

# B S R & Co. LLP

Chartered Accountants

7th & 8th floor, Business Plaza,  
Westin Hotel Campus,  
36/3-B, Koregaon Park Annex,  
Mundhwa Road, Ghorpadi,  
Pune - 411001, India

Telephone +91 (20) 6747 7300  
Fax +91 (20) 6747 7310

## Independent Auditors' Report

### To the Members of Jaguar Land Rover India Limited

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Jaguar Land Rover India Limited ("the Company"), which comprise the Balance sheet as at 31 March 2020, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

#### Emphasis of matter

We draw your attention to Note 34 to these financial statements, which describes the Management's assessment of the impact of COVID -19 pandemic and the resultant lockdowns on the significant uncertainties involved in developing some of the estimates involved in preparation of the financial statements including the assessment of the recoverable values of its property, plant and equipment, right-of-use assets and the net realizable values of other assets. Based on information available as of this date, Management believes that no further adjustments are required to the financial statements. However, in view of the highly uncertain economic environment impacting the automotive industry, a definitive assessment of the impact is highly dependent upon circumstances as they evolve in future and the actual results may differ from those estimated as at the date of approval of these financial statements.

Our opinion is not modified in respect of this matter.

## **Independent Auditors' Report (Continued)**

### **To the Members of Jaguar Land Rover India Limited**

#### **Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Management's and Board of Directors' Responsibility for the Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified 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 of 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **Independent Auditors' Report (*Continued*)**

### **To the Members of Jaguar Land Rover India Limited**

#### **Auditor's Responsibilities for the Audit of the Financial Statements (*Continued*)**

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## **Independent Auditors' Report (Continued)**

### **To the Members of Jaguar Land Rover India Limited**

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) 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 (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account,
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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".

(B) With respect to the other matters to be included in the Auditors' 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 as at 31 March 2020 on its financial position in its financial statements - Refer Note 30 to the financial statements
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**Independent Auditors' Report (*Continued*)**

**To the Members of Jaguar Land Rover India Limited**

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

- 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 in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Pune  
9 July 2020

**Shiraz Vastani**  
*Partner*  
Membership No.: 103334  
UDIN - 20103334AAAABI6763

## **Annexure A to the Independent Auditors' Report on the financial statements of Jaguar Land Rover India Limited for the year ended 31 March 2020**

(Referred to in our report of even date)

- (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 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 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 property 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/ subsequent to the year end. 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. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (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.
- (v) According to information and explanations given to us, the Company has not accepted any deposits from the public as per the provision of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. 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 the activities carried out 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, Goods and Service Tax, duty of Customs and other material statutory dues have been generally been regularly deposited during the year with the appropriate authorities, except for Provident Fund dues referred to in note 30 to the financial statements.

**Annexure A to the Independent Auditors' Report on the financial statements of Jaguar Land Rover India Limited for the year ended 31 March 2020 (Continued)**

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Service Tax, duty of Customs and other statutory dues, were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable. We draw attention to note 30 to the financial statements which more fully explains the matter regarding non-payment of Provident Fund contribution.

- (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 Excise, duty of Customs, and other material statutory dues which have not been deposited by the Company with appropriate authorities on account of disputes except the following:

Name of the Statute	Nature of dues	Amount (Rs. Lakhs)	Amount paid under protest (Rs. Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Income Tax	343	21	AY 2015-16	Income Tax Appellate Tribunal, Mumbai
Central Sales Tax Act, 1956	Central Sales Tax (including interest and penalty)	1,042	72	2014-15	Joint Commissioner of State Tax (Appeal), Mumbai

- (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 or government. The Company has not issued debentures during the year.
- (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.

**Annexure A to the Independent Auditors' Report on the financial statements of Jaguar Land Rover India Limited for the year ended 31 March 2020**  
*(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 section 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. The Company does not fall under the definition of a listed company or other class of companies which is required to constitute an audit committee under Section 177 (4)(iv) of the Act and hence the said section is not applicable to the Company.
- (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 **B S R & Co. LLP**  
*Chartered Accountants*  
Firm's Registration No. 101248W/W-100022

**Shiraz Vastani**  
*Partner*  
Membership No. 103334  
UDIN - 20103334AAAABI6763

Pune  
9 July 2020

## **Annexure B to the Independent Auditors' report on the financial statements of Jaguar Land Rover India Limited for the year ended 31 March 2020**

### **Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

#### **Opinion**

We have audited the internal financial controls with reference to financial statements of Jaguar Land Rover India Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, read with the Emphasis of matter paragraph relating to estimation uncertainties related to COVID-19 pandemic and the resultant lockdowns, referred to in our report on the financial statements, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### **Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Companies Act, 2013 (hereinafter referred to as "the Act").

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

**Annexure B to the Independent Auditors' report on the financial statements of Jaguar Land Rover India Limited for the year ended 31 March 2020  
(Continued)**

**Auditors' Responsibility (Continued)**

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 with reference to financial statements.

**Meaning of Internal Financial controls with Reference to Financial Statements**

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

**Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

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

For **B S R & Co. LLP**  
*Chartered Accountants*  
Firm's Registration No.: 101248W/W-10022

Pune  
9 July 2020

**Shiraz Vastani**  
*Partner*  
Membership No.: 103334  
UDIN - 20103334AAAABI6763

# Jaguar Land Rover India Limited

## Balance Sheet

as at 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

	Note	31 March 2020	31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	685	13,558
Right-of-use assets	3a	15,325	-
Financial assets:			
Other financial assets	4a	64	555
Deferred tax assets (net)	9	-	1,466
Non-current tax assets (net)		610	496
Other non-current assets	8a	950	196
<b>Total non-current assets</b>		<b>17,634</b>	<b>16,271</b>
<b>Current assets</b>			
Inventories	5	27,231	50,873
Financial assets:			
Trade receivables	6	1,168	1,619
Cash and cash equivalents	7	15,630	15,552
Other financial assets	4b	3,800	5,801
Other current assets	8b	3,534	8,632
<b>Total current assets</b>		<b>51,363</b>	<b>82,477</b>
<b>Total assets</b>		<b>68,997</b>	<b>98,748</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10	28,025	28,025
Other equity	11	(12,158)	(4,577)
<b>Total equity</b>		<b>15,867</b>	<b>23,448</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities:			
Borrowings	12	-	10,340
Lease liabilities		11,644	-
Other financial liabilities	13a	-	229
Provisions	14b	806	350
Other non-current liabilities	15	2,107	3,260
<b>Total non-current liabilities</b>		<b>14,557</b>	<b>14,179</b>
<b>Current liabilities</b>			
Financial liabilities:			
Lease liabilities		2,434	-
Trade payables	16		
- Due to micro and small enterprises		13	5
- Due to creditors other than micro and small enterprises		28,407	54,444
Other financial liabilities	13b	963	1,773
Provisions	14a	18	21
Other current liabilities	17	6,738	4,878
<b>Total current liabilities</b>		<b>38,573</b>	<b>61,121</b>
<b>Total liabilities</b>		<b>53,130</b>	<b>75,300</b>
<b>Total equity and liabilities</b>		<b>68,997</b>	<b>98,748</b>

The accompanying notes form an integral part of the 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

