred tax		(458)	(255)
Income tax expense		**174**	**484**
Profit for the year		**379**	**1,532**
Other comprehensive income			
Items that will not to be reclassified subsequently to profit or loss			
- Remeasurements of defined benefit plans		(217)	(30)
- Income tax relating to items that will not be reclassified to profit or loss		75	10
Other comprehensive income for the year, net of income tax		**(142)**	**(20)**
Total comprehensive income for the year		**237**	**1,512**
Earnings per equity share (face value of ₹10 each)			
Basic and diluted (in ₹)	**49**	**5.98**	24.16
Significant accounting policies	**2**		

The notes referred above form an intergral part of Standalone Ind AS financial statements.
As per our report of even date attached

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

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 2018

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

P.S. RAMESH
Executive Director & Chief Operating Officer, Aerospace, India
DIN: 05205364

CHALAPATHI P
Chief Financial Officer
Pan No : AMXPP4042L

NAVEEN CHANDRA P
Head Legal, Compliance & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED

(₹ in lacs)

	31 March 2018	31 March 2017
Cash flows from operating activities		
Profit before tax	553	2,016
Adjustments:		
Interest income	(198)	(194)
Interest on loans given to related parties	(50)	(993)
Interest on income tax refund	(61)	-
Financial guarantee obligation income	(45)	(336)
Depreciation and amortisation expense	2,875	2,816
Finance costs	6,288	6,127
Unwinding of discount on dismantling liability	40	35
Loss on sale of property, plant and equipment, net	38	-
Bad debts written off, net	-	59
Rent amortization due to discounting of deposits	64	70
Loss allowance on financial assets, net	5	33
Unrealised foreign exchange differences	(87)	(192)
Operating cash flows before working capital changes	**9,422**	**9,441**
Changes in operating assets and liabilities		
(Increase) in inventories	(545)	(2,394)
(Increase) in trade receivables	(3,199)	(223)
(Increase)/ decrease in loans	(40)	8
(Increase) in other financial assets	(589)	(465)
(Increase) in other assets	(4,044)	(903)
Increase in trade payables	3,265	3
Increase/ (decrease) in other financial liabilities	644	(224)
Increase in provisions	512	114
Increase in other current liabilities	386	13
Cash generated from operations	**5,812**	**5,370**
Income taxes paid, net of refund	(440)	(212)
Net cash generated from operating activities (A)	**5,372**	**5,158**

(₹ in lacs)

	31 March 2018	31 March 2017
Cash flows from investing activities		
Expenditure on property, plant and equipment and intangibles	(2,497)	(3,581)
Proceeds from sale of property, plant and equipment	251	-
Investment in subsidiaries	-	(11,311)
Loans to related parties	(1,331)	(10,315)
Repayment of loan by related parties	1,331	10,551
Bank deposits (having original maturity of more than three months), net	(187)	(1,223)
Interest received on loan to related parties	50	1,185
Interest received from bank deposits	144	104
Net cash used in investing activities (B)	**(2,239)**	**(14,590)**
Cash flows from financing activities		
Loans taken from shareholders	-	216
Repayment of loans to shareholders	-	(216)
Proceeds from long term borrowings	**1,086**	36,900
Repayment of long term borrowings	**(8)**	(25,813)
(Repayments)/Proceeds from short term borrowings, net	**2,139**	4,439
Interest paid	(6,237)	(6,223)
Dividend paid out of unclaimed dividend	(4)	(6)
Net cash (used in)/provided by financing activities (C)	**(3,024)**	**9,297**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**109**	**(135)**
Cash and cash equivalents at the beginning of the year	**255**	**390**
Cash and cash equivalents at the end of the year**	**364**	**255**

**Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Components of cash and cash equivalents (refer note 11)		
Cash and cash equivalents		
Cash on hand	**12**	18
Balance with banks	-	-
- in deposit accounts (with original maturity of less than 3 months)	-	53
- in current accounts	**352**	184
Cash and cash equivalents in standalone balance sheet	**364**	**255**

The notes referred above form an intergral part of Standalone Ind AS financial statements.
As per our report of even date attached

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

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Pan No : AMXPP4042L

NAVEEN CHANDRA P
Head Legal, Compliance & Company Secretary

Place : Bengaluru
Date : 29 May 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED

(A) Equity share capital

(₹ in lacs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Opening balance	**634**	634	634
Changes in equity share capital	-	-	-
Closing balance	**634**	634	634

(B) Other equity

(₹ in lacs)

Particulars	Reserves and 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 2016	**15**	**240**	**17,410**	**154**	**3,138**	**25,248**	-	**46,205**
Profit for the year	-	-	-	-	-	**1,532**	-	**1,532**
Other comprehensive income for the year	-	-	-	-	-	-	(20)	**(20)**
Transfer to retained earnings	-	-	-	-	-	(20)	20	-
Total Comprehensive Income for the year	-	-	-	-	-	**1,512**	-	**1,512**
Balance as at 31 March 2017	**15**	**240**	**17,410**	**154**	**3,138**	**26,760**	-	**47,717**
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	-
Total Comprehensive Income for the year	-	-	-	-	-	**237**	-	**237**
Balance as at 31 March 2018	**15**	**240**	**17,410**	**154**	**3,138**	**26,997**	-	**47,954**
Significant accounting policies	**2**							

The notes referred above form an intergral part of Standalone Ind AS 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 2018

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

UDAYANT MALHOUTRA
CEO & Managing Director
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Executive Director & Chief Operating Officer, Aerospace, India
DIN: 05205364

CHALAPATHI P
Chief Financial Officer
Pan No : AMXPP4042L

NAVEEN CHANDRA P
Head Legal, Compliance & Company Secretary

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 automotive components, hydraulics components, aerospace components and wind farm power generation. The Company is listed in India with National Stock Exchange and Bombay Stock Exchange. During the year ended 31 March 2018, the Board of Directors of the Company vide its meeting dated 28 February 2018 has approved the divestment plan of Auto divisions (refer note 58).

1 Basis of preparation

a) Statement of compliance

These Standalone Ind AS financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of the Companies Act 2013 ('the Act') and other relevant provisions of the Act.

The Company's Standalone financial statements up to and for the year ended 31 March 2017 were 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').

As these are the Company's first Standalone Ind AS financial statements prepared in accordance with Indian Accounting Standards (Ind AS), the Company has adopted all the relevant Ind AS standards and the first time adoption was carried out in accordance with Ind AS 101, First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the Previous GAAP and an explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Company is provided in note 56.

The Standalone Ind AS financial statements are authorised for issue by the Company's Board of Directors on 29 May 2018.

b) Functional and presentation currency

These Standalone Ind AS financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to the nearest Lacs, unless otherwise mentioned.

c) Basis of Measurement

The Standalone Ind AS financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following:

(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;

d) Use of estimate and judgements

The preparation of Standalone Ind AS 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, liabilities, 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 prospectively.

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 2018 is included in the following notes:

- note 3: useful life of property, plant and equipment and intangible assets;

- note 55 : recognition of deferred tax asset: availability of future taxable profit against which deferred tax can be used;

- note 20, 25 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 4, 5, 6, 10, 13, 14 and 46 : impairment of financial assets

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.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- note 45 : financial instruments.

2 **Significant accounting policies**

a) **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.

Transition to Ind AS

On transition to Ind AS, the Company has elected to fair value certain items of property, plant and equipment and uses that fair value as its deemed cost at the date of transition, viz., 1 April 2016 (refer note 56). The remaining item of property, plant and equipment are valued in accordance with Ind AS 16 - Property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a Straight Line Method ('SLM') over estimated useful life of the property, plant and equipment less their estimated residual value by the Management. Depreciation for assets purchased / sold during the year is proportionately charged.

The 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.

b) 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 technically feasible to complete the product or process so that it will be available for use
- Management intends to complete the development and use or sell it
- It can be demonstrated how the product or process will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the product or process are available, and
- The expenditure attributable to the product or process during its development can be reliably measured.

The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable borrowing costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognized in the statement of profit and loss as incurred

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.

Transition to Ind AS

On transition to Ind AS, the Company has elected to fair value certain items of intangible assets and uses that fair value as its deemed cost at the date of transition, viz., 1 April 2016 (refer note 56). The remaining item of intangible assets are valued in accordance with Ind AS 38 - Intangible Assets.

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.

c) Impairment

(i) Financial assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

(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.

d) Leases

Leases of property , plant and equipment that transfer to the company 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. Subsequent to initial recognition the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

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.

e) 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.

f) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and is inclusive of excise duty and net of taxes and duties collected on behalf of the government.

Revenue from the sale of goods and sale of scrap in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale.

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 recognized when an unconditional right to receive such income is established and on the performance of services.

g) Other income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income is recognized in profit or loss when the right to receive payment is established, which is generally when the shareholders approves the dividend.

h) Investments in subsidiaries

The Company has chosen to avail the exemption provided by Ind AS 101 and value its investment in subsidiary at deemed cost. The deemed cost as defined in Ind AS 101 are as follows:

(i) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or

(ii) previous GAAP carrying amount at that date For the purpose of deemed cost, the Company has elected either (i) or (ii) mention above to measure its investment in each of its subsidiary (refer note 56).

i) Financial Instruments

A. Financial assets

i) 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.

ii) 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.

iii) Impairment of 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.

iv) 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

i) 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.

ii) 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.

j) 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 remeasurement of net defined liability or asset through other comprehensive income.

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

The Company's gratuity scheme is administered through Life Insurance Corporation of India and the provision for the same is determined on the basis of actuarial valuation carried out by an independent actuary. Provision is made for the shortfall, if any, between the amounts required to be contributed to meet the accrued liability for gratuity as determined by actuarial valuation and the available corpus of the funds.

Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g. short term cash bonus, if the 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.

k) 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 statement of profit and loss.

Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss and are generally recognized in 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.

i) 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 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.

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.

m) 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.

n) 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.

o) 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.

p) 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.

q) Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the owners of the Company for the year by the weighted average number of equity shares outstanding during reporting period.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that is dilutive and which either reduces earnings per share or increase loss per share are included.

r) 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 aluminum castings and Others.

s) 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.

t) 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

u) Recent accounting pronouncements

Standards issued but not yet effective

On 28 March, 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 40, 'Investment Property', Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates, Ind AS 12, 'Income Taxes', Ind AS 28, 'Investments in Associates and Joint Ventures', 'Ind AS 112, ' Disclosure of Interests in Other Entities' and Ind AS 115, 'Revenue from contracts with customers'.' These amendments maintain convergence with IFRS by incorporating amendments issued by the International Accounting Standards Board (IASB) into Ind AS. The amendments are applicable to the company from 1 April 2018.

Amendment to Ind AS 40, Investment Property

The amendment to Ind AS 40 lays down the principle regarding when a Company should transfer to, or from, investment property. Accordingly, a transfer is made only when:

i. There is an actual change of use i.e. an asset meets or ceases to meet the definition of investment property.
ii. There is evidence of the change in use.

The impact of the above stated amendment to the Company is Nil as the same is not applicable to the Company.

