

Jaguar Land Rover India Limited
Annual Financial Statements
For the year ended March 31, 2018

Jaguar Land Rover India Limited

Balance Sheet

as at 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

	Notes	31 March 2018	31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	14,326	1,140
Financial assets:			
Other financial assets	4a	489	693
Deferred tax assets (net)	9	1,970	2,356
Non-current tax assets (net)	17a	270	-
Total non-current assets		<u>17,055</u>	<u>4,189</u>
Current assets			
Inventories	5	22,117	20,807
Financial assets			
(i) Trade receivables	6	2,335	2,572
(ii) Cash and cash equivalents	7	78,126	36,504
(iii) Other financial assets	4b	279	600
Other current assets	8	2,974	5,986
Total current assets		<u>105,831</u>	<u>66,469</u>
Total assets		<u>122,886</u>	<u>70,658</u>
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	28,025	28,025
Other equity	11	(583)	(244)
Total equity		<u>27,442</u>	<u>27,781</u>
Liabilities			
Non-current liabilities			
Financial liabilities:			
Borrowings	12	11,744	-
Other financial liabilities	13a	229	444
Provisions	14b	174	105
Other non-current liabilities	15	2,521	285
Total non-current liabilities		<u>14,668</u>	<u>834</u>
Current liabilities			
Financial liabilities			
(i) Trade payables includes dues of micro and small enterprises of Rs.9 lakhs (Previous year - Rs 3 lakhs)	16	73,599	35,109
(ii) Other financial liabilities	13b	1,943	788
Provisions	14a	19	508
Income tax liabilities (net)	17b	-	1,069
Other current liabilities	18	5,215	4,568
Total current liabilities		<u>80,776</u>	<u>42,042</u>
Total liabilities		<u>95,444</u>	<u>42,876</u>
Total equity and liabilities		<u>122,886</u>	<u>70,658</u>

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
Jaguar Land Rover India Limited

Rajiv Shah

Partner

Membership No: 112878

Rohit Suri

Managing Director

DIN - 3394169

Rajiv Gupta

Director

DIN - 8090363

Mumbai

19 June 2018

Binita Khory

Company Secretary

Membership no. - A24829

Neha Dave

Director and Chief Financial Officer

DIN - 8090477

Jaguar Land Rover India Limited

Statement of Profit and Loss

for the year ended 31 March 2018

All amounts are in Rs. lakhs except for earnings per share information

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations	19	186,916	148,282
Other income	20	770	2,174
Total Income		187,686	150,456
Expenses			
Purchases of product for sale		161,137	130,454
Changes in inventories of product for sale		(1,309)	(6,656)
Excise duty		611	2,296
Employee benefit expense	21	4,961	5,837
Finance cost	22	2,392	-
Depreciation	3	1,069	447
Net foreign exchange losses/(gains)		3,831	(4,360)
Other expenses	23	14,968	12,812
Total expenses		187,660	140,830
Profit before tax		27	9,626
Tax Expense:			
Current tax	24	(34)	2,031
Deferred tax	24	391	(2,383)
		357	(352)
(Loss) / profit for the year		(330)	9,978
Other comprehensive income/(loss)			
A (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans	26	(15)	80
(ii) Income tax relating to items that will not be reclassified to profit or loss		5	(27)
B (i) Items that will be reclassified to profit or loss			
(a) Foreign currency translation on change to presentation currency		-	(3,746)
(ii) Income tax relating to items that may be reclassified to profit or loss		-	-
Total other comprehensive income/(loss), net of tax		(10)	(3,693)
Total comprehensive income/(loss) for the year		(340)	6,285
Earnings per ordinary equity share of Rs. 10 each:	25		
Basic and diluted (in Rs.)		(0.12)	3.56

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Jaguar Land Rover India Limited

Statement of Changes in Equity

for the year ended 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

a) Equity share capital

	Amount
Balance as at 1 April 2016	28,025
Changes in equity share capital during the year	-
Balance as at 31 March 2017	28,025
Changes in equity share capital during the year	-
Balance as at 31 March 2018	28,025

b) Other Equity

	Reserves and surplus	Item of other comprehensive income	Total other equity
	Retained Earnings	Currency translation reserve	
Balance as at 1 April 2016	(7,813)	1,285	(6,528)
Profit for the year	9,978	-	9,978
Other comprehensive income for the year, net of income tax	53	(3,746)	(3,693)
Total comprehensive income for the year	10,031	(3,746)	6,285
Balance as at 31 March 2017	2,218	(2,461)	(243)
Loss for the year	(330)	-	(330)
Other comprehensive income for the year, net of income tax	(10)	-	(10)
Total comprehensive income for the year	(340)	-	(340)
Balance as at 31 March 2018	1,878	(2,461)	(583)

The accompanying notes form an integral part of the standalone financial statements

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Director and Chief Financial Officer

DIN - 8090477

Jaguar Land Rover India Limited

Statement of cash flows

for the year ended 31 March 2018

All amounts are in Rs lakhs unless otherwise stated

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities		
Profit before tax for the year	27	9,626
Adjustments for :		
Finance cost	2,392	-
Depreciation	1,069	447
Inventories write off / provision	647	512
Loss on sale of property, plant and equipment (net)	16	7
Gain on sale of net assets pertaining to CBEEC and workshop	-	(868)
Net foreign exchange (gain)/loss	2,318	(3,881)
	<u>6,468</u>	5,843
 Movements in working capital		
Decrease/(increase) in trade receivables	237	8,545
(Increase)/decrease in inventories	(1,957)	(7,168)
Decrease/(increase) in other financial assets	524	(319)
Decrease/(increase) in other assets	3,012	(3,141)
Increase/(decrease) in trade payables	36,171	7,986
(Decrease)/increase in other financial liability	(264)	761
(Decrease)/increase in provisions	(436)	79
Increase/(decrease) in deferred revenue	2,804	347
Increase/(decrease) in other liabilities	80	1,534
Cash generated from operations	<u>46,640</u>	14,465
 Income taxes paid	(1,304)	(904)
Net cash generated by operating activities	<u>45,336</u>	13,561
 Cash flows from investing activities		
Payments for property, plant and equipment	(209)	(124)
Proceeds from disposal of property, plant and equipment including gain on sale of net assets pertaining to	73	617
Net cash used in investing activities	<u>(136)</u>	493
 Cash flows from financing activities		
Payment of finance lease obligation (including interest)	(3,578)	-
Net cash used in financing activities	<u>(3,578)</u>	-
 Net increase in cash and cash equivalents	<u>41,622</u>	14,054
 Cash and cash equivalents at the beginning of the year	<u>36,504</u>	22,450
 Cash and cash equivalents at the end of the year	<u>78,126</u>	<u>36,504</u>

Jaguar Land Rover India Limited

Statement of cash flows (Continued)

for the year ended 31 March 2018

All amounts are in Rs lakhs unless otherwise stated

Debt movement

Particulars	1 April 2017	Cash flows Inflows/(outflows)	Non-cash changes - Acquisition	31 March 2018
Long term borrowing	-	(1,186)	14,134	12,948
Short term borrowing	-	-	-	-

The accompanying notes form an integral part of the standalone financial statements

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Jaguar Land Rover India Limited

Notes to the financial statements

for the year ended 31 March 2018

All amounts are in Rs lakhs unless otherwise stated

1 Corporate overview:

Jaguar Land Rover India Limited ("the Company") was incorporated in India on 25 October 2012 in accordance with the provisions of the Companies Act, 1956 and was granted its Certificate of Business Commencement on 14 January 2013. The company is a wholly owned subsidiary of Jaguar Land Rover Limited, United Kingdom of which Jaguar Land Rover Automotive PLC is the immediate holding company and Tata Motors Limited is the ultimate holding company.