**Shiraz Vastani**

Partner

Membership No: 103334

UDIN - 20103334AAAABI6763

**Rohit Suri**

Managing Director

DIN - 03394169

**Rajiv Gupta**

Director

DIN - 08090363

Pune

9 July 2020

**Binita Khory**

Company Secretary

Membership No: A24829

**Amita Karia**

Director and Chief Financial Officer

DIN - 08266802

Mumbai

9 July 2020

# Jaguar Land Rover India Limited

## Statement of Profit and Loss

for the year ended 31 March 2020

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

	<i>Note</i>	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations	18	151,956	190,550
Other income	19	1,073	841
<b>Total income</b>		<b>153,029</b>	<b>191,391</b>
<b>Expenses</b>			
Purchase of products for sale		113,557	199,075
Changes in inventories of products for sale		23,642	(28,757)
Employee benefit expense	20	4,644	4,488
Finance cost	21	3,264	4,100
Depreciation	3&3a	2,910	999
Net foreign exchange losses		259	373
Other expenses	22	10,535	14,643
<b>Total expenses</b>		<b>158,811</b>	<b>194,921</b>
<b>Loss before tax</b>		<b>(5,782)</b>	<b>(3,530)</b>
Tax expense:			
Current tax	23	-	-
Deferred tax	23	1,433	490
<b>Loss for the year</b>		<b>(7,215)</b>	<b>(4,020)</b>
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified to Statement of Profit and Loss			
(a) Remeasurement of the defined benefit plans	25	95	40
(ii) Income tax relating to items that will not be reclassified to Statement of Profit and Loss		(33)	(14)
<b>Total other comprehensive income, net of tax</b>		<b>62</b>	<b>26</b>
<b>Total comprehensive loss for the year</b>		<b>(7,153)</b>	<b>(3,994)</b>
Earnings per ordinary equity share of Rs. 10 each:			
Basic and diluted (in Rs.)	24	(2.57)	(1.43)

The accompanying notes form an integral part of the 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

**Shiraz Vastani**

Partner

Membership No: 103334

UDIN - 20103334AAAABI6763

**Rohit Suri**

Managing Director

DIN - 03394169

**Rajiv Gupta**

Director

DIN - 08090363

Pune

9 July 2020

**Binita Khory**

Company Secretary

Membership No: A24829

**Amita Karia**

Director and Chief Financial Officer

DIN - 08266802

Mumbai  
9 July 2020

# Jaguar Land Rover India Limited

## Statement of Changes in Equity

for the year ended 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

### a) Equity share capital

	Amount
<b>Balance as at 31 March 2018</b>	<b>28,025</b>
Changes in equity share capital during the year	-
<b>Balance as at 31 March 2019</b>	<b>28,025</b>
Changes in equity share capital during the year	-
<b>Balance as at 31 March 2020</b>	<b>28,025</b>

### b) Other equity

	Reserves and surplus		Item of other comprehensive income		Total other equity
	Retained earnings	Remeasurements of the defined benefit plans	Currency translation reserve		
<b>Balance as at 31 March 2018</b>	<b>1,936</b>	<b>(58)</b>	<b>(2,461)</b>	<b>(583)</b>	
Loss for the year	(4,020)		-	<b>(4,020)</b>	
Other comprehensive income for the year (net of tax)	-	26	-	<b>26</b>	
<b>Total comprehensive loss for the year</b>	<b>(4,020)</b>	<b>26</b>	<b>-</b>	<b>(3,994)</b>	
<b>Balance as at 31 March 2019</b>	<b>(2,084)</b>	<b>(32)</b>	<b>(2,461)</b>	<b>(4,577)</b>	
Impact on account of transition to Ind AS 116	(428)	-	-	<b>(428)</b>	
Loss for the year	(7,215)	-	-	<b>(7,215)</b>	
Other comprehensive income for the year (net of tax)	-	62	-	<b>62</b>	
<b>Total comprehensive loss for the year</b>	<b>(7,643)</b>	<b>62</b>	<b>-</b>	<b>(7,581)</b>	
<b>Balance as at 31 March 2020</b>	<b>(9,727)</b>	<b>30</b>	<b>(2,461)</b>	<b>(12,158)</b>	

#### Nature and purpose of reserves :

- Retained earnings represents the accumulated surplus / (deficit) from the Statement of Profit and Loss.
- Foreign currency translation reserve - till 31 March 2017, the Company's functional currency was Great Britain Pound (GBP) which was the currency of the primary economic environment that influenced its operation and the presentation currency was Indian Rupees (INR). The exchange differences arising from the translation of functional currency to presentation currency was recognised in foreign currency translation reserve within other comprehensive income under other equity.
- Remeasurements of the defined benefit plans comprises of actuarial gains and losses on calculation of defined benefit obligations and differences between the fair value of plan assets, return on plan assets and actual interest income on plan assets. These remeasurements are recognised in other comprehensive income and will not be reclassified to Statement of Profit and Loss.

The accompanying notes form an integral part of the 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**

**Shiraz Vastani**

Partner

Membership No: 103334

UDIN - 20103334AAAABI6763

**Rohit Suri**

Managing Director

DIN - 03394169

**Rajiv Gupta**

Director

DIN - 08090363

Pune

9 July 2020

**Binita Khory**

Company Secretary

Membership No: A24829

**Amita Karia**

Director and Chief Financial Officer

DIN - 08266802

Mumbai  
09 July 2020

# Jaguar Land Rover India Limited

## Statement of cash flows

for the year ended 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Cash flows from operating activities</b>		
Loss before tax for the year	(5,782)	(3,530)
Adjustments for :		
Finance cost	3,264	4,100
Depreciation	2,910	999
Inventories write off / provision	1,214	275
Loss/(gain) on sale of property, plant and equipment (net)	6	(6)
Gain on modification of right-of-use assets (net)	(120)	-
Net unrealized foreign exchange loss/(gain)	97	(1,639)
	<u>1,589</u>	<u>199</u>
 Movements in working capital :		
Decrease in trade receivables	451	723
Decrease/(increase) in inventories	22,428	(29,031)
Decrease/(increase) in other financial assets	2,492	(1,934)
Decrease/(increase) in other assets	4,345	(5,696)
Decrease in trade payables	(26,126)	(21,220)
Increase/(decrease) in other financial liability	217	(222)
Increase in provisions	548	22
Increase in deferred revenue	612	2,909
Decrease in other liabilities	95	(2,507)
<b>Cash generated from operations</b>	<u>6,651</u>	<u>(56,757)</u>
 Income taxes paid	(114)	(226)
<b>Net cash generated by / (used in) operating activities</b>	<u><u>6,537</u></u>	<u><u>(56,983)</u></u>
 <b>Cash flows from investing activities</b>		
Payments for purchase of property, plant and equipment	(64)	(445)
Proceeds from disposal of property, plant and equipment	11	219
<b>Net cash used in investing activities</b>	<u><u>(53)</u></u>	<u><u>(226)</u></u>
 <b>Cash flows from financing activities</b>		
Repayment of lease liabilities	(3,142)	(1,265)
Interest on lease liabilities	(1,955)	(1,526)
Interest on working capital	(1,309)	(2,574)
<b>Net cash used in financing activities</b>	<u><u>(6,406)</u></u>	<u><u>(5,365)</u></u>
 <b>Net increase/(decrease) in cash and cash equivalents</b>	<u><u>78</u></u>	<u><u>(62,574)</u></u>
 <b>Cash and cash equivalents at the beginning of the year</b>	<u>15,552</u>	<u>78,126</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>15,630</u></u>	<u><u>15,552</u></u>

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

**Shiraz Vastani**

Partner

Membership No: 103334

UDIN - 20103334AAAABI6763

**Rohit Suri**

Managing Director

DIN - 03394169

**Rajiv Gupta**

Director

DIN - 08090363

Pune

9 July 2020

**Binita Khory**

Company Secretary

Membership No: A24829

**Amita Karia**

Director and Chief Financial Officer

DIN - 08266802

Mumbai

9 July 2020

# Jaguar Land Rover India Limited

## Notes to the financial statements

for the year ended 31 March 2020

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 202/203, Ceejay House, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400 018, India.

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

These 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 were authorised for issue by the Company's Board of Directors on 9 July 2020.