Amendment to Ind AS 21, The Effects of Changes in Foreign Exchange Rates

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The Company is in process of evaluating the effect of this on the standalone financial statements and expects the impact to be not material.

Amendment to Ind AS 12, Income Taxes

The amendment to Ind AS 12 considers that:

i. Tax law determines which deductions are offset against taxable income in determining taxable income in determining taxable profits.

ii. No deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions.

The Company is evaluating the effect of this on the standalone financial statements and expects the impact to be not material

Amendment to Ind AS 28, Investments in Associates and Joint Ventures

The amendment to Ind AS 28 clarifies that a venture capital organisation, or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture.

The impact of the above stated amendment to the Company is NIL as the same is not applicable to the Company.

Amendment to Ind AS 112, Disclosure of Interests in Other Entities

"The amendment to Ind AS 112 provide that the disclosure requirements for interests in other entities also apply to interests that are classified (or included in a disposal group that is classified) as held for sale or as discontinued operations in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations.

The impact of the above stated amendment to the Company is NIL as the same is not applicable to the Company.

Ind AS 115, Revenue from Contracts with Customers:

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach)

The Company has completed an initial qualitative assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its standalone financial statements. The quantitative impact of adoption of Ind AS 115 on the standalone financial statements in the period of initial application is not expected to be material.

The Company will adopt the standard on 1 April, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31 March, 2018 will not be retrospectively adjusted.

3. Property, plant and equipment and Intangible assets

(₹ in lacs)

3.1 Property, plant and equipment

Particulars	Owned												Leased	Total
	Freehold Land*	Buildings*	Plant and Machinery*	Measuring Instruments	Electrical Installa-tions	Data Processing Equipments	Office Equipment	Furni-ture And Fixtures	Tools, Dies And Moulds	Vehicles	Motor Boat	Leasehold improve-ments	Land* (Note A)	
Cost or deemed cost*:														
Balance as at 1 April 2016	5,562	894	11,929	873	539	810	346	338	2,303	237	402	561	13,248	38,042
Additions	-	1,527	753	104	148	142	66	10	79	-	-	77	-	2,906
Balance as at 31 March 2017	**5,562**	**2,421**	**12,682**	**977**	**687**	**952**	**412**	**348**	**2,382**	**237**	**402**	**638**	**13,248**	**40,948**
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**
Accumulated depreciation*:														
Balance as at 1 April 2016	-	-	-	195	273	685	290	263	1,479	133	100	140	-	3,558
Depreciation for the year	-	56	1,873	55	30	54	18	18	412	20	20	120	5	2,681
Balance as at 31 March 2017	**-**	**56**	**1,873**	**250**	**303**	**739**	**308**	**281**	**1,891**	**153**	**120**	**260**	**5**	**6,239**
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**
Net carrying amount*:														
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**
As at 31 March 2017	**5,562**	**2,365**	**10,809**	**727**	**384**	**213**	**104**	**67**	**491**	**84**	**282**	**378**	**13,243**	**34,709**
As at 1 April 2016	**5,562**	**894**	**11,929**	**678**	**266**	**125**	**56**	**75**	**824**	**104**	**302**	**421**	**13,248**	**34,484**

*Refer note 56

There has been no impairment losses recognised during the year or previous year.

Note A: Aggregating ₹ 12,705 Lacs allotted by Karnataka Industrial Areas Development Board (KIADB) and ₹ 543 Lacs 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.

3 Property, plant and equipment and Intangible assets (Continued)

3.2 Intangible assets

(₹ in lacs)

Particulars	Application Software	Prototype development*	Total
Cost or deemed cost*:			
Balance as at 1 April 2016	810	140	**950**
Additions	72	-	**72**
Balance as at 31 March 2017	**882**	**140**	**1,022**
Balance as at 1 April 2017	882	140	**1,022**
Additions	41	-	**41**
Reclassification to property, plant and equipment	(147)	-	**(147)**
Balance as at 31 March 2018	**776**	**140**	**916**
Accumulated amortisation*			
Balance as at 1 April 2016	646	-	**646**
Amortisation for the year	93	42	**135**
Balance as at 31 March 2017	**739**	**42**	**781**
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**
Net carrying amount			
As at 31 March 2018	**12**	**62**	**74**
As at 31 March 2017	**143**	**98**	**241**
As at 1 April 2016	**164**	**140**	**304**

*Refer note 56

There has been no impairment losses recognised during the year or previous year.

4. Non - current investments

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unquoted equity shares			
Investment in subsidiaries at deemed cost*			
1) 4,999,930 equity shares (31 March 2017: 4,999,930 equity shares; 1 April 2016: 4,999,930 equity shares) of face value of ₹ 10 each fully paid up of JKM Research Farm Limited	2,448	2,448	2,448
2) 17,652,937 equity shares (31 March 2017: 17,652,937 equity shares; 1 April 2016: 14,571,451 equity shares) of face value of SGD 1 each fully paid of JKM Global Pte Limited, Singapore**	20,005	20,005	18,568
3) 104,554,994 equity shares (31 March 2017: 104,554,994 equity shares; 1 April 2016: 47,999,994 equity shares) of face value of ₹ 10 each fully paid of JKM Erla Automotive Limited	25,381	25,381	14,070
4) 55,000,000 equity shares (31 March 2017: 55,000,000 equity shares; 1 April 2016: 55,000,000 equity shares) of face value of ₹ 10 each fully paid of JKM Ferrotech Limited	5,676	5,676	5,676
	53,510	**53,510**	**40,762**
Aggregate value of unquoted investments	53,510	53,510	40,762
Aggregate amount of impairment in value of investments	-	-	-
*Includes investment in form of financial guarantee provided to banks of subsidiary companies	800	800	800

** Corporate guarantee amounting ₹ 191 Lacs represents finanacial guarantee given to Dynamatic Limited, UK (wholly owned subsidiary of JKM Global Pte Limited)

5. Non - Current Loans

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured, considered good			
Security deposits	790	737	627
	790	**737**	**627**

6. Other non - current financial assets

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured, considered good			
Bank deposits (due to mature after 12 months from the reporting date)	18	18	85
	18	**18**	**85**

7. Income tax assets (net)

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance income tax and tax deducted at source, net of provision	-	-	278
	-	-	**278**

8. Other non-current assets (₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Prepaid expenses	-	4	-
Prepaid rent	300	340	380
Capital advances	60	313	78
	360	**657**	**458**

9. Inventories
(Valued at lower of cost and net realizable value) (₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw materials and components*	4,661	4,315	3,478
Work-in-progress	5,923	5,443	2,871
Finished goods	856	980	2,146
Stores and spares	625	782	631
	12,065	**11,520**	**9,126**

*including goods in transit as on 31 March 2018: ₹.175 Lacs (31 March 2017: ₹ 126 Lacs; 1 April 2016: ₹ 106 Lacs).

10. Trade receivables (₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured			
- Considered good	**14,202**	10,733	10,676
- Considered doubtful	**3,071**	3,066	3,033
	17,273	13,799	13,709
Less: Loss allowance	**(3,071)**	(3,066)	(3,033)
Doubtful	**(3,071)**	(3,066)	(3,033)
Net trade receivables	**14,202**	**10,733**	**10,676**

All trade receivables are current.

Of the above, trade receivables from related parties are as below:			
Trade receivables from related parties (refer note 48)	**145**	17	543
Loss allowance	-	-	-
Net trade receivables	**145**	**17**	**543**

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 46.

11. Cash and cash equivalents (₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Cash on hand	**12**	18	39
Balance with banks			
- in current accounts	**352**	184	24
- in deposit accounts (with original maturity of less than 3 months)*	-	53	327
	364	**255**	**390**

*The Company has placed these deposits as margin money or under lien for various matters.

12. Bank balances other than cash and cash equivalents above

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
In deposit accounts (due to mature within 12 months from the reporting date)*	**2,207**	2,016	720
Unpaid dividend	**8**	12	18
	2,215	**2,028**	**738**

*The Company has placed these deposits as margin money or under lien for various matters.

13. Current loans

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured, considered good			
Loans to subsidiaries (refer note 48 and 51)	-	-	1,673
Security deposits	**202**	154	206
Loans to employees	**89**	96	72
	291	250	1,951

14. Other current financial assets

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured, considered good			
Interest receivable from related parties (refer note 48)	344	321	546
Management fee receivable from related parties (refer note 48)	1,594	819	499
Other receivables	-	48	-
	1,938	**1,188**	**1,045**

15. Other current assets

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Prepaid expenses	318	121	222
Prepaid rent	77	64	70
Advances to suppliers			
- Others	742	494	543
- Related party (refer note 48)	2,226	-	-
Balances with government authorities	4,224	2,884	1,859
	7,587	**3,563**	**2,694**

16. Equity share capital

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Authorised			
Equity shares			
20,000,000 equity shares (31 March 2017: 20,000,000 equity shares; 1 April 2016: 20,000,000 equity shares) of par value of ₹ 10 each	2,000	2,000	2,000
Preference shares			
500,000 redeemable cumulative preference shares (31 March 2017: 500,000 shares; 1 April 2016: 500,000 shares) of par value of ₹ 100 each	500	500	500
	2,500	**2,500**	**2,500**
Issued, subscribed and fully paid up			
Equity shares			
6,341,443 equity shares (31 March 2017: 6,341,443 equity shares; 1 April 2016: 6,341,443 equity shares) of par value of ₹ 10 each	634	634	634
	634	**634**	**634**

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	31 March 2018		31 March 2017	
	Number of shares	Amount (₹ in lacs)	Number of shares	Amount (₹ in lacs)
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 preceeding 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 2018		31 March 2017	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹10 each				
- Udayant Malhoutra	7,10,179	11.20%	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 lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital reserves [refer note 17(i)]	15	15	15
Capital redemption reserve [refer note 17(ii)]	240	240	240
Securities premium [refer note 17(iii)]	17,410	17,410	17,410
Reserve on amalgamation [refer note 17(iv)]	154	154	154
General reserve [refer note 17(v)]	3,138	3,138	3,138
Retained Earnings [refer note 17(vi)]	26,997	26,760	25,248
Total other equity	**47,954**	**47,717**	**46,205**

* 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 Lacs was transferred to Capital redemption reserve upon redemption of preference share, in accordance with the Companies Act, 1956. Capital redemption reserve 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 sec 52(2) of Companies Act, 2013.

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.

