

Jaguar Land Rover Canada ULC

Financial statements Year ended 31 March 2015

Conversion into Indian Rupees

*The financial information is expressed in the local currency of the relevant company (Canadian Dollars) only in the Audited Accounts based on which the attached financial statements have been reformatted. Solely for the convenience of the reader and to meet the requirements of Section 212 of the Indian Companies Act, 1956, the amounts appearing in Indian Rupees have been translated at a fixed exchange rate **CAD 1 = Rs 49.100, Rs 54.165 and Rs 53.381** for the years ended 31 March 2015, 2014 and 2013 respectively. These transactions should not be constructed as a representative that any or all of the amounts could be converted to Indian Rupees at this or any other rate.*

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Balance Sheets in INR		As at 31 March	
	Note	2015	2014
Non-current assets			
Property, plant and equipment	6	52,992,452	67,311,126
Other financial assets	5	989,535,181	1,907,764,913
Deferred income taxes	8	960,537,212	1,313,602,864
Total non-current assets		2,003,064,845	3,288,678,903
Current assets			
Inventories	4	3,332,787,361	3,210,924,345
Trade receivables		305,338,907	266,457,666
Other financial assets		480,296	9,666,584
Other current assets		694,716	13,622
Cash and cash equivalents	3	1,494,792,446	1,604,269,343
Current income tax assets		493,937,702	36,173,602
Total current assets		5,628,031,428	5,127,505,162
Total assets		7,631,096,273	8,416,184,065
Current liabilities			
Accounts payable		(2,260,295,276)	(2,186,549,556)
Marketing provisions	13	(1,144,112,979)	(1,442,263,128)
Financial liabilities	12	(4,186,021)	(4,617,841)
Other current liabilities	10	(355,823,134)	(399,902,467)
Provisions	9	(1,056,809,300)	(1,167,064,776)
Total current liabilities		(4,821,226,710)	(5,200,397,768)
Non-current liabilities			
Other non-current liabilities	11	(177,538,530)	(3,859,229)
Provisions	9	(2,348,874,229)	(3,056,792,087)
Other financial liabilities	12	(20,581,247)	(27,322,211)
Total non-current liabilities		(2,546,994,006)	(3,087,973,527)
Total liabilities		(7,368,220,716)	(8,288,371,295)
Equity attributable to shareholders			
Retained earnings brought forward		(115,860,877)	(3,064)
Profit for the year		(147,014,680)	(127,809,661)
Equity attributable to shareholders		(262,875,557)	(127,812,725)
Total liabilities and equity		(7,631,096,273)	(8,416,184,065)

See accompanying notes to the financial statements

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Jaguar Land Rover Canada ULC Income Statements in INR

	Note	Year ended 31 March	
		2015	2014
Income			
Revenue		28,905,498,184	25,237,275,521
Other income		9,813,764	17,776,637
Total Income		28,915,311,948	25,255,052,158
Expenditure			
Direct costs	4	(25,069,998,264)	(21,572,342,000)
Employee costs	14	(225,859,853)	(217,801,391)
Other expenses	15	(3,439,772,137)	(3,276,852,762)
Total expenditure		(28,735,630,254)	(25,066,996,153)
Profit before depreciation, interest, amortization and tax		179,681,694	188,056,005
Depreciation and amortisation	6	(8,024,364)	(8,119,862)
Miscellaneous Expenses		(12,604,608)	(37,177,041)
Finance income, net	16	28,673,614	34,589,516
Profit before tax		187,726,336	177,348,618
Income Tax Expense	8	(40,711,658)	(49,538,936)
Profit for the period		147,014,678	127,809,682

Statements of Comprehensive Income In INR

	Year ended 31 March	
	2015	2014
Profit for the period	147,014,678	127,809,682
Other comprehensive income for the year	-	-
Total comprehensive income for the year	147,014,678	127,809,682

See accompanying notes to the financial statements

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Statement of Cash Flows

In INR

	For the Fiscal Year Ended 31 March	
	2015	2014
Cash flows from operating activities:		
Net income	147,014,680	127,809,661
Adjustments for noncash items included in net income:		
Depreciation	8,024,364	8,119,862
Inventory write-down	12,328,666	3,599,455
Allowances for trade and other receivables	28,134	-
Income tax expense	40,711,658	49,538,936
Interest income	-	(15,538,151)
Cash flows from operating activities before changes in following assets and liabilities	208,107,502	173,529,763
Decrease in Other Financial Assets (Non-current)	739,833,546	717,065,551
Decrease/(increase) in Deferred tax assets	230,229,900	(149,062,134)
(Increase) in Inventories	(434,447,062)	(2,006,009,980)
(Increase)/decrease in Trade receivables	(63,825,974)	1,386,218,764
(Increase) in Finance receivables	(33,246,788)	(3,660,389)
Decrease in Other Financial Assets	8,282,335	11,448,937
(Increase)/decrease in Other Current Assets	(682,343)	217,737,369
(Increase) in Current income tax assets	(461,146,709)	(36,173,602)
Increase/(decrease) in Trade payables	278,211,206	(512,791,824)
Increase in Current income tax liabilities	230,916,809	26,364,862
(Decrease) in Marketing Provisions	(163,283,327)	(230,277,741)
Increase in Financial Liabilities	-	417,274
(Decrease)/increase in Other Current Liabilities	(2,111,104)	65,979,814
(Decrease)/increase in Provisions (Current)	(1,122,573)	391,618,196
Increase/(decrease) in Other Non-Current Liabilities	174,040,155	(2,708,278)
(Decrease)/increase in Provisions (Non-current)	(422,075,482)	824,769,702
(Decrease) in Other Financial Liabilities (Non-current)	(4,186,021)	(147,471,255)
Cash generated from operating activities	283,494,070	726,995,029
Income tax paid	(271,628,467)	(188,775,425)
Net cash generated from operating activities	11,865,603	538,219,604
Cash flows from investing activities:		
Interest received	33,246,788	19,198,531
Payments for property, plant and equipment	-	(8,339,513)
Net cash generated by investing activities	33,246,788	10,859,018
Cash flows from financing activities:		
Interest paid	(4,573,174)	(147,166)
Dividend paid to parent company	-	(437,490,705)
Net cash used in financing activities	(4,573,174)	(437,637,871)
Net change in cash and cash equivalents	40,539,217	111,440,751
Cash and cash equivalents, beginning of the year	1,454,253,229	1,492,828,557
Cash and cash equivalents, end of the year	1,494,792,446	1,604,269,308