The financial statements have been prepared on historical cost basis except for certain financial instruments measured at fair value.

#### 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 financial year 2016-17, the Company's functional currency was Great Britain Pound (GBP) being the currency of primary economic environment that influenced its operations and the presentation currency was INR.

In the financial year 2017-18, the Company changed its functional currency from GBP to INR due to change in underlying transactions and events. The effect of this change in functional currency was accounted for prospectively in the financial year 2017-18.

#### 2.3 Use of estimates and judgements

The preparation of these 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 recognised 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.

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

All amounts are in Rs lakhs unless otherwise stated

### 2 Significant Accounting Policies (*Continued*)

#### 2.3 Use of estimates and judgements (*Continued*)

##### (c) Useful life of Property, plant and equipment

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed in each financial year and adjusted prospectively, if appropriate. The policy for the same has been explained under note 2.12 and 2.13

##### (d) Lease

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

##### (e) Impairment

The Company reviews its carrying value of assets annually, or more frequently when there is a indication for impairment. If the recoverable amount is less than its 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.

#### 2.4 Revenue recognition

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

##### 2.4.1 Sale of products

The Company recognises revenue on the sale of vehicles, parts, and accessories at the point of 'wholesale', which is determined by the underlying terms and conditions of the contract with the customer as to when control transfers to them. The overall principle of control under Ind AS 115 considers which party has the ability to direct the use of an asset and to obtain substantially all of the remaining economic benefits.

Determining the transfer of control with regards to the sale of goods is driven by a consideration of a number of factors, including:

- The point at which the risks and rewards of ownership pass to the customer;
- The point at which the customer takes physical possession of the good or product;
- The point at which the customer accepts the good or product;
- The point at which the Company has a present right to payment for the sale of the good or product, and;
- The point at which legal title to the good or product transfers to the customer.

In the vast majority of cases, the sale of the relevant good is recognised at the point of dispatch (at release to the carrier responsible for transportation to the customer), or the point of delivery to the customer, which coincides with the invoicing point.

In accordance with Ind AS 115, the costs associated with providing sales support and incentives are considered to be variable components of consideration, thus reducing the amount of revenue recognised by the Company. Under Ind AS 115, the Company ensures that variable consideration is recognised to the extent of the amount of consideration to which it ultimately expects to be entitled. To meet this principle, the Company constrains its estimate of variable consideration to include amounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with such variability is subsequently resolved.

Consequent to introduction of Goods and Service tax (GST) with effect from 1 July 2017, central excise value added tax etc., have been replaced by GST. In accordance with Ind AS 115 on revenue and schedule III of the Companies act, 2013, GST, GST compensation cess, etc. are not included in revenue from operations.

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

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

All amounts are in Rs lakhs unless otherwise stated

### 2 Significant Accounting Policies (*Continued*)

#### 2.4.2 Sale of services

Scheduled maintenance contracts sold with a vehicle provide the end customer with the benefit of bringing their vehicle to a dealership for the routine maintenance required to maintain compliance for warranty purposes.

The Company typically receives payment relating to the scheduled maintenance contract at the same time as the proceeds from the vehicle sale, at which point the amount is recognised as a contract liability based on the stand-alone selling price.

The Company recognises revenue for scheduled maintenance contracts based on the expected performance of the services over the period from the point of a vehicle being retailed to an end customer and aligning to the expected costs to fulfil those services.

#### 2.4.3 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 recognised when incurred and are classified according to their nature.

#### 2.6 Leases

The Company adopted Ind AS 116 with effect from 1 April 2019. In accordance with Ind AS 116, at the inception of a contract, the Company assesses whether the contract is or contains a lease. The Company determines that a contract is or contains a lease if the contract conveys right to control the use of an identified asset for a period of time in exchange for a consideration.

Further, the lease arrangement is determined to be an operating lease or a finance lease at the inception of the lease based on the substance of the arrangement.

##### 2.6.1 Company as a lessee

At the inception of a contract which is or contains a lease in accordance with Ind AS 116, the Company recognises lease liability at the present value of the future lease payments. For non cancellable period of a lease which is not short term in nature, except for lease of low value items. The future lease payments for such non cancellable period is discounted using the Company's incremental borrowing rate. Lease payments include fixed payments, in substance fixed payments, amounts expected to be payable by the Company under residual value guarantee, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease if the lease term considered reflects that the Company shall exercise termination option. The Company also recognises a right-of-use asset which comprises of amount of initial measurement of the lease liability, any initial direct cost incurred by the Company and estimated dilapidation costs.

Right-of-use assets is amortised over the lease term. Subsequently, right-of-use assets are measured at their inception value less amortisation and impairment if any.

##### 2.6.2 Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

All amounts are in Rs lakhs unless otherwise stated

### 2 Significant Accounting Policies (*Continued*)

#### 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 occurred 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-monetary items that are measured based on historical cost in a foreign currency are translated at exchange rate at the date of transaction.

#### 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.

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 paid 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.

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

All amounts are in Rs lakhs unless otherwise stated

### 2 Significant Accounting Policies (*Continued*)

#### 2.9.3 Defined contribution plan

A defined contribution plan is a post employment benefit plan under which an entity pays specified contributions 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.

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. In case of history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax asset - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is not probable/ no longer probable respectively that the related tax benefit will be realised.

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.

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

All amounts are in Rs lakhs unless otherwise stated

### 2 Significant Accounting Policies (*Continued*)

#### 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 of accumulated depreciation and impairment losses, if any.

Cost includes purchase price, non refundable 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 the 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 physically 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 adopted 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 - 7 to 14 years

Furniture and fixtures - 4 to 10 years

Computers – 3 years

Assets acquired under leases are depreciated over the shorter of lease term and their estimated 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. 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 is considered to constitute one segment.

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

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.

#### 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.

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

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 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 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.

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, transferred 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.

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

All amounts are in Rs lakhs unless otherwise stated

### **2 Significant Accounting Policies (*Continued*)**

#### **2.21 Impairment (*Continued*)**

##### **(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") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

# Jaguar Land Rover India Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

### 3 Property, plant and equipment

	Own assets			Computers	Taken on lease	Total
	Plant and machinery	Furniture and fixture	Motor vehicles		Plant and machinery	
<b>Gross carrying amount</b>						
Gross carrying amount as at 31 March 2018	334	457	870	224	14,134	16,019
Additions	40	17	344	44	-	445
Disposals	-	-	(586)	-	-	(586)
<b>Gross carrying amount as at 31 Mar 2019</b>	<b>374</b>	<b>474</b>	<b>628</b>	<b>268</b>	<b>14,134</b>	<b>15,878</b>
Additions	-	-	22	42	-	64
Reclassified to right-of-use assets on transition to Ind AS 116	-	-	-	-	(14,134)	(14,134)
Disposals	-	-	(30)	-	-	(30)
<b>Gross carrying amount as at 31 Mar 2020</b>	<b>374</b>	<b>474</b>	<b>620</b>	<b>310</b>	<b>-</b>	<b>1,778</b>

	Own assets			Computers	Taken on Lease	Total
	Plant and machinery	Furniture and fixture	Motor vehicles		Plant and machinery	
<b>Accumulated depreciation</b>						
Accumulated depreciation as at 31 March 2018	114	185	459	205	731	1,694
Depreciation charge for the period	53	61	136	18	731	999
Disposals	-	-	(373)	-	-	(373)
<b>Accumulated depreciation as at 31 March 2019</b>	<b>167</b>	<b>246</b>	<b>222</b>	<b>223</b>	<b>1,462</b>	<b>2,320</b>
Reclassified to right-of-use assets on transition to Ind AS 116	-	-	-	-	(1,462)	(1,462)
Depreciation charge for the period	54	58	104	32	-	248
Disposals	-	-	(13)	-	-	(13)
<b>Accumulated depreciation as at 31 March 2020</b>	<b>221</b>	<b>304</b>	<b>313</b>	<b>255</b>	<b>-</b>	<b>1,093</b>

	Own assets			Computers	Taken on lease	Total
	Plant and machinery	Furniture and fixture	Motor vehicles		Plant and machinery	
<b>Net carrying amount</b>						
As at 31 March 2019	207	228	406	45	12,672	13,558
<b>As at 31 March 2020</b>	<b>153</b>	<b>170</b>	<b>307</b>	<b>55</b>	<b>-</b>	<b>685</b>

# Jaguar Land Rover India Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

### 3a Right-of-use assets

The Company adopted Ind AS 116 with effect from 1 April 2019 and applied the standard to its leases using the modified retrospective approach. Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019.

