

JKM Erla Automotive Limited

Balance sheet as at	Note	INR in lakhs	
		31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Financial assets			
(i) Investments	3	23,839	23,839
Total non-current assets		23,839	23,839
Current assets			
Financial assets			
(i) Cash and cash equivalents	4	4	10
Total current assets		4	10
Total Assets		23,843	23,849
EQUITY AND LIABILITIES			
Equity			
Equity share capital	5	10,455	10,455
Other equity	6	13,384	13,390
Total equity		23,839	23,845
Liabilities			
Current Liabilities			
Financial liabilities			
Other current financial liabilities	7	4	4
Total current liabilities		4	4
Total liabilities		4	4
Total equity and liabilities		23,843	23,849

Significant accounting policies

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JKM Erla Automotive Limited

Statement of Profit and Loss for the year ended	Note	INR in lakhs except per share data	
		31 March 2019	31 March 2018
Income			
Revenue from operations		-	-
Total Income		-	-
Expenses			
Other expenses	8	6	8
Total expenses		6	8
Loss before tax		(6)	(8)
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Income tax expense		-	-
Loss for the year		(6)	(8)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(6)	(8)
Earnings per equity share (face value of INR 10 each)			
Basic and diluted (in INR)	16	(0.01)	(0.01)
Significant accounting policies	2		

	INR in lakhs	
Statement of Cash Flows for the year ended	31 March 2019	31 March 2018
Cash flow from operating activities		
Loss before tax	(6)	(8)
Operating cash flows before working capital changes	(6)	(8)
Changes in operating assets and liabilities		
(Decrease) in other current financial liabilities	-	(1)
Cash generated from operations	(6)	(9)
Income taxes paid	-	-
Net cash generated from operating activities (A)	(6)	(9)
Cash flows from investing activities		
Investment in subsidiaries	-	(1)
Net cash used in investing activities (B)	-	(1)
Cash flows from financing activities		
Net cash flow from financing activities (C)	-	-
Net (decrease)/ increase in cash and cash equivalents (A + B +C)	(6)	(10)
Cash and cash equivalents at the beginning of the year	10	20
Cash and cash equivalents at the end of the year	4	10
Components of cash and cash equivalents (refer note 4)		
Cash and cash equivalents		
Cash on hand	-	-
Balance with banks		
- in current accounts	4	10
Cash and cash equivalents in balance sheet	4	10

JKM Erla Automotive Limited
Statement of Changes in Equity for the year ended 31 March 2019

(A) Equity share capital		INR in lakhs	
Particulars	31 March 2019	31 March 2018	
Opening balance	10,455	10,455	
Changes in equity share capital	-	-	
Closing balance	10,455	10,455	

(B) Other equity			INR in lakhs	
Particulars	Reserves and Surplus		Other items of other comprehensive income	Total equity attributable to equity holders of the Company
	Securities premium account	Retained earnings		
Balance as at 01 April 2018	8,456	4,934	-	13,390
Other comprehensive income for the year	-	-	-	-
Add: Additions during the year	-	-	-	-
Less: Loss for the year	-	(6)	-	(6)
Total comprehensive income for the year	-	(6)	-	(6)
Balance as at 31 March 2019	8,456	4,928	-	13,384

Significant accounting policies

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

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

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

1 Reporting entity

JKM Erla Automotive Limited ("the Company") was incorporated on 8 February 2011 under provisions of the Companies Act, 1956 ("the Act"). The Company is incorporated with the object clause to set up automotive components processing/ manufacturing unit for the purpose of designing, manufacturing and selling automotive engine parts, components and accessories as original equipment manufacturers. The annual financial statements for the year ended 31 March 2019 have been approved by the Board of Directors on 25 May 2019.

2 Significant accounting policies

a Statement of compliance

These annual financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act 2013 ("the Act") read with Companies (Indian Accounting Standard) Rules (as amended from time to time) and other relevant provisions of the Act..

