

JKM Eria Automotive Limited
Statutory Audit for the year ended
31 March 2018

B S R & Co. LLP - Bengaluru

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B S R & Co. LLP

Chartered Accountants

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Independent Auditor's Report

To the Members of JKM Eria Automotive Limited

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of JKM Eria Automotive Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit or loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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

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

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

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;
- (e) On the basis of the written representations received from the directors as on 31 March 2018, and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer to the Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. The Company did not hold any holdings or dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016- refer note 26 to the Ind AS 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: 26 May 2018

Annexure - A to the Independent Auditor's Report

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the members of JKM Eria Automotive Limited ('the Company') on the Ind AS financial statements for the year ended 31 March 2018, 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) According to the information and explanations given to us, 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"). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (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, with respect to the investments made and guarantees given. Further there are no loans granted or security given in respect of which provision of Section 185 and 186 of the Act are applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (vi) According to the information and explanations given to us and in our opinion, since the Company has not commenced commercial production, the provisions of Clause 3 (vi) of the Order are not applicable to the Company.
- (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 Goods and Services tax during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax were in arrears, as at 31 March 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income-tax which have not been deposited by the Company on account of any dispute.
- (viii) According to the information and explanations given to us, the Company did not have any outstanding loans or borrowings from any financial institution or bank or government or dues to debenture holders during the year.
- (ix) 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.

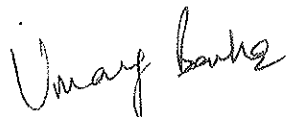
Annexure-A to the Independent Auditor's Report (continued)

- (x) According to the information and explanations given to us, no material fraud 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) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, 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 not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanation given to us and in our opinion the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

for B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W / W-100022



Umang Banka

Partner

Membership number: 223018

Place: Bengaluru

Date: 26 May 2018

Annexure - B to the Independent Auditor's report

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

We have audited the internal financial controls with reference to Ind AS financial statements of JKM Erla Automotive Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to Ind AS financial statements ("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 with reference to Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

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Annexure - B to the Independent Auditor's report (continued)

Meaning of Internal Financial Controls with reference to Ind AS financial statements

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

Inherent Limitations of Internal Financial Controls with reference to Ind AS financial statements

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

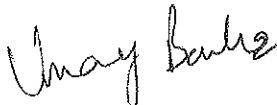
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022



Umang Banka

Partner

Membership number: 223018

Place: Bengaluru

Date: 26 May 2018

JKM Erla Automotive Limited

INR in lakhs

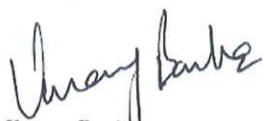
Balance sheet as at	Note	31 March 2018	31 March 2017	1 April 2016
ASSETS				
Non-current assets				
Financial assets				
(i) Investments	3	23,839	23,838	19,787
(ii) Non-current loans	4	-	-	55
Total non-current assets		23,839	23,838	19,842
Current assets				
Financial assets				
(i) Cash and cash equivalents	5	10	20	4
Total current assets		10	20	4
Total Assets		23,849	23,858	19,846
EQUITY AND LIABILITIES				
Equity				
Equity share capital	6	10,455	10,455	4,800
Other equity	7	13,390	13,398	8,823
Total equity		23,845	23,853	13,623
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Non-current borrowings	8	-	-	4,953
Total non-current liabilities		-	-	4,953
Current Liabilities				
Financial liabilities				
(i) Borrowings	9	-	-	120
(ii) Other current financial liabilities	10	4	5	1,149
Other current liabilities	11	-	-	1
Total current liabilities		4	5	1,270
Total liabilities		4	5	6,223
Total equity and liabilities		23,849	23,858	19,846

Significant accounting policies 2

The notes referred to above form an integral part of the Ind AS 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 No: 223018

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



Satish Pal Singh
Director
DIN: 07046472



Pramilla Malhoutra
Director
DIN: 01524184

Place: Bengaluru
Date: 26 May 2018



Chalapathi P.
Chief Financial Officer



Chandrasekhar S.
Company Secretary

Place: Bengaluru
Date: 26 May 2018

JKM Eria Automotive Limited

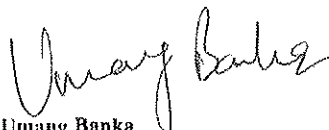
INR in lakhs except per share data

Statement of Profit and Loss for the year ended	Note	31 March 2018	31 March 2017
Income			
Revenue from operations		-	-
Other income		-	-
Total Income		-	-
Expenses			
Finance costs	12	-	915
Other expenses	13	8	142
Total expenses		8	1,057
Loss before exceptional items and tax		(8)	(1,057)
Exceptional items	14	-	51
Loss before tax		(8)	(1,108)
Current tax		-	-
Deferred tax		-	-
Income tax expense		-	-
Loss for the year		(8)	(1,108)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(8)	(1,108)
Earnings per equity share (face value of INR 10 each)			
Basic and diluted (in INR)	24	(0.01)	(2.19)
Significant accounting policies	2		

