

B S R & Co. LLP

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Review report to the Board of Directors of Dynamatic Technologies Limited

1. We have reviewed the accompanying consolidated unaudited financial results ("the Statement") of Dynamatic Technologies Limited ("the Company") its subsidiaries and an associate as detailed in note 1 of the Statement, (collectively referred to as 'Dynamatic Group') for the quarter and nine months ended 31 December 2014, attached herewith, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement issued by the Securities and Exchange Board of India ("Listing Agreement") except for the disclosures regarding 'Public Shareholding' and 'Promoters and Promoter Group Shareholding' which have been traced from disclosures made by the Management and have not been reviewed by us. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors in their meeting held on 14 February 2015. Our responsibility is to issue a report on this Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements ('SRE') 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. We did not review the unaudited financial results of certain subsidiaries and an associate which have been incorporated in the Statement. These subsidiaries and the associate account for 71.51% and 72.25% of aggregate of total income from operations (net) and other income as shown in the Statement for the quarter and nine months ended 31 December 2014 respectively. Of the above:

The unaudited financial results of some of the subsidiaries incorporated outside India as drawn up in accordance with the generally accepted accounting principles of the respective countries ('the local GAAP') have been reviewed by other auditors duly qualified to act as auditors in those countries. These subsidiaries account for 71.51% and 72.25% of aggregate of total income from operations (net) and other income for the quarter and nine months ended 31 December 2014 respectively, as shown in the Statement. For the purposes of preparation of the Statement, the aforesaid local GAAP financial results have been restated by the Management of the said entities so that they conform to the generally accepted accounting principles in India. This has been done on the basis of a reporting package prepared by the Company which covers accounting and disclosure requirements applicable to the Statement under the generally accepted accounting principles in India. The reporting packages made for this purpose have been reviewed by other auditors and reports of those other auditors have been furnished to us. Our opinion on the Statement, insofar as it relates to these entities, is based solely on the aforesaid review reports of those other auditors.



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4. Based on our review conducted as explained in paragraphs 1 and 2 and on consideration of reports of other auditors explained in the paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement for the quarter and nine months ended 31 December 2014, prepared in accordance with applicable Accounting Standards and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

Chartered Accountants

Membership number: 101248W/W-100022



Sunil Gaggar

Partner

Membership number: 104315

Place: Bangalore

Date: 14 February 2015

DYNAMATIC TECHNOLOGIES LIMITED
DYNAMATIC PARK, PEENYA, BANGALORE-560 058, INDIA
Consolidated unaudited financial results for the quarter and nine months ended 31 December 2014

PART I

(Rs in lacs, except as otherwise stated)