#### Company as lessee:

##### Operating lease:

On transition to Ind AS 116, the Company recognized right-of-use assets for leases of any assets, other than low value items or those which are short term in nature. Lease liabilities were recognized for all such right-of-use assets equal to the amount of discounted value of all future lease payments.

The Company used following practical expedients on date of initial application of Ind AS 116.

- i. With leases previously classified as operating leases in accordance with Ind AS 17, the lease liability was measured at the present value of the outstanding lease payments, discounted by the incremental borrowing rate at April 1, 2019. The respective right-of-use asset was recognised at an amount equal to the lease liability;
- ii. Regardless of their original lease term, leases for which the lease term ends latest on 31 March 2020, were recognised as short-term leases;
- iii. At the date of initial application, the measurement of a right-of-use asset excluded the initial direct costs; and
- iv. Hindsight was considered when determining the lease term if the contract contains options to extend or terminate the leases.

The Company recognised Rs. 6,043 as right-of-use assets and Rs. 6,471 as lease liability in the balance sheet on the date of transition i.e. 1 April 2019. The cumulative effect on transition in retained earnings is Rs. 428.

Lease payments of short term leases and leases of low value items are recognised as expense equally over the period of lease. Leases for which non cancellable period is less than 12 months is classified as short term lease.

The weighted average incremental borrowing rate of 10.74% have been applied to lease liabilities recognised in the balance sheet at the date of initial application.

The reconciliation of the Company's commitment towards all its Future minimum rental payments under non cancellable operating leases as at 31 March 2019 and lease liability recognized as per Ind AS 116 as at 1 April 2019 is as follows:

Future minimum rental payments under non cancellable operating leases as at March 31, 2019	<b>8,282</b>
Short-term leases for which no right to use assets has been recognized	<u>374</u>
<b>Gross lease liabilities for former operating leases at 1 April 2019</b>	<b>7,908</b>
Discounting impact 31 March 2029	<u>1,437</u>
<b>Lease liabilities for former operating leases at 1 April 2019</b>	<b>6,471</b>
Present value of finance lease liabilities as 31 March 2019	<u>11,596</u>
<b>TOTAL lease liabilities at 1 April 2019</b>	<b><u>18,067</u></b>

#### Finance lease:

The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, an amount of Rs. 12,672 has been reclassified from property, plant and equipment to right-of-use assets. Further, an amount of Rs. 1,256 has been reclassified from other current financial liabilities to current lease liability and an amount of Rs. 10,340 has been reclassified from non-current borrowings to non-current to lease liabilities

#### Company as lessor:

The Company did not make any adjustments on transition to Ind AS 116 for sub leases in which it acts as a lessor. The Company does not have any significant impact on account of sub-lease on the application of this standard.

# Jaguar Land Rover India Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

### 3a Right-of-use assets (Continued)

The following amounts are recognised in the Statement of Profit and Loss for the year ended 31 March 2020:

Interest expense on lease liabilities	1,955
Income from sub-leasing of right-of-use assets	(409)
Expenses related to short-term leases	374
Gains or losses arising from disposal	(120)
	1,800

The following amounts are recognised in the statement of cash flows for the year ended 31 March 2020:

Cash payments for the principal portion of lease liabilities (within financing activities)	3,142
Cash payment for interest expense related to lease liabilities (within financing activities)	1,955
<b>Total cash outflow for leases</b>	<b>5,097</b>

The following amounts are included in the Balance Sheet as at 31 March 2020:

Current lease liabilities	2,434
Non-current lease liabilities	11,644
<b>Total lease liabilities</b>	<b>14,078</b>

	Land	Building		Warehouse	Vehicles	Plant and Machinery	Computers	Total
		Residential	Commercial					
<b>Gross carrying amount of right-of-use assets</b>								
As at 1 April 2019	-	-	-	-	-	-	-	-
Transition impact on account of adoption of Ind AS 116	1,739	49	2,370	707	167	13,607	76	18,715
Disposals	-	-	(921)	(385)	-	-	-	(1,306)
<b>As at 31 Mar 2020</b>	<b>1,739</b>	<b>49</b>	<b>1,449</b>	<b>322</b>	<b>167</b>	<b>13,607</b>	<b>76</b>	<b>17,409</b>
<b>Accumulated depreciation</b>								
As at 1 April 2019	-	-	-	-	-	-	-	-
Depreciation charge for the year	348	25	751	540	65	918	15	2,662
Disposals	-	-	(296)	(282)	-	-	-	(578)
<b>As at 31 March 2020</b>	<b>348</b>	<b>25</b>	<b>455</b>	<b>258</b>	<b>65</b>	<b>918</b>	<b>15</b>	<b>2,084</b>

	Land	Building		Warehouse	Vehicles	Plant and Machinery	Computers	Total
		Residential	Commercial					
<b>Net carrying amount of right-of-use assets</b>								
As at 31 March 2020	1,391	24	994	64	102	12,689	61	15,325

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

as at 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2020	31 March 2019
<b>4 Other financial assets</b>		
(a) <b>Non current</b>		
Security deposits	64	555
<b>Total</b>	<u>64</u>	<u>555</u>
(b) <b>Current</b>		
Security deposits	491	-
Other receivables	3,309	5,801
<b>Total</b>	<u>3,800</u>	<u>5,801</u>
<b>5 Inventories</b>		
Inventories (at lower of cost and net realisable value)		
Vehicles	18,890	42,601
Spare parts and accessories	5,700	5,418
Goods-in-transit		
Vehicles	778	1,662
Spare parts and accessories	1,863	1,192
<b>Total</b>	<u>27,231</u>	<u>50,873</u>

The cost of inventories recognised as an expense includes Rs. 1,214 lakhs (Previous year: Rs. 275 lakhs) in respect of write-down of inventories to net realisable value.

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

as at 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2020	31 March 2019
<b>6 Trade receivables</b> (Unsecured)		
Considered good	1,168	1,619
<b>Total</b>	<u>1,168</u>	<u>1,619</u>
<b>7 Cash and cash equivalents</b>		
Balances with banks in current accounts	15,630	15,552
Cash on hand*	-	-
<b>Cash and cash equivalents</b>	<u>15,630</u>	<u>15,552</u>

\*The amount of Rs. 8,872 (Previous year - Rs. 14,842) is below rounding off limit in lakhs

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

as at 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2020	31 March 2019
<b>8 Other assets</b>		
<b>(a) Non-current</b>		
Balances with government authorities	950	196
	<u>950</u>	<u>196</u>
<b>(b) Current</b>		
Advances to employees*	5	-
Prepaid expenses	47	47
Balances with government authorities (custom, VAT, service tax)	499	837
GST receivable	2,880	7,718
Advances paid to :		
Vendors	17	14
Prepaid gratuity	32	5
Other current assets	54	11
	<u>3,534</u>	<u>8,632</u>

\* The amount is below rounding off limit in lakhs for the year ended 31 March 2019

