

JKM Erla Automotive Limited
Statutory audit for the year ended
31 March 2017
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B S R & Co. LLP

Chartered Accountants

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Independent Auditor's Report

To the Members of JKM Erla Automotive Limited

Report on the Financial Statements

We have audited the accompanying financial statements of JKM Erla Automotive Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and the cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder.

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

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Independent Auditor's Report (continued)

Auditor's Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal financial control relevant to the Company's preparation of the financial statements that 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017 and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 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 appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and



Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

(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 did not have any pending litigations which would impact the 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 were no amounts during the year which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company did not have any holdings or dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016. Refer note 29 to the financial statements.

for B S R & Co. LLP

Chartered accountants

Firm registration number: 101248W/W-100022



Umang Banka

Partner

Membership number: 223018

Place: Bengaluru

Date: 27 May 2017

JKM Erla Automotive Limited

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 JKM Erla Automotive Limited ('the Company') on the financial statements for the year ended 31 March 2017, we report that:

- (i) The Company does not have any fixed assets. Thus, paragraph 3(i) of the Order is not applicable.
- (ii) The Company has not started its commercial operations and accordingly it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act").
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, as applicable, with respect to the investments made and guarantee given during the year. The Company has not provided any security or given any loans, and accordingly, the provision of Section 185 and 186 of the Act does not apply.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vi) As the Company is yet to start its commercial operations, the provisions of clause (vi) regarding maintenance of cost records under sub-section (1) of Section 148 of the Act are not applicable.
- (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 Income-tax has been generally regularly deposited during the year by the Company with the appropriate authority. As explained to us, the Company did not have any dues on account of Provident Fund, Employees' State Insurance, Sales tax, Service tax, duty of customs, duty of excise, Value Added Tax and Cess during the year.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income-tax that were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues in respect of Income-tax which have not been deposited by the Company on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions and the Company does not have any outstanding dues to banks and financial institutions as at 31 March 2017. The Company did not have any outstanding dues to debenture holders, outstanding loans from government during the year.
- (ix) In our opinion and according to the information and explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Thus, paragraph 3(ix) of the Order is not applicable.

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JKM Erla Automotive Limited
Annexure to the Independent Auditor's Report (continued)

- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, there is no managerial remuneration paid/ provided during the year.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of equity shares to Dynamatic Technologies Limited during the year as per the provisions of Section 42 of the Act.
- In our opinion and according to the information and explanations given to us, utilisation of amount raised by allotment of equity shares have been applied for the purpose for which they were raised.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvii) of the Order is not applicable.

for **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W / W-100022



Umang Banka
Partner
Membership number: 223018

Place: Bengaluru
Date: 27 May 2017

JKM Erla Automotive Limited
Annexure to the Independent Auditor's Report (continued)

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 over financial reporting of JKM Erla Automotive Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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JKM Erla Automotive Limited
Annexure to the Independent Auditor's Report (continued)

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022



Umang Banka

Partner

Membership number: 223018

Place: Bengaluru

Date: 27 May 2017

JKM Erla Automotive Limited
Balance sheet as at

(Amount in Rs)

	Note	31 March 2017	31 March 2016
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,045,550,000	480,000,000
Reserves and surplus	4	281,004,833	(175,103,200)
		<u>1,326,554,833</u>	<u>304,896,800</u>
Non-current liabilities			
Long-term borrowing	5	-	500,000,000
		<u>-</u>	<u>500,000,000</u>
Current liabilities			
Short-term borrowings	6	-	12,006,483
Other current liabilities	7	456,000	115,744,691
		<u>456,000</u>	<u>127,751,174</u>
		<u>1,327,010,833</u>	<u>932,647,974</u>
Assets			
Non-current assets			
Non-current investments	8	1,325,005,640	919,875,000
Long-term loans and advances	9	-	5,520,548
Other non-current assets	10	-	4,198,329
		<u>1,325,005,640</u>	<u>929,593,877</u>
Current assets			
Cash and cash equivalents	11	2,005,193	426,598
Other current assets	12	-	2,627,499
		<u>2,005,193</u>	<u>3,054,097</u>
		<u>1,327,010,833</u>	<u>932,647,974</u>

Significant accounting policies

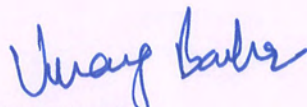
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The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

for **BSR & Co. LLP**
Chartered Accountants

Firm registration number: 101248W/W-100022



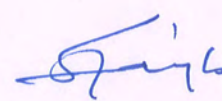
Umang Banka
Partner
Membership number: 223018