Sl. No.	Particulars	Quarter ended			Year to date figures for the period ended		Previous year ended
		31 December 2014 Unaudited	30 September 2014 Unaudited	31 December 2013 Unaudited	31 December 2014 Unaudited	31 December 2013 Unaudited	31 March 2014 Audited
1	Income from operations						
	a) Net sales/income from operations (net of excise duty)	37,896.94	42,702.17	39,599.93	122,769.04	114,534.97	157,191.40
	b) Other operating income	451.55	487.86	389.64	1,265.79	1,174.87	1,562.61
	Total income from operations (net)	38,348.49	43,190.03	39,989.57	124,034.83	115,709.84	158,754.01
2	Expenses						
	a) Cost of materials consumed	22,366.63	25,321.90	22,111.92	72,095.07	65,276.12	89,824.83
	b) Changes in inventories of finished goods and work-in-progress	(709.22)	8.67	(55.92)	(565.27)	(568.07)	(706.94)
	c) Employee benefits expense	5,801.11	6,115.74	5,637.51	17,875.42	16,070.98	22,155.82
	d) Depreciation and amortisation expense	1,260.83	1,274.21	1,270.09	3,754.66	3,846.11	5,125.51
	e) Other expenses	7,462.61	8,003.03	7,967.14	22,831.57	22,897.30	31,187.38
	Total expenses	36,181.96	40,723.55	36,930.74	115,991.45	107,522.44	147,586.60
3	Profit from operations before other income, finance costs and exceptional items (1 - 2)	2,166.53	2,466.48	3,058.83	8,043.38	8,187.40	11,167.41
4	Other income (refer note 5)	202.33	105.46	131.15	420.77	313.16	1,536.00
5	Profit from ordinary activities before finance costs and exceptional items (3 + 4)	2,368.86	2,571.94	3,189.98	8,464.15	8,500.56	12,703.41
6	Finance costs	1,874.81	2,128.46	2,617.36	6,139.49	7,378.72	9,973.03
7	Profit from ordinary activities after finance costs but before exceptional items (5 - 6)	494.05	443.48	572.62	2,324.66	1,121.84	2,730.38
8	Exceptional items income/(expense) (refer note 4)	-	4,164.06	-	1,908.51	(150.03)	(150.03)
9	Profit from ordinary activities before tax (7 - 8)	494.05	4,607.54	572.62	4,233.17	971.81	2,580.35
10	Tax expense, net	436.67	1,202.99	180.35	1,872.66	915.91	1,203.49
11	Net Profit for the period (9 - 10)	57.38	3,404.55	392.27	2,360.51	55.90	1,376.86
12	Paid-up equity share capital (face value of Rs 10 each)	634.14	604.14	541.47	634.14	541.47	554.01
13	Reserves (excluding revaluation reserve)						13,134.88
14	Earnings per share (not annualised)						
	Basic (Rs)	0.91	56.75	7.24	39.56	1.03	25.42
	Diluted (Rs)	0.91	56.75	7.24	39.56	1.03	25.42

PART II

Select Information for the quarter and nine months ended 31 December 2014

Sl. No.	Particulars	Quarter ended			Year to date figures for the period ended		Previous year ended
		31 December 2014 Unaudited	30 September 2014 Unaudited	31 December 2013 Unaudited	31 December 2014 Unaudited	31 December 2013 Unaudited	31 March 2014 Audited
	PARTICULARS OF SHAREHOLDING						
1	Public shareholding						
	Number of shares	3,099,198	2,794,198	2,418,616	3,099,198	2,418,616	2,438,189
	Percentage of shareholding	48.87%	46.25%	44.67%	48.87%	44.67%	44.01%
2	Promoters and promoter group shareholding						
	a) Pledged/Encumbered						
	- Number of shares	450,000	450,000	1,050,000	450,000	1,050,000	1,050,000
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	13.88%	13.86%	35.05%	13.88%	35.05%	33.85%
	- Percentage of shares (as a % of the total share capital of the company)	7.10%	7.45%	19.39%	7.10%	19.39%	18.95%
	b) Non-encumbered						
	- Number of shares	2,792,245	2,797,245	1,946,087	2,792,245	1,946,087	2,051,861
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	86.12%	86.14%	64.95%	86.12%	64.95%	66.15%
	- Percentage of shares (as a % of the total share capital of the company)	44.03%	46.30%	35.94%	44.03%	35.94%	37.04%



Segmental reporting:

(Rs in lacs, except as otherwise stated)