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

as at 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2020	31 March 2019
<b>9 Deferred tax assets (net)</b>		
<b>Deferred tax liabilities</b>		
Property, plant and equipment and right-of-use assets	241	194
	<u>241</u>	<u>194</u>
<b>Deferred tax assets</b>		
Inventory, fixed assets and others	-	97
Provision for contingencies	222	69
Provision - employee benefits	19	52
Minimum Alternate Tax credit	-	1,442
	<u>241</u>	<u>1,660</u>
<b>Net deferred tax (Refer note 23 (c))</b>	<u>-</u>	<u>1,466</u>

With effect from 20 September 2019, the Central Government has inserted section 115BAA in the Income tax Act, 1961 vide the Taxation Laws (Amendment) Ordinance, 2019 ("the Ordinance") giving an option to domestic companies to opt for a lower corporate tax rate subject to fulfilment of certain conditions as specified in the Ordinance. Basis the evaluation of the said conditions and having regard to the current business projections and the availability of tax losses and MAT credit, the Company has decided to continue to be covered under the old tax regime pursuant to which corporate tax rate for FY 19-20 will continue to be applicable at 34.944% and at 17.472% under MAT ( Minimum Alternate Tax), both rates being inclusive of surcharge and cess.

# Jaguar Land Rover India Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2020	31 March 2019
<b>10 Equity share capital</b>		
<b>Authorised share capital</b>		
500,000,000 (P.Y. 500,000,000) Ordinary shares of Rs. 10 each	50,000	50,000
<b>Issued, subscribed and fully paid up</b>		
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 2020		31 March 2019	
	Number of Shares	Amount in lakhs	Number of Shares	Amount in lakhs
<b>Equity shares:</b>				
Balance as at the beginning of the year	280,250,000	28,025	280,250,000	28,025
Movement during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<u>280,250,000</u>	<u>28,025</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 2020		31 March 2019	
	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 (previous year - 280,249,994) ordinary shares. A further 6 shares (previous year - 6 shares) are held on its behalf by six nominee (individual) shareholders. These six individuals are not beneficial shareholders.

## 11 Other equity

Currency translation reserve	(2,461)	(2,461)
Retained earnings	(9,727)	(2,084)
Other comprehensive income	30	(32)
	<u>(12,158)</u>	<u>(4,577)</u>

### 11.1 Currency translation reserve

Balance at the beginning and at the end of the year	(2,461)	(2,461)
---	---------	---------

### 11.2 Item of other comprehensive income

Balance at the beginning of the year	(32)	(58)
Other comprehensive income arising from remeasurement of defined benefit obligation, net of income tax	62	26
<b>Balance at the end of the year</b>	<u>30</u>	<u>(32)</u>

### 11.3 Retained earnings

Balance at the beginning of the year	(2,084)	1,936
Impact on account of transition to Ind AS 116	(428)	-
Loss for the year	(7,215)	(4,020)
<b>Balance at the end of the year</b>	<u>(9,727)</u>	<u>(2,084)</u>

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

as at 31 March 2020

All amounts are in Rs lakhs unless otherwise stated

	31 March 2020	31 March 2019
<b>12 Non-current borrowings</b>		
Long term maturities of finance lease obligations (unsecured)	-	10,340
	<u>-</u>	<u>10,340</u>
	<u>-</u>	<u>10,340</u>

Certain items of plant and equipment were obtained on finance lease in the financial year 2017-18. Legal title to these assets vests with the lessor. The lease term is 7 years.

In the current year, Rs. 10,340 lakhs has been reclassified to non-current lease liabilities pursuant to transition to Ind AS 116 on 1 April 2019.

# Jaguar Land Rover India Limited

## Notes to the financial statements (Continued)

as at 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2020	31 March 2019
<b>13 Other financial liabilities</b>		
<b>(a) Non-Current</b>		
Security deposit for premises	-	229
<b>Total</b>	<u>-</u>	<u>229</u>
<b>(b) Current</b>		
Security deposit from dealers	288	310
Bonus and other payable to employees	446	207
Current portion of finance lease obligations (unsecured)	-	1,256
Security deposit for premises	229	-
<b>Total</b>	<u>963</u>	<u>1,773</u>
<b>14 Provisions</b>		
Compensated absence	167	175
Provisions for contingencies (refer note below)	657	196
<b>Total</b>	<u>824</u>	<u>371</u>
<b>(a) Current</b>		
Compensated absence	18	21
	<u>18</u>	<u>21</u>
<b>(b) Non-current</b>		
Compensated absence	149	154
Provisions for contingencies (refer note below)	657	196
	<u>806</u>	<u>350</u>
<b>Total</b>	<u>824</u>	<u>371</u>
<b>Note:</b> Movement in provisions for contingencies		
<b>Balance as at the beginning of the year</b>	196	-
Provision made during the year	461	196
<b>Balance as at the end of the year</b>	<u>657</u>	<u>196</u>

Provision for contingencies of Rs. 461 (previous year - Rs. 196) represents provision made against special additional duty rejected refund, deposit paid under protest for custom duty and social welfare surcharge (SWS) refund claim filed with custom authorities.

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

as at 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2020	31 March 2019
<b>15 Other Non-Current Liabilities</b>		
Contract liabilities (refer note 31.3)	2,107	3,260
	<u>2,107</u>	<u>3,260</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).

## 16 Trade payables

Due to micro and small enterprises	13	5
Due to creditors other than micro and small enterprises*	28,407	54,444
	<u>28,420</u>	<u>54,449</u>

\* Includes accrual for variable marketing expense and variable retail margin expense Rs. 5,734 (Previous year - Rs. 10,495)

### 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:

(a) Amounts outstanding but not due	13	4
(b) Amounts due but unpaid - Principal	-	1
(c) The amounts of payments made to micro and small suppliers beyond the appointed day during the year	13	25
(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
(e) Amount of interest accrued and unpaid*	-	-

\* The amount is below rounding off limit in lakhs

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

as at 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

	31 March 2020	31 March 2019
<b>17 Other current liabilities</b>		
Contract liabilities (refer note 31.3)	6,467	4,702
Statutory dues (withholding taxes, PF, PT)	201	176
GST liability	70	-
	<u>6,738</u>	<u>4,878</u>

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

	Year ended 31 March 2020	Year ended 31 March 2019
<b>18 Revenue from operations</b>		
(a) Sale of products		
- Sale of vehicles	127,933	167,571
- Sale of spare parts and accessories	19,830	19,798
(b) Sale of services (includes composite supply)	1,069	637
(c) Other operating revenues (refer note below)	3,124	2,544
<b>Total</b>	<b>151,956</b>	<b>190,550</b>

**Note:** Other operating revenues pertains to services provided to group companies.

## 19 Other income

Commission income	181	173
Other non-operating income		
- Sublease income	409	457
- Others (includes license income, interest income and gain on modification of right-of-use assets)	483	211
<b>Total</b>	<b>1,073</b>	<b>841</b>

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

	Year ended 31 March 2020	Year ended 31 March 2019
<b>20 Employee benefit expense</b>		
Salaries	4,370	4,253
Contribution to provident and other funds	274	235
	<u>4,644</u>	<u>4,488</u>

Note : During the FY 2018-19, Jaguar Land Rover Limited, the holding company, announced a voluntary redundancy programme applicable to all its group companies. Pursuant to the programme applicable to India, the Company, for identified employees, accounted for a cost of Rs. 159 lakhs under employee benefit expense.

## 21 Finance costs

Interest on lease liabilities	1,955	1,526
Interest on working capital (refer note below)	1,309	2,574
	<u>3,264</u>	<u>4,100</u>

In the FY 2017-18, the Company entered into an leasing arrangement with Tata Motors Limited ("TML"), the Ultimate Holding Company, for acquisition of certain assets of plant and equipment on finance lease as well as for assistance of working capital which would be arranged by TML for the production of vehicles for the Company. Interest cost on such working capital has been charged by TML at the intercorporate lending rate.