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

As per our report of even date attached

for BSR & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022



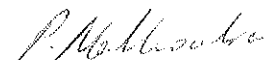
Umang Banka
Partner
Membership No: 223018

Place: Bengaluru
Date: 26 May 2018


for and on behalf of Board of Directors of
JKM Eria Automotive Limited




Satish Pal Singh
Director
DIN: 07046472



Pramilla Malhoutra
Director
DIN: 01524184



Chalapathi P.
Chief Financial Officer



Chandrasekhar S.
Company Secretary

Place: Bengaluru
Date: 26 May 2018

JKM Eria Automotive Limited

Statement of Cash Flows for the year ended	INR in lakhs	
	31 March 2018	31 March 2017
Cash flow from operating activities		
Loss before tax	(8)	(1,108)
Adjustments:		
Finance costs	-	915
Operating cash flows before working capital changes	(8)	(193)
Changes in operating assets and liabilities		
Decrease in loans	-	55
(Decrease) in other current financial liabilities	(1)	(1)
(Decrease) in other current liabilities	-	(1)
Cash generated from operations	(9)	(140)
Income taxes paid	-	-
Net cash generated from operating activities (A)	(9)	(140)
Cash flows from investing activities		
Investment in subsidiaries	(1)	(4,051)
Net cash used in investing activities (B)	(1)	(4,051)
Cash flows from financing activities		
Repayment of borrowings	-	(5,929)
Proceeds from issue of equity shares	-	11,311
Loan taken from holding company	-	8,368
Repayment of loan to holding company	-	(8,488)
Loan taken from subsidiary company	-	53
Repayment of loan to subsidiary company	-	(53)
Interest paid	-	(1,055)
Net cash flow from financing activities (C)	-	4,207
Net (decrease)/ increase in cash and cash equivalents (A + B +C)	(10)	16
Cash and cash equivalents at the beginning of the year	20	4
Cash and cash equivalents at the end of the year	10	20
Components of cash and cash equivalents (refer note 5)		
<i>Cash and cash equivalents</i>		
Cash on hand	-	-
Balance with banks	-	-
- in current accounts	10	20
Cash and cash equivalents in balance sheet	10	20

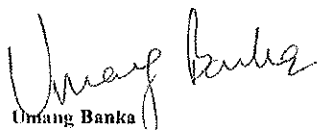
The notes referred above form an integral part of Standalone Ind AS financial statements.

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022


Umang Banka
Partner


Membership No: 223018

Place: Bengaluru

Date: 26 May 2018

for and on behalf of the Board of Directors of

JKM Eria Automotive Limited


Satish Pal Singh

Director

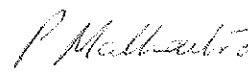
DIN: 07846472


Chufapathi P.

Chief Financial Officer

Place: Bengaluru

Date: 26 May 2018


Pramilla Malhoutra

Director

DIN: 01524184


Chandrasekhar S.

Company Secretary

JKM Erla Automotive Limited
Statement of Changes in Equity for the year ended 31 March 2018

Particulars	INR in lakhs		
	31 March 2018	31 March 2017	1 April 2016
Opening balance	10,455	4,800	4,300
Changes in equity share capital	-	5,655	500
Closing balance	10,455	10,455	4,800

Particulars	Reserves and Surplus			Other items of other comprehensive income Hedge reserve	Total equity attributable to equity holders of the Company
	Securities premium account	Retained earnings			
Balance as at 01 April 2016	2,800	6,050	(27)	8,823	
Other comprehensive income for the year	-	-	27	27	
Add: Additions during the year	5,656	-	-	5,656	
Less: Loss for the year	-	(1,108)	-	(1,108)	
Total comprehensive income for the year	5,656	(1,108)	27	4,575	
Balance as at 31 March 2017	8,456	4,942	-	13,398	
Balance as at 01 April 2017	8,456	4,942	-	13,398	
Less: Loss for the year	-	(8)	-	(8)	
Total comprehensive income for the year	-	(8)	-	(8)	
Balance as at 31 March 2018	8,456	4,934	-	13,390	

Significant accounting policies

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The notes referred above form an integral part of Standalone Ind AS financial statements.

As per our report of even date attached

for BSR & Co. LLP
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Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors of
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Place: Bengaluru
Date: 26 May 2018


Chalapathi P.
Chief Financial Officer

Place: Bengaluru
Date: 26 May 2018


Chandrasekhar S.
Company Secretary

JKM Erla Automotive Limited

Notes to the Ind AS financial statements for the year ended 31 March 2018

Significant Accounting Policies

I (i) 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.

I (ii) Basis of preparation

A Statement of compliance

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

The Company's financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounts) Rules 2014, notified under Section 133 of the Act and other provisions of the Act ("Indian GAAP" or "Previous GAAP").

As these are the Company's first Ind AS financial statements prepared in accordance with Indian Accounting Standards (Ind AS), the Company has adopted all the relevant Ind AS standards and the first time adoption was carried out in accordance with Ind AS 101, First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the Previous GAAP and an explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Company is provided in note 28.