Particulars	Quarter ended			Year to date figures for the period ended		Previous year ended
	31 December 2014 Unaudited	30 September 2014 Unaudited	31 December 2013 Unaudited	31 December 2014 Unaudited	31 December 2013 Unaudited	31 March 2014 Audited
1 Segment revenue						
a) Hydraulics	6,604.64	8,166.38	8,116.74	22,586.63	23,225.31	30,952.73
b) Aerospace and Defence	6,911.99	6,891.23	5,956.84	19,730.24	16,045.57	22,333.05
c) Automotive and Aluminium castings	24,831.86	28,132.42	25,915.99	81,717.96	76,438.96	105,468.23
Income from operations (net)	38,348.49	43,190.03	39,989.57	124,034.83	115,709.84	158,754.01
2 Segment results (profit before tax and interest from each segment)						
a) Hydraulics	392.05	775.26	1,002.34	1,812.43	2,549.91	3,342.24
b) Aerospace and Defence	1,717.79	1,544.93	1,483.61	4,440.83	4,262.82	5,712.69
c) Automotive and Aluminium castings	56.69	146.29	572.88	1,790.12	1,374.67	2,112.48
Total	2,166.53	2,466.48	3,058.83	8,043.38	8,187.40	11,167.41
Unallocable						
- Interest	1,874.81	2,128.46	2,617.36	6,139.49	7,378.72	9,973.03
- Exceptional items (income)/expense (refer note 4)	-	(4,164.06)	-	(1,908.51)	150.03	150.03
- Other income (refer note 5)	(202.33)	(105.46)	(131.15)	(420.77)	(313.16)	(1,536.00)
Profit before tax	494.05	4,607.54	572.62	4,233.17	971.81	2,580.35
3 Segment capital employed (Segment assets - segment liabilities)						
a) Hydraulics	8,957.83	8,501.55	9,441.38	8,957.83	9,441.38	9,582.85
b) Aerospace and Defence	22,431.13	22,121.93	21,189.19	22,431.13	21,189.19	21,638.16
c) Automotive and Aluminium castings	26,967.84	25,329.92	20,807.15	26,967.84	20,807.15	23,898.32
d) Others	2,307.44	2,901.59	3,049.46	2,307.44	3,049.46	2,875.00
Total	60,664.24	58,854.99	54,487.18	60,664.24	54,487.18	57,994.33
Unallocated	(10,634.35)	(6,605.39)	(6,324.10)	(10,634.35)	(6,324.10)	(6,230.34)
	50,029.89	52,249.60	48,163.08	50,029.89	48,163.08	51,763.99



NOTES:

1. The above results of Dynamatic Technologies Limited ("the Company"), its subsidiaries and an associate, as listed below, (collectively known as "the Group") are prepared in accordance with requirements of the Accounting Standard AS 21 "Consolidated Financial Statements" prescribed by Companies (Accounting Standards) Rules, 2006 (as amended).

Sl. no.	Name of the entity	Subsidiary / associate	Country of incorporation	Effective group shareholding %
1	JKM Erla Automotive Limited	Subsidiary	India	99.99
2	JKM Ferrotech Limited	Step Subsidiary	India	99.99
3	JKM Research Farm Limited	Subsidiary	India	99.99
4	JKM Global Pte Limited	Subsidiary	Singapore	100
5	Dynamatic Limited	Step Subsidiary	United Kingdom	100
6	Yew Tree Investments Limited	Step Subsidiary	United Kingdom	100
7	JKM Erla Holdings GmbH	Step Subsidiary	Germany	100
8	Eisenwerk Erla GmbH	Step Subsidiary	Germany	100
9	Harasfera Design Private Limited	Associate	India	50

2. The above results were reviewed by the Audit Committee held on 13 February 2015 and thereafter approved by the Board of Directors in their meeting held on 14 February 2015 and have undergone a "Limited Review" by the Statutory Auditors of the Company. The review report of the Statutory Auditors is being filed with the Bombay Stock Exchange ("BSE") and the National Stock Exchange ("NSE") and is also available on the Company's website at www.dynamatics.com.
3. Pursuant to the provisions of the Listing Agreement, the Management has decided to publish consolidated financial results in the newspapers. However, the standalone financial results will be made available on the Company's website at www.dynamatics.com and also on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com).



4. Exceptional item for the quarter ended 30 September 2014 includes profit on sale of one of its assets (Land, Buildings and other structures at Dynamatic Park, Peenya, hereinafter referred to as "Peenya Property"). During the quarter ended 30 September 2014, the Company entered into a "Deed of Conveyance and Absolute Sale" ("Sale deed") dated 22 August 2014 with M/s Raised on Denim India and Karnataka Texspares and Steel Profiles Private Limited (collectively known as "Purchasers") towards the sale of Peenya Property at a gross consideration of Rs 7,000 lacs. The related written down value of the aforesaid asset as at the date of sale was Rs 2,830 lacs. Upon the execution of sale deed and corresponding sale of the Peenya Property on 22 August 2014, the Company credited Rs 4,164 lacs (after netting off selling expenses of Rs 160 lacs and adjusting Revaluation Reserve of Rs 154 lacs) to the statement of profit and loss. The aforesaid asset is leased back to the Company for a lock in period of eight years with an option to continue the same for a further period of two years. The Company does not have any obligation to buy back the Peenya Property at the end of the lease term.