See accompanying notes to the financial statements

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Statement of Changes in Equity
In INR

	Ordinary Share Capital	Share Premium	Retained Profit	Pension Reserve	Total Equity
Balance at 31 March 2013	-	-	(8,077,057)		(8,077,057)
Income for the year	-	-	(127,809,675)	-	(127,809,675)
Dividend paid to parent company	-	-	437,490,705	-	437,490,705
Balance at 31 March 2014	-	-	(127,812,744)	-	(127,812,744)
Income for the year	-	-	(147,014,680)	-	(147,014,680)
Balance at 31 March 2015	-	-	(262,875,577)	-	(262,875,577)

See accompanying notes to the financial statements

Jaguar Land Rover Canada ULC

1. Background and operations

Jaguar Land Rover Canada ULC (“the Company” or “JLRC”) is a distributor of luxury cars and sport utility vehicles in Canada. The Company's primary areas of business are the distribution, marketing, sales, and service of its products. The parts business is managed under two different relationships. Starting 1 January 2014, the Jaguar parts business was insourced whereby the Company purchased all parts inventory previously owned by a third party logistics provider. That third party remains as the manager of the physical inventory and distribution of the inventory under a global contract. For Land Rover, the Company has an agreement with a different third party logistics provider to manage the physical inventory and distribution. JLRC owns the inventory and manages the sale and collection function. JLRC is a wholly-owned subsidiary of Jaguar Land Rover Limited (the “Group”), which is a UK company. The ultimate parent and controlling party is Tata Motors Limited (“TML”), registered and domiciled in India. JLRC headquarter is located in Mississauga, Ontario, Canada.

As of 31 March 2015, the Company is a wholly owned subsidiary of Jaguar Land Rover Limited. The ultimate parent and controlling party is Tata Motors Limited (“TML”), registered and domiciled in India.

2. Significant accounting policies

a. *Statement of compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards (referred to as “IFRS”) as issued by the International Accounting Standards Board (referred to as “IASB”). The results of the company are included in the consolidated financial statements of its ultimate parent, TML and these are publicly available.

Basis of preparation

The financial statements have been prepared on historical cost basis. The Company's fiscal year end is 31 March of each year.

All figures are presented in INR except for share volume and unless otherwise stated.

b. *Use of estimates and judgments*

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- i) Note 6 – Property, plant and equipment – the Company applies judgement in determining the estimate useful life of assets.

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Note 2 - Significant accounting policies (continued)

- ii) Note 9 – Provisions – it is necessary for the Company to assess the provision for anticipated payments on locally offered vehicle services under such programs as manufacturer's warranty, roadside assistance and service loaner. The valuation of these provisions requires a significant amount of judgement and the requirement to form appropriate assumptions around expected future costs. Additionally, the Company is responsible for some of the residual risk arising on vehicles sold by dealers under leasing arrangements. The provision is based on the latest available market expectations of future residual value trends. The timing of the outflows will be at the end of the lease arrangements – being typically three years.
- iii) Notes 10 & 11 - Other current liabilities and Other noncurrent liabilities - it is necessary for the Company to assess the anticipated payments on locally offered vehicle services under such programs as certified pre-owned, and scheduled maintenance. Revenue related to these programs is deferred and recognized over the life of the service plan in line with when the claims emerge. The timing of the recognition of this deferred revenue requires a significant amount of judgement and the requirement to form appropriate assumptions around expected future costs.

c. *Going concern / Events after the Balance Sheet date*

As a wholly-owned subsidiary of Jaguar Land Rover Limited, the Company's going concern is linked to the going concern of that entity.

The directors of the Company have considered the financial position of the Jaguar Land Rover Limited at 31 March 31, 2015 and the projected cash flows and financial performance of the Jaguar Land Rover Limited for at least 12 months from the date of approval of these financial statements, and believe that the plan for sustained profitability remains on course.

The directors of the Company have taken actions to ensure that appropriate long term cash resources are in place at the date of signing the accounts to fund the Company's operations.

Therefore the directors of the Company consider, after making appropriate enquiries and taking into consideration the risks and uncertainties, the Company has adequate resources to continue in operation as a going concern for the foreseeable future and is able to meet its financial covenants linked to the borrowings in place. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

There were no events occurring after the Balance Sheet date that would have a material impact on the Company's results of operations, financial position or cash flows.

d. *Revenue recognition*

Revenue is measured at fair value of consideration received or receivable.