The registered office of the company is 3rd Floor, Nanavati Mahalaya, 18 Homi Mody street, Fort, Mumbai - 400001.

The Company's principal activity is to act as the national sales company in India for Jaguar Land Rover, United Kingdom. The sales operations commenced with effect from 1 January 2015. The Company also acts as the vehicle for the continuation and expansion of the Jaguar Land Rover operations in India.

2 Significant Accounting Policies :

2.1 Statement of compliance and basis of preparation

This financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

The financial statements have been prepared on historical cost basis except for certain financial instruments measured at fair value. Net defined benefit (assets)/liabilities measured at fair value of plan assets less present value of defined benefit obligations.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR) and have been rounded off to nearest lakhs unless otherwise stated, which is also the Company's functional currency.

Till the previous year, the Company's functional currency was Great Britain Pound (GBP) being the currency of primary economic environment that influences its operations. The presentation currency was INR in the previous year.

In the current year, the Company has changed its functional currency from GBP to INR due to change in the underlying transactions and events. The effect of this change in functional currency is accounted for prospectively in these financial statements.

2.3 Use of estimates and judgements

The preparation of 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, expenses and disclosures of contingent assets and liabilities at the date of these financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised prospectively.

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:

(a) Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under note 2.10.

(b) Provisions and contingent liabilities

Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The policy for the same has been explained under note 2.17.

(c) Useful life of Property, Plant and Equipment

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year enclosed and adjusted prospectively, if appropriate.

(d) Lease

Whether an arrangement contains a lease and lease classification is explained under note 2.6

(e) Impairment

The company review it's carrying value of assets annually, or more frequently when there is a indication for impairment. If the recoverable amount is less than it's carrying amount, the impairment loss is accounted for. The policy for the same has been explained under note 2.21.

(f) Measurement of defined benefit obligation

Key actuarial assumptions explained under note 2.9.

(g) Service plan

Key assumptions underline the deferral revenue explained under note 2.4.

Jaguar Land Rover India Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2018

All amounts are in Rs lakhs unless otherwise stated

2 Significant Accounting Policies : (*Continued*)

2.4 Revenue recognition

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

2.4.1 Sale of Goods and Services

The Company recognizes revenues on the sale of products, net of discounts, sales incentives, customer bonuses and rebates granted which can be identifiable at the time of sale, when products are delivered to a carrier, which is when title and risks and rewards of ownership pass to the customer.

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

If a sale includes an agreement for subsequent servicing or maintenance, the fair value of that service is deferred and recognised as income over the relevant service period in proportion with the expected cost pattern of the agreement. Revenue from sale of services are recognised when services are rendered and related costs are incurred.

2.4.2 Other income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.5 Cost recognition

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

2.6 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.

2.6.1 Assets taken on finance lease

A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.6.2 Assets taken on operating lease

Leases other than finance leases are operating leases, and the leased assets are not recognized on the Company's balance sheet. Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the period in which such benefits accrue.

2.7 Foreign Currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions or at an average exchange rate for the month in which such transaction occurs if the average exchange rate approximates the actual rate at the date of transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are translated into functional currency at the rates prevailing at that date. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise. Non-monitory items that are measured based on historical cost in a foreign currency are translated at exchange rate at the date of transaction.

Till the previous years, for the purposes of presenting these financial statements in INR, the assets and liabilities were translated into INR using exchange rates prevailing at the end of each reporting period. Income and expense items were translated at the average exchange rates of the respective month. Exchange differences arising, if any, were recognised in other comprehensive income and accumulated in equity.

2.8 Borrowing Costs

'Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Jaguar Land Rover India Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2018

All amounts are in Rs lakhs unless otherwise stated

2 Significant Accounting Policies : (*Continued*)

2.8 Borrowing Costs (*Continued*)

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in Statement of Profit and Loss in the year in which they are incurred.

2.9 Employee Benefits

2.9.1 Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Accumulated leave, which is expected to be utilised within the next twelve months, is also treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. These amounts are charged to the Statement of Profit and Loss.

2.9.2 Defined benefit plan

The Company provides for gratuity, a defined benefit retirement plan covering all eligible employees. Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (generally immediately before separation). The calculation of defined benefit obligation is performed annually by qualified actuary using the projected unit credit method. These commitments are valued at the present value of expected future payments, with consideration for calculated future salary increases, utilising a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees on an actuarial basis. This liability is externally funded.

Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on assets (excluding interest) relating to this retirement benefit plans, are recognized directly in other comprehensive income in the period in which they arise.

Remeasurement recorded in other comprehensive income is not reclassified to income statement.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss.

2.9.3 Defined contribution plan

A defined contribution plan is a post employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amount.

Provident fund

Eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, as specified under the law, is paid to the Regional Provident Fund Commissioner. The Company's payment to the defined contribution plan is reported as an expense during the period in which the employees perform the services.

2.9.4 Compensated absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The obligation in respect of compensated absences is provided on the basis of an actuarial valuation carried out by an independent actuary.

2.10 Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the Statement of Profit and Loss except when they relate to items that are recognised directly in other comprehensive income or in equity.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Jaguar Land Rover India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2018

All amounts are in Rs lakhs unless otherwise stated

2 Significant Accounting Policies : (Continued)

2.10 Income taxes (Continued)

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax assets and liabilities are recognised 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 unused tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised 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 and 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 or their tax assets and liabilities will be realised simultaneously.

2.11 Earnings per share

Basic earnings per share is computed by dividing net profit for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share is computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

2.12 Property plant and equipment

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

Cost includes purchase price, taxes and duties, labour 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.

Subsequent expenditure is capitalised only if it is probable that their future economic benefits associated with the expenditure will flow to company.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

All fixed assets are verified in a phased manner over a period of two years.