Place: Bengaluru
Date: 27 May 2017

for and on behalf of the Board of Directors of
JKM Erla Automotive Limited



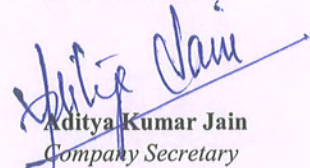
Hanuman Kumar Sharma
Director
DIN: 07012725



Satish Pal Singh
Director
DIN: 07046472



Chalapathi Puramannagari
Chief Financial Officer



Aditya Kumar Jain
Company Secretary

Place: Bengaluru
Date: 27 May 2017

JKM Erla Automotive Limited
Statement of profit and loss for the year ended

(Amount in Rs)

	Note	31 March 2017	31 March 2016
Expenses			
Finance costs	13	92,920,765	41,194,496
Other expenses	14	14,258,558	37,228,403
Total expenses		107,179,323	78,422,899
Exceptional expenses	15	12,491,598	-
Loss before tax		(119,670,921)	(78,422,899)
Tax expense		-	-
Net loss after tax		(119,670,921)	(78,422,899)
Loss per equity share			
-Basic and diluted		(2.36)	(1.66)
Weighted average number of equity shares			
-Basic and diluted	23	50,634,068	47,193,989

Significant accounting policies

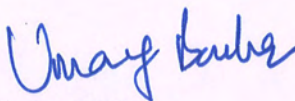
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The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

for **BSR & Co. LLP**
Chartered Accountants

Firm registration number: 101248W/W-100022



Umang Banka

Partner

Membership number: 223018

Place: Bengaluru

Date: 27 May 2017

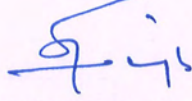
for and on behalf of the Board of Directors of
JKM Erla Automotive Limited



Hanuman Kumar Sharma

Director


DIN: 07012725



Satish Pal Singh

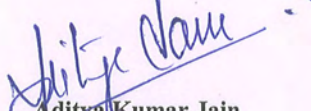
Director

DIN: 07046472



Chalapathi Puramannagari

Chief Financial Officer



Aditya Kumar Jain

Company Secretary

Place: Bengaluru

Date: 27 May 2017

JKM Erla Automotive Limited
Cash flow statement for the year ended

(Amount in Rs)

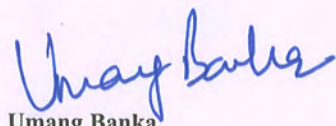
	31 March 2017	31 March 2016
Cash flows from operating activities		
Loss before tax	(119,670,921)	(78,422,899)
Adjustments:		
Effect of exchange rate changes	8,438,708	31,796,689
Amortization of loan processing fees	6,825,827	2,767,324
Interest expenses	92,038,099	38,427,172
Operating cash flow before working capital changes	(12,368,287)	(5,431,714)
Changes in other current liabilities	(154,378)	5,830,814
Changes in long term loans and advances	5,520,548	(5,520,548)
Changes in other non current and current assets	-	(2,715,833)
Cash generated from operations	(7,002,117)	(7,837,281)
Income tax paid	-	-
Net cash used in operating activities (A)	(7,002,117)	(7,837,281)
Cash flows from investing activities		
Investment made in a subsidiary	(405,130,640)	-
Net cash used in investing activities (B)	(405,130,640)	-
Cash flows from financing activities		
Proceeds from issue of equity shares	1,131,100,000	100,000,000
Payment on account of redemption of preference shares	-	(86,363,800)
Proceeds from borrowings	-	500,000,000
Repayment of borrowings	(599,348,582)	(97,874,917)
Loan taken from holding company	836,772,775	107,689,192
Loan repaid to holding company	(848,779,258)	(474,484,710)
Loan taken from subsidiary company	5,342,500	-
Loan repaid to subsidiary company	(5,342,500)	-
Interest paid	(106,033,583)	(40,876,933)
Net cash generated by financing activities (C)	413,711,352	8,088,832
Net increase in cash and cash equivalents (A + B + C)	1,578,595	251,551
Cash and cash equivalents at the beginning of the year	426,598	175,047
Cash and cash equivalents at the end of the year (refer note 11)	2,005,193	426,598