The Company recognizes revenues on the sale of products, net of discounts, sales incentives, customer bonuses and rebates granted, when products are segregated for dispatch to dealers, which is when risks and rewards of ownership pass to the customer. Sale of products is presented net of excise duty where applicable and other indirect taxes.

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Note 2 - Significant accounting policies (continued)

Revenues are recognized when collectability of the resulting receivable is reasonably assured.

For certain service plans, the Company defers revenue received for the future services to be provided. In the case of certified pre-owned cash is explicitly received at the point of vehicle certification; this cash is deferred and recognized over the life of the service plan in line with when the claims are expected to emerge. In the case of complementary scheduled maintenance programs, the cost of these services is embedded on the price of the vehicle. The Company defers a portion of the revenue attributable to the service plan and recognizes it when the service is provided.

e. *Cost recognition*

Costs and expenses are recognized when incurred and are classified according to their nature.

f. *Provisions*

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

i) *Locally offered vehicle services expenses*

The estimated liability for locally offered vehicle services under such programs as manufacturer's warranty, certified pre-owned, roadside assistance and service loaner is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures. The timing of outflows will vary as and when claims will arise, being typically up to five years.

ii) *Residual risk*

The Company is responsible for some of the residual risk arising on vehicles sold by dealers under leasing arrangements. The provision is based on the latest available market expectations of future residual value trends. The timing of the outflows will be at the end of the lease arrangements – being typically three years.

g. *Foreign currency*

These financial statements are presented in Indian Rupees ("INR").

Transactions are typically not recorded in foreign currencies; in the rare instance of such a transaction, they would be recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are remeasured into CAD at the exchange rate prevailing on the balance sheet date. Exchange differences are recognized in the Income Statement.

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Note 2 - Significant accounting policies (continued)

h. *Income taxes*

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Income Statement except, when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss, or where they arise from the initial accounting for business combination. In the case of a business combination the tax effect is included in the accounting for the business combination.

Current income taxes are determined based on the taxable income of the company and tax rules applicable for Canada.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i. *Inventories*

Inventories consist of finished vehicles and automotive parts and accessories and are valued at the lower of cost and net realizable value. As a limited risk distributor the Company operates under a transfer price agreement with the parent company. Profit adjustments, negative or positive, to meet the required profit targets, are reflected in Income Statement as a component of Direct Costs.

j. *Property, plant and equipment*

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

Cost includes purchase price, taxes and duties, labor cost and direct overheads for self constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

Depreciation is provided on a straight-line basis over estimated useful lives of the assets. Estimated useful lives of the assets are as follows:

	Estimated useful life in years
Buildings and leasehold improvements	30
Office machines & equipment	12.5 - 14.5
Vehicles	9
Computer equipment	10
Software	3 - 8
Furniture & fixtures	12.5

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Note 2 - Significant accounting policies (continued)

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital-work-in-progress includes capital advances.

k. *Leases*

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement. Currently, the Company only has operating leases. Payments made under operating leases are recognized in the Income Statement on a straight-line basis over the term of the lease.

l. *Impairment*

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment may be impaired. If any such impairment indication exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Income Statement.

As of 31 March 2015, none of the Company's property, plant and equipment was considered impaired.

m. *Employee benefits*

Plan Descriptions:

- a. *Defined Contribution Pension Plan ("DCPP")*— covers all former employees from the Ford Motor Company who transferred as a result of the sale and became members of the DPP effective January 1, 2009. All full-time and part-time employees hired on or after January 1, 2009 automatically join the DCPP on their date of hire as a condition of employment. The Company will make contributions to the member's DCPP account in an amount equal to a percentage of the member's salary. The Company's only liability is limited to the contributions currently required under the plan.
- b. *Retirement Savings Plan ("RSP")*, — An employee is eligible to join the RSP as of the date of hire. Participation is voluntary. The member may contribute a percentage of base salary and direct the contribution to the Group RRSP or the Employee Profit Sharing Plan ("EPSP") or a combination of both. The Company will match a portion of the member's contribution to the EPSP at a percentage authorized by the Company. The Company maintains at its discretion the right to change the level of matching contributions and to amend, modify, or terminate the plans.
- c. *Group Registered Retirement Savings Plan ("Group RRSP")*— The Company also maintains a plan covering certain Ford legacy employees that provides additional postretirement benefits to replace pension benefits lost as a result of the acquisition of the Jaguar and Land Rover businesses on June 2, 2008 by a subsidiary of Tata Motors Limited. The Company funds these benefits on a pay-as-you go basis out of Company assets.

Note 2 - Significant accounting policies (continued)

n. *Financial instruments*

i) *Classification, initial recognition and measurement*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are classified into categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

Financial instruments are recognized on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Initially, a financial instrument is recognized at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized in determining the carrying amount, if it is not classified as at fair value through profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as financial assets at fair value through profit or loss or financial assets available-for-sale. Subsequently, these are measured at amortized cost using the effective interest method less any impairment losses.

These includes trade receivables, balances with banks, and other financial assets.

Other financial liabilities: These are measured at amortized cost using the effective interest method.

ii) *Determination of fair value:*

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models and utilize available market data.

iii) *Derecognition of financial assets and financial liabilities:*

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities are derecognized when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

Note 2 - Significant accounting policies (continued)

iv) Impairment of financial assets:

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Loans and receivables: Objective evidence of impairment includes default in payments with respect to amounts receivable from customers.