The Ind AS financial statements are authorised for issue by the Company's Board of Directors on 26 May 2018.

B Functional and presentation currency

These Ind AS 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 Measurement

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

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

D Use of estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors that are believed to be reasonable under the circumstance. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

- note 27 : recognition of deferred tax asset: availability of future taxable profit against which deferred tax can be used;
- note 16 : recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

- note 3, 4 and 21 : impairment of financial assets

E Measurement of fair values

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

The Company has an established control framework with respect to the measurement of fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

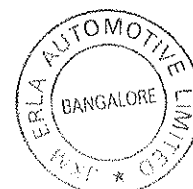
When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety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

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

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

- note 20 : financial instruments.

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2 Significant accounting policies

a Investments in subsidiaries

The Company has chosen to avail the exemption provided by Ind AS 101 and value its investment in subsidiary at deemed cost. The deemed cost as defined in Ind AS 101 as follows:

- (i) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or
- (ii) previous GAAP carrying amount at that date

For the purpose of deemed cost, the Company has elected either (i) or (ii) mention above to measure its investment in each of its subsidiary (refer note 28).

b 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.

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JKM Erla Automotive Limited
Notes to the Ind AS financial statements for the year ended 31 March 2018
Significant Accounting Policies

Financial assets: Subsequent measurement and gains and losses

Financial assets, at FVTPL:

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

Financial assets at amortised cost:

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

Debt investments at FVTOCI:

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

Equity investments at FVTOCI:

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

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.

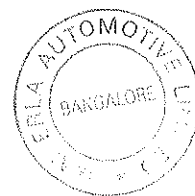
4) Derecognition of financial assets

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.

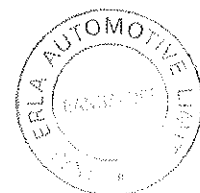
Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements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



c **Foreign currency transactions and balances**

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

The Company is exposed to foreign currency fluctuations on foreign currency assets, liabilities, firm commitments and highly probable forecasted transactions denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following its risk management policies. In accordance with its risk management policies and procedures, the Company uses derivative instruments such as interest rate swaps to hedge its risks associated with floating interest rate fluctuations. The Company enters into derivative financial instruments, where the counterparty is a bank.

Premium or discount on foreign exchange forward contracts taken to hedge foreign currency risk of an existing asset/ liability is recognized in the statement of profit and loss over the period of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss of the reporting period in which the exchange rates change.

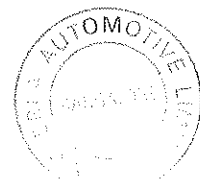
The Company has applied the principles of Ind AS 109 'Financial Instruments', to the extent that the application of the principles does not conflict with existing accounting standards and other authoritative pronouncements of the Company Law Board and other regulatory requirements.

The derivatives that qualify for hedge accounting and designated as cash flow hedges are initially measured at fair value and are re-measured at a subsequent reporting date and the changes in the fair value of the derivatives i.e. gain or loss is recognized directly in shareholders' funds under "hedge reserve" to the extent considered effective. Gain or loss upon fair value on derivative instruments that either do not qualify for hedge accounting or are not designated as cash flow hedges or designated as cash flow hedges to the extent considered ineffective, are recognized in the statement of profit and loss.

It is the policy of the Company to enter into derivative contracts to hedge interest rate risk related to loan liabilities. The derivative arrangements are coterminous with the loan agreement and it is the intention of the Company not to foreclose such arrangements during the tenure of the loan. Accordingly, the Company designates and applies cash flow hedge accounting on such types of arrangements.

Hedge accounting is discontinued when the hedging instrument expires, sold, terminated, or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss on the hedging instrument recognized in shareholder's funds under "hedge reserve" is retained until the forecasted transaction occurs subsequent to which the same is adjusted against the related transaction in statement of profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholder's fund is transferred to statement of profit and loss in the same year.

The fair value of derivative instruments is determined based on observable market inputs and estimates including currency spot and forward rates, yield curves and currency volatility.



d 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 recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profits will be available against which such deferred tax can be realized. Deferred tax assets, unrecognized or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realized.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

e 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.

f Contingent Liability

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

g 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.

h Cash flow statement

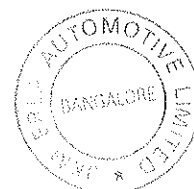
Cash flows are reported using the indirect method, whereby net profit before taxes for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

i Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the owners of the Company for the year by the weighted average number of equity shares outstanding during reporting period.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that is dilutive and which either reduces earnings per share or increase loss per share are included.



JKM Eria Automotive Limited
Notes to the Ind AS financial statements for the year ended 31 March 2018
Significant Accounting Policies

j Recent accounting pronouncements

Standards issued but not yet effective

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

Amendment to Ind AS 40, Investment Property

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

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

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

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

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

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

Amendment to Ind AS 12, Income Taxes

The amendment to Ind AS 12 considers that:

- i. Tax law determines which deductions are offset against taxable income in determining taxable income in determining taxable profits.
- ii. No deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions.