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022



Umang Banka

Partner

Membership number: 223018

Place: Bengaluru

Date: 27 May 2017

for and on behalf of the Board of Directors of

JKM Erla Automotive Limited


Hanuman Kumar Sharma

Director

DIN: 07012725


Chalapathi Puramannagari

Chief Financial Officer


Satish Pal Singh

Director

DIN: 07046472


Aditya Kumar Jain

Company Secretary

Place: Bengaluru

Date: 27 May 2017

As at
31 March 2017 As at
31 March 2016

3. Share capital

Authorised

110,000,000 (previous year: 50,000,000) equity shares of Rs 10 each**

Nil (previous year: 5,000,000) preference shares of Rs 10 each*

1,100,000,000	500,000,000
-	50,000,000
1,100,000,000	550,000,000

Issued, subscribed and fully paid up

104,555,000 (previous year: 48,000,000) equity shares of Rs 10 each

1,045,550,000	480,000,000
1,045,550,000	480,000,000

* During the year, the Company has converted the existing 5,000,000 0.01% non-cumulative redeemable preference shares of Rs 10 each into 5,000,000 equity shares of INR 10 each vide ordinary resolution passed at the EGM held on 6 March 2017.

** During the year, the Company has increased existing authorised share capital by 60,000,000 number of equity shares (including conversion of authorised preference shares of 5,000,000 into equity shares) of INR 10 each amounting to INR 600,000,000.

Reconciliation of shares outstanding at the beginning and at the end of the year:

Particulars	31 Mar 2017		31 Mar 2016	
	Number of shares	Amount in Rs	Number of shares	Amount in Rs
Equity shares				
At the commencement of the year	48,000,000	480,000,000	43,000,000	430,000,000
Shares issued during the year*	56,555,000	565,550,000	5,000,000	50,000,000
At the end of the year	104,555,000	1,045,550,000	48,000,000	480,000,000

*During the year, the Company has issued 56,555,000 number of equity shares of face value of Rs 10 each at a premium of Rs 10 each to Dynamatic Technologies Limited on 14 March 2017. The premium of Rs 565,550,000 has been credited to securities premium account in reserves and surplus.

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time after subject to dividend to preference shareholders. 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. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, if any, in proportion to the number of equity shares held.

There are no equity shares which are allotted as fully paid-up without payment being received in cash during the period of five years immediately preceding the balance sheet date. There are no equity shares which are allotted as fully paid-up bonus shares during the period of five years immediately preceding the balance sheet date. The Company has not bought back any shares during the period of five years immediately preceding the balance sheet date.

Equity shares held by holding company:

Class of shares (Equity)	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Amount in Rs	Number of shares	Amount in Rs
Dynamatic Technologies Limited	104,554,994	1,045,549,940	47,999,994	479,999,940

Particulars of shareholders holding more than 5% shares of a class of shares

Name of the shareholder	As at 31 March 2017		As at 31 March 2016	
	Number of shares	% of Shares	Number of shares	% of Shares
Equity shares of Rs 10 each fully paid up held by:				
Dynamatic Technologies Limited - Holding company	104,554,994	99.99%	47,999,994	99.99%



	As at 31 March 2017	As at 31 March 2016
4. Reserves and surplus		
Securities premium account		
At the commencement of the year	23,136,200	16,423,060
Add: Additions during the year (refer note 3)	565,550,000	50,000,000
Less: Premium on redemption of preference shares (refer note 16)	-	(43,286,860)
At the end of the year	<u>588,686,200</u>	<u>23,136,200</u>
Foreign currency monetary item translation difference account		
At the commencement of the year	(7,484,105)	(31,393,013)
Add: Exchange loss on account of reinstatement (refer note 26)	(954,603)	(7,887,781)
Less: Amortised during the year (refer note 26)	8,438,708	31,796,689
At the end of the year	<u>-</u>	<u>(7,484,105)</u>
Business reconstruction reserve		
At the commencement and at the end of the year	20,000,000	20,000,000
Hedge reserve		
At the commencement of the year	(2,744,849)	(9,012,662)
Less: Deletion during the year (refer note 24)	2,744,849	6,267,813
At the end of the year (refer note 24)	<u>-</u>	<u>(2,744,849)</u>
Other reserves (Redemption premium accrual)		
At the commencement of the year	-	39,500,000
Less: Premium on redemption of preference shares (refer note 16)	-	(39,500,000)
At the end of the year	<u>-</u>	<u>-</u>
Deficit in the statement of profit and loss		
At the commencement of the year	(208,010,446)	(129,587,547)
Add: Loss for the year	(119,670,921)	(78,422,899)
Net deficit in the statement of profit and loss	<u>(327,681,367)</u>	<u>(208,010,446)</u>
Balance at the end of the year	<u><u>281,004,833</u></u>	<u><u>(175,103,200)</u></u>
5. Long-term borrowing		
<i>Secured</i>		
Term loan from IL & FS Financial Services Ltd.#	-	500,000,000
	<u>-</u>	<u>500,000,000</u>