18. Non current borrowings (₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Secured Loans			
Term loans			
- from banks [refer footnote (i)]	28,645	28,608	7,365
- from financial institutions [refer footnote (ii)]	8,977	7,883	18,118
Total borrowings	**37,622**	**36,491**	**25,483**
Less: Current maturities of long term borrowing**	(1,436)	-	(5,813)
	36,186	**36,491**	**19,670**

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 non - current borrowings shown under other current financial liabilties) (read along with note 57)

Details of repayment terms, interest and maturity	Nature of security
Term loan from bank aggregrating to ₹ 28,645 Lacs (31 March 2017: ₹ 28,608 Lacs; 1 April 2016: ₹ Nil) repayable in 32 quarterly installments. First installment starting from 15 October 2018 with interest rate ranging from 10.45% 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 ₹ Nil (31 March 2017 : ₹ Nil, 1 April 2016 : ₹ 2,826 Lacs carrying interest rate of LIBOR plus 4% per annum). However, the entire loan was repaid during 2016-17.	First pari passu charge on the entire movable and immovable fixed assets of the Company, present and future (other than those exclusively charged). Second pari passu charge on the entire current assets of the Company, present and future.
Term loan from bank aggregating to ₹ Nil (31 March 2017 : ₹ Nil, 1 April 2016 : ₹ 4,479 Lacs repayable in 17 quarterly installments with rate of interest @11.75% per annum). However the entire loan was repaid during 2016-17.	First pari passu charge on the entire movable and immovable fixed assets of the Company.
Term loan from bank aggregating to ₹ Nil (31 March 2017 : ₹ Nil, 1 April 2016 : ₹ 60 Lacs repayable in 8 monthly installments with rate of interest @ 11.75% per annum). However the entire loan was repaid during 2016-17.	First pari passu charge on the movable fixed assets of the Company.

** The Company during the year ended 31 March 2017 has entered into a new facility arrangement with a consortium of banks and financial institution wherein the terms of the arrangement stipulates the payment of borrowing after twelve months from the reporting date i.e., 31 March 2017. Hence, Current maturities of long term borrowing is Nil. (refer note 57)

(ii) From financial institutions (including current maturities of non - current borrowings shown under other current financial liabilties)

Details of repayment terms, interest and maturity	Nature of security
Term Loan from financial institutions aggregrating to ₹ 1,078 Lacs (31 March 2017: ₹ Nil; 1 April 2016: ₹ Nil) repayable in 36 monthly installments with interest rate of 10.50% per annum.	Secured by way of exclusive charge on fixed assets.
Term Loan from financial institutions aggregrating to ₹ 7,899 Lacs (31 March 2017: ₹ 7,883 Lacs, 1 April 2016: ₹ Nil) repayable in 32 quarterly installments first installment starting from 15 October 2018 with interest rate of 10.35% 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 ₹ Nil (31 March 2017 : ₹ Nil, 1 April 2016 : ₹ 11,531 Lacs repayable in 49 monthly installments with rate of interest @ SBI base rate plus 3.15% per annum). However, the entire loan was repaid during 2016-17.	First pari passu charge on the movable and immovable fixed assets of the Company, present and future (other than those exclusively charged). Second pari passu charge on all current assets of the Company, present and future. Also secured by personal guarantee of promoter.
Term loan from financial institutions aggregating to ₹ Nil (31 March 2017 : ₹ Nil, 1 April 2016 : ₹ 4,795 Lacs repayable in 51 monthly installments with rate of interest @ SBI base rate plus 3.30% per annum). However, the entire loan was repaid during 2016-17.	
Term loan from financial institutions aggregating to ₹ Nil (31 March 2017 : ₹ Nil, 1 April 2016 : ₹ 1,288 Lacs repayable in 52 monthly installments with rate of interest @ 14% per annum). However, the entire loan was repaid during 2016-17.	Secured by way of exclusive charge on fixed assets.
Term loan from financial institutions aggregating to ₹ Nil (31 March 2017 : ₹ Nil, 1 April 2016 : ₹ 102 Lacs repayable in 7 monthly installments with rate of interest @ 14% per annum). However the entire loan was repaid during 2016-17.	Secured by way of exclusive charge on assets financed and secured by way of personal guarantee given by promoter.
Term loan from financial institutions aggregating to ₹ Nil (31 March 2017 : ₹ Nil, 1 April 2016 : ₹ 160 Lacs repayable in 47 monthly installments with rate of interest ranging from 11% to 13% per annum). However the entire loan was repaid during 2016-17.	Secured by way of exclusive charge on fixed assets.
Term loan from financial institutions aggregating to ₹ Nil (31 March 2017 : ₹ Nil, 1 April 2016 : ₹ 176 Lacs repayable in 54 monthly installments with rate of interest ranging from 11% to 13% per annum). However the entire loan was repaid during 2016-17.	Secured by way of exclusive charge on fixed assets.
Term loan from financial institutions aggregating to ₹ Nil (31 March 2017 : ₹ Nil, 1 April 2016 : ₹ 66 Lacs repayable in 25 monthly installments with rate of interest @ 15% per annum). However the entire loan was repaid during 2016-17.	Secured by way of exclusive charge on fixed assets.

19. Other non - current financial liabilities

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Financial guarantee obligation	31	63	306
Liability for dismantling of property, plant and equipment	333	293	258
	364	**356**	**564**

20. Non - current provisions

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for employee benefits			
Provision for gratuity (refer note 44)	1,369	712	582
Provision for compensated absences	264	236	196
	1,633	**948**	**778**

21. Deferred tax liabilities (net)*

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred tax liabilities			
Property, plant and equipments and intangible assets	2,903	3,176	3,310
Fair value impact on investment in subsidiaries	4,943	4,943	4,943
Total deferred tax liabilities (A)	**7,846**	**8,119**	**8,253**
Deferred tax assets			
Provision for gratuity and compensated absences	675	422	372
Provision for doubtful debts (net)	1,063	1,061	1,050
Others	212	207	137
Total deferred tax assets (B)	**1,950**	**1,690**	**1,559**
Net deferred tax liability (A - B)	**5,896**	**6,429**	**6,694**

**refer note 55*

22. Current borrowings

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Secured Loans			
Loans from banks repayable on demand			
- Cash credit and working capital demand loans*	17,538	14,328	8,905
	17,538	**14,328**	**8,905**
Unsecured Loans			
From banks			
- Foreign currency buyer's credit **	-	-	19
- Short term loan#	-	948	-
- Bill discounting facility from banks@	921	773	3,013
	921	**1,721**	**3,032**
	18,459	**16,049**	**11,937**

* Cash credit and working capital demand loans from banks carry interest ranging between 10.40% - 12.10% 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 had taken foreign currency letter of credit /buyer's credit, which carry interest ranging between LIBOR+ 1% to LIBOR+1.5% per annum for 180 days and are renewable at 6 monthly rest for a maximum of one year.

Short term loan from bank carries rate of interest @ 12.00% per annum repayable in 6 equal monthly installments and secured by way of personal guarantee given by promoter. The same has been repaid during the year.

@ The Company has availed bill discounting facility from banks which carry interest rate between 9.50% to 12.25 % 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 46.

23. Trade payables

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Dues of micro, small and medium exterprises (refer note 43)	-	-	-
Trade payables to related parties (refer note 48)	1,741	219	306
Other trade payables	8,985	6,960	7,160
Acceptances	1,434	1,641	1,414
	12,160	**8,820**	**8,880**

All trade payables are current.
The Company's exposure to currency and liquidity risk are disclosed in note 46.

24. Other current financial liabilities

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current maturities of long-term borrowings	1,436	-	5,813
Capital creditors	714	396	216
Accrued expenses	874	731	768
Interest accrued but not due on borrowings	-	2	19
Employee related liabilities	1,063	564	758
Finance guarantee obligation	34	44	143
Dealer deposits	63	61	54
Unpaid dividend	8	12	18
	4,192	**1,810**	**7,789**

The Company's exposure to currency and liquidity risk are disclosed in note 46.

25. Current provisions

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for employee benefits			
Provision for gratuity (refer note 44)	281	249	215
Provision for compensated absences	35	23	83
Other Provisions			
Provision for warranties (refer note 41)	43	43	43
	359	**315**	**341**

26. Current tax liabilities (net)

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for income tax, net of advance tax and tax deducted at source	380	249	-
	380	**249**	-

27. Other current liabilities

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance received from customers	370	63	32
Statutory liabilities	198	119	137
	568	**182**	**169**

28. Revenue from operations

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of products		
Revenue from sale of products (including excise duty)*	53,929	51,374
Total revenue from sale of products (A)	**53,929**	**51,374**
Other operating revenue		
Management fees	1,191	1,182
Export incentive	1,101	28
Scrap sales	674	559
Total other operating revenue (B)	**2,966**	**1,769**
Total revenue from operations (A + B)	**56,895**	**53,143**

* 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 periods upto 30 June 2017 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 2018	For the year ended 31 March 2017
Revenue from operations (A)	53,929	51,374
Excise duty (B)	642	2,640
Revenue from operations, net of excise duty (A-B)	**53,287**	**48,734**

29. Other income

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income on financial assets carried at amortised cost	248	1,187
Interest on income tax refund	61	-
Foreign exchange gain (net)	215	-
Financial guarantee obligation income	45	336
Miscellaneous income	78	65
	647	**1,588**

30. Cost of materials and components consumed

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventory of materials at the beginning of the year	4,315	3,478
Add: Purchases	27,579	25,099
Less: Inventory of materials at the end of the year	4,661	4,315
	27,233	**24,262**

31. Changes in inventory of finished goods and work-in-progress

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening stock		
- Finished goods	980	2,146
- Work-in-progress	5,443	2,871
	6,423	**5,017**
Closing stock		
- Finished goods	856	980
- Work-in-progress	5,923	5,443
	6,779	**6,423**
Impact of excise duty on change in stock of finished goods	-	81
	(356)	**(1,325)**

32. Employee benefits expense

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	6,810	5,659
Contribution to provident fund and other funds	481	373
Expenses related to post-employment defined benefit plans - gratuity	228	152
Expenses related to compensated absence	72	7
Staff welfare expenses	587	527
	8,178	**6,718**

33. Finance costs

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expense on financial liabilities at amortised cost	6,271	5,984
Unwinding of discount on dismantling liability	40	35
Other borrowing cost	17	143
	6,328	**6,162**

34. Depreciation and amortisation expense

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation on property, plant and equipment	2,814	2,681
Amortisation of intangible assets	61	135
	2,875	**2,816**

35. Other expense

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Consumption of stores, loose tools and spare parts	2,030	1,786
Subcontractor charges	2,149	1,712
Legal and professional fees	1,236	1,250
Rent	1,664	1,756
Power and fuel	1,140	1,028
Repairs and maintenance:		
- buildings	101	75
- plant and machinery	313	337
- others	738	680
Freight outward	551	201
Travelling and conveyance expenses	522	503

Selling expenses	485	426
Security charges	245	215
Rates and taxes	187	218
Insurance	182	188
Subscription and advertisement	169	204
Bank charges	105	80
Printing and stationery	76	95
Communication expenses	52	52
Foreign exchange loss (net)	-	96
Bad debts written off	-	59
Loss on sale of property, plant and equipment, net	38	-
Directors sitting fees	31	22
Loss allowance on financial assets, net	5	33
Miscellaneous	70	112
	12,089	**11,128**

36. Exceptional items*

(₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Loan prepayment and its related costs	-	314
	-	314

*Exceptional items for the year ended 31 March 2017 amounting to ₹ 314 Lacs represents various expenses such as prepayment charges and other ancillary charges incurred by the Company towards prepayment of loan funds to banks and financial institutions.