During the quarter ended 30 June 2014, the Group has carried out a deleverage exercise and has prepaid certain loans to the banks and other parties in the books of the Company as well as at subsidiaries. As a part of this deleverage exercise and repayment of loans the Group had incurred various charges such as redemption premium to banks, prepayment penalty, swap cancellation, upfront fees etc aggregating Rs 2,255.55 lacs.

Exceptional item for the nine months ended 31 December 2013 includes various expenses such as professional fees and other incidental charges incurred by the Company towards loan funds raised from KKR India Financial Services Private Limited, a Non-Banking Financial Company.

5. During the year ended 31 March 2014, the Company had transferred its right on leasehold land located at the SIPCOT area in Tamil Nadu along with the building and the superstructure constructed on it for aggregate consideration of Rs 2,854 lacs. Accordingly, the Company had credited Rs 1,295 lacs to the statement of profit and loss account including adjustment of revaluation reserve of Rs 1,387 lacs.
6. As per the requirement of Section 123 of the Companies Act 2013, the Group, based on the external technical evaluation, has reassessed the remaining useful lives of assets, primarily consisting of plant and machinery and buildings with effect from 1 April 2014. Based on the reassessment, the Management believes that there would not be any change in the useful of fixed assets from the previous estimates and accordingly no accounting adjustments is currently required.



7. The Board of Directors of the Company vide its meeting dated 8 September 2014 has delegated its power to the Finance Committee to act as deemed necessary in relation to the issue of equity shares by way of Qualified Institutional Placement (QIP) in accordance with Chapter VIII of Securities and Exchange Board of India (“Issue of Capital and Disclosure Requirements”) Regulations, 2009, as amended and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and other relevant provisions in connection with this QIP. The Finance Committee in its meeting dated 13 September 2014 has accorded its approval to create, issue, offer and allot equity shares subject to Shareholders’ approval. The Company has obtained the Shareholders’ approval by way of special resolution passed in Extraordinary General Meeting dated 11 October 2014. The Finance Committee on 17 October 2014 has approved the allotment of 300,000 equity shares pursuant to the QIP on the receipt of funds aggregating Rs 5,400 lacs. The said shares were allotted on 17 October 2014.
8. During the quarter ended 31 December 2014, JKM Erla Automotive Limited has made partial redemption of 2,278,306 preference shares by paying Rs 5,000 lacs to SHL Trading Limited out of the proceeds of fresh issue of equity shares. The remaining 357,694 preference shares continue on the same terms and conditions.
9. Information of standalone unaudited financial results of the Company in terms of Clause 41 (VI) (b) of the Listing Agreement is as under:

(Rs in lacs)

Particulars	Quarter ended			Nine months ended		Year ended
	31 December 2014	30 September 2014	31 December 2013	31 December 2014	31 December 2013	31 March 2014
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total income from operations, net	11,279.09	12,577.47	11,012.44	34,985.24	31,831.48	42,892.37
(loss) / Profit before tax and exceptional items	(255.12)	17.19	233.69	(434.23)	(259.34)	180.91
(loss) / Profit after tax and exceptional items	(255.12)	3,316.25	233.69	2,419.81	(409.37)	30.88

10. Status of investor complaints for the quarter ended 31 December 2014:

Particulars	Opening	Received	Resolved	Pending
Number of complaints	-	-	-	-



11. Previous period figures have been reclassified to conform with current period presentation, where applicable.

For and on behalf of the Board of Directors



Udayant Malhoutra
CEO and Managing Director

Dynamatic Technologies Limited

Place: Bangalore

Date: 14 February 2015