Term loan from IL & FS Financial Services Limited

Details of repayment terms, interest and maturity	Nature of security
Term Loan from IL & FS Financial Services Limited aggregating to Rs Nil (previous year Rs 500,000,000 payable in 3 annual installments of 25% of the loan amount for the first two installments and 50% of the loan amount for the last installment w.e.f 3 December 2018. The rate of interest is IFIN benchmark rate minus 3%). However, the entire loan has been repaid during the year.	First pari passu on shares of Dynamatic Technologies Limited, corporate guarantee given by Dynamatic Technologies Limited. Personnel guarantee of Mr. Udayant Malhoutra and demand promisory note.



JKM Erla Automotive Limited
Notes to the financial statements

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016
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6. Short-term borrowings

Loan from holding company (refer note 25)*	-	12,006,483
	-	12,006,483

* Loan from holding company carries an interest of 12% - 13%, and has been repaid during the financial year.

7. Other current liabilities

Current maturities of long term borrowings*	-	98,393,979
Interest accrued but not due on borrowings	-	2,449,761
Interest due to ultimate holding company (refer note 25)	-	11,545,724
Derivative liability (refer note 24)	-	2,744,849
Accrued expenses	456,000	531,903
Tax deducted at source payable	-	78,475
	456,000	115,744,691

* Represents current maturities of the term loan taken from DBS Bank Rs Nil (Previous year: Rs 98,393,979) repayable in 6 half yearly instalments starting after 36 months from the final draw down date i.e. 31 May 2011, which has been repaid during the current financial year.

8. Non-current investments

(valued at cost unless stated otherwise)

Trade investment: unquoted

Investment in equity instruments

Investment in subsidiaries - unquoted

25,000 (previous year: 25,000) stocks of Euro 1 each fully paid up of JKM Erla Holdings GmbH (refer note 27)	619,875,000	619,875,000
70,513,064 (previous year: 30,000,000) equity shares of Rs10 each fully paid up of JKM Ferrotech Limited (refer note 27)	705,130,640	300,000,000
	1,325,005,640	919,875,000

9. Long-term loans and advances

Unsecured, considered good

Other deposits	-	5,520,548
	-	5,520,548

10. Other non - current assets

Unsecured, considered good

Prepaid loan processing fees (refer note 12, 13 & 15)	-	4,198,329
	-	4,198,329

Unamortised portion of prepaid loan processing fee as on 31 March 2016 aggregating to Rs 6,825,828 (including current portion of Rs 2,627,499) has been charged off in the current financial year (refer note 13 & 15) as the entire loan from IL & FS has been repaid during the current financial year.

11. Cash and cash equivalents

Cash in hand	600	600
Balances with banks:		
-in current accounts	2,004,593	425,998
	2,005,193	426,598

12. Other current assets

Prepaid loan processing fees (refer note 10, 13 & 15)	-	2,627,499
	-	2,627,499

Unamortised portion of prepaid loan processing fee as on 31 March 2016 aggregating to Rs 6,825,828 (including non-current portion of Rs 4,198,329) has been charged off in the current financial year (refer note 13 & 15) as the entire loan from IL & FS has been repaid during the current financial year.



JKM Erla Automotive Limited
Notes to the financial statements

(Amount in Rs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
13. Finance costs		
Interest on borrowings	92,038,099	38,427,172
Amortization of loan processing fees	882,666	2,767,324
	<u>92,920,765</u>	<u>41,194,496</u>
14. Other expenses		
Exchange loss, net	5,855,331	33,604,814
Rates and taxes	6,695,062	1,730,688
Legal and professional fees	1,493,683	926,704
Directors sitting fees	200,000	900,000
Miscellaneous expenses	14,482	66,197
	<u>14,258,558</u>	<u>37,228,403</u>
15. Exceptional expenses		
Premium on prepayment of loan	3,738,091	-
Exchange loss, net	2,810,346	-
Amortization of loan processing fees	5,943,161	-
	<u>12,491,598</u>	<u>-</u>