37. Contingent liabilities

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Corporate guarantee given as security for loans taken by related parties*	3,681	4,327	12,891
Income tax matters	43	30	53
Custom, Service tax and Excise duty related matter	233	266	219

*** Corporate gurantee**

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 lacs)

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**

Movement of Corporate guarantee on behalf of related parties during the previous year is as follows: (₹ in lacs)

Related parties	As at 1 April 2016	Given during the year	Settled /expired during the year	As at 31 March 2017
Dynamatic Limited, UK	1,959	-	(564)	1,395
JKM Ferrotech Limited, India	3,258	-	(326)	2,932
JKM Erla Automotive Limited, India	5,984	-	(5,984)	-
JKM Global Pte Limited, Singapore	1,690	-	(1,690)	-
Total	**12,891**	-	**(8,564)**	**4,327**

38. Capital Commitments (₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	1,928	1,292	151

There are no other material commitments.

39. Payment to auditors (excluding service tax) included in legal and professional fees (₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Statutory audit fees	65	65
Limited reviews	39	39
Other services	12	12
Out of pocket expenses	8	6
Total	**124**	122

40. 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 ₹ 227 Lacs (previous year: ₹ 185 Lacs).

The Company is obligated under non-cancelable operating leases for land, building and plant and machinery. Lease rental expense under non-cancellable operating leases during the year was ₹ 1,437 Lacs (previous year: ₹ 1,571 Lacs).

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows: (₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Payable within 1 year	1,375	1,286	1,447
Payable between 1-5 years	4,770	4,292	4,337
Payable later than 5 years	1,633	2,773	3,890

41. The disclosure requirement as per Ind AS 37 with respect to the movement of provisions is as follows:

Provision for warranties (₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017
Opening balance	43	43
Provisions recognized	-	-
Provisions reversed	-	-
Provisions utilized	-	-
Closing balance	**43**	43

42. 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 accodingly.

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, 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, finance costs, 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 2017 to 31 March 2018 is as follows: (₹ in lacs)

Particulars	Hydraulics	ASP	AUC	Others	Unallocated	Total
Segment revenue	22,354	25,251	8,063	1,227	-	56,895
Segment cost	20,081	19,231	9,715	1,634	-	50,661
Segment result	**2,273**	**6,020**	**(1,652)**	**(407)**	-	**6,234**
Other income	-	-	-	-	647	647
Finance charges	-	-	-	-	(6,328)	(6,328)
Exceptional expenses	-	-	-	-	-	-
Profit before taxation	**2,273**	**6,020**	**(1,652)**	**(407)**	**(5,681)**	**553**
Taxation	-	-	-	-	(174)	(174)
Profit after taxation	**2,273**	**6,020**	**(1,652)**	**(407)**	**(5,855)**	**379**
Segment asset	14,183	39,651	9,975	8,525	56,451	128,785
Segment liabilities	7,254	5,649	4,442	422	62,430	80,197
Depreciation and amortisation expense	795	1,121	911	48	-	2,875
Capital expenditure	308	2,504	143	113	-	3,068

Operating segment information for the period from 1 April 2016 to 31 March 2017 is as follows: (₹ in lacs)

Particulars	Hydraulics	ASP	AUC	Others	Unallocated	Total
Segment revenue	20,993	22,661	8,173	1,316	-	53,143
Segment cost	18,466	15,624	10,119	2,030	-	46,239
Segment result	**2,527**	**7,037**	**(1,946)**	**(714)**	-	**6,904**
Other income	-	-	-	-	1,588	1,588
Finance charges	-	-	-	-	(6,162)	(6,162)
Exceptional expenses	-	-	-	-	(314)	(314)
Profit before taxation	**2,527**	**7,037**	**(1,946)**	**(714)**	**(4,888)**	**2,016**

Taxation	-	-	-	-	(484)	(484)
Profit after taxation	**2,527**	**7,037**	**(1,946)**	**(714)**	**(5,372)**	**1,532**
Segment asset	12,555	35,774	8,173	7,372	56,126	1,20,000
Segment liabilities	4,644	3,058	4,226	382	59,339	71,649
Depreciation and amortisation expense	745	1,033	995	43	-	2,816
Capital expenditure	257	3,013	209	48	-	3,527

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 2018	**As at 31 March 2017**	**As at 31 March 2018**	**As at 31 March 2017**
India	30,711	28,055	35,805	36,198
Other countries	26,184	25,088	-	-
Total	**56,895**	**53,143**	**35,805**	**36,198**

*Non - current assets exclude financial instrument, deferred tax assets and post employment benefit assets.

C Major customer:

Revenue from transactions with the external customer in Aerospace and defence segment amounting to 10% or more of the Company's revenues is as follows:

Particulars	31 March 2018	31 March 2017
Customer 1	6,667	6,898
Customer 2	5,948	5,408
Customer 3	3,776	6,574

43 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Company does not have any amounts payable to such enterprises as at 31 March 2018 (31 March 2017: Nil; 1 April 2016: Nil) based on the information received and available with the Company. Also the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

44 Assets and liabilities relating to employee benefits

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Net defined benefit liability, gratuity plan	1,650	961	797
Liability for compensated absences	299	259	279
Total employee benefit liability	**1,949**	**1,220**	**1,076**
Current	316	272	298
Non-current	1,633	948	778
	1,949	**1,220**	**1,076**

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 and the Company makes contributions to recognised funds in India. 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 ₹ 96 Lacs in contributions to its defined benefit plans in 2018-19.

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 lacs)

Particulars	As at 31 March 2018	As at 31 March 2017
Obligation at the beginning of the year	1,461	1,314
Interest cost	106	105
Current service cost	103	88
Past service cost	55	-
Benefit paid	(159)	(72)
Actuarial (Gains)/Losses on Obligations recognised in Other Comprehensive Income (OCI)		
- Changes in financial assumptions	(78)	75
- Experience adjustments	258	(49)
Obligation at the end of the year	**1,746**	**1,461**
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	500	517
Interest income on plan assets	36	41
Contributions	(298)	19
Benefits paid	(105)	(73)
Return on plan assets, excluding interest income recognised in OCI	(37)	(4)
Plan assets at the end of the year, at fair value	**96**	**500**
Net defined benefit liability	**1,650**	**961**

C (i) Expense recognised in the statement of profit and loss (₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	103	88
Interest cost	106	105
Interest income	(36)	(41)
Past service cost	55	-
Net gratuity cost	**228**	**152**

(ii) Remeasurement recognised in other comprehensive income (₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Actuarial loss on defined benefit obligation	180	26
Return on plan assets, excluding interest income	37	4
Total loss recognised in other comprehensive income	**217**	**30**

D. Plan assets

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Insurance fund	96	500	517
	96	**500**	**517**

E. Defined benefit obligation

(i) Actuarial Assumptions

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 1 April 2016
Rate of return on planned assets	**7.88%**	7.26%	7.99%
Discounting rate	**7.88%**	7.26%	7.99%
Future salary growth	**6.00%**	6.00%	6.00%
Attrition rate	**5.00%**	5.00%	5.00%
Weighted average duration of defined benefit obigation (in years)	**8**	9	9
Retirement age	**58**	58	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 Company's policy for plan asset management.

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

(ii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant would have affected defined benefit obligation by amounts shown below:

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Projected Benefit Obligation on Current Assumptions	1,746	1,461	1,314
Impact of change in discount rate by +1%	(113)	(101)	(86)
Impact of change in discount rate by -1%	129	116	99
Impact of change in salary rate by +1%	128	107	95
Impact of change in salary rate by -1%	(114)	(98)	(87)
Impact of change in employee turnover rate by +1%	18	11	15
Impact of change in employee turnover rate by -1%	(20)	(13)	(17)

Defined Contribution plan

The Company's contribution to Provident Fund aggregating to ₹ 461 Lacs (31 March 2017: ₹ 362 Lacs) has been recognised in the Statement of Profit and Loss under the head employee benefit expense.

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 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 lacs)

Particulars	Carrying Amount	Fair Value		
	31 March 2018	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)	54,645	-	-	-
Trade payables	12,160	-	-	-
Other financial liabilities (current and non - current)*	4,556	-	-	-
Total financial liabilities	**71,361**	-	-	-

Particulars	Carrying Amount	Fair Value		
	31 March 2017	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans (current and non - current)	987	-	-	-
Trade receivables, net of loss allowance	10,733	-	-	-
Cash and cash equivalents	255	-	-	-
Bank balances other than cash and cash equivalents	2,028	-	-	-
Other financial assets (current and non - current)	1,206	-	-	-
Total financial assets	**15,209**	-	-	-
Financial liabilities measured at amortised cost				
Borrowings (current and non - current)	52,540	-	-	-
Trade payables	8,820	-	-	-
Other financial liabilities (current and non - current)*	2,166	-	-	-
Total financial liabilities	**63,526**	-	-	-

(₹ in lacs)

Particulars	Carrying Amount	Fair Value		
	1 April 2016	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans (current and non - current)	2,578	-	-	-
Trade receivables	10,676	-	-	-
Cash and cash equivalents	390	-	-	-
Bank balances other than cash and cash equivalents	738	-	-	-
Other financial assets (current and non - current)	1,130	-	-	-
Total financial assets	**15,512**	-	-	-
Financial liabilities measured at amortised cost				
Borrowings (current and non - current)	31,607	-	-	-
Trade payables	8,880	-	-	-
Other financial liabilities (current and non - current)*	8,353	-	-	-
Total financial liabilities	**48,840**	-	-	-

* Current maturities of long term borrowings aggregating ₹ 1,436 Lacs, ₹ Nil and ₹ 5,813 Lacs as at 31 March 2018, 31 March 2017 and 31 March 2016 respectively, form part of other financial liabilities.

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.

46. Financial risk management

The Company's activities expose to a variety of 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 1 April 2016, 31 March 2017 and 31 March 2018 are as follows:

The Company establishes an allowance for credit loss that respresents 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 2018 amounting to ₹ 14,202 Lacs (31 March 2017: 10,733 Lacs; 1 April 2016: 10,676 Lacs). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows -

(₹ in lacs)

Particulars	As at 31 March 2018	As at 31 March 2017
Balance as at beginning of the year	3,066	3,033
Net measurement of loss allowance	5	33
Balance as at end of the year	**3,071**	**3,066**

There is no significant movement in the impairment loss allowance during 2017-18

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they 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 cash equivalents 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 aggregrating to ₹ 28,645 repayable in 32 quarterly installments first installment starting from 15 October 2018 with interest rate ranging from 10.45% to 11.50% per annum. Term Loan from financial institutions aggregating to ₹ 8,977 lacs with interest rate ranging from 10.35% - 10.50% per annum. These are secured by first pari passu charge on the entire movable and immovable fixed assets of the Company, present and future. Second pari passu charge on the entire current assets of the Company, present and future. Pledge of the shares of subsidiaries and personal guarantee issued by the promoter.

(ii) Cash credit and working capital demand loans from banks carry interest ranging between 10.40% - 12.10% 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 taken foreign currency letter of credit /buyer's credit, which carry interest ranging between LIBOR+ 1% to LIBOR +1.5% per annum for 180 days and are renewable at 6 monthly rest for a maximum of one year.