2.13 Depreciation and amortisation

Depreciation is provided on the Straight Line Method (SLM) over the estimated useful lives of the assets considering the nature, estimated usage, operating conditions, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support. Taking into account these factors, the Company has adapted useful lives for various categories of property plant and equipment, which are different from those prescribed in Schedule II of the Companies Act. Estimated useful lives of assets are as follows:

Vehicles - 4 years

Jaguar Land Rover vehicles - 4 years with 25% residual value

Other vehicles - 4 years with 5% residual value

Plant and machinery - 9 to 14 years

Furniture and fixtures - 4 to 10 years

Computers – 3 years

Assets acquired under finance leases are depreciated over the shorter of lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

2.14 Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies and receiving charges. Net realisable value is estimated selling price in the ordinary course of business less estimated selling expenses.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.16 Segments

The Company is engaged mainly in the business of automobile products consisting of all types of passenger vehicles of Jaguar and Land Rover brands. These in the context of Ind-AS 108 - Operating Segments are considered to constitute one separate segment.

Jaguar Land Rover India Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2018

All amounts are in Rs lakhs unless otherwise stated

2 Significant Accounting Policies : (*Continued*)

2.17 Provisions and contingencies

'A provision is recognised 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.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. The company does not recognise contingent liability.

2.18 Current–non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within 12 months after the reporting date; or
- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in the company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is due to be settled within 12 months after the reporting date; or
- d. the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

2.19 Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.20 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 other than equity instruments are classified into categories: subsequently measured at amortised cost, fair value through profit and loss and fair value through other comprehensive income. Financial assets that are equity instruments are classified as fair value through profit and loss or fair value through other comprehensive income.

Financial liabilities are classified into financial liabilities at amortised cost or fair value through profit or loss.

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.

The Company does not have any financial assets classified as fair value through profit or loss or fair value through other comprehensive income or financial liabilities classified as fair value through profit or loss.

Financial assets at amortised cost: Financial assets having contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and that are held within a business model whose objective is to hold such assets in order to collect such contractual cash flows are classified in this category. Subsequently, these are measured at amortized cost using the effective interest method less any impairment losses.

Jaguar Land Rover India Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2018

All amounts are in Rs lakhs unless otherwise stated

2 Significant Accounting Policies : (*Continued*)

2.20 Financial instruments (*Continued*)

i) Classification, initial recognition and measurement (*Continued*)

Financial liabilities at amortised cost: These are measured at amortized cost using the effective interest method.

Equity instruments: An equity instrument is any contract that evidences residual interests in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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.

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.

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

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.21 Impairment

(i) Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for trade receivables. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Profit and Loss.

2.22 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified Ind AS 115 Revenue from Contracts with Customers which the Company has not applied as they are effective for annual periods beginning on or after April 1,

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 – Revenue.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The new standard will also result in enhances disclosures about revenue, provide guidance of transactions that were not previously addressed comprehensively (for example, service revenue and contract modification) and improve guidance for multiple-element arrangements.

The effect on the financial statements is being evaluated by the Company.

Jaguar Land Rover India

Notes to the financial statements (Continued)

as at 31 March 2018

All amounts are in Rs. lakhs unless

3 Property, plant and equipment

	Plant and machinery	Own assets			Computers	Taken on Lease	Total
		Furniture and fixtures	Motor vehicles	Plant and machinery (refer note 29.4)			
Gross carrying amount							
Gross carrying amount as at 1 April 2016	505	1,339	1,095	266	-	3,205	
Additions	9	10	99	5	-	124	
Disposals	(209)	(691)	(59)	(22)	-	(982)	
Currency translation differences	(76)	(201)	(167)	(40)	-	(485)	
Gross carrying amount as at 31 March 2017	229	457	968	208	-	1,863	
Additions	105	-	89	14	14,134	14,343	
Disposals	-	-	(187)	-	-	(187)	
Gross carrying amount as at 31 March 2018	334	457	870	223	14,134	16,019	

	Plant and machinery	Own assets			Computers	Taken on Lease	Total
		Furniture and fixtures	Motor vehicles	Plant and machinery (refer note 29.4)			
Accumulated depreciation							
Accumulated depreciation as at 1 April 2016	104	318	239	115	-	776	
Disposals	(72)	(266)	(22)	(15)	-	(375)	
Depreciation charge for the year	51	109	211	75	-	447	
Currency translation differences	(14)	(35)	(53)	(23)	-	(124)	
Accumulated depreciation as at 31 March 2017	69	127	375	152	-	723	
Disposals	-	-	(99)	-	-	(99)	
Depreciation charge for the year	45	59	183	51	731	1,069	
Accumulated depreciation as at 31 March 2018	114	185	459	203	731	1,693	

	Plant and machinery	Own assets			Computers	Taken on Lease	Total
		Furniture and fixtures	Motor vehicles	Plant and machinery (refer note 29.4)			
Net carrying amount							
As at 1 April 2016	401	1,021	856	150	-	2,429	
As at 31 March 2017	160	331	593	56	-	1,140	
As at 31 March 2018	220	272	411	20	13,403	14,326	

Jaguar Land Rover India Limited

Notes to the financial statements (*Continued*)

as at 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2018	31 March 2017
4 Other financial assets		
(a) Non current		
Security deposits	489	443
Receivable from dealer against sale of net assets pertaining to CBEEC and workshop (Secured against bank guarantee) (refer note 20)	-	250
Total	<u>489</u>	<u>693</u>
(b) Current		
Security deposits	29	-
Receivable from dealer against sale of net assets pertaining to CBEEC and workshop (Secured against bank guarantee) (refer note 20)	250	600
Total	<u>279</u>	<u>600</u>
5 Inventories		
Inventories (at lower of cost and net realisable value)		
Stock-in-trade		
Vehicles	14,796	7,891
Spare parts and accessories	4,783	3,537
Goods-in-Transit		
Vehicles	1,540	8,322
Spare parts and accessories	998	1,057
Total	<u>22,117</u>	<u>20,807</u>

The cost of inventories recognised as expense during the year was Rs 1,61,393 lakhs (for the year ended 31 March 2017: Rs 1,26,094 lakhs)

The cost of inventories recognised as an expense includes Rs 647 lakhs (Previous year, 2016-17: Rs 512 lakhs) in respect of write-down of Inventories to net realisable value during the year.