16 Redemption of preference shares

The Company, had issued 2,636,000 0.01% redeemable, non-cumulative redeemable preference shares [NCRPS] of INR 10 each, with SHL Trading Limited ("Subscriber") on 8 June 2011 at a premium of INR 115 per share aggregating INR 3,300 lacs. These shares were redeemable, in whole or in part after 18 months by subscriber, after giving a notice in writing to the Company, at a price that ensures to the subscriber an internal rate of return of 18% per annum. During the previous year, the Company redeemed 357,694 NCRPS at a price of Rs 241.45 per share and premium on redemption aggregating Rs 82,786,860 was debited to reserves and surplus by utilising securities premium account aggregating (Rs 43,286,860) and other reserves i.e. Redemption premium accrual aggregating (Rs 39,500,000).

17 Contingent liabilities

The details of contingent liabilities are as under:

Particulars	As at 31 March 2017	As at 31 March 2016
Corporate guarantee given as security for loan taken by subsidiaries	292,169,274	325,549,240
Total	292,169,274	325,549,240

Movement of Corporate guarantee during the year

Subsidiaries	As at 1 April 2016	Given during the financial year	Settled/expired during the financial year	As at 31 March 2017
JKM Ferrotech Limited	325,549,240	7,436,171	40,816,137	292,169,274

Movement of Corporate guarantee during the previous year

Subsidiaries	As at 1 April 2015	Given during the financial year	Settled/expired during the financial year	As at 31 March 2016
JKM Ferrotech Limited	356,115,799	-	30,566,559	325,549,240

18 Hedged foreign currency exposure

Foreign currency exposures hedged by derivative instruments are as follows:

Particulars	As at 31 March 2017		As at 31 March 2016	
	Foreign Currency	Amount in INR	Foreign Currency	Amount in INR
Loan from DBS bank	Nil	Nil	USD 1,483,333	INR 98,393,979
Interest accrued on DBS Loan	Nil	Nil	USD 36,932	INR 2,449,761

19 Segment information

The Company is yet to start its commercial operations and hence the Company has no segment to disclose.

20 Dues to Micro, Small and Medium Enterprises

According to the information available with the Company, there are no dues payable to Micro, Small and Medium Enterprises as defined under the "The Micro, Small and Medium Enterprises Development Act, 2006". The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneur's Memorandum Number as allocated after filling of the Memorandum. Further there are no dues payable to micro, small and medium Enterprises (previous year: Rs Nil)

21 Auditors' remuneration (included in legal and professional charges)*

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Statutory audit	400,000	400,000
Other services	100,000	250,000
Reimbursement of expenses	2,000	2,000
Total	502,000	652,000

*excludes service tax

22 Expenditure in foreign currency

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest expense	1,530,062	10,330,208
Total	1,530,062	10,330,208

23 Computation of weighted average number of shares

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Number of equity shares outstanding at beginning of the year	48,000,000	43,000,000
Add: Weighted average number of equity shares issued during the year		
- Right issue of 5,000,000 number of equity shares issued on 29 May 2015 for 307 days	-	4,193,989
- 56,555,000 number of shares issued on 14 March 2017 for 17 days	2,634,068	-
Weighted average number of equity shares outstanding at the end of the year	50,634,068	47,193,989



24 Derivative instruments

As of 31 March 2017, the Company has recognised a gain of Rs 2,744,849 (previous year Rs 6,267,813) relating to derivative instruments (comprising of foreign currency forward contracts) that are designated as effective cash flow hedges in the Share holders' Fund. During the year, the Company has repaid the DBS loan on which these derivative instruments had been taken and accordingly the Company does not have any derivative instrument as at 31 March 2017.

The following table presents the aggregate contracted principal and interest amounts of the Company's derivative contracts outstanding as at

Particulars		31 March 2017	31 March 2016
Category	Currency hedged	Amount in original currency	Amount in original currency
Forward contracts			
(to hedge borrowings)	USD	-	1,483,333
(to hedge interest)	USD	-	36,932

The Company does not have any non-designated derivative instruments outstanding as on 31 March 2017 and 31 March 2016.