Impairment loss in respect of loans and receivables is calculated as the difference between their carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Such impairment loss is recognized in the Income Statement. If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. The reversal is recognized in the Income Statement.

o. New accounting pronouncements

In the current year, the Group adopted/early adopted the following standards, revisions and amendments to standards and interpretations:

Amendments were made to IAS 27 Separate Financial Statements, IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities in October 2012 to provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. The amendment did not have a significant effect on the Group financial statements.

IAS 32 Financial Instruments: Presentation was amended in December 2011 to clarify certain aspects because of diversity in the application of the requirements of offsetting. The amendments focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realisation and settlement; the offsetting of collateral amounts; and the unit of account for applying the offsetting requirements. The amendment did not have a significant effect on the Group financial statements.

IAS 39 Financial instruments: Recognition and measurement was amended in June 2013 and considers legislative changes to 'over-the counter' derivatives and the establishment of central counterparties. Under IAS 39, novation of derivatives to central counterparties would result in the discontinuance of hedge accounting. The amendment provides relief from discontinued hedge accounting when novation of a hedging instrument meets specific criteria. The Group has applied the amendment and there has been no significant impact on the Group financial statements as a result.

IFRIC 21 Levies was issued in May 2013 to provide guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The Group is not currently subjected to significant levies so the impact on the Group is not material.

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Note 2 - Significant accounting policies (continued)

In addition, as part of the IASB's Annual Improvements, a number of minor amendments have been made to standards in the 2010-2012 and 2011-2013 cycle. These amendments are effective for annual periods commencing on or after 1 July 2014, with early application permitted. These amendments did not have a significant effect on the Group financial statements.

The following pronouncements, issued by the IASB, are not yet effective and have not yet been adopted by the Group. The Group is evaluating the impact of these pronouncements on the consolidated financial statements:

IAS 19 Employee Benefits was amended in November 2013 to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. The amendment is effective for annual periods beginning on or after 1 July 2014, with early adoption permitted.

IAS 16 Property, Plant and Equipment has been amended to prohibit entities from using a revenue based depreciation method for items of property, plant and equipment. IAS 38 introduces a rebuttable presumption that revenue is not an appropriate basis for amortising intangible assets. The amendment is effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

IFRS 11 Joint Arrangements addresses how a joint operator should account for the interest in a joint operation in which the activity of the joint operation constitutes a business. The amendment is effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

IFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and the hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for the risk management process. Contemporaneous document is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

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Note 2 - Significant accounting policies (continued)

IFRS 15 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

In addition, as part of the IASB's Annual Improvements, a number of minor amendments have been made to standards in the 2012 – 2014 cycles. These amendments are effective for annual periods beginning on or after 1 July 2016, with early application permitted.

3. Cash and cash equivalents

Cash and cash equivalents consist of amounts on deposit with banks for operating purposes. At 31 March 2015 and 2014, these amounted to INR 1,495 million and INR 1,603 million, respectively.

4. Inventories

Inventories consist of vehicles and automotive parts and are classified as finished goods. At 31 March 2015 and 2014 the Company had the following:

	As at 31 March	
	2015	2014
Vehicle inventory	2,683,643,366	2,621,388,191
Parts inventory	707,684,361	651,376,152
Obsolescence provisions	(58,540,350)	(61,839,997)
Total inventories	3,332,787,377	3,210,924,346

	As at 31 March	
	2015	2014
Direct costs	25,069,998,268	21,572,342,000
Inventory write-down expense	12,328,665	3,599,455

5. Other financial assets (non-current)

Other financial assets (non-current) consist of deposits with banks whose use in whole or in part are restricted for specific purposes bound by virtue of contracted agreements. For both fiscal years presented, the Company has contractual arrangements with a financial institution requiring it to deposit collateral for the residual value of vehicles that are subject to retail leases financed by the financial institution, which the Company shares in the potential losses upon termination. At 31 March 2015 and 2014, these deposits amounted to INR 990 million and INR 1,907 million, respectively.

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6. Property, plant and equipment

	Buildings	Plant and equipment	Computers	Furniture and fixtures	Total
Cost as of April 1, 2013	61,957,783	4,196,040	197,403	10,427,284	76,778,510
Additions	3,801,732	-	-	4,537,781	8,339,513
Disposal	-	-	-	-	-
Capital work-in-progress moved into service	-	-	-	-	-
Cost as of March 31, 2014	<u>65,759,515</u>	<u>4,196,040</u>	<u>197,403</u>	<u>14,965,065</u>	<u>85,118,023</u>
Accumulated depreciation as March 2013	(8,506,626)	(975,617)	(19,731)	(1,156,155)	(10,658,129)
Disposals	-	-	-	-	-
Depreciation charge for the year	(6,706,484)	(320,024)	(20,030)	(1,073,323)	(8,119,861)
Accumulated depreciation as of March 31, 2014	<u>(15,213,110)</u>	<u>(1,295,641)</u>	<u>(39,761)</u>	<u>(2,229,478)</u>	<u>(18,777,990)</u>
Net book value as of March 31, 2014	<u>50,546,405</u>	<u>2,900,399</u>	<u>157,642</u>	<u>12,735,587</u>	<u>66,340,033</u>
Cost as of April 1, 2014	60,435,180	3,859,530	181,572	13,704,497	78,180,780
Additions	-	-	-	-	-
Disposal	-	-	-	-	-
Capital work-in-progress moved into service	-	-	-	-	-
Cost as of March 31, 2015	<u>60,435,180</u>	<u>3,859,530</u>	<u>181,572</u>	<u>13,704,497</u>	<u>78,180,780</u>
Accumulated depreciation as March 2014	(13,903,776)	(1,187,458)	(36,309)	(2,036,400)	(17,163,944)
Disposals	-	-	-	-	-
Depreciation charge for the year	(6,079,357)	(336,881)	(18,157)	(1,589,974)	(8,024,368)
Accumulated depreciation as of March 31, 2015	<u>(19,983,133)</u>	<u>(1,524,339)</u>	<u>(54,467)</u>	<u>(3,626,374)</u>	<u>(25,188,312)</u>
Net book value as of March 31, 2015	<u>40,452,047</u>	<u>2,335,191</u>	<u>127,105</u>	<u>10,078,124</u>	<u>52,992,467</u>