Accounting policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to an existing Indian Accounting Standard requires a change in the accounting policy hitherto in use.

b Functional and presentation currency

These annual financial statements are prescribed in Indian Rupees ("INR") which is also the Company's functional currency. All amounts have been rounded off to the nearest lakhs, unless otherwise mentioned.

c Basis of Preparation

The annual financial statements have been prepared on the historical cost convention and on an accrual basis of accounting, except for the following assets and liabilities which have been accounted as follows:

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

The Company has consistently applied the following accounting policies to all the periods presented in the Standalone annual financial statements.

d Use of estimates, assumption and judgements

The preparation of annual financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent liabilities and assets on the date of the annual financial statements and the reported amount of revenue and expenses for the year reported income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors that are believed to be reasonable under the circumstance. Revisions to accounting estimates are recognised in the year in which the estimates are revised, and future periods are affected.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- note 18 : recognition of deferred tax asset: availability of future taxable profit against which deferred tax can be used;

- note 9 : recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

- note 3 and 13 : 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

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

- note 12 : financial instruments.

f Investments in subsidiaries

Investment in equity shares in subsidiaries is carried at deemed cost in the financial statements.

g Financial Instruments

A. Financial assets

1) Recognition and initial measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to contractual provisions of the instrument.

A financial asset or liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction cost that are directly attributable to its acquisition or issue.

2) Classification and subsequent measurement

Financial assets

On initial recognition, a financial instrument is classified and measured at

- amortised cost
- fair value through other comprehensive income (FVOCI) - debt instruments;
- fair value through other comprehensive income (FVOCI) - equity investments; or
- fair value through profit and loss (FVTPL)

Financial assets are not classified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets; and
- the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI- equity investment). This election is made on an investment-to-investment basis.

All financial assets not classified as amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mistake that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets, at FVTPL:

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognized in profit or

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVTOCI:

These assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI:

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

3) 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.

4) Derecognition of financial assets

A financial asset is derecognized only when:

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

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

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

B. Financial liability

1) Initial recognition and measurement

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

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

2) Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit or loss .

Amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

h Foreign currency transactions and balances

Foreign currency are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated into relevant functional currency at exchange rates in effect at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in profit or loss.

Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss and are recognized in profit and loss, except exchange differences arising from the translation of the following items which are recognized in OCI:

- equity investments at fair value through OCI (FVOCI)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

i Taxes

Current income tax for current and prior periods is recognized at the amount expected to be paid or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except for the cases mentioned below:

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or substantive enactment date.

Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits or loss at the time of the transaction;
- temporary investments related to investment in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the 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 Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profits will be available against which such deferred tax can be realized. Deferred tax assets, unrecognized or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realized.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will

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.

j 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.

k Contingent Liability

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation arises from the past events that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

l 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.

m 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.

n 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 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.

o Recent accounting pronouncements

Standards issued but not yet effective

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Company has not applied as they are effective from 1 April 2019.

Ind AS 116, Lease Accounting

Ind AS 116 will replace the current guidance in Ind AS 17, ‘Leases’. Ind AS 116 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116 with effect from annual reporting periods beginning on 1 April 2019. The Company has chosen to apply the standard retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application i.e. 1 April 2019. Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the Standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at 1 April 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

The Company will recognise with effect from 1 April 2019 new assets and liabilities for its operating leases of premises and other assets.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under Ind AS 116, the nature of expenses related to those leases will change from lease rent in previous periods to amortisation charge for the right-to use asset and interest accrued on lease liability. The Company is evaluating the effect of Ind AS 116 on its annual financial statements.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company is evaluating the effect of the said amendment on its annual financial statements.

Amendment to Ind AS 12 - 'Income Taxes'

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is akin to taxes paid on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12. The Company is evaluating the effect of the said amendment on its annual financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement-

The amendment clarifies that when determining past service cost, or a gain or loss on settlement due to plan amendment, curtailment or settlement, an entity shall remeasure the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions, including current market interest rates and other current market prices, reflecting:

- (a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and
- (b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

Further, if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect any significant impact of this amendment on its financial statements.

Amendment to Ind AS 23, Borrowing Costs: The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. The Company is evaluating the impact on account of this amendment.

JKM Erla Automotive Limited**Notes to the annual financial statements for the year ended 31 March 2019**

3 Non-current investments	INR in lakhs	
Particulars	As at	As at
	31 March 2019	31 March 2018
Unquoted equity shares		
Investment in subsidiaries at deemed cost		
1) 25,000 (31 March 2018: 25,000) stocks of Euro 1 each fully paid up of JKM Erla Holdings GmbH	16,787	16,787
2) 70,513,064 (31 March 2018: 70,513,064) equity shares of INR 10 each fully paid up of JKM Ferrotech Limited	7,051	7,051
3) 9,940 (31 March 2018: 9,940) equity shares of INR 10 each fully paid up of JKM Automotive Limited	1	1
	23,839	23,839
Aggregate value of unquoted investments	23,839	23,839
Aggregate amount of impairment in value of investments	-	-
4 Cash and cash equivalents		
Particulars	As at	As at
	31 March 2019	31 March 2018
Cash on hand	-	-
Balances with banks		
-in current accounts	4	10
	4	10