Jaguar Land Rover India Limited

Notes to the financial statements (*Continued*)

as at 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2018	31 March 2017
6 Trade receivables		
Trade receivables		
Unsecured, considered good	2,335	2,572
Total	<u>2,335</u>	<u>2,572</u>
7 Cash and cash equivalents		
Balances with banks in current accounts	78,126	36,504
Cash on hand*	-	-
Cash and cash equivalents	<u>78,126</u>	<u>36,504</u>

* The amount is below rounding of limit in lakhs

Jaguar Land Rover India Limited

Notes to the financial statements (*Continued*)

as at 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2018	31 March 2017
8 Other assets		
Current		
Advances to employees	26	6
Prepaid expenses	63	51
Balances with government authorities	2,229	5,605
Advances paid to :		
(i) Vendors (refer note below)	17	88
(ii) Dealer	225	-
Other current assets	414	236
Total	2,974	5,986
Note: Advances paid to vendors include advance paid to a related party as below: Concorde Motors (India) Limited (refer note 28)	-	1

Jaguar Land Rover India Limited

Notes to the financial statements (*Continued*)

as at 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2018	31 March 2017
9 Deferred tax assets (net)		
Deferred tax (liabilities) / assets		
Property, plant and equipment	36	146
Effect of currency translation on tax base		
Non-monetary items	172	504
Provisions for contingencies	-	173
Provision - employee benefits	71	12
Business loss and unabsorbed depreciation carried forward	243	-
Minimum alternate tax credit	1,448	1,521
	1,970	2,356

Jaguar Land Rover India Limited

Notes to the financial statements (Continued)

as at 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2018	31 March 2017
10 Equity share capital		
Authorised share capital		
500,000,000 (P.Y. 500,000,000) Ordinary shares of Rs. 10 each	50,000	50,000
Issued, subscribed and fully paid up		
280,250,000 (P.Y. 280,250,000) Ordinary shares of Rs. 10 each	28,025	28,025
	<u>28,025</u>	<u>28,025</u>

10.1 Movement of number of shares and share capital :

	31 March 2018		31 March 2017	
	Number of Shares	Amount in lakhs	Number of Shares	Amount in lakhs
Equity shares:				
Shares as at the beginning of the year	280,250,000	28,025	280,250,000	28,025
Movements during the year	-	-	-	-
Shares as at the end of the year	<u>280,250,000</u>	<u>28,025.00</u>	<u>280,250,000</u>	<u>28,025</u>

10.2 Rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. Each holder of equity shares is entitled to one vote per share. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture.

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

10.3 Number of shares held by each shareholder holding more than 5 percent of the issued share capital:

	31 March 2018		31 March 2017	
	Fully paid ordinary shares	% of holding	Fully paid ordinary shares	% of holding
Jaguar Land Rover Limited, United Kingdom	280,250,000	100%	280,250,000	100%

Jaguar Land Rover Limited, United Kingdom directly owns 280,249,994 (P.Y. 280,249,994) ordinary shares. A further 6 (P.Y. 6) shares are held on its behalf by six nominee (individual) shareholders. These six individuals are not beneficial shareholders.

Jaguar Land Rover India Limited

Notes to the financial statements (*Continued*)

as at 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2018	31 March 2017
11 Other equity		
Currency translation reserve	(2,461)	(2,461)
Retained earnings	1,878	2,217
	<u>(583)</u>	<u>(244)</u>
11.1 Currency translation reserve		
Balance at the beginning of the year	(2,461)	1,285
Foreign currency translation on change to presentation currency (refer note 2.2)	-	(3,746)
Balance at the end of the year	<u><u>(2,461)</u></u>	<u><u>(2,461)</u></u>
11.2 Retained Earnings		
Balance at the beginning of the year	2,217	(7,813)
(Loss) / profit for the year	(330)	9,978
Other comprehensive income arising from remeasurement of defined benefit obligation, net of income tax	(10)	53
Balance at the end of the year	<u><u>1,878</u></u>	<u><u>2,217</u></u>

Currency translation reserves: This comprise of exchange differences arising from translation of functional currency to presentation currency.

Jaguar Land Rover India Limited

Notes to the financial statements (*Continued*)

as at 31 March 2018

All amounts are in Rs lakhs unless otherwise stated

	31 March 2018	31 March 2017
12 Non-current borrowings		
Unsecured - at amortised cost		
Long term maturities of finance lease obligations	11,744	-
Total non-current borrowings	<u>11,744</u>	<u>-</u>

Certain items of plant and equipment have been obtained on finance lease basis during the year. Legal title to these assets vests with the lessor. The lease term is 7 years.

Jaguar Land Rover India Limited

Notes to the financial statements (Continued)

as at 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2018	31 March 2017
13 Other financial liabilities		
(a) Non-Current		
Performance security deposit from dealers	-	215
Security deposit for premises	229	229
Total	229	444
(b) Current		
Performance security deposit from dealers	514	399
Bonus	225	389
Current portion of finance lease obligations (unsecured)	1,204	-
Total	1,943	788
14 Provisions		
Employee benefits		
Gratuity (refer note 26)	6	-
Compensated absence	187	114
Provisions for contingencies (refer note below)	-	500
Total	193	614
(a) Current		
Gratuity (refer note 26)	6	-
Compensated absence	13	9
Provisions for contingencies (refer note below)	-	500
(b) Non-Current		
Gratuity (refer note 26)	-	-
Compensated absence	174	105
Provisions for contingencies (refer note below)	-	-
Total	193	614
Note: Movement in provisions for contingencies		
Balance as at the beginning of the year	500	500
Provision made during the year	-	-
Paid during the year	(404)	-
Reversed during the Year	(96)	-
Balance as at the end of the year	-	500

Note : Provision for contingencies of Rs. 500 lakhs represents claims made by certain dealers towards potential waiver of certain agreed cost recovered by the company from dealers during the year. In view of continuing market pressures on dealers and the potential need for waiver, the Company has reassessed the requirements as at 31 March 2018 and has discontinued with the said provisions.

Jaguar Land Rover India Limited

Notes to the financial statements (*Continued*)

as at 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2018	31 March 2017
15 Other Non-Current Liabilities		
Deferred revenue arising from service plan	2,521	285
	<u>2,521</u>	<u>285</u>

Note :

The Jaguar Land Rover Service Plan Programme is a customer offer to cover the standard service repairs for a defined period of time or distance from the date of car's first registration. The plan enables customers to cover their future servicing needs for a defined cost as agreed by Jaguar Land Rover, or discounted servicing costs when their vehicle is serviced during the service plan contract.

Service plans are a standard offering where the customer has the opportunity to decline / opt out at the point of vehicle sale and with no option to sell as an aftersales product.

The service plan will expire at the end of the defined time or distance (whichever comes first).

	31 March 2018	31 March 2017
16 Trade payables		
Trade payables	73,599	35,109
	<u>73,599</u>	<u>35,109</u>

Note

Details of dues to Micro, Small and Medium Enterprise as defined under MSMED Act, 2006:

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The same has been relied upon by the auditors. The amount of principal and interest outstanding are given below:

	31 March 2018	31 March 2017
(a) Amounts outstanding but not due	6	1
(b) Amounts due but unpaid - Principal	3	2
(c) The amounts of the payments made to micro and small suppliers beyond the appointed day during the year	52	39
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	1	1
(e) Amount of interest accrued and unpaid*	-	-
	<u>62</u>	<u>43</u>

* The amount is below rounding of limit in lakhs

Jaguar Land Rover India Limited

Notes to the financial statements (*Continued*)

as at 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2018	31 March 2017
17 Non-current tax assets and current tax liabilities		
(a) Non-current tax assets		
Advance tax paid (net of provision)	270	-
	<u>270</u>	<u>-</u>
(b) Current tax liabilities		
Income-tax payable (net of advance tax)	-	1,069
	<u>-</u>	<u>1,069</u>
18 Other current liabilities		
(a) Deferred revenue arising from service plans (refer note 15)	630	62
(b) Advance from dealers and others	1,902	3,173
(c) Others - statutory dues(withholding taxes, VAT, CST, service tax)	260	1,333
(d) GST liability	2,423	-
	<u>5,215</u>	<u>4,568</u>