Notes:

- The Company did not have any property, plant and equipment under finance lease arrangements.

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7. Leases

The Company has taken buildings, plant and equipment, computers and furniture and fixtures under operating leases. The following is a summary of future minimum lease rental payments under non-cancellable operating leases entered into by the Company and operating lease rent expense recognized:

	Minimum Lease Payments	
	31 March 2015	31 March 2014
Not later than one year	12,421,838	13,374,508
Later than one year but not later than five years	53,263,209	72,460,908
Later than five years	12,206,152	13,465,300
Total minimum lease commitments	77,891,199	99,300,716

	Minimum Lease Payments	
	31 March 2015	31 March 2014
Facilities rent expense	7,989,752	8,813,950
Computer lease expense	1,388,640	1,485,165

8. Income taxes

The components of income tax expense:

	March 31, 2015	March 31, 2014
Current taxes:		
Current year	(320,729,863)	152,601,769
Prior period adjustments	131,205,511	45,999,247
Deferred taxes:		
Current year	361,381,892	(102,463,606)
Effect of changed tax rate		
Prior period adjustments	(131,145,904)	(46,598,490)
Total income tax expense	40,711,636	49,538,920

Income tax expense recognized in the Income Statement consists of the following:

	March 31, 2015	March 31, 2014
Current	(189,518,264)	198,601,016
Deferred	230,229,900	(149,062,096)
Total income tax expense	40,711,636	49,538,920

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Note 8 - Income taxes (continued)

The reconciliation of estimated income tax to income tax expense is as follows:

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Profit before income taxes	187,726,338	177,348,614
Income tax expense at tax rates applicable to individual entities	48,696,213	46,996,570
Non-deductible expenses	(501,619)	1,656,922
Reduction(increase) in tax rates	(55,816)	6,554
Prior years' tax expense adjustments	59,621	(599,243)
Net prior period current and deferred tax adjustments	(7,486,746)	-
Other	-	1,478,115
Income tax expense reported	40,711,653	49,538,918

The provincial government enacted changes to its statutory tax rate which cancelled the proposed decline in the tax rate and the tax rate was frozen at 11.5%. The combined federal and provincial statutory tax rate is 26.5% for the 2013 and future taxation years. The effective rate during the 12 months ended 31 March 2015 and 31 March 2014 were 21.69% and 27.93%

Significant components of deferred tax asset and liability for the year ended 31 March 2015 were as follows:

Significant components of deferred tax asset and liability for the year ended March 31, 2015

	<u>Opening balance</u>	<u>Recognized in Income statement</u>	<u>Closing balance</u>
Deferred tax assets:			
Tax effects of excess depreciation over capital cost allowance	(5,771,643)	4,335,559	(1,436,084)
Expenses deductible in future years:			
Contingent liabilities incurred including warranty payables and impact of reduction in tax rates	1,177,635,268	(236,584,668)	941,050,600
Inventory	13,502,500	2,013,100	15,515,600
	-	-	
Capital loss treatment on assumed contingent liabilities			
on purchase of assets from Ford Motor Company Canada Limited	-	-	-
Post retirement benefit plan	5,401,000	-	5,401,000
Deferred tax assets	1,190,767,125	(230,236,009)	960,531,116

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Note 8 - Income taxes (continued)

Significant components of deferred tax asset and liability for the year ended 31 March 2014 were as follows:

Significant components of deferred tax asset and liability for the year ended March 31, 2014

	<u>Opening balance</u>	<u>Recognized in Income statement</u>	<u>Closing balance</u>
Deferred tax assets:			
Tax effects of excess depreciation over capital cost allowance	(115,101)	(6,251,927)	(6,367,028)
Expenses deductible in future years:			
Contingent liabilities incurred including warranty payables and impact of reduction in tax rates	1,143,802,305	155,314,075	1,299,116,380
Inventory	14,895,375		14,895,375
Capital loss treatment on assumed contingent liabilities on purchase of assets from Ford Motor Company Canada Limited			-
Post retirement benefit plan	5,958,150		5,958,150
Deferred tax assets	1,164,540,729	149,062,148	1,313,602,877

9. Provisions

Provisions consist of accruals for the Company's expected future cash flow related to locally offered vehicle services under such programs as manufacturer's warranty, certified pre-owned, roadside assistance and service loaner as well as residual risk sharing agreements on leased vehicles and retirement leave. The overall provision was as follows:

	<u>Locally Offered Vehicle Services</u>	<u>Residual Risk</u>	<u>Retirement Plans</u>	<u>Total</u>
Balance at March 31, 2013	(2,386,919,055)	(823,868,948)	(11,753,607)	(3,222,541,610)
Provisions made during the year	(1,577,408,662)	(1,315,851,206)	(1,728,512)	(2,894,988,380)
Provisions used during the year	1,018,257,380	909,918,375	12,826,397	1,941,002,152
Balance at March 31, 2014	(2,946,070,337)	(1,229,801,779)	(655,722)	(4,176,527,838)
Current	(1,014,376,492)	(152,688,295)	-	(1,167,064,787)
Noncurrent	(1,966,750,223)	(1,089,213,542)	(828,346)	(3,056,792,111)
Provisions made during the year	(1,923,959,466)	(363,699,671)	(382,214)	(2,288,041,351)
Provisions used during the year	884,353,702	-	-	884,353,702
Other adjustments	1,052,305,227	774,580,481	-	1,826,885,708
Balance at March 31, 2015	(2,933,370,874)	(818,920,969)	(1,037,936)	(3,753,329,779)
Current	(878,531,195)	(178,278,131)	-	(1,056,809,326)
Noncurrent	(1,811,129,200)	(536,611,947)	(1,133,101)	(2,348,874,248)

For details on expected timing of cash outflows, see Note 20 – Disclosures on financial instruments.

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10. Other current liabilities

Other current liabilities consist of sales and use taxes, excise taxes and duties as follows.

	As at 31 March	
	2015	2014
VAT taxes	(27,509,829)	(106,379,596)
Import duties	(63,280,334)	(214,880,167)
Transfer price adjustments	(82,068,591)	(70,445,906)
Deferred revenue - certified pre-owned programs	(24,202,135)	-
Deferred revenue - service plans	(150,330,740)	-
Other	(8,431,479)	(8,196,797)
Total Other current liabilities	(355,823,108)	(399,902,466)

11. Other non-current liabilities

Other non-current liabilities consist of the following:

	As at 31 March	
	2015	2014
Deferred revenue - certified pre-owned programs	(88,720,120)	-
Deferred revenue - service plans	(87,652,277)	-
Defined benefits obligations	(1,166,125)	(3,859,229)
Total Other non-current liabilities	(177,538,522)	(3,859,229)

12. Other financial liabilities

For both years presented, Other financial liabilities current and non-current consist of unamortized landlord reimbursements for construction performed at the Company's leased facility. This will be amortized against rent expense over the existing term of the lease. See Note 7 – Leases for further details around the Company's facility lease.

13. Marketing provisions

Fixed marketing accruals are comprised of liabilities for advertising and promotion. Variable marketing accruals are comprised of liabilities for dealer incentives and scheduled maintenance programs. The maturity of these accruals is detailed in Note 20 – Disclosures on financial instruments. These accruals amounted to:

	As at 31 March	
	2015	2014
Variable marketing	(530,781,991)	(594,345,964)
Variable dealer margin	(560,798,308)	(688,450,809)
Fixed marketing	(52,532,675)	(159,466,363)
Total marketing accruals	(1,144,112,974)	(1,442,263,136)

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14. Employee cost

Employee cost consists of the following:

	Year ended 31 March	
	2015	2014
Salaries, wages and bonus	144,862,783	149,792,818
Benefits	69,782,257	66,982,090
Defined benefit pensions	-	-
Other	11,214,840	1,026,475
Total employee costs	225,859,880	217,801,383

15. Other expenses

Other expenses consist of the following:

	Year ended 31 March	
	2015	2014
Warranty (Scheduled maintenance, Goodwill, Service loaner and Roadside assistance)	1,755,794,243	1,556,269,673
Fixed Marketing	777,800,938	902,694,718
Depots and distribution costs, prep and handling	653,880,072	516,194,670
Consulting costs and other purchased services	183,455,589	206,960,179
Travel and entertainment costs	26,086,147	29,726,989
Facilities costs	18,702,189	18,185,640
Information technology costs	6,145,686	9,173,900
Other general operating expenses	17,907,257	37,646,994
Total Other expenses	3,439,772,121	3,276,852,763

16. Finance income, net

Finance income, net consisted of the following:

	Year ended 31 March	
	2015	2014
Interest income	40,724,553	34,736,682
Interest expense	(12,050,934)	(147,166)
Finance income, net	28,673,619	34,589,516

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17. Employee benefits

The Company sponsors and administers a Defined Contribution Pension Plan (“DCPP”) a Retirement Savings Plan (“RSP”), a Group Registered Retirement Savings Plan (“Group RRSP”) and an Employee Profit Sharing Plan (“EPSP”) for the benefit of its employees.

The DCPP covers all former employees of the Ford Motor Company who transferred as a result of the sale and became members of the DCPP effective January 1, 2009. All full-time and part-time employees hired on or after January 1, 2009 will automatically join the DCPP on their date of hire as a condition of employment. The Company will make contributions to the member’s DCPP account in an amount equal to a percentage of the member’s salary. The Company’s only liability is limited to the contributions currently required under the plan. For the years ended 31 March 2015 and 2014, the Company made a contribution of approximately INR 9,034,400 and INR 13,053,765.

An employee is eligible to join the RSP as of the date of hire. Participation is voluntary. The member may contribute a percentage of base salary and direct the contribution to the Group RRSP or the EPSP or a combination of both. The Company will match a portion of the member’s contribution to the EPSP at a percentage authorized by the Company. The Company maintains at its discretion the right to change the level of matching contributions and to amend, modify, or terminate the plans. For the years ended 31 March 2015 and 2014, the Company made a matching contribution of approximately INR 5,744,700 and INR 3,791,550.