(iv) The Company has taken receivable bill discounting facility from banks which carry interest between 9.5% - 12.25% 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 2018, 31 March 2017 and 1 April 2016. The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2018 (₹ in lacs)

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Borrowings*	56,081	56,437	19,946	16,657	19,834
Trade payables	12,160	12,160	12,160	-	-
Other financial liabilities (current and non - current)#	3,120	3,120	2,756	31	333

As at 31 March 2017 (₹ in lacs)

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Borrowings*	52,540	52,949	16,049	11,531	25,369
Trade payables	8,820	8,820	8,820	-	-
Other financial liabilities (current and non - current)#	2,166	2,166	1,810	63	293

As at 1 April 2016 (₹ in lacs)

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Borrowings*	37,420	37,750	17,892	19,858	-
Trade payables	8,880	8,880	8,880	-	-
Other financial liabilities (current and non - current)#	2,540	2,540	1,976	306	258

As disclosed in note 18 and 22, the Company has secured bank loan that contains loan covenants. A future breach of convenant may require the Company to repay the loan earlier than indicated in the above table. Except for these financial liabilties, it is not expected that cash flows included in maturity analysis could occur significantly earlier.
* Includes current maturies of long term borrowings
# Excludes current maturies of long term borrowings

(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 primarily ₹. 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

The summary quantitative data about the Company's exposure to currency risk as reported to management is as follows:

(₹ in lacs)

Particulars	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016	
	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
Trade receivables						
USD	**93**	**6,030**	**74**	**4,828**	56	3,744
EURO	**2**	**129**	**3**	**195**	4	331
GBP	**15**	**1,394**	**13**	**1,034**	11	1,037
Current loans						
GBP	-	-	-	-	5	475
EURO	-	-	-	-	14	1,078
Current borrowings						
GBP	**22**	**2,016**	**20**	**1,637**	17	1,633
USD	**14**	**881**	**16**	**1,040**	14	933
Non current borrowings						
USD	-	-	-	-	39	2,573
Other current financial liabilties						
USD	-	-	-	-	0.05	3
GBP	**4**	**355**	-	-	-	-
Other current financial assets						
SGD	**7**	**344**	**7**	**321**	4	196
GBP	**15**	**1,392**	**10**	**819**	5	499
EURO	**3**	**202**	-	-	-	-
Trade payables						
EURO	**1**	**92**	**1**	**68**	1	53
USD	**33**	**2,122**	**19**	**1,264**	32	2,144
GBP	**5**	**427**	**1**	**94**	1	140
CAD	**0.26**	**13**	**0.12**	**6**	0.08	4

The following significant exchange rates have been applied

Currency	Year end spot rate		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
USD/INR	65.04	64.84	66.33
EURO/INR	80.62	69.25	75.10
GBP/INR	92.28	80.88	95.09
SGD/INR	49.72	46.39	47.40
CAD/INR	50.64	48.70	51.23

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, EURO, GBP and SGD against ₹ at 31 March 2018 and 31 March 2017 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 lacs)

Particulars	Profit and loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2018				
USD (0.30% movement)	8.98	(8.98)	5.87	(5.87)
EURO (16% movement)	51.60	(51.60)	33.74	(33.74)
GBP (14% movement)	(12.92)	12.92	(8.45)	8.45
SGD (7% movement)	24.36	(24.36)	15.93	(15.93)
CAD (4% movement)	0.53	(0.53)	0.35	(0.35)
31 March 2017				
USD (2% movement)	50.58	(50.58)	33.86	(33.86)
EURO (8% movement)	11.08	(11.08)	7.42	(7.42)
GBP (15% movement)	24.26	(24.26)	16.24	(16.24)
SGD (6% movement)	19.48	(19.48)	13.04	(13.04)
CAD (5% movement)	0.29	(0.29)	0.19	(0.19)

(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. The Company's borrowings comprises of term loan, cash credit working capital loan and bill discounting which carries fixed rate of interest, which do not expose it to interest rate risk.

(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 lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Variable rate borrowings	55,003	52,540	31,786
Fixed rate borrowings (including current maturities of long term debts)	1,078	-	5,634
Total borrowings	**56,081**	**52,540**	**37,420**

(b) Sensitivity

(₹ in lacs)

Particulars	Profit and loss		Equity, net of tax	
	1% Increase	1% decrease	1% Increase	1% decrease
31 March 2018 Variable rate borrowings	(535)	535	(350)	350
31 March 2017 Variable rate borrowings	(422)	422	(282)	282
1 April 2016 Variable rate borrowings	(227)	227	(152)	152

47. 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 lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Borrowings (current and non-current)	56,081	52,540	37,420
Less: Cash and cash equivalents	(364)	(255)	(390)
Adjusted net debt	**55,717**	**52,285**	**37,030**
Total equity	48,785	48,548	46,839
Net debt to equity ratio	**1.14**	**1.08**	**0.79**

48. Related party disclosures

(i) Name of related parties and description of relationship:

Name of related party	Description of relationship
Subsidiaries (including step subsidiaries)	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
Entities over which key management personnel or relatives of such personnel are able to exercise significant influence	JKM Holdings Private Limited, India Wavell Investments Private Limited, India

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 (with effect from 13 December 2017)
P.S. Ramesh	Executive Director and Chief Operating Officer, Aerospace, India
Arvind Mishra	Executive Director (with effect from 9 August 2017) and Chief Operating Officer, Global Hydraulics
Naveen Chandra P	Company Secretary
Udita Malhoutra	Relative of Key Managerial Person

(ii) Related party transactions during the year (₹ in lacs)

Particulars		For the year ended	
		As at 31 March 2018	As at 31 March 2017
Revenue from operations	Dynamatic Limited, UK	159	113
	JKM Ferrotech Limited, India	102	5
Purchase of raw materials	Dynamatic Limited, UK	3,888	1,553
	JKM Ferrotech Limited, India	2,405	2,075
Purchase of property, plant and equipment	Dynamatic Limited, UK	1,111	-
Management fees	Dynamatic Limited, UK	438	426
	Eisenwerk Erla GmbH, Germany	753	756
Rent	JKM Research Farm Limited, India	48	48
	JKM Holdings Private Limited, India	-	4
	Udita Malhoutra	-	4
Interest income	JKM Ferrotech Limited, India	50	102
	JKM Global Pte Limited, Singapore	-	186
	JKM Erla Automotive Limited, India	-	706
Loans taken from shareholders	Wavell Investments Private Limited, India	-	216
Repayment of loans to shareholders	Wavell Investments Private Limited, India	-	216
Interest expense	Wavell Investments Private Limited, India	-	3
Loans given	JKM Ferrotech Limited, India	1,331	1,917
	JKM Global Pte Limited, Singapore	-	30
	JKM Erla Automotive Limited, India	-	8,368
Loans repaid	JKM Ferrotech Limited, India	1,331	1,917
	JKM Global Pte Limited, Singapore*	-	1583
	JKM Erla Automotive Limited, India	-	8,488
Trade advances given	JKM Ferrotech Limited, India	2,226	-
Investment made	JKM Global Pte Limited, Singapore*	-	1,437
	JKM Erla Automotive Limited, India	-	11,311
Corporate guarantee released/ settled	Dynamatic Limited, UK	113	564
	JKM Ferrotech Limited, India	533	326
	JKM Erla Automotive Limited, India	-	5,984
	JKM Global Pte Ltd, Singapore	-	1,690

*During previous year, loan aggregating ₹ 1,583 Lacs given to JKM Global Pte Limited was converted into 3,081,486 equity shares at ₹ 1,437 Lacs. The Company has recognised a foreign exchange loss aggregating ₹ 146 Lacs on the date of conversion on account of reinstatement of loan in the statement of profit and loss.

(iii)

Balance receivable from and payable to related parties as at the balance sheet date: ₹ in lacs)

Particulars		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade receivables	Dynamatic Limited, UK	145	17	19
	JKM Ferrotech Limited, India	-	-	524
Trade payables	Dynamatic Limited, UK	1,660	140	306
	JKM Ferrotech Limited, India	81	79	-
Other current financial assets	Dynamatic Limited, UK	1,392	819	499
	Eisenwerk Erla GmbH, Germany	202	-	-
	JKM Global Pte Limited, Singapore	344	321	196
	JKM Erla Automotive Limited, India	-	-	115
	JKM Ferrotech Limited, India	-	-	235
Other current liability	JKM Research Farm Limited, India	76	51	31
Current loans	JKM Global Pte Limited, Singapore	-	-	1,553
	JKM Erla Automotive Limited, India	-	-	120
Other current assets	JKM Ferrotech Limited, India	2,226	-	-
Corporate guarantee	Dynamatic Limited, UK	1,282	1,395	1,959
	JKM Ferrotech Limited, India	2,399	2,932	3,258
	JKM Erla Automotive Limited, India	-	-	5,984
	JKM Global Pte Ltd, Singapore	-	-	1,690

(iv) Compensation of key managerial personnel*

Particulars	For the year ended	
	As at 31 March 2018	As at 31 March 2017
Udayant Malhoutra	79	85
Hanuman Kumar Sharma	145	102
Chalapathi P	14	-
P.S. Ramesh	75	61
Arvind Mishra	41	-
Naveen Chandra	28	26
	382	**274**

*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 current 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 lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Net profit for the year attributable to equity shareholders	379	1,532
Reconciliation of basic and diluted shares used in computing earnings per share:		
Number of equity shares outstanding at the beginning of the year	**6,341,443**	6,341,443
Add: Weighted average number for equity shares issued during the year	-	-
Weighted average number of equity shares outstanding during the year	**6,341,443**	6,341,443
Earnings per share		
Basic	5.98	24.16
Diluted	5.98	24.16

50. Details of non-current investments purchased and sold during the year under Section 186(4) of the Act:

Investments in equity instruments (₹ in lacs)

(a) Subsidiaries	Face value per unit	As at 1 April 2017	Purchased during the year	Sold during the year	As at 31 March 2018
JKM Research Farm Limited	₹10	2,448 (49,99,930)*	-	-	2,448
JKM Global Pte Limited, Singapore	SGD 1	20,005 (17,652,937)*	-	-	20,005
JKM Erla Automotive Limited	₹10	25,381 (104,554,994)*	-	-	25,381
JKM Ferrotech Limited	₹10	5,676 (55,000,000)*	-	-	5,676
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 lacs)

(a) Subsidiaries	Face value per unit	As at 1 April 2016 #	Corporate guarantee adjustments#	value as at 1 April 2016	Purchased during the year	Sold during the year	As at 31 March 2017
JKM Research Farm Limited	₹10	2,448 (4,999,930)*	-	2,448	-	-	2,448 (4,999,930)*
JKM Global Pte Limited, Singapore**	SGD 1	18,377 (14,571,451)*	191	18,568	1,437 (3,081,486)*	-	20,005 (17,652,937)*
JKM Erla Automotive Limited	₹10	13,637 (47,999,994)*	433	14,070	11,311 (56,555,000)*	-	25,381 (104,554,994)*
JKM Ferrotech Limited	₹10	5,500 (55,000,000)*	176	5,676	-	-	5,676 (55,000,000)*
Total		**39,962**	**800**	**40,762**	**12,748**	-	**53,510**

* The amounts in parenthesis represents number of shares

** Corporate guarantee amounting ₹ 191 Lacs represents finanacial guarantee given to Dynamatic Limited, UK (wholly owned subsidiary of JKM Global Pte Limited)

Refer note 56

51. Details of loans given during the year under Section 186(4) of the Act (₹ in lacs)

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	13% per annum	Step subsidiary	Unsecured	-	1,331	(1,331)	-

Details of loans given during the previous year under Section 186(4) of the Act: (₹ in lacs)

Name of borrower	Rate of Interest	Nature of relationship	Secured / Unsecured	As at 1 April 2016	Given during the year	Repayment during the year #	As at 31 March 2017
JKM Global Pte Ltd	12%-13% per annum	Subsidiary	Unsecured	1,553	30	(1,583)	-
JKM Erla Automotive Limited	12%-13% per annum	Subsidiary	Unsecured	120	8,368	(8,488)	-
JKM Ferrotech Limited	12%-13% per annum	Step subsidiary	Unsecured	-	1,917	(1,917)	-

The loans have been given to these subsidiaries in the normal course of business for their operations and are repayable on demand.
Refer note 48

52. 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.