Jaguar Land Rover India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

	Year ended 31 March 2018	Year ended 31 March 2017
19 Revenue from operations		
(a) Sale of products		
- Sale of vehicles	164,700	127,819
- Sale of spare parts and accessories	19,162	16,529
(b) Sale of services (includes composite supply)	140	685
(c) Other operating revenues (refer note below)	2,915	3,249
Total	186,916	148,282
Note : Other operating revenues include :		
- Services provided to group Companies	2,804	2,981
- Referral income	-	151
- Royalty income	111	117
	2,915	3,249

20 Other income

a) Interest income		
Interest on delayed payments by dealers	-	668
b) Other non-operating income		
Gain on sale of net assets pertaining to CBEEC and workshop (refer note below)	-	868
Liability no longer required (refer note 14)	96	-
Others (includes sublease and recharge income)	674	638
Total	770	2,174

Note :

Jaguar Land Rover India Limited has undertaken a sale of its existing assets and liabilities pertaining to the Corporate Brand Experience and Exhibition Centre (CBEEC) and workshop through slump sale under the Income tax Act, 1961 with effect from the close of business hours on 12 August 2016 to an independent third party customer (dealer). The excess of sale consideration over the carrying value of property, plant and equipment, inventories and net current liabilities is accounted as gain on sale of net assets pertaining to CBEEC and workshop.

The balance sale consideration of Rs. 1,200 lakhs is deferred (secured against bank guarantees) of which Rs. 950 lakhs have been received till 31 March 2018.

The details of the slump sale are as follows:

	Amount	Amount
Sale consideration		2,142
Less:		
(a) Property, plant and equipment (net book value)	650	
(b) Inventories	761	
(c) Net current liabilities	(137)	1,274
Gain on sale of net assets pertaining to CBEEC and workshop		868

Jaguar Land Rover India Limited

Notes to the financial statements (Continued)

for the for the year ended 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

	Year ended 31 March 2018	Year ended 31 March 2017
21 Employee benefit expense		
Salaries	4,657	5,570
Contribution to provident and other funds	300	247
Staff welfare expenses	4	20
	<u>4,961</u>	<u>5,837</u>
22 Finance costs		
Interest on obligations under finance leases	2,392	-
	<u>2,392</u>	<u>-</u>
23 Other expenses		
Power and fuel	61	52
Rent (refer note 29.1)	1,766	1,482
Repairs to building	27	17
Repairs to others	57	202
Insurance	194	239
Travelling and conveyance	920	879
Printing and stationery	15	70
Legal, professional and consultancy	1,054	1,100
IT and communications [net of reimbursement of expenses - Rs. 20.88 lakhs (Previous year - Rs. 246.06 lakhs)]	860	421
Office running costs	243	375
Business promotion	-	-
Marketing expenses	8,709	6,807
Homologation expenses [net of reimbursement of expenses - Rs. Nil (Previous year - Rs. 71.59 lakhs)]	147	499
Training [net of reimbursement of expenses - Rs. 55.45 lakhs (Previous year - Rs. 218.63 lakhs)]	412	217
Provision for contingencies	-	-
Auditors remuneration	27	58
Corporate social responsibility expenses	28	-
Others	448	394
Total	<u>14,968</u>	<u>12,812</u>
Auditors remuneration :		
a) Statutory audit	26	38
b) Taxation matters	-	13
c) Other services	-	6
d) Reimbursement of expenses	1	1
	<u>27</u>	<u>58</u>

Jaguar Land Rover India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

	Year ended 31 March 2018	Year ended 31 March 2017
24 Income taxes		
Income taxes recognised in profit and loss		
Current tax		
In respect of the current year	-	2,031
In respect of the previous years	<u>(34)</u>	<u>-</u>
	<u>(34)</u>	<u>2,031</u>
Deferred tax		
In respect of the current year	<u>391</u>	<u>(2,383)</u>
	<u>391</u>	<u>(2,383)</u>
Total income tax expense recognised	<u>357</u>	<u>(352)</u>

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before tax	27	9,626
Income tax expense/(credit)	8	3,332
Effect of expenses that are not deductible in determining taxable profit		
- Effect of capital expenses	-	10
- Effect of interest on late payment of TDS	-	1
- Effect of interest on tax	-	130
- Others	(21)	2
Effect of notional foreign exchange gain on currency translation	316	(1,062)
Effect of utilisation / credit of unrecognised tax losses, unabsorbed depreciation and other tax benefits	-	(2,764)
Impact of earlier years	43	-
Effect on deferred tax balances due to the changes in income tax rate from 34.608% to 34.944% effective 01.04.2018	10	-
Income tax expense recognised in profit or loss	<u>357</u>	<u>(351)</u>

The tax rate used for the years 2016-2017 and 2015-2016 reconciliations above is the corporate tax rate of 34.61% payable by corporate entities in India on taxable profits under the Indian tax law

Jaguar Land Rover India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

24 Income taxes (Continued)

Movement in deferred tax balances

	Net balance 1 April 2017	Recognised in profit or loss	Recognised in OCI	Net balance 31 March 2018
Deferred tax asset				
Property, plant and equipment	146	(110)	-	36
Effects on currency translation on tax base of non monetary items	504	(332)	-	172
Provision for contingency	173	(173)	-	-
Provision - Employee benefits	12	53	5	71
Business losses and unabsorbed depreciation carried forward	-	243	-	243
Minimum alternate tax Credit	1,520	(73)	-	1,447
	<u>2,355</u>	<u>(391)</u>	<u>5</u>	<u>1,970</u>
Deferred tax asset (net)	<u>2,356</u>	<u>(391)</u>	<u>5</u>	<u>1,970</u>

	Net balance 1 April 2016	Recognised in profit or loss	Recognised in OCI	Net balance 31 March 2017
Deferred tax asset				
Property, plant and equipment	-	146	-	146
Effects on currency translation on tax base of non monetary items	-	504	-	504
Provision for contingency	-	173	-	173
Provision - Employee benefits	-	12	-	12
Business losses and unabsorbed depreciation carried forward	-	-	-	-
Minimum alternate tax Credit	-	1,520	-	1,520
	<u>1</u>	<u>2,356</u>	<u>-</u>	<u>2,356</u>
Deferred tax asset (net)	<u>1</u>	<u>2,356</u>	<u>1</u>	<u>2,356</u>

The company offsets tax assets and liabilities if, and only if, it has a legally enforceable right to set off tax liabilities against tax assets. The company has tax losses which arose in India of Rs. Nil (31 March 2016 Rs. 885; 1 April 2015 - Nil) that are available for offset against future taxable profits.