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

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

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

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

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

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

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

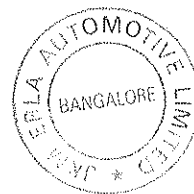
Ind AS 115, Revenue from Contracts with Customers:

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach)

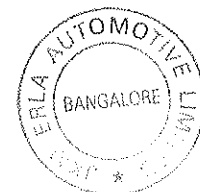
The impact of the above stated amendment to the Company is NIL as the same is not applicable to the Company.



JKM Erla Automotive Limited

Notes to the Ind AS financial statements for the year ended 31 March 2018

3 Non-current investments		INR in lakhs		
Particulars	As at	As at	As at	
	31 March 2018	31 March 2017	1 April 2016	
<i>Unquoted equity shares</i>				
Investment in subsidiaries at deemed cost				
1) 25,000 (31 March 2017: 25,000; 1 April 2016: 25,000) stocks of Euro 1 each fully paid up of JKM Erla Holdings GmbH	16,787	16,787		16,787
2) 70,513,064 (31 March 2017: 70,513,064; 1 April 2016: 30,000,000) equity shares of INR 10 each fully paid up of JKM Ferrotech Limited	7,051	7,051		3,000
3) 9,940 (31 March 2017: Nil ; 1 April 2016: Nil) equity shares of INR 10 each fully paid up of JKM Automotive Limited	1	-		-
	23,839	23,838		19,787
Aggregate value of unquoted investments	23,839	23,838		19,787
Aggregate amount of impairment in value of investments	-	-		-
4 Non-current loans		INR in lakhs		
Particulars	As at	As at	As at	
	31 March 2018	31 March 2017	1 April 2016	
<i>Unsecured, considered good</i>				
Deposits	-	-		55
	-	-		55
5 Cash and cash equivalents		INR in lakhs		
Particulars	As at	As at	As at	
	31 March 2018	31 March 2017	1 April 2016	
Cash on hand	-	-		-
Balances with banks				
-in current accounts	10	20		4
	10	20		4



JKM Eria Automotive Limited
Notes to the Ind AS financial statements for the year ended 31 March 2018

6 Equity share capital

Particulars	INR in lakhs		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Authorised			
Equity shares *			
110,000,000 equity shares (31 March 2017: 110,000,000; 1 April 2016: 50,000,000) of par value of INR 10 each	11,000	11,000	5,000
Preference shares **			
Nil redeemable cumulative preference shares (31 March 2017: Nil; 1 April 2016: 5,000,000) of par value of INR 10 each	-	-	500
	11,000	11,000	5,500
Issued, subscribed and fully paid up			
Equity shares			
104,555,000 equity shares (31 March 2017: 104,555,000; 1 April 2016: 48,000,000) of par value of INR 10 each	10,455	10,455	4,800
	10,455	10,455	4,800

* During the previous year, the Company had 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.

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

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

Particulars	31 March 2018		31 March 2017	
	Number of shares	Amount (INR in lakhs)	Number of shares	Amount (INR in lakhs)
At the commencement of the year	104,555,000	10,455	48,000,000	4,800
Add: Shares issued during the year*	-	-	56,555,000	5,655
At the end of the year	104,555,000	10,455	104,555,000	10,455

*During the previous year, the Company had issued 56,555,000 number of equity shares of face value of INR 10 each at a premium of INR 10 each to Dynamic Technologies Limited on 14 March 2017. The premium of INR 5,656 lakhs has been credited to securities premium account in other equity.

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 any call or other sums presently payable have not been paid, the holders of equity shares will be entitled to receive any of the remaining asset of the Company after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

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

Particulars	31 March 2018		31 March 2017	
	Number of shares	% of holding	Number of shares	% of holding
Dynanatic Technologies Limited	104,554,994	99.99%	104,554,994	99.99%

7 Other Equity*

Particulars	INR in lakhs		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Securities premium [refer note 7(i)]	8,456	8,456	2,800
Hedge reserve [refer note 7(ii)]	-	-	(27)
Retained earnings [refer note 7(iii)]	4,934	4,942	6,050
Total other equity	13,390	13,398	8,823

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

7(i) Securities premium

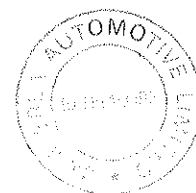
Securities premium reserve is used to record the premium received on issue of shares by the Company. The reserve can be utilised in accordance with the provision of sec 52(2) of Companies Act, 2013.

7(ii) Hedge reserve

Changes in the fair value of the derivatives to the extent the derivative is considered effective is recognized in hedge reserve under other equity.

7(iii) 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 Eria Automotive Limited
Notes to the Ind AS financial statements for the year ended 31 March 2018

8 Non-current borrowings

Particulars	INR in lakhs		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<i>Secured Loans</i>			
Term loan from DBS bank @	-	-	976
Term loan from IL & FS Financial Services Limited #	-	-	4,953
Total borrowings	-	-	5,929
Less: Current maturities of long term borrowings	-	-	(976)
	-	-	4,953

Information about the Company's exposure to interest rate, currency and liquidity risk are disclosed in note 21.