53. 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 as well as specified domestic transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international as well as specified domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

54. Specified bank notes

During the year ended 31 March 2017, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017. The details of Specific Bank Notes ('SBN') held and transacted during the period from 8 November 2016 to 30 December 2016 and the denomination wise SBNs and other notes as per the notification is given below:

(₹ in lacs)

Particulars	SBNs*	Other Denomination Notes	Total
Closing cash on hand as on 8 November 2016	15	4	19
(+) Permitted receipts	-	37	37
(-) Permitted payments	-	(31)	(31)
(-) Amount deposited in Banks	(15)	-	(15)
Closing cash on hand as on 30 December 2016	-	**10**	**10**

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November 2016.

Note: The disclosures in the 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 since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

55. **Income tax**

a) **Amount recognised in statement of profit and loss** (₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax:		
Current income tax charge	632	739
	632	**739**
Deferred tax:		
Attributable to-		
Origination and reversal of temporary differences	(458)	(255)
	(458)	**(255)**
Income tax expense reported in the statement of profit and loss	**174**	**484**

b) **Income tax recognised in other comprehensive income** (₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Net gain / (loss) on remeasurement of defined benefit liability / (assets)	(217)	(30)
Income tax charged to OCI	**(75)**	**(10)**

c) **Reconciliation of effective tax rate** (₹ in lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Accounting profit before income tax	553	2,016
Tax using the Company's domestic tax rate 34.608% (31 March 2017: 33.063%)	191	667
Impact of non - deductible expenses for tax purposes	(17)	(183)
Income tax expense	**174**	**484**
Effective tax rate	**31.46%**	**24.01%**

d) **Deferred tax**

Deferred tax relates to the following: (₹ in lacs)

Particulars	As at 1 April 2016	Recognised in profit or loss during 2016-17	Recognised in OCI during 2016-17	As at 31 March 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	(3,310)	134	-	(3,176)	273	-	(2,903)
Fair value impact on investment in subsidiaries	(4,943)	-	-	(4,943)	-	-	(4,943)
Provision for gratuity and compensated absences	372	40	10	422	178	75	675
Provision for loss allowance	1,050	11	-	1,061	2	-	1,063
Others	137	70	-	207	5	-	212
Deferred tax assets / (liabilties)	**(6,694)**	**255**	**10**	**(6,429)**	**458**	**75**	**(5,896)**

56. First time adoption

As stated in note 1, these are the Company's first Standalone Ind AS financial statements prepared in accordance with Ind AS. For the purpose of transition from previous GAAP to Ind AS, the Company has followed the guidance prescribed under Ind AS 101 – First time adoption of Indian Accounting Standards ("Ind AS 101"), with effect from 1 April 2016 ("transition date"). For the year ended 31 March 2017, the Company had prepared its standalone financial statements in accordance with Companies (Accounts) Rules, 2014, notified under Section 133 of the Act and other relevant provisions of the Act ("previous GAAP" or the "Indian GAAP").

The accounting policies set out in note 2 have been applied in preparing these Standalone Ind AS financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Standalone Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing its Standalone Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in standalone financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its standalone financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position and financial performance. There were no significant reconciling items between cash flows prepared under Indian GAAP amd those prepared under Ind AS.

Optional exemptions availed and mandatory exceptions

In preparing these Standalone Ind AS financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A Optional exemptions availed

(i) Property, plant and equipment and intangible assets:

As per Ind AS 101 an entity may elect to:

(a) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date;

(b) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

- fair value;
- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (a) and (b) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(c) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustment relating to decommissioning liability prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to fair value certain items of property, plant and equipment and uses that fair value as its deemed cost at the date of transition, viz., 1 April 2016. The remaining item of property, plant and equipment are valued in accordance with Ind AS 16 - Property, plant and equipment.

(ii) Investments in subsidiaries:

Ind AS 101 provides an exemption to the first-time adopter to measure an investment in subsidiaries at:

a) cost determined in accordance with Ind AS 27, Consolidated and Separate Financial Statements; or

b) deemed cost, which shall be its:

i) fair value at the entity's date of transition to Ind AS in its separate financial statements; or

ii) previous GAAP carrying value at that date.

For the purpose of deemed cost, the Company has elected either (i) or (ii) mention above to measure its investment in each of its subsidiary.

B Mandatory exceptions

Ind AS 101 also allows first-time adopters certain mandatory exceptions to be applied for retrospective application of certain requirements under Ind AS for transition from the previous GAAP (IGAAP):

(i) Estimates:

As per Ind AS 101, An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Fair valuation of financial instruments carried at fair value through profit and loss or fair value through other comprehensive income;

- Impairment of financial assets based on expected credit loss model;

- Determination of the discounted value for financial instruments carried at amortised cost; and

- Discounted value of liability for decommissioning costs.

Upon the assessment of the estimate made under previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, other than those which are required due to application of Ind AS.

(ii) Derecognition of financial assets and liabilities:

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the de recognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions were obtained at the time of initially accounting for those transactions.

The Company has chosen to avail the exception to apply the derecognition provision of Ind AS 109 prospectively from the date of transition.

(iii) Classification and measurement of financial assets:

Ind AS 101 require an entity to classify and measure its financial assets into amortised cost, fair value through profit or loss or fair value through other comprehensive income based on the business model assessment and solely payment of principal and interest ("SPPI") criterion based on facts and circumstances that exist at the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on the facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively, except where the same is impracticable.

C Reconciliation between previous GAAP and Ind AS:

The following reconciliations provides the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101

1. Balance sheet as at 1 April 2016 and 31 March 2017.

2. Net profit for the year ended 31 March 2017.

3. Total equity as at 1 April 2016 and 31 March 2017.

1. Reconciliation of balance sheet as previously reported under previous GAAP to Ind AS

(₹ in lacs)

Particulars	Note	Balance Sheet as at 31 March 2017			Balance Sheet as at 1 April 2016		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	i	28,674	6,035	34,709	28,482	6,002	34,484
Intangible assets	i	1,240	(999)	241	1,568	(1,264)	304
Capital work-in-progress		591	-	591	43	-	43
Financial assets							
(i) Investments	ii & iii	31,287	22,223	53,510	18,539	22,223	40,762
(ii) Non-current loans	iv	1,273	(536)	737	1,250	(623)	627
(iii) Other non- current financial assets		18	-	18	85	-	85
Income tax assets (net)		-	-	-	278	-	278
Other non-current assets	iv & v	791	(134)	657	407	51	458
Total non-current assets		**63,874**	**26,589**	**90,463**	**50,652**	**26,389**	**77,041**
Current Assets							
Inventories		11,520	-	11,520	9,126	-	9,126
Financial assets							
(i) Trade receivables	vii	13,228	(2,495)	10,733	13,153	(2,477)	10,676
(ii) Cash and cash equivalents		255	-	255	390	-	390
(iii) Bank balances other than cash and cash equivalents above		2,028	-	2,028	738	-	738
(iv) Current loans	iv	172	78	250	1,818	133	1,951
(v) Other current financial assets		1,188	-	1,188	1,045	-	1,045
Other current assets	iv & v	3,645	(82)	3,563	2,773	(79)	2,694
Total current assets		**32,036**	**(2,499)**	**29,537**	**29,043**	**(2,423)**	**26,620**
Total Assets		**95,910**	**24,090**	**1,20,000**	**79,695**	**23,966**	**1,03,661**

Particulars	Note	Balance Sheet as at 31 March 2017			Balance Sheet as at 1 April 2016		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital		634	-	634	634	-	634
Other equity		28,154	19,563	47,717	27,285	18,920	46,205
Total equity		**28,788**	**19,563**	**48,351**	**27,919**	**18,920**	**46,839**
LIABILITIES							
Non-current liabilities							
Financial liabilities							
(i) Non-current borrowings	v	36,900	(409)	36,491	20,000	(330)	19,670
(ii) Other non-current financial liabilities	i & iii	-	356	356	-	564	564
Non-current provisions		948	-	948	778	-	778
Deferred tax liabilities (net)	vi	1,802	4,627	6,429	1,955	4,739	6,694
Other non-current liabilities	viii	82	(82)	-	68	(68)	-
Total non-current liabilities		**39,732**	**4,492**	**44,224**	**22,801**	**4,905**	**27,706**
CURRENT LIABILITIES							
Financial liabilities							
(i) Current borrowings		16,049	-	16,049	11,937	-	11,937
(ii) Trade payables		8,820	-	8,820	8,880	-	8,880
(iii) Other current financial liabilities	iii	1,766	44	1,810	7,646	143	7,789
Current provisions		315	-	315	341	-	341
Current tax liabilities (net)		249	-	249	-	-	-
Other current liabilities	viii	191	(9)	182	171	(2)	169
Total current liabilities		**27,390**	**35**	**27,425**	**28,975**	**141**	**29,116**
Total Liabilities		**67,122**	**4,527**	**71,649**	**51,776**	**5,046**	**56,822**
Total Equity and Liabilities		**95,910**	**24,090**	**120,000**	**79,695**	**23,966**	**103,661**

Reconciliation of Statement of Profit and Loss as previously reported under previous GAAP to Ind AS