	Year ended 31 March 2018	Year ended 31 March 2017
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25 Earnings per Share

(Loss) / profit after tax	Rs. lakhs	(330)	9,978
The weighted average number of equity Shares	No.	280,250,000	280,250,000
Nominal value per equity share	Rs.	10	10
Earnings per equity share (Basic)	Rs.	(0.12)	3.56
Earnings per equity share (Diluted)	Rs.	(0.12)	3.56

Jaguar Land Rover India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

26 Employee benefit plan

26.1 Defined benefit plan

The Company has a defined benefit gratuity plan governed by the Payment of Gratuity Act, 1972.

The present value of defined benefit plan liability is calculated with reference to the future salaries and plan participants.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	31 March 2018	31 March 2017
Discount rate(s)	7.70%	7.50%
Expected rate(s) of salary increase	12%	10%

Amounts recognised in Statement of Profit and Loss in respect of these defined benefits plans are as follows :

	Year ended 31 March 2018	Year ended 31 March 2017
Current service cost	59	73
Past service cost and (gain)/loss from settlements	5	-
Net interest cost / (income)	(3)	-
Components of defined benefit costs recognised in the Statement of Profit and Loss	61	73
Remeasurement on the net defined benefit liability :		
Actuarial (gains)/losses arising from changes in financial assumptions	48	(35)
Actuarial (gains)/losses arising from experience adjustments	(33)	(45)
Components of defined benefit costs recognised in other comprehensive income	15	(80)
Total	76	(7)

The current service cost and the net interest expense for the year are included in the "Employee benefits expense" in the Statement of Profit and Loss.

The remeasurement of the net defined liability is included in other comprehensive income

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	31 March 2018	31 March 2017
Present value of funded defined benefit obligation	(298)	(208)
Fair value of plan assets	292	219
Net assets / (liability)	(6)	11

Movements in the present value of the defined benefit obligations are as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
Opening defined benefit obligations	208	192
Current service cost	59	73
Interest cost	15	15
Remeasurement (gains)/losses :		
Actuarial (gains)/losses arising from changes in financial assumptions	48	(35)
Actuarial (gains)/losses arising from experience adjustments	(31)	(27)
Past service cost, including losses /(gains) on curtailment	5	-
Liabilities extinguished as settlements	(7)	(10)
Closing defined benefit obligation	298	208

Jaguar Land Rover India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

26 Employee benefit plan (Continued)

Movements in the fair value of the plan assets are as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
Opening fair value of plan assets	219	196
Interest income	18	15
Remeasurement gains/(losses) :		
Return on plan assets (excluding amounts included in net interest expense)	2	18
Contribution from the employer	60	-
Assets distributed on settlements	(7)	(10)
Closing fair value of plan assets	292	219
Value of assets by class		
Asset category:		
Cash and cash equivalents	6.5%	0.4%
Debt instruments (quoted)	65.2%	71.9%
Debt instruments (unquoted)	0.9%	5.4%
Equity instruments (quoted)	1.9%	1.5%
Deposits with insurance companies	25.5%	20.8%
Total	100%	100%

Note :

	Year ended 31 March 2018	Year ended 31 March 2017
(a) Assumption sensitivity's		
Discount rate sensitivity		
	One percent decrease in discount rate	
Change in defined benefit obligations	35	24
Change in gross service cost	8	7
Change in net interest cost	10	8
	One percent increase in discount rate	
Change in defined benefit obligations	(29)	(21)
Change in gross service cost	(7)	(6)
Change in net interest cost	(9)	(8)
Salary decrease/increase sensitivity		
	One percent decrease in discount rate	
Change in defined benefit obligations	(28)	(20)
Change in gross service cost	(7)	(6)
Change in net interest cost	(9)	(7)
	One percent increase in discount rate	
Change in defined benefit obligations	32	23
Change in gross service cost	8	6
Change in net interest cost	11	9

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

- (b) Estimated amount of contribution expected to be paid after balance sheet date - Rs. 13 lakhs (Previous year. Rs. 7 lakhs)
- (c) The assumptions of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- (d) Defined contribution plan

The Company's contribution to the defined contribution plan aggregated Rs. 60 lakhs (Previous year: Rs 170.65 lakhs) for the year ended 31 March 2018 has been recognised in the Statement of Profit and Loss under the heads "contribution to Provident and other funds" in note.21.

Jaguar Land Rover India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

27 Capital management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and other long-term strategic plans. The funding requirements are met through equity and operating cash flows.

Equity comprises all components excluding currency translation reserve. The following table summarises the capital of the Company :

	31 March 2018	31 March 2017
Long term maturities of finance lease obligations	11,744	-
Current portion of finance lease obligations (unsecured)	1,204	-
Adjusted net debt	12,948	-
Total equity as reported in the balance sheet	27,442	27,781
Less : Currency translation reserve	(2,461)	(2,461)
Equity excluding currency translation reserve	29,903	30,242
Adjusted net debt to adjusted equity ratio	0.43	-

27.1 Disclosure 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.

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 2.20 to the financial statement.

27.2 Categories of financial instruments

	31 March 2018	31 March 2017
Financial assets		
Measured at amortised cost		
(a) Cash and cash equivalents	78,126	36,504
(b) Trade receivables	2,335	2,572
(c) Other non-current financial assets	489	693
(d) Other current financial assets	279	600
Total	81,230	40,369
Financial liabilities		
Measured at amortised cost		
(a) Trade payables	73,599	35,109
(b) Non-current borrowings	11,744	-
(c) Other non-current financial liability	229	444
(d) Other current financial liability	1,943	788
	87,515	36,342

The Company considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Jaguar Land Rover India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

27 Capital management (Continued)

27.3 Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

Current year - The Company is primarily exposed to fluctuations in GBP against INR which is the functional currency of the Company.

Previous year - The Company is primarily exposed to fluctuations in INR against GBP which was the functional currency of the Company.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 10%.

The following table sets forth information relating to foreign currency exposure:

Assets	31 March 2018	31 March 2017
Currency - INR	-	40,369
Currency - GBP	1716	-

Liabilities	31 March 2018	31 March 2017
Currency - GBP	29,563	-
Currency - INR	-	19,790
Currency - EUR	-	9
Currency - USD	-	36

10% appreciation/depreciation of GBP with respect to INR would result in decrease/increase in the Company's net income/loss before tax by approximately INR 172 lakhs and INR 2956 lakhs for financial assets and financial liabilities respectively, for the year ended 31 March 2018.

10% appreciation/depreciation of INR with respect to GBP would result in decrease/increase in the Company's net income/loss before tax by approximately Rs. 4,037 lakhs and Rs. 1983 lakhs for financial assets and financial liabilities respectively, for the year ended 31 March 2017.

27.4 Credit risk

Credit risk is the risk of financial loss to the Company 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, other current and non-current financial assets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 3,104 lakhs as of 31 March 2018, Rs. 3,865 lakhs as of 31 March 2017, being the total of the carrying amount of balances with trade receivables and other financial assets.