## 22 Other expenses

Power and fuel	44	54
Rent	431	2,901
Repairs to building	77	80
Repairs to others	3	50
Insurance	126	140
Travelling and conveyance [net of reimbursement of expenses - Rs. 14 Lakhs (Previous year - Nil)]	432	510
Printing and stationery	55	45
Legal, professional and consultancy [net of reimbursement of expenses - Rs. 8 Lakhs (Previous year - Rs. 9 Lakhs)]	1,182	1,256
IT and communications [net of reimbursement of expenses - Rs. 104 Lakhs (Previous year - Rs. 96 Lakhs)]	424	525
Office running costs [net of reimbursement of expenses - Rs. 184 Lakhs (Previous year - Rs. 147 Lakhs)]	262	119
Marketing expenses	6,667	8,355
Homologation expenses	424	168
Training [net of reimbursement of expenses - Rs. 212 Lakhs (Previous year - Rs. 240 Lakhs)]	238	299
Auditor's remuneration (refer note below)	35	32
Corporate social responsibility expenses	57	46
Others	78	63
<b>Total</b>	<u>10,535</u>	<u>14,643</u>

### Note: Auditor's remuneration :

a) Statutory audit	27	26
b) Taxation matters	5	5
c) Reimbursement of expenses	3	1
	<u>35</u>	<u>32</u>

# Jaguar Land Rover India Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

	Year ended 31 March 2020	Year ended 31 March 2019
<b>23 Income taxes</b>		
<b>(a) Income taxes recognised in the Statement of Profit and Loss:</b>		
<b>Current tax</b>		
In respect of the current year	-	-
<b>Deferred tax</b>		
In respect of the current year	1,433	490
<b>Total income tax expense recognised</b>	<b>1,433</b>	<b>490</b>

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

<b>Loss before tax</b>	<b>(5,782)</b>	(3,530)
Income tax expense computed using statutory rate (@ 34.944%)	<b>(2,020)</b>	(1,234)
Expenses not deductible for tax purposes	<b>20</b>	17
Effect of unrecognised tax losses and unabsorbed depreciation	<b>1,998</b>	1,649
MAT credit written-off	<b>1,442</b>	-
Others	<b>(7)</b>	58
<b>Income tax expense recognised in the Statement of Profit and Loss</b>	<b>1,433</b>	<b>490</b>

**(c) Movement of deferred tax balance:**

	Net balance 1 April 2019	Recognised in Statement of Profit and Loss	Recognised in OCI	Net balance 31 March 2020
<b>Deferred tax liability</b>				
Property, plant and equipment and right-of-use assets	194	47	-	<b>241</b>
	194	47	-	<b>241</b>
<b>Deferred tax asset</b>				
Inventory, fixed assets and others	97	(97)	-	-
Provision for contingencies	69	153	-	<b>222</b>
Provision - employee benefits	52	-	(33)	<b>19</b>
Minimum Alternate Tax credit	1,442	(1,442)	-	-
	1,660	(1,386)	(33)	<b>241</b>
<b>Deferred tax asset (net)</b>	<b>1,466</b>	<b>(1,433)</b>	<b>(33)</b>	<b>-</b>

	Net balance 1 April 2018	Recognised in Statement of Profit and Loss	Recognised in OCI	Net balance 31 March 2019
<b>Deferred tax liability</b>				
Property, plant and equipment	(36)	230	-	194
	(36)	230	-	194
<b>Deferred tax asset</b>				
Inventory, fixed assets and others	173	(76)	-	97
Provision for contingencies	-	69	-	69
Provision - employee benefits	70	(4)	(14)	52
Business loss and unabsorbed depreciation carried forward	243	(243)	-	-
Minimum Alternate Tax credit	1,448	(6)	-	1,442
	1,934	(260)	(14)	1,660
<b>Deferred tax asset (net)</b>	<b>1,970</b>	<b>(490)</b>	<b>(14)</b>	<b>1,466</b>

# Jaguar Land Rover India Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

### 23 Income taxes (Continued)

#### (c) Movement of deferred tax balance (Continued)

The Company is at a net deferred tax assets position as on 31 March 2020. Deferred tax asset has not been recognised on carried forward business loss, unabsorbed depreciation and other item of deferred tax assets as it is not probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets amounting to Rs. 5,597 lakhs (previous year: Rs. 2,012 lakhs) have not been recognised in respect of business losses and unabsorbed depreciation as the recovery is not probable in the foreseeable future. Out of this, Rs. 261 lakhs (previous year: Rs. 178 lakhs) can be carried forward indefinitely and Rs. 5,336 lakhs (previous year: Rs. 1,833 lakhs) can be carried forward for a specified period of time.

Tax losses which can be carried forward for a specified period will expire as follows:

	31 March 2020	31 March 2019
Expire in FY 2025-2026	521	-
Expire in FY 2026-2027	1,313	521
Expire in FY 2027-2028	2,060	1,313
Expire in FY 2028-2029 and thereafter	1,442	-
	<u>5,336</u>	<u>1,834</u>

  

	Year ended 31 March 2020	Year ended 31 March 2019
--	-----------------------------	-----------------------------

### 24 Earnings per Share

Loss after tax	Rs. lakhs	(7,215)	(4020)
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.	(2.57)	(1.43)
Earnings per equity share (Diluted)	Rs.	(2.57)	(1.43)

# Jaguar Land Rover India Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

### 25 Employee benefit plan

#### Defined benefit plan

The Company operates a defined benefit plan that provides for gratuity benefit to eligible employees governed by the Payment of Gratuity Act, 1972. The gratuity plan entitles an employee, who has rendered at least five years of continuous services, to receive:

- Up to 25 years of service - Half month's salary for each year of service
- Service between 25 and 30 years – 18 days' salary for each year in excess of 25 years
- Service above 30 years – 1 month's salary for each year in excess of 30years

Days considered per Month-

Workers - 26 Days

Supervisors and managers - 30 Days

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 Mar 2020	31 March 2019
Discount rate(s)	6.90%	7.70%
Expected rate(s) of salary increase	10%	12%
The mortality rates considered are as per Indian Assured Lives Mortality (2006-08) (Modified) Ultimate Tables.		
Expected rate of return on plan assets	7.70%	7.70%

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

	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	68	70
Past service cost and (gain)/loss from settlements	-	-
Net interest cost / (income)	-	(1)
<b>Components of defined benefit costs recognised in the Statement of Profit and Loss</b>	<b>68</b>	<b>69</b>
Remeasurement on the net defined benefit liability :		
Actuarial (gains)/losses arising from changes in financial assumptions	(30)	-
Actuarial (gains)/losses arising from experience adjustments	(65)	(40)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(95)</b>	<b>(40)</b>

The amount included in the balance sheet is as follows:

	31 Mar 2020	31 March 2019
Present value of funded defined benefit obligation	(324)	(344)
Fair value of plan assets	356	349
<b>Net asset</b>	<b>32</b>	<b>5</b>

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

	Year ended 31 March 2020	Year ended 31 March 2019
Opening defined benefit obligations	344	298
Current service cost	68	70
Interest cost	26	23
Remeasurement (gains)/losses :		
Actuarial (gains)/losses arising from changes in financial assumptions	(30)	-
Actuarial (gains)/losses arising from experience adjustments	(74)	(41)
Past service cost , including losses /(gains) on curtailment	-	-
Liabilities extinguished as settlements	(10)	(6)
<b>Closing defined benefit obligation</b>	<b>324</b>	<b>344</b>