The Company maintained a plan covering certain Ford legacy employees that provides additional postretirement benefits to replace pension benefits lost as a result of the acquisition of the Jaguar and Land Rover businesses on June 2, 2008 by a subsidiary of Tata Motors Limited. The Company funds these benefits on a pay-as-you go basis out of Company assets. As of 31 March 2015 and 2014, the Company had accrued approximately INR 1,129,300 and INR 812,475 related to future benefit payments, respectively.

As of March 31, 2012, the Company maintained a plan covering certain Ford legacy employees that provided additional postretirement medical, dental and life insurance benefits to replace benefits lost as a result of the acquisition of the Jaguar and Land Rover businesses on June 2, 2008 by a subsidiary of Tata Motors Limited. The Company funded these benefits on a pay-as-you go basis out of Company assets. During the year ended March 31, 2013, the Company settled the plan thereby eliminating this liability with the exception of minimal future payments to be made under the settlement. As of 31 March 2015 and 2014, approximately INR 1,129,300 and INR 3,845,715 remained to be paid out which was classified within Other non-current liabilities on the Balance Sheet.

18. Commitments and contingencies

In the normal course, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable. Any claims of a product liability nature are assessed and a liability recorded, if necessary, by Jaguar Land Rover Limited, a UK enterprise and parent of the Company.

Management asserts that none of the claims against the Company are probable or estimable, and it believes that none of the contingencies either individually or in aggregate, would have a material adverse effect on the Company’s financial condition, results of operations or cash flows.

Note 18 – Commitments and contingencies (continued)

Guarantees

The Company does not make any guarantees for related parties or unrelated third parties.

Commitments

In the normal course of business, the Company contracts with third parties to provide goods and/or services to the Company in order to operate day to day.

For commitments related to leases, refer Note 7.

Contingent Asset on Residual Risk

In the normal course of business, the Company has a vehicle residual risk sharing arrangement with a financial institution that underwrites retail leases. The Company is not a party to these retail leases. Under the current arrangement, residual collateral deposits are made at the inception of the lease based on final expected residual values of the underlying vehicle at lease termination. At certain points in the life of the retail leases, an interim review is performed and if there is excess collateral on deposit, the Company is entitled to receive a refund of previously deposited collateral. Due to the uncertainty in future residual values as they are impacted by many factors (e.g. economic environment, fuel prices, etc.) management is unable to predict the value, if any, of any future refunds.

Taxing Authority Reviews

In the normal course of business, the Company is subject to income taxes in numerous federal, state and local jurisdictions and judgement is required in determining the appropriate provision, if any, for transactions where the ultimate tax determination is uncertain. In such circumstances the Company recognizes liabilities for anticipated taxes based on the best information available and where the anticipated liability is both probable and estimable.

The Company has income-tax related contingent liabilities where the ultimate tax determination is uncertain. No provision has been recognized for income tax-related contingencies as no reliable estimate can be made or it is not probable the tax uncertainty will result in a future economic outflow. Income tax related contingent liabilities are assessed continually and as a reliable estimate can be made, or if they become probable, a provision is recognized in the financial statements of the period in which the change in estimate or probability occurs. Where the final outcome of such matters differs from the amount recorded, any differences may impact income taxes in the period in which the final determination is made.

19. Capital Management

The Company is capitalized via investment from its parent company, Jaguar Land Rover Limited. The Company purchases the majority of products it sells from the parent company and related Group companies. The cash flow from the sale of vehicles and parts is sufficient to pay the parent company and all other suppliers. Any remaining cash after paying all suppliers, vendors and operating expenses is retained within the Company. As such, no additional financing is required. From time to time, the Company will remit excess cash to Jaguar Land Rover Limited in the form of a dividend. During the year ended 31 March 2014, the Company paid a dividend to Jaguar Land Rover Limited in the amount of INR 437,490,705.

20. Disclosures on financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on Balance Sheet items that contain financial instruments.

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Note 20 – Disclosures on financial instruments (continued)

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

a) Financial assets and liabilities

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2015 and 2014, respectively:

	As at 31 March			
	2015		2014	
	Total Carrying Value	Total Fair Value	Total Carrying Value	Total Fair Value
Financial Assets				
Cash and cash equivalents	1,494,792,446	1,494,792,446	1,604,269,343	1,604,269,343
Trade receivables	305,338,907	305,338,907	266,457,666	266,457,666
Other financial assets (current)	480,296	480,296	9,666,584	9,666,584
Other financial assets (non-current)	989,535,181	989,535,181	1,907,764,913	1,907,764,913
Total	2,790,146,830	2,790,146,830	3,788,158,506	3,788,158,506
Financial Liabilities				
Accounts payable	(2,260,295,276)	(2,260,295,276)	(2,186,549,556)	(2,186,549,556)
Marketing provisions	(1,144,112,979)	(1,144,112,979)	(1,442,263,128)	(1,442,263,128)
Other current liabilities	(90,500,070)	(90,500,070)	(399,902,467)	(399,902,467)
Provisions (current)	(1,056,809,300)	(1,056,809,300)	(1,167,064,776)	(1,167,064,776)
Other non-current liabilities	(1,166,125)	(1,166,125)	(3,859,229)	(3,859,229)
Provisions (non-current)	(2,348,874,229)	(2,348,874,229)	(3,056,792,087)	(3,056,792,087)
Total	(6,901,757,979)	(6,901,757,979)	(8,256,431,243)	(8,256,431,243)

Notes

The Company does not have any derivative financial instruments.