Credit risk of the Company on cash and cash equivalents is limited as the same is consist of balance with banks with high credit ratings assigned by international and domestic credit rating agencies.

27.5 Liquidity risk

Liquidity risk refers to the risk that the Company will encountered difficulty in meeting the obligations associated with it's financial liabilities. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The funding requirements of the Company are met through equity and operating cash flow.

The table below provides details regarding the contractual maturities of financial liabilities :

	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total contractual cash flow
31 March 2018						
(a) Trade payables	73,599	73,599	-	-	-	73,599
(b) Non-current borrowings	11,744	-	1,224	3,786	6,734	11,744
(c) Other non-current financial liability	229	-	-	229	-	229
(d) Other current financial liability	1,943	1,943	-	-	-	1,943
31 March 2017						
(a) Trade payables	35,109	35,109	-	-	-	35,109
(b) Non-current borrowings	-	-	-	-	-	-
(c) Other non-current financial liability	444	-	215	229	-	444
(d) Other current financial liability	788	788	-	-	-	788

Jaguar Land Rover India

Notes to the financial statements (Continued)

for the year ended 31 March 2018

All amounts are in Rs. lakhs unless otherwise

28 Related party transactions

<u>Name of the Company / Key Management</u>	<u>Nature of relationship</u>
Tata Motors Limited	Ultimate Parent Company
Jaguar Land Rover Limited	Parent Company
Tata Sons Limited	Investing party in ultimate parent company
Concorde Motors (India) Limited	Fellow Subsidiary
Tata Technologies Limited	Fellow Subsidiary
Tata AIG General Insurance Company Limited	Subsidiary of Tata sons
Tata Business Support Services Limited	Subsidiary of Tata sons
Tata Capital Forex Limited (ceased w.e.f. 30.10.2017)	Subsidiary of Tata sons
Tata Consultancy Services Limited	Subsidiary of Tata sons
Spark44 GmbH (Frankfurt)	Fellow Subsidiary - Associates till 31 August 2017
Spark44 Demand Creation Partners Pte Ltd (Mumbai)	Fellow Subsidiary - Associates till 31 August 2017
Tata Teleservices Limited	Joint Venture (JV) of Tata sons

Key Management Personnel (KMP)

Mr. Rohit Suri	Managing Director (Effective from 24 November 2016)
Mr. Sandeep Shenoy	Manager (Effective from 22 July 2015 upto 23 November 2016) and Chief Financial Officer (Upto 31 May 2017)
Ms. Neha Dave	Director (effective from 22 March 2018) and Chief Financial Officer (Effective from 31 August 2017)
Mr. Anil Sinha	Director (effective from 5 Nov 2015)
Mr. Elwyn Roberts	Independent director
Ms. Gillian Karan	Independent director
Mr. Mani Raman	Director (till 22 March 2018)
Mr. Rajiv Gupta	Director (effective from 22 March 2018)
Mr. Govind Patil	Director (effective from 22 March 2018)
Ms. Binita Khory	Company Secreto

28.1 Transactions with related parties

		Key Management Personnel	Ultimate Parent Company	Parent Company	Fellow Subsidiaries	Associates	Subsidiaries and JV of Tata sons
Services received	Current year	-	1,395	-	220	164	782
	Previous year	-	1,088	-	197	558	404
Services rendered	Current year	-	436	2,664	-	-	-
	Previous year	-	978	2,703	-	-	-
Reimbursement of expenses	Current year	-	-	479	-	-	-
	Previous year	-	-	333	-	-	-
Expenses incurred on behalf of the Company	Current year	-	627	1,153	-	-	-
	Previous year	-	24	1,138	-	-	-
Warranty reimbursement	Current year	-	-	3,315	-	-	-
	Previous year	-	-	3,094	-	-	-
Purchase of fixed assets - vehicles	Current year	-	-	-	43	-	-
	Previous year	-	-	-	37	-	-
Purchase of vehicles	Current year	-	132,958	25,026	-	-	-
	Previous year	-	72,471	22,724	-	-	-
Purchase of spare parts and accessories	Current year	-	-	11,387	-	-	-
	Previous year	-	-	8,635	-	-	-
Purchase of custom licenses	Current year	-	1,931	-	-	-	-
	Previous year	-	-	-	-	-	-
Assets acquired under finance lease	Current year	-	14,134	-	-	-	-
	Previous year	-	-	-	-	-	-
Payment of finance lease obligation (including interest)	Current year	-	3,578	-	-	-	-
	Previous year	-	-	-	-	-	-
Remuneration paid to KMP (refer note below)	Current year	230	-	-	-	-	-
	Previous year	92	-	-	-	-	-
The following balances were outstanding at the end of the year							
Amount receivable - Unsecured considered good	31 March 2018	-	782	1,716	-	-	-
	31 March 2017	-	28	2,299	-	-	17
Amount payable	31 March 2018	-	42,139	25,731	23	-	116
	31 March 2017	-	3,881	17,014	27	103	27

Note - Excludes provision for encashable leave and gratuity for certain key management personnels as a separate actuarial valuation is not available

Jaguar Land Rover India Limited

Notes to the financial statements (Continued)

for the for the year ended 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

29 Lease arrangements

29.1 Payments recognised as expense

The Company has taken office premises on operating lease. Lease arrangement for the premises has been entered up to maximum of 5 years from the date of inception

	Year ended 31 March 2018	Year ended 31 March 2017
Lease payments recognised in the Statement of Profit and Loss under note 23	1,766	1,482
	<u>1,766</u>	<u>1,482</u>

29.2 Non-cancellable operating lease commitments

	31 March 2018	31 March 2017
Not later than 1 year	203	266
Later than 1 year and not later than 5 years	329	-
Later than 5 years	-	-
	<u>532</u>	<u>266</u>

29.3 Receipts recognised as an income

Company has sub-leased one of it's premise.

	Year ended 31 March 2018	Year ended 31 March 2017
Sub-lease income recognised in the Statement of Profit and Loss under note 20	457	292
	<u>457</u>	<u>292</u>

29.4 Finance lease obligations

Finance lease obligations are payable as follows:

	31 March 2018			31 March 2017		
	Future minimum lease payments (MLP)	Interest element of MLP	Present value of MLP	Future minimum lease payments (MLP)	Interest element of MLP	Present value of MLP
Less than one year	3,395	2,191	1,204	-	-	-
Between one and five years	11,701	6,691	5,010	-	-	-
More than five years	7,873	1,140	6,734	-	-	-
	<u>22,969</u>	<u>10,022</u>	<u>12,948</u>	<u>-</u>	<u>-</u>	<u>-</u>

30 Segment reporting

The Company's principal activity is to act as the National Sales Company (sale of vehicles, spares parts and accessories) in India for Jaguar Land Rover, United Kingdom. These, in the context of Indian Accounting Standard 108 (Ind AS 108) on Segment reporting, is considered to constitute single operating segment.

The Company has its entire operations in India and hence entire revenue is generated in India, all the services are rendered to the customers in India and there are no assets which are situated outside India.