# Jaguar Land Rover India Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

### 25 Employee benefit plan (Continued)

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

	Year ended 31 March 2020	Year ended 31 March 2019
Opening fair value of plan assets	349	292
Interest income	26	24
Remeasurement gains/(losses) :		
Return on plan assets (excluding amounts included in net interest expense)	(9)	(1)
Contribution from the employer	-	40
Assets distributed on settlements	(10)	(6)
<b>Closing fair value of plan assets</b>	<b>356</b>	<b>349</b>
<b>Value of assets by class</b>		
<b>Asset category:</b>		
Cash and cash equivalents	10.4%	11.7%
Debt instruments (quoted)	63.8%	62.0%
Debt instruments (unquoted)	-	-
Equity instruments (quoted)	2.2%	2.2%
Deposits with insurance companies	23.6%	24.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

	Year ended 31 March 2020	Year ended 31 March 2019
<b>(a) Assumption sensitivity's</b>		
<b>Discount rate sensitivity</b>		
	<b>One percent decrease in discount rate</b>	
Change in defined benefit obligations	28	29
Change in gross service cost	7	7
Change in net interest cost	9	9
	<b>One percent increase in discount rate</b>	
Change in defined benefit obligations	(24)	(26)
Change in gross service cost	(6)	(6)
Change in net interest cost	(8)	(8)
<b>Salary decrease/increase sensitivity</b>		
	<b>One percent decrease in salary escalation rate</b>	
Change in defined benefit obligations	(23)	(24)
Change in gross service cost	(6)	(5)
Change in net interest cost	(8)	(8)
	<b>One percent increase in salary escalation rate</b>	
Change in defined benefit obligations	26	27
Change in gross service cost	7	6
Change in net interest cost	9	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) The estimated contribution expected to be paid is Rs. 26 lakhs (Previous year. Rs. 38 lakhs)
- (c) The assumptions of future salary increases, considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- (d) **Defined contribution plan - Provident Fund**

The Company's contribution to the defined contribution plan aggregated to Rs.189 lakhs (Previous year: Rs 148 lakhs) for the year ended 31 March 2020.

# Jaguar Land Rover India Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

### 26 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 2020	31 March 2019
Non-current portion of lease obligations	11,644	10,340
Current portion of lease obligations	2,434	1,256
<b>Adjusted net debt</b>	<b>14,078</b>	<b>11,596</b>
Total equity as reported in the balance sheet	15,867	23,448
Less : Currency translation reserve	(2,461)	(2,461)
<b>Equity excluding currency translation reserve</b>	<b>18,328</b>	<b>25,909</b>
<b>Adjusted net debt to adjusted equity ratio</b>	<b>0.77</b>	<b>0.45</b>

#### 26.1 Disclosure on financial instruments

This section gives an overview of the significant financial instruments of 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 statements.

#### 26.2 Categories of financial instruments

	31 March 2020	31 March 2019
<b>Financial assets</b>		
Measured at amortised cost		
(a) Cash and cash equivalents	15,630	15,552
(b) Trade receivables	1,168	1,619
(c) Other non-current financial assets	64	555
(d) Other current financial assets	3,800	5,801
<b>Total</b>	<b>20,662</b>	<b>23,527</b>
<b>Financial liabilities</b>		
Measured at amortised cost		
(a) Trade payables	28,420	54,449
(b) Non-current borrowings	-	10,340
(c) Lease liabilities (current and non-current)	14,078	-
(d) Other non-current financial liability	-	229
(e) Other current financial liability	963	1,773
<b>Total</b>	<b>43,461</b>	<b>66,791</b>

# Jaguar Land Rover India Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

### 26 Capital management (Continued)

#### 26.3 Foreign currency exchange rate risk

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

The Company is primarily exposed to fluctuations in GBP against INR which is 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 2020	31 March 2019
Currency - GBP	989	1,052

  

Liabilities	31 March 2020	31 March 2019
Currency - GBP	4,386	17,618
Currency - USD	77	-
Currency - EUR	10	7

As at 31 March 2020 and 31 March 2019 every 10% increase / decrease in exchange rates of the respective foreign currencies compared to functional currency of the company would result in increase / decrease in loss of the Company by approximately Rs. 348 lakhs and Rs. 1,657 lakhs.

#### 26.4 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. 5,032 lakhs as of 31 March 2020, Rs. 7,975 lakhs as of 31 March 2019, 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 consists of balance with banks with high credit ratings assigned by international and domestic credit rating agencies.

#### 26.5 Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its 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
<b>31 March 2020</b>						
(a) Trade payables	28,420	28,420	-	-	-	28,420
(b) Lease liabilities (current and non-current)	14,078	2,781	2,290	9,797	-	14,868
(c) Other current financial liabilities	963	963	-	-	-	963
<b>31 March 2019</b>						
(a) Trade payables	54,449	54,449	-	-	-	54,449
(b) Non-current borrowings	10,340	-	1,245	9,095	-	10,340
(c) Other non-current financial liabilities	229	-	-	229	-	229
(d) Other current financial liabilities	1,773	1,773	-	-	-	1,773

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

### 27 Related party transactions

Name of the Company / Key Management Personnel	Nature of relationship
Tata Motors Limited	Ultimate Parent Company
Jaguar Land Rover Limited	Parent Company
Jaguar Land Rover Limited (Dubai branch)	Fellow Subsidiary
Tata Sons Limited	Investor holding significant influence 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 Consultancy Services Limited	Subsidiary of Tata sons
Spark44 Demand Creation Partners Pte Ltd (Mumbai)	Fellow Subsidiary (Associate till 31 August 2017)
Tata Teleservices Limited	Joint Venture (JV) of Tata sons

### Key Management Personnel (KMP)

Mr. Rohit Suri	Managing Director
Ms. Neha Dave	Director (effective 22 March 2018) and Chief Financial Officer (effective 31 August 2017 till 26 October 2018)
Ms. Amita Karia	Director (effective 30 October 2018) and Chief Financial Officer (effective 30 October 2018)
Mr. Anil Sinha	Director (till 27 September 2018)
Mr. Rajiv Gupta	Director (effective 22 March 2018)
Mr. Govind Patil	Director (effective 22 March 2018)
Ms. Binita Khory	Company Secretary

# Jaguar Land Rover India Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

### 27 Related party transactions (Continued)

#### 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	-	204	-	242	-	648
	Previous year	-	1,988	-	140	-	749
Services rendered	Current year	-	-	3,184	-	-	-
	Previous year	-	54	2,505	-	-	-
Reimbursement of expenses	Current year	-	-	422	-	-	-
	Previous year	-	-	719	-	-	-
Expenses incurred on behalf of the Company	Current year	-	522	231	-	-	-
	Previous year	-	269	541	-	-	-
Warranty reimbursement	Current year	-	-	4,303	-	-	-
	Previous year	-	-	3,781	-	-	-
Purchase of fixed assets - vehicles	Current year	-	-	-	23	-	-
	Previous year	-	-	-	337	-	-
Purchase of vehicles	Current year	-	101,064	14,285	-	-	-
	Previous year	-	185,416	27,861	-	-	-
Purchase of spare parts and accessories	Current year	-	-	12,842	-	-	-
	Previous year	-	-	13,323	-	-	-
Purchase of custom licenses	Current year	-	2,623	-	-	-	-
	Previous year	-	2,309	-	-	-	-
Payment of lease liability (including interest)	Current year	-	4,221	-	-	-	-
	Previous year	-	2,791	-	-	-	-
Interest on working capital	Current year	-	1,309	-	-	-	-
	Previous year	-	2,574	-	-	-	-
Remuneration paid to KMP (refer note below)							
- Managing Director	Current year	172	-	-	-	-	-
	Previous year	191	-	-	-	-	-
- Directors	Current year	185	-	-	-	-	-
	Previous year	175	-	-	-	-	-
<b>The following balances were outstanding at the end of the year</b>							
Amount receivable	31 March 2020	-	380	4,130	-	-	-
	31 March 2019	-	465	6,838	-	-	-
Amount payable	31 March 2020	-	22,799	4,386	152	-	73
	31 March 2019	-	30,703	17,618	42	-	61

**Note** - Excludes provision for encashable compensated absences and gratuity for key management personnel as the related actuarial valuations are carried out for employee population as a whole.