Particulars	Note	For the year ended 31 March 2017		
		Previous GAAP*	Adjustments	Ind AS
Income				
Revenue from operations		53,143	-	53,143
Other income, net	iii & iv	1,196	392	1,588
Total Income		**54,339**	**392**	**54,731**
Expenses				
Cost of materials and stores and spare parts consumed		24,262	-	24,262
Change in inventory of finished goods and work-in-progress		(1,325)	-	(1,325)
Excise duty		2,640	-	2,640
Employee benefit expenses	ix	6,748	(30)	6,718
Finance costs	i & v	5,709	453	6,162
Depreciation and amortization expenses	i	3,114	(298)	2,816
Other expenses	x	11,058	70	11,128
Total expenses		**52,206**	**195**	**52,401**
Profit before exceptional items & tax		2,133	197	2,330
Exceptional items	v & xi	788	(474)	314
Profit before tax		**1,345**	**671**	**2,016**
Tax expense				
Current tax		**739**	-	**739**
Deferred tax (credit)	vi	**(153)**	**(102)**	**(255)**
Profit for the year		**759**	**773**	**1,532**
Other comprehensive income/ (expense)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of the net defined benefit liability/ asset	ix	-	(30)	(30)
Income tax relating to items that will not be reclassed to profit or loss	vi	-	10	10
Other comprehensive income / (expense) for the year, net of income tax		-	**(20)**	**(20)**
Total comprehensive income for the year		**759**	**753**	**1,512**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

3. Reconciliation of total equity as at 31 March 2017 and 1 April 2016

(₹ in lacs)

Particulars	Notes	As at 31 March 2017	As at 1 April 2016
Total equity (shareholder's funds) as per previous GAAP		28,788	27,919
Adjustments:			
Amortisation of finance cost under effective interest method	v	(211)	(148)
Financial guarantee commission income	iii	687	351
Fair valuation and depreciation impact of property, plant and equipment and intangible assets and decommissioning liability	i	4,778	4,480
Fair valuation impact of Investment	ii	21,423	21,423
Expected credit loss allowance	vii	(2,495)	(2,477)
Other adjustments		8	30
Tax impact of Ind AS adjustments	vi	(4,627)	(4,739)
Total adjustments		19,563	18,920
Equity under Ind AS		**48,351**	**46,839**

Explanations for Reconciliation of Balance Sheet and statement of profit & loss as previously reported under previous GAAP to Ind AS:

(i) Property, plant and equipment and other intangible assets

The Company has elected to measure certain items of property, plant and equipment and intangibles assets at fair value at the date of transition to Ind AS and the remaining item has been accounted based on cost as determined in accordance with Ind AS - 16. As per Ind AS 16, the cost of the item of Property, plant and equipment comprises the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Hence at the date of transition to Ind AS, a net increase of ₹6,002 lacs was recognised in property, plant and equipment and a net decrease of ₹ 1,264 has been recognised in intangible assets. The Company has accounted the net decrease in depreciation and amortisation of ₹ 298 lacs for the year ended 31 March 2017 on account of fair valuation of property, plant and equipment and intangible assets.

(ii) Fair valuation of investment in subsidiaries

The Company has chosen to avail the exemption provided by Ind AS 101 and value its investment in subsidiary at deemed cost. The deemed cost as defined in Ind AS 101 are either (i) fair value at the entity's date of transition to Ind AS in its separate financial statements; or (ii) previous GAAP carrying amount at that date. At the date of transaction, a net increase in value of investment in subsidiaries amouting ₹ 21,423 lacs has been recorded.

(iii) Financial guarantee obligation

The Company has given financial gurantees against the loan taken by its subsidiaries from banks and financial institutions. Under previous GAAP, the guarantees given were disclosed in the financial statement as a contingent liability. Under Ind AS, the Company has recognised the commission on such guarantee as financial guarantee liability under Ind AS 109 and recorded the same at it's fair value.

(iv) Loans and other non financial assets - Security deposit

Under the previous GAAP, interest free security deposits were recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS and difference between the fair value and transaction value of the security deposits has been recognised as prepaid rent.

(v) Borrowings

Under previous GAAP, amount of processing fees was required to be amortised over the period of loan, whereas in accordance with Ind AS 109, transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

(vi) Deferred tax liabilities (net)

Increase in the deferred tax liabilities assets are on account of adjustments made on transition to Ind AS.

(vii) Trade Receivables

Under Previous GAAP, loss provision for trade receivables was created based on credit risk assessment. Under Ind AS, these provisions are based on assessment of risk of default and timing of collection. The Company uses an allowance matrix to measure the expected credit loss over the last four years under which the Company impaired its trade receivables by ₹ 2,477 lacs on the date of transition (31 March 2017: ₹ 2,495 lacs).

(viii) Leases

Under the previous GAAP, lease payments under an operating lease were recognised as an expense on a straight-line basis over the lease term. Under Ind AS, if the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, then lease payments are not straightlined.

(ix) Remeasurement of post employment benefit expenses

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

(x) Other expenses

Ind AS adjustments in relation to other expenses primarily pertains to amortisation of prepaid rent recognised against security deposits and impairment loss recognised against trade receivables as per expected credit loss model.

(xi) Foreign Currency Monetary Item Translation Difference Account (FCMITD)

The Company has chosen to avail the exemption provided by Ind AS 101 wherein cumulative amount lying in FCMITD has been de recognized by an adjustment against retained earnings on the date of transition to Ind AS. Consequent to this, amount of ₹ 119 lacs from exceptional items being FCMITD charged off under previous GAAP has been reversed.

(xii) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

57. During the previous year, the Company had entered into a new facility arrangement with a consortium of banks and financial institution for term loan of ₹ 36,900 lacs. The proceeds of such term loan was utilized primarily towards the prepayment of existing debts. The loans have a moratorium period for 2 years from the date of first drawdown i.e. 15 July 2016, and then repayable in 32 quarterly installments. The loans are secured by first ranking pari passu charge on movable and immovable fixed assets of the Company, present and future, second ranking pari passu charge on all current assets of the Company, pledge of the shares of subsidiaries and personal guarantee issued by the promoter.

58. During the year ended 31 March 2018, the Board of Directors of the Company vide its meeting dated 28 February 2018 has approved the plan for the future of Auto divisions of the Company and has directed the management to execute the following plan:

Divestment of the following assets along with business:

- JKM-Auto division situated at Irrangattukottai, Sriperumbudur, Tamil Nadu;

- Aluminum Foundry division situated at Irrangattukottai, Sriperumbudur, Tamil Nadu;

- Wind farm property situated at Coimbatore, Tamil Nadu

Subsequent to the year end, the Company has intimated stock exchanges vide letter dated 16 May 2018 based on the voting results based on postal ballot and scrutiny report dated 15 May 2018 that the above resolution have been passed with more than requisite majority.

With respect to divestment above, JKM Auto division and Aluminium Foundry division represents "Automotive and Aluminum Castings", refer note 42 for assets, liabilities, revenues and results pertaaining to the JKM Auto divisiona nd Aluminium Foundry division.

The notes referred to above form an integral part of Standalone Ind AS financial statements.
As per our report of even date attached

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

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 2018

UDAYANT MALHOUTRA
CEO & Managing Director
DIN : 00053714

P.S. RAMESH
Executive Director & Chief Operating Officer, Aerospace, India
DIN: 05205364

CHALAPATHI P
Chief Financial Officer
Pan No : AMXPP4042L

NAVEEN CHANDRA P
Head Legal, Compliance & Company Secretary

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BUSINESS REVIEW REPORT
2017-2018

DYNAMATIC LIMITED
UNITED KINGDOM

DYNAMATIC LIMITED, UK

DIRECTORS

Mr. Udayant Malhoutra - Chairman
Mr. Michael John Handley - Director
Mr. Arvind Mishra - Managing Director, Hydraulics Division
Mr. James Tucker - Managing Director, Aerospace Division
Mrs. Pramila Udayant Malhoutra - Director
Mr. Steve Hayes - Technical Director, Aerospace Division

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 31.03.2018 ₹ *in Lacs**	Year ended 31.03.2017 ₹ *in Lacs**
Sales	**23,626**	21,783
EBITDA	**1,677**	3,010
Interest	**132**	130
Depreciation	**860**	587
PBT	**685**	2,429
Tax Charge/(Credit)	**158**	489
Profit After Tax	**527**	1,940

** Numbers restated as per Indian GAAP*

DYNAMATIC HYDRAULICS™

DYNAMATIC LIMITED, UK

REVIEW OF BUSINESS 2017-2018

Dynamatic Hydraulics™, Swindon, UK, saw a healthy 11% increase in sales from £9,765 K in 2016/17 to £10,863k in 2017/18. 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.

The coming year looks good with market sentiments in USA further improving on the Agri-Sector and new business opportunities for us from the construction equipment sector. We have been short listed by large OEMs from this sector for supply of pumps and motors. This year will witness prototype developments and validations and this could bring large revenues in the coming years.

Major emphasis is being laid on creation of additional supply chain for raw material and semi finished components from India. This initiative will help us further improve our margins, as supplies from India are more cost effective than incumbent European suppliers and also de-risks us from any negative impact of brexit in future.

Future Outlook

Looking forward to 2018/19 it will witness a further growth. Improved sentiments in the Agri-Sector in USA and improved market conditions in Europe augurs well for us. Our warehouse in US, which became operational from middle of last year has started picking up momentum. This warehouse provides us unique advantage of quick turn around time for local US requirements. We will be building competencies to provide quick service support to our customers, which will further improve our business in coming years.

A lot of emphasis was laid in the previous year on new product developments outside of Agri-Sector as also resurrecting the marketing and business development efforts. This has paid off for us and we have been short listed by couple of large manufacturers of construction equipment in Europe and USA. This year will witness prototype testing and validations with full-scale productions kicking in from end of last quarter and beginning of next financial year.

We are integrating our supply chain in to one global supply chain for hydraulics which will provide us much more bargaining capability and will enable us to keep our costs lower.

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

DYNAMATIC-OLDLAND AEROSPACE™

DYNAMATIC LIMITED, UK

REVIEW OF BUSINESS 2017-2018

Dynamatic-Oldland Aerospace™ division in the UK continues to prosper with a good mix of business across a varied range of aircrafts in commercial & military markets. This now includes the Boeing Chinook pylon and ramp monolithic machined components, Airbus Flap-track-beams for A318, A319, A320, A321 & A330.

This year we achieved sales of £18 million, this was an overall increase from the previous financial year (£14.9m).Our growth of over 20% reflects the successful acceleration of output on the A330 flap track beam programme as well as increased demand on Airbus single aisle platforms. During this financial year the aerospace business has had to adjust capacity and capability to address evolving customer order books, especially the deferral of the Dassault 5X project and the challenges of the A330 programme ramp up.

The A330 project has seen us overcome many challenges, both within the UK & India manufacturing facilities, and in doing so has recognised the need to take some short term cost growth in order to create sustainable capability advancements. As an example, significant tooling investments have been made to enable a more stream lined production system.

Excellent advancements in both infrastructure and technical capabilities have been made this year using existing capital assets to prove specialist and unique machining solutions, in doing so we have built strong links with the "Wing of the future" team and already provides opportunities for significant growth and investment in the coming year.