5 Equity share capital

Particulars	INR in lakhs	
	As at 31 March 2019	As at 31 March 2018
Authorised		
Equity shares		
110,000,000 equity shares (31 March 2018: 110,000,000) of par value of INR 10 each	11,000	11,000
	11,000	11,000
Issued, subscribed and fully paid up		
Equity shares		
104,550,000 equity shares (31 March 2018: 104,550,000) of par value of INR 10 each	10,455	10,455
	10,455	10,455

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	31 March 2019		31 March 2018	
	Number of shares	Amount (INR in lakhs)	Number of shares	Amount (INR in lakhs)
At the commencement of the year	10,45,55,000	10,454.50	10,45,55,000	10,454.50
At the end of the year	10,45,55,000	10,454.50	10,45,55,000	10,454.50

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, if any. 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.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining asset of the Company after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has not allotted any fully paid equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

Details of shareholders holding more than 5% of equity shares in the Company

Particulars	31 March 2019		31 March 2018	
	Number of shares	% of holding	Number of shares	% of holding
Dynamatic Technologies Limited	10,45,54,994	99.99%	10,45,54,994	99.99%

6 Other Equity*

Particulars	INR in lakhs	
	As at 31 March 2019	As at 31 March 2018
Securities premium [refer note 6(i)]	8,456	8,456
Retained earnings [refer note 6(ii)]	4,928	4,934
Total other equity	13,384	13,390

* For detailed movement of other equity refer Statement of Changes in Equity.

6(i) 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.

6(ii) 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 loss after tax is transferred from the statement of profit and loss to the retained earnings account.

JKM Erla Automotive Limited**Notes to the annual financial statements for the year ended 31 March 2019****7 Other current financial liabilities**

Particulars	INR in lakhs	
	As at	As at
	31 March 2019	31 March 2018
Accrued expenses	4	4
	4	4

8 Other expenses

Particulars	INR in lakhs	
	As at	As at
	31 March 2019	31 March 2018
Rates and taxes	1	2
Legal and professional fees	5	6
	6	8

JKM Erla Automotive Limited**Notes to the annual financial statements for the year ended 31 March 2019****9 Contingent liabilities**

Particulars	INR in lakhs	
	As at 31 March 2019	As at 31 March 2018
Corporate guarantee given as security for loan taken by related party	1,357	2,399
Total	1,357	2,399

The Company has given guarantee to banks for loans given to related parties to make good of any default made by its related parties in payment to banks on the loans availed by those related parties.

Movement of Corporate guarantee given on behalf of related party during the year is as follows:

Related party	INR in lakhs			
	As at 1 April 2018	Given during the financial year	Settled/expired during the financial year	As at 31 March 2019
JKM Ferrotech Limited	2,399	-	1,042	1,357

Movement of Corporate guarantee given on behalf of related party during the previous year is as follows:

Related party	INR in lakhs			
	As at 1 April 2017	Given during the financial year	Settled/expired during the financial year	As at 31 March 2018
JKM Ferrotech Limited	2,932	-	533	2,399

10 Payment to auditors (excluding service tax) included in legal and professional charges

Particulars	INR in lakhs	
	As at 31 March 2019	As at 31 March 2018
Statutory audit fees	4	4
Other services	1	1
Out of pocket expenses	0	0
Total	5	5

11 Segment information

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

12 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.

Particulars	INR in lakhs			
	Carrying amount 31 March 2019	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Cash and cash equivalents	4	-	-	-
Total financial assets	4	-	-	-
Financial liabilities measured at amortised cost				
Other financial liabilities	4	-	-	-
Total financial liabilities	4	-	-	-

Particulars	INR in lakhs			
	Carrying amount 31 March 2018	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Cash and cash equivalents	10	-	-	-
Total financial assets	10	-	-	-
Financial liabilities measured at amortised cost				
Other financial liabilities	4	-	-	-
Total financial liabilities	4	-	-	-

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 **Other financial liabilities:** Fair values of 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.

13 Financial risk management

The Company's activities expose to financial risks: credit risk, liquidity risk and market risk.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal auditor. Internal Audit function includes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee

i) Credit risk

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represent the maximum credit exposure. There is no credit risk since the Company is yet to start its commercial operations.

ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as the become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecast of the Company's liquidity position and cash and 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:

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018. The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2019

Particulars	Contractual cash flows					INR in lakhs
	Carrying amount	Total	0-1 years	1-5 years	5 years and above	
Other financial liabilities	4	4	4	-	-	

As at 31 March 2018

Particulars	Contractual cash flows					INR in lakhs
	Carrying amount	Total	0-1 years	1-5 years	5 years and above	
Other financial liabilities	4	4	4	-	-	

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 not exposed to foreign currency risk.

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, which carries variable rate of interest, which do 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:

Particulars	INR in lakhs	
	As at	
	31 March 2019	31 March 2018
Variable rate borrowings (including current maturities of long term debts)	-	-
Total borrowings	-	-

(b) Sensitivity

Particulars	INR in lakhs			
	Profit and loss		Equity, net of tax	
	1% Increase	1% decrease	1% Increase	1% decrease
31 March 2019				
Variable rate borrowings	-	-	-	-
31 March 2018				
Variable rate borrowings	-	-	-	-

14 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:

Particulars	INR in lakhs	
	As at	
	31 March 2019	31 March 2018
Borrowings (current and non-current)	-	-
Less: Cash and cash equivalents	(4)	(10)
Adjusted net debt	(4)	(10)
Total equity	23,839	23,845
Net debt to equity ratio	(0.00)	(0.00)

15 Related party transactions

(i) Name of related parties and description of relationship

Name of related party	Description of relationship
Holding Company	Dynamic Technologies Limited
Associate	JKM Ferrotech Limited, India (till 24 July 2016)
Subsidiaries	JKM Erla Holdings GmbH, Germany Eisenwerk Erla GmbH, Germany JKM Ferrotech Limited, India (with effect from 25 July 2016) JKM Automotive Limited
Key Managerial Personnel	Chalapathi Puramannagari, Chief Financial Officer Chandrasekhar S, Company Secretary Suresh Kumar, Manager (Appointed with effect from 26 May 2018)

(ii) Related party transactions during the year

Particulars	INR in lakhs	
	For the year ended	
	31 March 2019	31 March 2018
Corporate guarantee released/ (settled)	JKM Ferrotech Limited	(1,042) (533)

(iii) Balance receivable from and payable to related parties as at the balance sheet date:

Particulars	INR in lakhs	
	As at	
	31 March 2019	31 March 2018
Corporate guarantee	JKM Ferrotech Limited	1,357 2,399

16 Earnings per share

Particulars	INR in lakhs	
	For the year ended	
	31 March 2019	31 March 2018
Net profit for the year attributable to equity shareholders	(6)	(8)

Reconciliation of basic and diluted shares used in computing earnings per share:

Particulars	31 March 2019	31 March 2018
Number of equity shares outstanding at beginning of the year	10,45,50,000	10,45,50,000
Add: Weighted average number of equity shares issued during the year	-	-
Weighted average number of equity shares outstanding at the end of the year	10,45,50,000	10,45,50,000

Earnings per share

Basic	(0.01)	(0.01)
Diluted	(0.01)	(0.01)

17 Details of non-current investments purchased and sold during the year under Section 186(4) of the Act:

Investment in equity instruments

(a) Subsidiaries	Face value per unit	INR in lakhs			
		As at	Purchased during	Sold during the year	As at
		1 April 2018	the year		31 March 2019
JKM Erla Holdings GmbH	Euro 1	16,787 (25,000)*	-	-	16,787 (25,000)*
JKM Ferrotech Limited	INR 10	7,051 (70,513,064)*	-	-	7,051 (70,513,064)*
JKM Automotive Limited	INR 10	1 (9,940)*	-	-	1 (9,940)*
Total		23,839	-	-	23,839

* The amount in parenthesis represents number of shares

JKM Erla Automotive Limited**Notes to the annual financial statements for the year ended 31 March 2019****18 Income tax****A Amount recognized in statement of profit and loss**

Particulars	INR in lakhs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
<i>Attributable to-</i>		
Origination and reversal of temporary differences	-	-
Income tax expense reported in the statement of profit and loss	-	-

B Income tax recognized in other comprehensive income

Particulars	INR in lakhs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Net gain/ (loss) on remeasurement of defined benefit liability/ (assets)	-	-
Income tax charged to OCI	-	-

C Unrecognised deferred tax assets/ (liabilities)

Deferred tax assets has not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

Particulars	INR in lakhs	
	31 March 2019	31 March 2018
Carry forward of business losses	2,017	2,013
Potential tax benefit @ 26%	524	523

The business losses expire over the period of 2020-27. The deductible temporary differences do not expire under current tax legislation.

19 The disclosure regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

As per our report of even date attached