\*Transactions are inclusive of taxes wherever applicable.

# Jaguar Land Rover India Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

### 28 Lease arrangements

#### 28.1 Receipts recognised as an income

Company has sub-leased one of its premises.

	Year ended 31 March 2020	Year ended 31 March 2019
Sub-lease income recognised in the Statement of Profit and Loss under note 19	409	457
	<u>409</u>	<u>457</u>

#### 28.2 Finance lease obligations

Finance lease obligations are payable as follows:

	31 March 2019		
	Future minimum lease payments (MLP)	Interest element of MLP	Present value of MLP
Less than one year	2,631	1,375	1,256
Between one and five years	14,365	4,025	10,340
	<u>16,996</u>	<u>5,400</u>	<u>11,596</u>
Current			1,256
Non current			10,340

### 29 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. This, 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 and sale of services of Rs. 148,832 (FY 2017-18 Rs. 188,006) (refer note 18) are revenues of approximately Rs. 28,919 (Previous year: Rs. 34,598) which arose from sales to the Company's largest customer, exceeding 10% of aforesaid revenue from operations. No other customer contributed 10% or more to the Company's revenue for FY 2019-20.

### 30 Contingent liabilities

	31 March 2020	31 March 2019
Claims against the Company not acknowledged as debts	1,051	800
	<u>1,051</u>	<u>800</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. 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.

- (a) The Company is involved in legal proceedings, both as plaintiff and as defendant. There are claims and potential claims as at 31 March 2020 of Rs. 1,051 lakhs (Previous year: Rs. 800 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.
- (b) The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Further, there are interpretative challenges and considerable uncertainty, including estimating the amount retrospectively. Pending the directions from the EPFO, the liability for past periods, if any, towards the International employees then employed by the Company and subcontractors engaged by it, is not ascertainable reliably. Consequently, no financial effect has been provided for in the financial statements for such international employees as well as subcontractors, prior to the SC order. The Company has complied with the clarifications of the SC on a prospective basis, from the date of the SC order.

# Jaguar Land Rover India Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2020

All amounts are in Rs. lakhs unless otherwise stated

### 31 Revenue from contracts with customers

#### 31.1 Revenue from operations

The Company generates revenue primarily from the sale of vehicles, spare parts and accessories and sale of services as per details provided in Note 18 to the financial statements.

#### 31.2 Disaggregation of revenue

Considering the nature, amount and timing of revenue and cash flows, the Company determines that its revenue from operations would fall in single category as per the requirements of Ind AS 115. Further, refer Note 29 on Segment reporting, where the Company has disclosed that for the purposes of Ind AS 108, its operations constitute single operating segment.

#### 31.3 Details of contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	Year ended 31 March 2020	Year ended 31 March 2019
Contract liabilities	8,574	7,962
<b>Contract liabilities comprises -</b>		
Advance received from customers (current)	5,315	3,633
Deferred revenue arising from service plans (non-current)	2,107	3,260
Deferred revenue arising from service plans (current)	1,152	1,069
<b>Total</b>	<b>8,574</b>	<b>7,962</b>

The contract liabilities primarily relate to the advance consideration received from customers. Revenue is recognized from the contract liability amounts as and when goods are supplied or services are delivered and related performance obligations satisfied. The unused credit or balance is deferred until used by the customer or expired.

Significant changes in the contract liabilities balances during the year ended as follows:

#### Contract liabilities

Contract liabilities at the beginning of the reporting period	7,962	5,043
Revenue recognised that was included in the contract	1,069	637
Other changes	(457)	2,282
Contract liabilities at the end of the reporting period	<b>8,574</b>	<b>7,962</b>

#### 31.4 Performance obligations

The Company satisfies its performance obligations pertaining to the sale of product at point in time when the control of goods is actually transferred to the transporter. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract is a fixed price contract and does not contain any financing component. The payment is generally received in advance.

Performance obligations in respect of amount received in respect of future maintenance service will be fulfilled over a period of 5 years.

There are no other significant obligations attached in the contract with customer.

#### 31.5 Transaction price

There is no remaining performance obligation for any contract for which revenue has been recognised till period end.

#### 31.6 Significant judgements in the application of this Standard

There are no significant judgements involved in ascertaining the timing of satisfaction of performance obligations, in evaluating when a customer obtains control of promised goods, in determining the transaction price and allocation of transaction price to the performance obligations.

#### 31.7 Cost to obtain contract or fulfil a contract

There are no costs incurred for obtaining or fulfilling a contract and there are no closing assets recognised from the costs incurred to obtain or fulfil a contract with a customer.

# Jaguar Land Rover India Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2020

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 36 lakhs (previous year - Rs. 45 lakhs). The total expenditure incurred on 'Corporate Social Responsibility Activities' for the current year is Rs. 57 lakhs (previous year Rs. 46 Lakhs).

#### Amount spent during the year on:

Particulars	31 March 2020			31 March 2019		
	In cash	Yet to be paid	Total	In cash	Yet to be paid	Total
(i) Construction/acquisition of any assets	-	-	-	-	-	-
(ii) CSR Programs	-	-	-	-	-	-
(iii) Other expenses allowed under CSR	36	21	57	46	-	46
<b>Total</b>	<b>36</b>	<b>21</b>	<b>57</b>	<b>46</b>	<b>-</b>	<b>46</b>

### 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 2020). 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 Estimation of uncertainties related to global health pandemic from COVID-19:

The World Health Organisation in February 2020 declared COVID 19 as a pandemic. The pandemic has been rapidly spreading throughout the world, including India. Governments around the world including India have been taking significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities. Consequently, the Company's offices also had to be closed down for a considerable period of time, including after the yearend. As a result of the lockdown, the likely revenue from the month of March 2020 has been impacted. The Company is monitoring the situation closely taking into account directives from the Government.

Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic and the resultant lockdown in the preparation of the financial statements including the assessment of recoverable values of its property, plant and equipment, right-of-use assets and the net realisable values of other assets. However, given the effect of these lockdowns on the overall economic activity in India and in particular on the automotive industry and the Company's customers, the impact assessment of COVID-19 on the abovementioned financial statement captions is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and consequential impact on its financial statements.

### 35 Subsequent events

The Company has evaluated all events and transactions that occurred after 31 March 2020 till the date of issue of these financial statements. During this period, the Company did not have any material recognisable subsequent event.

# Jaguar Land Rover India Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

### All amounts are in Rs lakhs unless otherwise stated

- 36** The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2020.
- 37** As per the Ministry of Corporate Affairs notification dated 13 July 2017, a company covered under Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 is required to have an Audit Committee. The Company being excluded by the Rule 4(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014 is not required to have an Audit Committee being a wholly owned subsidiary. Pursuant to the amendment, the Board in its meeting dated 19 June 2018 resolved to dissolve the Audit Committee of the Company effective 19 June 2018.

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**

**Shiraz Vastani**

*Partner*

Membership No: 103334

UDIN - 20103334AAAABI6763

**Rohit Suri**

*Managing Director*

DIN - 03394169

**Rajiv Gupta**

*Director*

DIN - 08090363

Pune

9 July 2020

**Binita Khory**

*Company Secretary*

Membership No: A24829

**Amita Karia**

*Director and Chief Financial Officer*

DIN - 08266802

Mumbai

9 July 2020