@ Term loan from DBS bank

Details of repayment terms, interest and maturity	Nature of security
Term loan from bank aggregating to INR Nil (31 March 2017: Nil; 1 April 2016: INR 976 lakhs) repayable in 6 half yearly installments starting after 36 months from the final draw down date i.e. 31 May 2011. However the entire loan was repaid during previous year.	The term loan is secured by first pari passu on shares of Dynamic Technologies Limited, corporate guarantee given by Dynamic Technologies Limited. Personnel guarantee of Mr. Udayant Malhoutra and demand promissory note.

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 INR Nil (31 March 2017: INR Nil; 1 April 2016: INR 4,953 lakhs) 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 previous year.	The term loan is secured by first pari passu on shares of Dynamic Technologies Limited, corporate guarantee given by Dynamic Technologies Limited. Personnel guarantee of Mr. Udayant Malhoutra and demand promissory note.

9 Current borrowings

Particulars	INR in lakhs		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<i>Unsecured Loans</i>			
Loan from holding company	-	-	120
	-	-	120

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

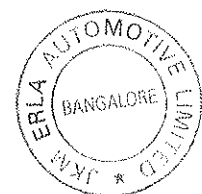
Information about the Company's exposure to interest rate, currency and liquidity risk are disclosed in note 21.

10 Other current financial liabilities

Particulars	INR in lakhs		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current maturities of long term borrowings	-	-	976
Interest accrued but not due on borrowings	-	-	24
Interest due to ultimate holding company	-	-	115
Accrued expenses	4	5	5
Others	-	-	29
	4	5	1,149

11 Other current liabilities

Particulars	INR in lakhs		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Statutory liabilities	-	-	1
	-	-	1



JKM Eria Automotive Limited

Notes to the Ind AS financial statements for the year ended 31 March 2018

12 Finance costs

Particulars	INR in lakhs	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expense on financial liabilities at amortised cost	-	915
	-	915

13 Other expenses

Particulars	INR in lakhs	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Foreign exchange loss, net	-	58
Rates and taxes	2	67
Legal and professional fees	6	15
Directors sitting fees	-	2
	8	142

14 Exceptional Items*

Particulars	INR in lakhs	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Loan prepayment and its related costs	-	51
	-	51

*Exceptional item for the year ended 31 March 2017 aggregating INR 51 lakhs represents various expenses such as prepayment charges, and other ancillary charges incurred by the Company towards prepayment of loan funds to banks and financial institutions.



JKM Erla Automotive Limited**Notes to the Ind AS financial statements for the year ended 31 March 2018****15 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. Till 31 March 2016, the Company has redeemed 2,636,000 shares. There are no other commitments.

16 Contingent liabilities

Particulars	INR in lakhs		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Corporate guarantee given as security for loan taken by related party	2,399	2,932	3,258
Total	2,399	2,932	3,258

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	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

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

Related party	As at 1 April 2016	Given during the financial year	Settled/expired during the financial year	As at 31 March 2017
JKM Ferrotech Limited	3,258	-	(326)	2,932

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

Particulars	INR in lakhs	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Statutory audit fees	4	4
Other services	1	1
Out of pocket expenses	0	0
Total	5	5

18 Segment information

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

19 Dues to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Company does not have any amounts payable to such enterprises as at 31 March 2018 (31 March 2017: Nil; 1 April 2016: Nil) based on the information received and available with the Company. Also, the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.



JKM Erta Automotive Limited

Notes to the Ind AS financial statements for the year ended 31 March 2018

20 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:

- recognised and measured at fair value
- 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.

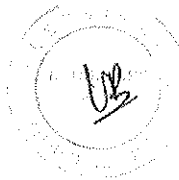
Particulars	INR in lakhs			
	Carrying amount	Fair value		
	31 March 2018	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Cash and cash equivalents	10	-	-	-
Total financial assets	10	-	-	-
Financial liabilities measured at amortised cost				
Borrowings (current and non-current)	-	-	-	-
Other financial liabilities*	4	-	-	-
Total financial liabilities	4	-	-	-

Particulars	INR in lakhs			
	Carrying amount	Fair value		
	31 March 2017	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Cash and cash equivalents	20	-	-	-
Total financial assets	20	-	-	-
Financial liabilities measured at amortised cost				
Borrowings (current and non-current)	-	-	-	-
Other financial liabilities*	5	-	-	-
Total financial liabilities	5	-	-	-

Particulars	INR in lakhs			
	Carrying amount	Fair value		
	1 April 2016	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Non-current loans	55	-	-	-
Cash and cash equivalents	4	-	-	-
Total financial assets	59	-	-	-
Financial liabilities measured at amortised cost				
Borrowings (current and non-current)	5,073	-	-	-
Other financial liabilities*	1,149	-	-	-
Total financial liabilities	6,222	-	-	-

* Current maturities of long term borrowings aggregating INR Nil, INR Nil and INR 976 lakhs as at 31 March 2018, 31 March 2017 and 1 April 2016 respectively, form part of other financial liabilities.