25 Related Parties

Holding Company	Dynamatic Technologies Limited (DTL)
Subsidiaries	JKM Erla Holdings GmbH, Germany (EHG) Eisenwerk Erla GmbH, Germany (EEG) JKM Ferrotech Limited, India (JFTL) [w.e.f. 25 Jul 2016]
Associate	JKM Ferrotech Limited, India (JFTL) [till 24 July 2016]
Key Managerial Personnel	Chalapathi Puramannagari, Chief Financial Officer Raman Desikan, Manager Aditya Kumar Jain, Company Secretary

The following is the summary of transactions for the year and balance outstanding at the year end with the related parties:

Name of related party	Description of Transaction	Transactions		Outstanding balance receivable/(payable)	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
Dynamatic Technologies Limited	(i) Short term borrowings taken	836,772,775	107,689,192	-	(12,006,483)
	(ii) Short term borrowings (repaid)	(848,779,258)	(474,484,710)	-	-
	(iii) Interest expenses	70,573,972	6,370,939	-	(11,545,724)
JKM Ferrotech Limited	(i) Short term borrowings taken	5,342,500	-	-	-
	(ii) Short term borrowings (repaid)	(5,342,500)	-	-	-
	(iii) Interest expenses	479,506	-	-	-

26 Pursuant to the Companies (Accounting standards) Amendment Rules, 2011, vide GSR 914(E) dated 29 December 2011, the Company had exercised the option of accumulating the exchange differences, in respect of accounting periods commencing from 1 April, 2011, on long term foreign currency monetary liability. As a result, such exchange differences so far as they related to the acquisition of non-depreciable capital assets including reinstatement of Rs 954,603 (previous year Rs 7,887,781) had been accumulated in "Foreign currency monetary item translation difference account", to be amortized over the balance period of such long term liabilities. During the year, the Company has settled such long term foreign currency monetary liabilities and accordingly the entire unamortised exchange differences aggregating Rs 8,438,708 has been charged to the statement of profit and loss.

27 (i) Details of non-current investments purchased and sold during the year:

Particulars	Face value per unit	As at 1 April 2016	Purchased during the year	Sold during the year	As at 31 March 2017
Non-trade investments - Unquoted					
Investments in equity instruments (fully paid)					
(a) Subsidiaries					
JKM Erla Holdings GmbH	Euro 1	619,875,000 (25,000)*	-	-	619,875,000 (25,000)*
JKM Ferrotech Limited	Rs 10	300,000,000 (30,000,000)*	405,130,640# (40,513,064)*	-	705,130,640 (70,513,064)*

* The amount in parenthesis represents number of shares

During the current year, the Company has purchased 20,513,064 shares of Rs. 10 each of JKM Ferrotech Limited from JKM Global Pte Limited on 25 July 2016 and invested in 20,000,000 shares of Rs. 10 each on 14 Mar 2017.

(ii) Details of non-current investments purchased and sold during the previous year:

Particulars	Face value per unit	As at 1 April 2015	Purchased during the year	Sold during the year	As at 31 March 2016
Non-trade investments - Unquoted					
Investments in equity instruments (fully paid)					
(a) Subsidiaries					
JKM Erla Holdings GmbH	Euro 1	619,875,000 (25,000)*	-	-	619,875,000 (25,000)*
JKM Ferrotech Limited	Rs 10	300,000,000 (30,000,000)*	-	-	300,000,000 (30,000,000)*

* The amount in parenthesis represents number of shares



JKM Erla Automotive Limited
Notes to the financial statements

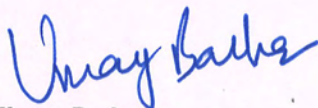
28 Exceptional item for the year ended 31 March 2017 aggregating Rs 12,491,598 represents various expenses such as prepayment charges, processing fees and other ancillary charges incurred by the Company towards prepayment of loan funds to banks and financial institutions.

29 During the year, the Company does not hold any specified bank notes as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017.

As per our report of even date attached

for **BSR & Co. LLP**
Chartered Accountants

Firm registration number: 101248W/W-100022



Umang Banka
Partner

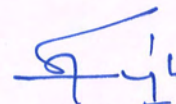
Membership number: 223018

Place: Bengaluru
Date: 27 May 2017

for and on behalf of the Board of Directors of
JKM Erla Automotive Limited



Hanuman Kumar Sharma
Director
DIN: 07012725

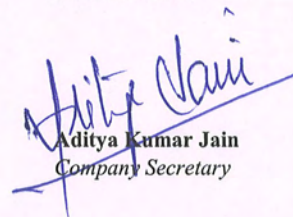


Satish Pal Singh
Director
DIN: 07046472



Chalapathi Puramannagari
Chief Financial Officer

Place: Bengaluru
Date: 27 May 2017



Aditya Kumar Jain
Company Secretary

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