

B S R & Co. LLP

Chartered Accountants

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Review report to the Board of Directors of Dynamatic Technologies Limited

We have reviewed the accompanying standalone unaudited financial results ("the Statement") of Dynamatic Technologies Limited ("the Company") 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.

We conducted our review in accordance with the Standard on Review Engagement (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.

Based on our review conducted as 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 recognized 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
Registration 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
Standalone unaudited financial results for the quarter and nine months ended 31 December 2014

(Rs in lacs, except as otherwise stated)

PART I

Sl. No.	Particulars	Quarter ended			Year to date figures for the period ended		Previous year ended 31 March 2014 Audited
		31 December 2014 Unaudited	30 September 2014 Unaudited	31 December 2013 Unaudited	31 December 2014 Unaudited	31 December 2013 Unaudited	
1	Income from operations						
	a) Net sales/ income from operations (net of excise duty)	10,692.43	11,973.21	10,183.19	33,293.46	30,113.13	40,558.92
	b) Other operating income	586.66	604.26	829.25	1,691.78	1,718.35	2,333.45
	Total income from operations (net)	11,279.09	12,577.47	11,012.44	34,985.24	31,831.48	42,892.37
2	Expenses						
	a) Cost of materials consumed	5,398.84	6,436.93	4,993.06	17,338.24	15,563.98	20,861.36
	b) Changes in inventories of finished goods and work-in-progress	(74.36)	(241.35)	37.27	(273.79)	(152.04)	80.00
	c) Employee benefits expense	1,737.96	1,636.58	1,159.52	4,834.77	3,557.91	4,838.33
	d) Depreciation and amortisation expense	708.71	735.44	706.07	2,132.94	2,109.39	2,816.08
	e) Other expenses	2,710.86	2,734.81	2,351.09	7,843.26	6,951.76	9,632.06
	Total expenses	10,482.01	11,302.41	9,247.01	31,875.42	28,031.00	38,227.83
3	Profit from operations before other income, finance costs and exceptional items (1 - 2)	797.08	1,275.06	1,765.43	3,109.82	3,800.48	4,664.54
4	Other income (refer note 4)	189.05	183.41	64.68	559.72	176.99	1,473.40
5	Profit from ordinary activities before finance costs and exceptional items (3 + 4)	986.13	1,458.47	1,830.11	3,669.54	3,977.47	6,137.94
6	Finance costs	1,241.25	1,441.28	1,596.42	4,103.77	4,236.81	5,957.03
7	(Loss)/ Profit from ordinary activities after finance costs but before exceptional items (5 - 6)	(255.12)	17.19	233.69	(434.23)	(259.34)	180.91
8	Exceptional items income/ (expense) (refer note 3)	-	4,164.06	-	3,719.04	(150.03)	(150.03)
9	(Loss)/ Profit from ordinary activities before tax (7 - 8)	(255.12)	4,181.25	233.69	3,284.81	(409.37)	30.88
10	Tax expense	-	865.00	-	865.00	-	-
11	Net (loss)/ profit for the period/ year (9 - 10)	(255.12)	3,316.25	233.69	2,419.81	(409.37)	30.88
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)						13,745.00
14	(Loss)/ Earnings per share (not annualised)						
	Basic (in Rs.)	(4.06)	55.28	4.32	40.56	(7.56)	0.57
	Diluted (in Rs.)	(4.06)	55.28	4.32	40.56	(7.56)	0.57

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 March 2014
		31 December 2014	30 September 2014	31 December 2013	31 December 2014	31 December 2013	
1	PARTICULARS OF SHAREHOLDING						
	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%



Segment 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	30 September 2014	31 December 2013	31 December 2014	31 December 2013	31 March 2014
1 Segment revenue						
a) Hydraulics	4,383.59	5,242.22	4,887.65	14,367.56	13,405.49	17,706.80
b) Aerospace and Defence	3,487.79	3,050.31	2,627.43	8,995.03	6,751.99	9,494.76
c) Automotive and Aluminium castings	3,407.71	4,284.94	3,497.36	11,622.65	11,575.20	15,592.02
d) Others	-	-	-	-	98.80	98.79
Total income from operations (net)	11,279.09	12,577.47	11,012.44	34,985.24	31,831.48	42,892.37
2 Segment results (profit / (loss) before tax and interest from each segment)						
a) Hydraulics	337.44	699.13	834.77	1,672.81	2,116.64	2,590.62
b) Aerospace and Defence	1,053.90	931.48	1,264.21	2,795.36	2,923.31	3,866.09
c) Automotive and Aluminium castings	(594.26)	(355.55)	(317.33)	(1,358.35)	(1,277.67)	(1,880.49)
d) Others	-	-	(16.22)	-	38.20	88.32
Total	797.08	1,275.06	1,765.43	3,109.82	3,800.48	4,664.54
Unallocable						
- Finance costs	1,241.25	1,441.28	1,596.42	4,103.77	4,236.81	5,957.03
- Exceptional (income)/ expense (refer note 3)	-	(4,164.06)	-	(3,719.04)	150.03	150.03
- Other income (refer note 4)	(189.05)	(183.41)	(64.68)	(559.72)	(176.99)	(1,473.40)
(loss) / Profit before tax	(255.12)	4,181.25	233.69	3,284.81	(409.37)	30.88
3 Segment capital employed (Segment assets - segment liabilities)						
a) Hydraulics	7,462.83	6,929.85	6,922.03	7,462.83	6,922.03	7,546.07
b) Aerospace and Defence	15,643.01	15,345.76	14,796.10	15,643.01	14,796.10	14,905.26
c) Automotive and Aluminium castings	10,335.24	11,298.53	16,039.30	10,335.24	16,039.30	11,011.05
d) Others	2,307.44	2,901.59	2,907.87	2,307.44	2,907.87	2,875.15
Total	35,748.52	36,475.73	40,665.30	35,748.52	40,665.30	36,337.53
Unallocable assets, net of liabilities	1,402.48	(3,437.73)	(9,216.30)	1,402.48	(9,216.30)	(5,493.11)
Total	37,151.00	33,038.00	31,449.00	37,151.00	31,449.00	30,844.42



NOTES:

- 1 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.dynamics.com.
- 2 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.dynamics.com and also on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com).
- 3 Exceptional item for the quarter ended 30 September 2014 includes profit on sale of one of its assets (Land, Buildings and other structures at Dynamic 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) 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.

Exceptional item for the quarter ended 30 June 2014 aggregating to Rs 445.02 lacs includes various expenses such as redemption premium charges, prepayment penalty, processing fees, negotiation fees and other ancillary charges incurred by the Company towards prepayment of loan funds to KKR India Financial Services Private Limited, a Non-Banking Financial Company.

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.

- 4 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 including adjustment of revaluation reserve of Rs 1,387 lacs.



- 5 As per the requirement of Section 123 of the Companies Act 2013, the Company, 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 lives of fixed assets from the previous estimates and accordingly no accounting adjustments is currently required.
- 6 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.
- 7 Status of investor complaints for the quarter ended 31 December 2014:

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

- 8 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