Information about major customers:

Included in revenue from operations arising from sale of products of Rs. 183,862 (FY 2016-17 Rs. 144,348) (see note 19) are revenues of approximately Rs. 51,290 (Previous year: Rs. 45,053) which arose from sales to the Company's two large customers, exceeding 10% of aforesaid revenue from operations. No other customer contributed 10% or more to the Company's revenue for FY 2017-18.

Jaguar Land Rover India Limited

Notes to the financial statements (Continued)

for the for the year ended 31 March 2018

All amounts are in Rs. lakhs unless otherwise stated

31 Contingent liabilities

	31 March 2018	31 March 2017
Claims against the Company not acknowledged as debts	802	592
	<u>802</u>	<u>592</u>

In the normal course of business, 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. Such potential losses may be of an uncertain timing and/or amount. Management believes that none of the contingencies described below, either individually or in aggregate, would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

The Company is involved in legal proceedings, both as plaintiff and as defendant. There are claims and potential claims as at 31 March 2018 of Rs. 802 lakhs (Previous year. Rs. 592 lakhs) against the Company which management has not recognised as they are not considered probable. These claims and potential claims pertain to motor accident claims, consumer complaints, replacement of parts of vehicles and/or compensation for deficiency in the services by the Company or its dealers.

Jaguar Land Rover India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2018

All amounts are in Rs lakhs unless otherwise stated

32 Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, the Company has identified areas including activities for promoting programs that benefit the communities in and around the Company's work centre and further results in enhancing the quality of life and economic well being of the local populace, express commitment to the social development through responsible business practices and good governance, engage with state and its agencies in pursuing the development agenda for sustainable change for its CSR activities. These areas will be pursued in phases and in a manner aligned with the CSR rules and regulations. The funds have been contributed to trusts/organisations involved in the above activities and will be utilized on the activities which are specified in Schedule VII of the Companies Act, 2013. The gross amount required to be spent by the Company on CSR activities is Rs 28 lakhs. The total expenditure incurred on 'Corporate Social Responsibility Activities' for the current year is Rs. 3 lakhs. Till the previous year the Company was in losses and hence not required to spend on CSR.

Amount spent during the year on:

Particulars	In cash	Yet to be paid	Total
(i) Construction/acquisition of any assets	-	-	-
(ii) CSR Programs	-	-	-
(iii) Other expenses allowed under CSR	5	22	28
Total	5	22	28

33 Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the financial year. The Company is required to update and put in place the information latest by the due date of filing its income tax return (30 November 2018). The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for tax.

34 Subsequent events

The Company has evaluated all events and transactions that occurred after 31 March 2018 till the date of issue of these financial statements. During this period, the Company did not have any material recognisable subsequent event.

35 The statutory financial statement of the Company for the year ended 31 March 2017 prepared in accordance with Ind AS were audited by the predecessor auditor who wide their report dated 19 June 2017 expressed and unmodified opinion.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
Jaguar Land Rover India Limited

Rajiv Shah
Partner
Membership No: 112878

Rohit Suri
Managing Director
DIN - 03394169

Rajiv Gupta
Director
DIN - 0008090363

Mumbai
19 June 2018

Binita Khory
Company Secretary
Membership no. - A24829

Neha Dave
Director and Chief Financial Officer
DIN - 8090477

Independent Auditor's Report

To the Members of Jaguar Land Rover India Limited

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Jaguar Land Rover India 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 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/loss (including 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 judgments 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.

Independent Auditors' Report (*Continued*)

Jaguar Land Rover India Limited

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.

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 judgment, 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 entity'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 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 (loss), changes in equity and its cash flows for the year ended on that date.

Independent Auditors' Report (*Continued*)

Jaguar Land Rover India Limited

Other Matters

The statutory financial statements of the Company for the year ended 31 March 2017 prepared in accordance with Ind AS were audited by the predecessor auditor who vide their report dated 19 June 2017 expressed an unmodified opinion.

Our opinion is not modified in respect of the above matter.

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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in 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 Statement of Changes in Equity dealt with by this Report are in agreement with the books of account
 - 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 taken on record by the Board of Directors, none of the directors is 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 financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

Independent Auditors' Report (*Continued*)

Jaguar Land Rover India Limited

Report on Other Legal and Regulatory Requirements (*Continued*)

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 31 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 are no amounts 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.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Mumbai
19 June 2018

Rajiv Shah
Partner
Membership No. 112878

Jaguar Land Rover India Limited

Annexure A to the Independent Auditors' Report - 31 March 2018

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a regular programme of physical verification of its fixed assets excluding assets taken on finance lease by which by which all fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, certain fixed assets excluding assets taken on finance lease were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any immovable properties and hence paragraph 3 (i)(c) of the Order is not applicable to the Company.
- (ii) The inventory except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act') and hence paragraph 3 (iii) of the Order is not applicable to the Company.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has not undertaken any transactions during the year in respect of loans, guarantees and securities covered under Section 185 and 186 of the Act and hence paragraph 3 (iv) of the Order is not applicable to the Company.

Jaguar Land Rover India Limited

Annexure A to the Independent Auditors' Report – 31 March 2018 (*Continued*)

- (v) According to information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services rendered by the Company. Accordingly, paragraph 3 (vi) of the Order is 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 statutory dues including Provident Fund, Income-tax, Sales tax, Service tax, Goods and Service Tax, duty of Excise, duty of Customs, Value Added Tax, Cess and other material statutory dues have been generally regularly deposited during the year with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales tax, Service tax, Goods and Service Tax, duty of Excise, duty of Customs, Value Added Tax, Cess and other statutory dues, 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, Sales tax, Service tax, Goods and Service Tax duty of Customs, Value Added Tax which have not been deposited by the Company on account of disputes.
- (viii) In our opinion, and according to the information and explanations given to us, the Company did not have any outstanding dues to any bank, financial institution, government or debenture holders.
- (ix) In our opinion, and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) In our opinion, and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, during the year, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

Jaguar Land Rover India Limited

Annexure A to the Independent Auditors' Report – 31 March 2018 (*Continued*)

- (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. The details of such related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures, specified under Section 133 of the Act, read with relevant rules issued thereunder.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (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 such directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Mumbai
19 June 2018

Rajiv Shah
Partner
Membership No. 112878

Annexure B to the Independent Auditor's Report of even date on the Ind AS Financial Statements of Jaguar Land Rover India Limited

Referred to in paragraph 2(f) in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of Jaguar Land Rover India Limited on the Ind AS financial statements for the year ended 31 March 2018.

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were 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 financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Annexure B to the Independent Auditor's Report on the Ind AS Financial Statements of Jaguar Land Rover India Limited

Meaning of Internal Financial Controls with reference to Financial Statement

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For B S R & Co. LLP
Chartered Accountants

Firm's Registration No: 101248W/W-100022

Mumbai
19 June 2018

Rajiv Shah
Partner
Membership No. 112878