Investment in equity shares of subsidiaries are not appearing as financial asset in the table above being investment in subsidiaries accounted under Ind AS 27, Separate Financial Statements which is scoped out under Ind AS 109.



JKM Erta Automotive Limited

Notes to the Ind AS financial statements for the year ended 31 March 2018

Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes investment in equity, preference securities, mutual funds and debentures that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unquoted equity securities.

Fair Valuation Method

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

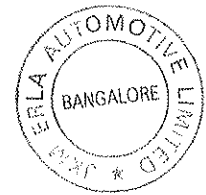
A. Financial Assets:

1 Fair value of all the above financial assets except Investments are measured at balance sheet date value, as most of them are settled within a short period and so their fair value are assumed to be almost equal to the balance sheet date value.

B. Financial Liabilities:

1 **Borrowings:** It includes loans taken from banks and financial institution, cash credit and bill discounting facilities. Borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on loans is reset on yearly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

2 **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.



21 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.

1) Financing arrangement

The Company maintains the following line of credit:

i) Term Loan from IL & FS Financial Services Limited aggregating to Rs Nil (31 March 2017; Nil ; 1 April 2016: INR 4,953 lakhs). However, the entire loan has been repaid during previous year. Term loan from DBS bank aggregating to Rs Nil (31 March 2017; Nil ; 1 April 2016: INR 976 lakhs) with interest rate ranging from LIBOR+3%

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018, 31 March 2017 and 1 April 2016. The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2018

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

As at 31 March 2017

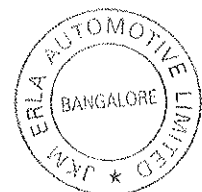
Particulars	INR in lakhs				
	Carrying amount	Total	Contractual cash flows		
			0-1 years	1-5 years	5 years and above
Borrowings					
Other financial liabilities*	5	5	5		

As at 1 April 2016

Particulars	INR in lakhs				
	Carrying amount	Total	Contractual cash flows		
			0-1 years	1-5 years	5 years and above
Borrowings	5,073	5,342	120	5,222	
Other financial liabilities*	1,149	1,150	1,150		

The Company has secured bank loan that contains loan covenants. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table. Except for these financial liabilities, it is not expected that cash flows included in maturity analysis could occur significantly earlier.

* Includes current maturities of long term borrowings



JKM Erla Automotive Limited

Notes to the Ind AS financial statements for the year ended 31 March 2018

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		
	31 March 2018	31 March 2017	1 April 2016
Variable rate borrowings (including current maturities of long term debts)	-	-	5,929
Total borrowings	-	-	5,929

(b) Sensitivity

Particulars	Profit and loss		Equity, net of tax	
	1% Increase	1% decrease	1% Increase	1% decrease
31 March 2018				
Variable rate borrowings	-	-	-	-
31 March 2017				
Variable rate borrowings	(30)	30	(30)	30

22. 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		
	31 March 2018	31 March 2017	1 April 2016
Borrowings (current and non-current)	-	-	6,049
Less: Cash and cash equivalents	(10)	(20)	(4)
Adjusted net debt	(10)	(20)	6,045
Total equity	23,845	23,853	13,623
Net debt to equity ratio	(0.00)	(0.00)	0.44



23 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 Erle Holdings GmbH, Germany Eisenwerk Erle GmbH, Germany JKM Ferrotech Limited, India (with effect from 25 July 2016) JKM Automotive Limited
Key Managerial Personnel	Chalapathi Putramannagari, Chief Financial Officer Raman Desikan, Manager (Resigned with effect from 28 December 2017) Aditya Kumar Jain, Company Secretary (Resigned with effect from 31 May 2017) Chandrasekhar S, Company Secretary (Appointed with effect from 12 September 2017)

(ii) Related party transactions during the year

Particulars		INR in lakhs	
		For the year ended	
		31 March 2018	31 March 2017
Loans taken	Dynamic Technologies Limited	-	8,368
Loans repaid	Dynamic Technologies Limited	-	(8,488)
Interest expense	Dynamic Technologies Limited	-	706
Loans taken	JKM Ferrotech Limited	-	53
Loans repaid	JKM Ferrotech Limited	-	(53)
Interest expense	JKM Ferrotech Limited	-	5
Corporate guarantee released/ (settled)	JKM Ferrotech Limited	(533)	(326)

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

Particulars		INR in lakhs		
		As at	As at	As at
		31 March 2018	31 March 2017	1 April 2016
Current loans	Dynamic Technologies Limited JKM Ferrotech Limited	-	-	(120)
Corporate guarantees	JKM Ferrotech Limited	2,399	3,032	3,258

24 Earnings per share

Particulars	INR in lakhs	
	For the year ended	
	31 March 2018	31 March 2017
Net profit for the year attributable to equity shareholders	(8)	(1,163)
Number of equity shares outstanding at beginning of the year	104,550,000	48,000,000
Add: Weighted average number of equity shares issued during the year	-	2,634,068
Weighted average number of equity shares outstanding at the end of the year	104,550,000	50,634,068
Earnings per share		
Basic	(0.01)	(2.19)
Diluted	(0.01)	(2.19)