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
Managing Director, Aerospace Division,
Dynamatic Limited, UK

SWINDON BRISTOL

BUSINESS REVIEW REPORT
2017-2018

EISENWERK ERLA GmbH

GERMANY

EISENWERK ERLA GmbH
GERMANY

REVIEW OF BUSINESS 2017-2018

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. Enrico Fischer

LAWYER

Dr. Hans-Hein Thomas

AUDITORS

KMPG AG, Germany
Chartered Accountant & Statutory Auditors

BANKERS

Commerzbank, Germany
Sachsen Bank, Germany

REGISTERED OFFICE

Gießereistraße 1, 08340 Schwarzenberg / Erzgebirge, Germany

OPERATING PLANTS

Eisenwerk Erla GmbH, Gießereistraße 1, 08340 Schwarzenberg / Erzgebirge, Germany

FINANCIAL RESULTS

Particulars	Year ended 31.03.2018 ₹ *in Lacs**	Year ended 31.03.2017 ₹ *in Lacs**
Sales	**58,861**	77,211
EBITDA	**2,593**	3,747
Interest	**607**	666
Depreciation	**958**	812
PBT	**1,086**	2,383
Tax Charge/(Credit)	**318**	715
Profit after tax	**768**	1,668

** Numbers restated as per Indian GAAP*

Our Turnover at EURO 77.76 Mn for the period April' 2017 to March'2018 was lower by EURO 27.02 Mn (25.8%) 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 during the year. Pricing in raw materials and for example Nickle were stable during the year.

The overall performance comprising sales, change in inventory and other miscellaneous operational proceeding was at EURO 76.54 Mn compared to EURO 104.43 Mn in the previous year.

As on 31st March' 2018 there were 290 employees, of these 8 Apprentices and additional 91 temporary workers.

Prediction of the economic outlook indicates a growth of 2.0% to 2.5% in FY 2018 - 2019.

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 2018-2019. 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.

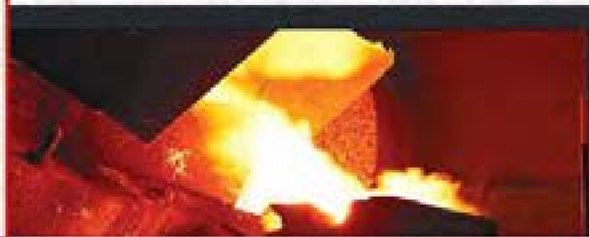
Future Outlook

- 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.

Notwithstanding the above, should the economic environment improve for the automotive sector, turnover and growth in margins would be higher. This would have a positive impact on the results due higher variable interests. To improve its market share the company is also focusing on further development of high-end automotive parts within machining.

Dietmar Hahn
Managing Director

BUSINESS REVIEW REPORT
2017-2018



JKM FERROTECH LIMITED

INDIA

JKM FERROTECH LIMITED

INDIA

REVIEW OF BUSINESS 2017-2018

DIRECTORS

Mr. Nalini Ranjan Mohanty - Independent Director
Mr. Govind Mirchandani - Independent Director
Ms. Junia Sebastian - Independent Director
Air Marshal S P Singh (Retd.) - Director
Mr. Suresh Jayapal Naidu - Director
Ms. Lakshmi Kamath - CFO

AUDITORS

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

BANKERS

Bank of India, Chennai

REGISTERED OFFICE

C/o. Dynamatic Hydraulics™, Plot No.1A/1, 1st Main Road,2nd Phase,1st Stage, Peenya Industrial Estate Bangalore 560 058, Karnataka, India

OPERATING PLANTS

K-4, Phase II, SIPCOT Industrial Complex, Gummidipoondi, Thiruvallur District, Tamil Nadu 601201, India

FINANCIAL RESULTS

Particulars	Year ended 31.03.2018 ₹ *in Lacs*	Year ended 31.03.2017 ₹ *in Lacs*
Revenue from Operation [Gross]	**10,484**	10,013
Less: Excise duty	**230**	682
Revenue from Operation [Net]	**10,254**	9,330
EBITDA	**84**	339
Interest	**532**	764
Depreciation	**942**	918
PBT	**(1,372)**	(1,294)
Tax Charge / (credit)	-	-
Profit (Loss) After Tax	**(1,372)**	(1,294)

JKM Ferrotech Limited ('JFTL') has been actively involved in new product development for customers like Haldex India, Chassis Brakes and Turbo Energy, and has received awards from these customers for Excellence in New Product Development. JFTL was also awarded "India Ferrous Company of the year 2017 "by Frost & Sullivan.

With growth returning to the Indian Automotive sector, your company is witnessing a sharp rise in customer demand. This has also brought in inflationary pressures with steep increases in cost of direct inputs. During the last quarter of the financial year, we were able to negotiate comprehensive price correction and indexation with customers, which will stand us in good stead for years to come.

JFTL was certified for IATF 16949 standard which is new automotive standard which replaces ISO/TS16949 standard.

Future Outlook

- Specialization in brake parts for Mando, Chassis Brakes and Haldex.
- Introducing automation in the process to improve throughput time.
- Focusing on new technology for process optimisation.
- Implementation of energy efficient measures to save energy cost.
- Focus on high value part Turbine Housing with Integrated Exhaust Manifold.

Air Marshal S P Singh (Retd.)
Director
DIN : 07046472

METALLURGY GUMMIDIPOONDI

BUSINESS REVIEW REPORT

2017-2018

JKM RESEARCH FARM LIMITED

INDIA

JKM RESEARCH FARM LIMITED

INDIA

REVIEW OF BUSINESS 2017-2018

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 ₹48 lacs. The profit after tax for the year amounted to ₹21 lacs.

Suresh Jayapal Naidu
Director
DIN : 00053714

DIRECTORS

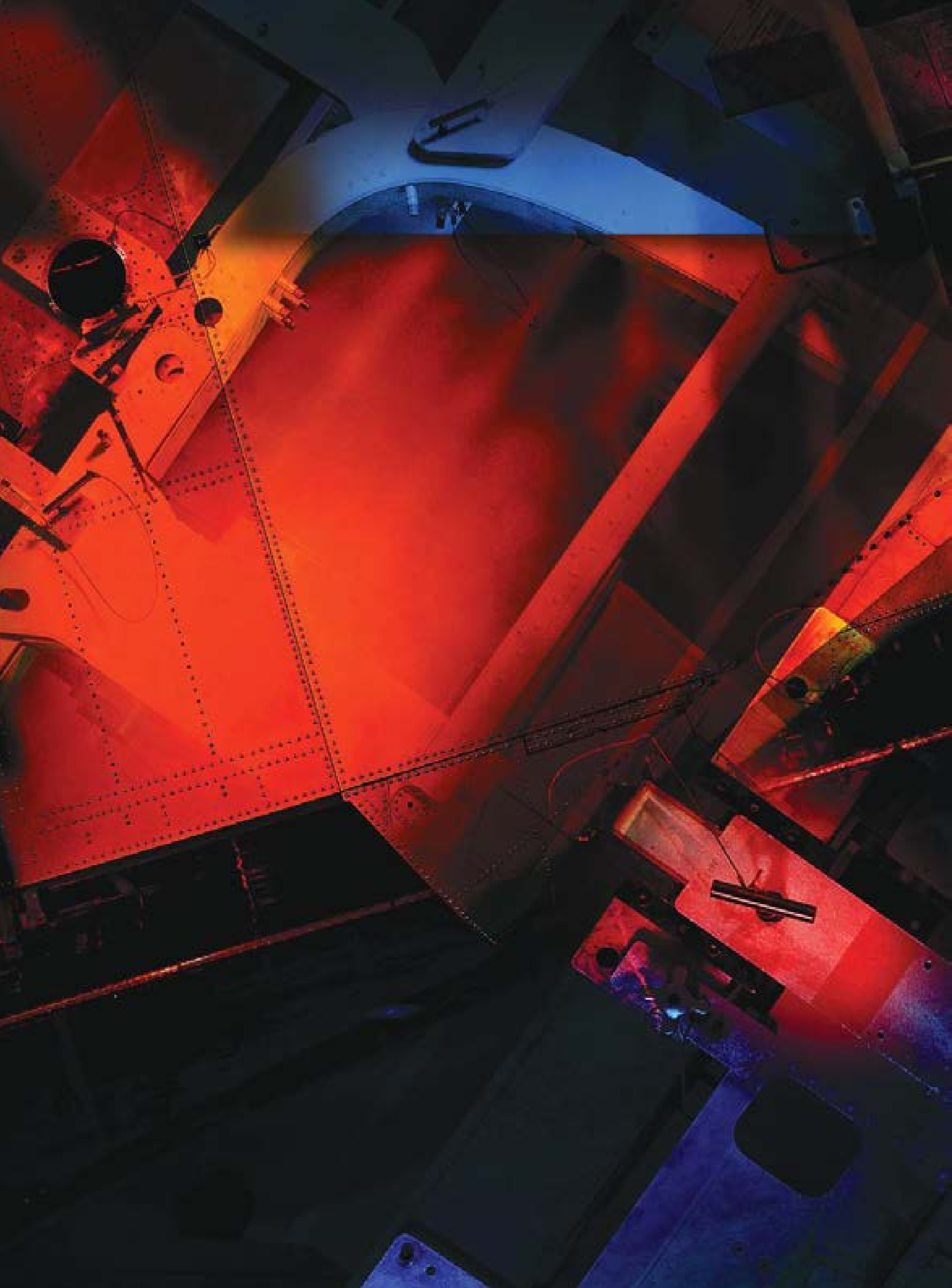
Mr. Suresh Jayapal Naidu - Director
Mrs. Pramilla Malhoutra - Director
Air Marshal S P Singh (Retd.) - Director

AUDITORS

M/s. Prasad & Kumar
Chartered Accountants, Bangalore

REGISTERED OFFICE

C/o. Dynamatic Hydraulics™
Plot No.1A/1, 1st Main Road,2nd Phase,
1st Stage, Peenya Industrial Estate
Bangalore 560 058, Karnataka, India



UK

BRISTOL
Dynamatic-Oldland Aerospace™, Dynamatic Limited, UK

SWINDON
Dynamatic Hydraulics™, Dynamatic Limited, UK
Dynamatic-Oldland Aerospace™, Dynamatic Limited, UK

GERMANY

ERLA
Eisenwerk Erla GmbH

USA

MILWAUKEE
Dynamatic US LLC

SINGAPORE
JKM Global PTE Limited

INDIA

CHENNAI
Dynametal®, Dynamatic Technologies Ltd.
JKM Automotive™, Dynamatic Technologies Ltd.

JKM Ferrotech Limited

COIMBATORE
JKM Wind Farm, Dynamatic Technologies Ltd

BANGALORE
Dynamatic Hydraulics™, Dynamatic Technologies Ltd.
Dynamatic Homeland Security™, Dynamatic Technologies Ltd.
Dynamatic-Oldland Aerospace™, Dynamatic Technologies Ltd.

JKM Research Farm Limited

NASIK
Dynamatic-Oldland Aerospace™, Dynamatic Technologies Ltd.

Dynamatic Technologies Limited

www.dynamatics.com

Dynamatic Limited, UK

www.dynamatics.com

Eisenwerk Erla GmbH, Germany

JKM Ferrotech Limited

www.jkm-erla.com

DYNAMATIC TECHNOLOGIES LIMITED

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