The short term financial assets and liabilities are stated at amortized cost which is approximately equal to their fair value.

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2015 and 2014 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

Note 20 – Disclosures on financial instruments (continued)

b) Financial risk management

In the course of its business, the Company is exposed primarily to fluctuations in interest rates, credit risk and liquidity risk, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which covers risks associated with the financial assets and liabilities like interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

- Create a stable business planning environment – by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- Achieve greater predictability to earnings – by determining the financial value of the expected earnings in advance.

i) Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rate, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

a) Foreign currency exchange rate risk:

The company does not have any material exchange risk due to limited transactions in currencies other than US dollars, nor does it have any material balances at the period end which are denominated in any currency other than Canadian dollars.

b) Interest rate risk

The company's interest rate risk is limited to any short term borrowings, which are at market rates.

ii) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables and finance receivables. None of the financial instruments of the Company result in material concentrations of credit risks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was INR 2,789 million and INR 3,786 million as of 31 March 2015 and 2014, respectively, being the total of the carrying amount of Cash and cash equivalents, Trade receivables, and Other financial assets current and non-current.

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Note 20 – Disclosures on financial instruments (continued)

ii) Credit risk (continued)

Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as of 31 March 2015, that any defaults in payment obligations will occur.

Credit quality of financial assets and impairment loss

The ageing of trade receivables as of Balance Sheet date is given below. The age analysis has been considered from the due date.

	March 31, 2015			March 31, 2014		
	Gross	Allowance	Total	Gross	Allowance	Total
Trade Receivables						
Period						
Not due	304,538,622	-	304,538,622	172,789,600	-	172,789,600
Overdue 1-3 months	747,683	-	747,683	100,121,944	-	100,121,944
Overdue 3-6 months	80,728	(28,149)	52,579	(6,567,181)	-	(6,567,181)
Overdue more than 6 months	-	-	-	113,313	-	113,313
Total	305,367,033	(28,149)	305,338,884	266,457,676	-	266,457,676

i) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that it is available for use as per requirements.

The Company is primarily funded through the sale of vehicles and parts at a profit. Generally, funds generated through that means are sufficient to cover all obligations. Any excess cash is retained by the Company and sporadically remitted back to the parent company, Jaguar Land Rover Limited in the form of a dividend.

The table below provides details regarding the contractual maturities of financial liabilities as of 31 March 31, 2015:

	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd - 5th year	Due after 5 years	Non-cash amount
Accounts payable	(2,260,295,276)	(2,260,295,276)	-	-	-	-
Marketing provisions	(1,144,112,979)	(1,144,112,979)	-	-	-	-
Financial liabilities	(4,186,021)	(4,186,021)	-	-	-	-
Other current liabilities	(355,823,134)	(355,823,134)	-	-	-	-
Provisions (current)	(1,056,809,300)	(1,056,809,300)	-	-	-	-
Other non-current liabilities	(177,538,521)	(1,166,125)	(69,268,959)	(107,103,437)	-	-
Provisions (non-current)	(2,348,874,221)	-	(1,112,727,619)	(1,236,146,602)	-	-
Other financial liabilities	(20,581,271)	-	-	-	-	(20,581,271)
Total	(7,368,220,723)	(4,822,392,835)	(1,181,996,578)	(1,343,250,039)	-	(20,581,271)

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Note 20 – Disclosures on financial instruments (continued)

ii) Derivative financial instruments and risk management

The Company does not have any derivative financial instruments.

21. Collaterals

The Company does not have any guarantees or assets pledged as collateral.

22. Segment reporting

The company operates in one segment, the sale of Jaguar Land Rover vehicles and part in one geographic segment, Canada.

23. Related party transactions

The Company's related parties principally consist of subsidiaries of its parent company, Jaguar Land Rover, Limited, Tata Motors Limited and other Tata related companies. The Company routinely enters into transactions with these related parties in the ordinary course of business.

The Company purchases the majority of its inventory from subsidiaries of the UK parent company Jaguar Land Rover Limited. As a result, the Company will incur payables to those entities. Additionally, the Company has entered into a transfer price arrangement with Jaguar Land Rover Limited whereby profitability is fixed as a percentage of selected selling expenses. As a result of this arrangement, the Company will transfer profits or losses to these entities to arrive at the appropriate profit target by adjusting cost of revenues and offsetting payables to affiliated companies. At 31 March 2015 and 2014, the Company had approximately INR 1,777 million and INR 1,961 million, respectively recorded as payables owed to Jaguar Land Rover Limited.

The Company also receives various services from Jaguar Land Rover North America including, but not limited to legal, accounting, information technology, purchasing, tax services and training. These services are charged to the Company under a service level agreement. During the 12 months ended 31 March 2015 and 2014 the Company was charged INR 142 million and INR 152 million from Jaguar Land Rover North America and paid these funds in cash.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Cumulative compensation of those individuals identified as key management personnel was as follows:

	Year ended 31 March	
	2015	2014
Salaries	52,241,576	48,578,983
Incentive compensation	25,933,393	18,064,028
Other	9,643,786	9,832,512
Total key employee compensation	87,818,754	76,475,522

The Company did not have any other transactions with key management personnel.

Refer Note 17 for information on transactions with post-employment benefit plans.

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24. Subsequent events

There were no events occurring after the Balance Sheet date that would have a material impact on the Company's results of operations, financial position or cash flows.

25. Approval of financial statements

The financial statements were approved by the board of directors and authorized for issue on 3 June 2015.