25 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	Sold during the year	As at
		1 April 2017	during the year		31 March 2018
JKM Erle 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		20,688	1	-	20,689

* The amount in parenthesis represents number of shares

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

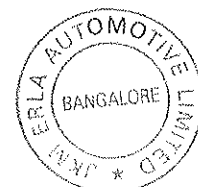
Investment in equity instruments

(a) Subsidiaries	Face value per unit	INR in lakhs			
		Fair value at	Purchased	Sold during the year	As at
		1 April 2016	during the year		31 March 2017
JKM Erle Holdings GmbH	Euro 1	16,787 (25,000)*	-	-	16,787 (25,000)*
JKM Ferrotech Limited	INR 10	3,000 (30,683,000)*	4,051#	-	7,051 (70,513,064)*
Total		19,637	4,051	-	20,688

* The amount in parenthesis represents number of shares

During the previous year, the Company had purchased 20,513,064 shares of INR 10 each of JKM Ferrotech Limited from JKM Global Pte Limited on 25 July 2016 and invested in 20,000,000 shares of INR 10 each on 14 March 2017.

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



JKM Eria Automotive Limited

Notes to the Ind AS financial statements for the year ended 31 March 2018

27 Income tax

A Amount recognized in statement of profit and loss

Particulars	INR in lakhs	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Attributable to-		
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 2018	For the year ended 31 March 2017
Net gain/ (loss) on remeasurement of defined benefit liability/ (assets)	-	-
Income tax charged to OCI	-	-

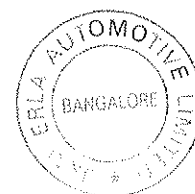
C Unrecognised deferred tax assets/ (liabilities)

The Company does not have unrecognised deferred tax liabilities

Unrecognised deferred tax assets primarily pertains to business losses. These unexpired business losses will expire based on the year of origination as follows:

As at 31 March 2018	INR in lakhs
	Unabsorbed business losses
2019-20	-
2020-21	-
2021-22	-
2022-23	-
2023-24	-
Thereafter	3,208
	3,208

Since it is not probable that future taxable profit will be available against which the Company can use the benefits there from, the Company has recognized deferred tax asset on unabsorbed loss and depreciation to the extent of deferred tax liability.



JKM ERLA Automotive Limited

Notes to the Ind AS financial statements for the year ended 31 March 2018

28 First time adoption

As stated in note 1, these are the Company's first Ind AS financial statements prepared in accordance with Ind AS. For the purpose of transition from previous GAAP to Ind AS, the Company has followed the guidance prescribed under Ind AS 101 – First time adoption of Indian Accounting Standards ("Ind AS 101"), with effect from 1 April 2016 ("transition date"). For the year ended 31 March 2017, the Company had prepared its financial statements in accordance with Companies (Accounts) Rules, 2014, notified under Section 133 of the Act and other relevant provisions of the Act ("previous GAAP" or the "Indian GAAP").

The accounting policies set out in note 2 have been applied in preparing these Ind AS financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing its Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position and financial performance. There were no significant reconciling items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

Optional exemptions availed and mandatory exceptions

In preparing these Ind AS financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions

A Optional exemptions availed:

(i) Investments in subsidiaries:

Ind AS 101 provides an exemption to the first-time adopter to measure an investment in subsidiaries at:

a) cost determined in accordance with Ind AS 27, Consolidated and Separate Financial Statements; or

b) deemed cost, which shall be its:

i) fair value at the entity's date of transition to Ind AS in its separate financial statements; or

ii) previous GAAP carrying value at that date

For the purpose of deemed cost, the Company has elected either (i) or (ii) mention above to measure its investment in each of its subsidiary.

B Mandatory exceptions:

Ind AS 101 also allows first-time adopters certain mandatory exceptions to be applied for retrospective application of certain requirements under Ind AS for transition from the previous GAAP (IGAAP):

(i) Estimates:

As per Ind AS 101, An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Fair valuation of financial instruments carried at fair value through profit and loss or fair value through other comprehensive income;
- Impairment of financial assets based on expected credit loss model and
- Determination of the discounted value for financial instruments carried at amortised cost.
- Discounted value of liability for decommissioning costs.

Upon the assessment of the estimate made under previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, other than those which are required due to application of Ind AS.

(ii) Derecognition of financial assets and liabilities:

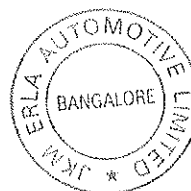
As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions were obtained at the time of initially accounting for those transactions.

The Company has chosen to avail the exception to apply the derecognition provision of Ind AS 109 prospectively from the date of transition.

(iii) Classification and measurement of financial assets:

Ind AS 101 require an entity to classify and measure its financial assets into amortised cost, fair value through profit or loss or fair value through other comprehensive income based on the business model assessment and solely payment of principal and interest ("SPPI") criterion based on facts and circumstances that exist at the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on the facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively, except where the same is impracticable.



C Reconciliation between previous GAAP and Ind AS:

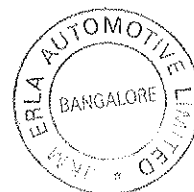
The following reconciliations provides the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101

1. Balance sheet as at 1 April 2016 and 31 March 2017.
2. Net profit for the year ended 31 March 2017.
3. Total equity as at 31 March 2017 and 1 April 2016

1. Reconciliation of balance sheet as previously reported under previous GAAP to Ind AS

Particulars	Note	INR in lakhs					
		Balance Sheet as at 31 March 2017			Balance Sheet as at 1 April 2016		
		Previous GAAP *	Adjustments	Ind AS	Previous GAAP *	Adjustments	Ind AS
ASSETS							
Non-current assets							
a) Financial assets							
(i) Investments	i	13,250	10,588	23,838	9,199	10,588	19,787
(ii) Non-current loans		-	-	-	55	-	55
b) Other non-current assets							
	ii	-	-	-	42	(42)	-
Total non-current assets		13,250	10,588	23,838	9,296	10,546	19,842
Current Assets							
a) Financial assets							
(i) Cash and cash equivalents		20	-	20	4	-	4
Other current assets	ii	-	-	-	26	(26)	-
Total current assets		20	-	20	30	(26)	4
Total Assets		13,270	10,588	23,858	9,326	10,520	19,846
EQUITY AND LIABILITIES							
Equity							
Equity share capital		10,455	-	10,455	4,800	-	4,800
Other equity		2,810	10,588	13,398	(1,751)	10,574	8,823
Total equity		13,265	10,588	23,853	3,049	10,574	13,623
Liabilities							
Non-current liabilities							
Financial liabilities							
(i) Non-current borrowings	ii	-	-	-	5,000	(47)	4,953
Total non-current liabilities		-	-	-	5,000	(47)	4,953
Current liabilities							
Financial liabilities							
(i) Borrowings		-	-	-	120	-	120
(ii) Other current financial liabilities	ii	5	(0)	5	1,151	(2)	1,149
Other current liabilities		-	-	-	6	(5)	1
Total current liabilities		5	(0)	5	1,277	(7)	1,270
Total Liabilities		5	(0)	5	6,277	(54)	6,223
Total Equity and Liabilities		13,270	10,588	23,858	9,326	10,520	19,846

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.



2. Reconciliation of Statement of Profit and Loss as previously reported under previous GAAP to Ind AS

Particulars	Note	INR in lakhs		
		Year ended 31 March 2017		
		Previous GAAP *	Adjustments	Ind AS
Income				
Revenue from operations		-	-	-
Other income		-	-	-
Total Income		-	-	-
Expenses				
Finance costs	ii	929	(14)	915
Other expenses		142	-	142
Total expenses		1,071	(14)	1,057
(Loss) before exceptional items and tax		(1,071)	14	(1,057)
Exceptional items	iii	125	(74)	51
(Loss) before tax		(1,196)	88	(1,108)
Tax expense				
Current tax		-	-	-
Deferred tax		-	-	-
(Loss) for the year		(1,196)	88	(1,108)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		(1,196)	88	(1,108)

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

3. Reconciliation of total equity as at 31 March 2017 and 1 April 2016

Particulars	Notes	INR in lakhs	
		31 March 2017	1 April 2016
Total equity (shareholder's funds) as per previous GAAP		13,265	3,049
Adjustments:			
Fair valuation impact of Investment	i	10,588	10,588
Amortisation of finance cost under effective interest method	ii	-	(14)
Total adjustments		10,588	10,574
Equity under Ind AS		23,853	13,623

Explanations for Reconciliation of Balance Sheet and Statement of profit & loss as previously reported under previous GAAP to Ind AS:

i Fair valuation of investment in subsidiaries

The Company has chosen to avail the exemption provided by Ind AS 101 and value its investment in subsidiary at deemed cost. The deemed cost as defined in Ind AS 101 are either (i) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or (ii) previous GAAP carrying amount at that date. At the date of transaction, a net increase in value of investment in subsidiaries amounting INR 10,588 lakhs has been recorded.

ii Borrowings

Under previous GAAP, amount of processing fees was required to be amortised over the period of loan, where as in accordance with Ind AS 109, transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

iii Foreign Currency Monetary Item Translation Difference Account (FCMITD)

The Company has chosen to avail the exemption provided by Ind AS 101 wherein cumulative amount lying in FCMITD has been derecognized by an adjustment against retained earnings on the date of transition to Ind AS.

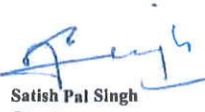
As per our report of even date attached

for BSR & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022



Umang Banka
Partner
Membership No: 223018

Place: Bengaluru
Date: 26 May 2018

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


Satish Pal Singh
Director
DIN: 07046472


Pramilla Malhoutra
Director
DIN: 01524184


Chalapathi P.
Chief Financial Officer


Chandrasekhar S.
Company Secretary

Place: Bengaluru
Date: 26 May 2018

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