http://www.oblible.com

**NOT FOR GENERAL CIRCULATION
IN THE UNITED STATES**

Jaguar Land Rover Automotive plc

€650,000,000 2.200% Senior Notes due 2024

**Guaranteed on a senior unsecured basis by Jaguar Land Rover Limited
and Jaguar Land Rover Holdings Limited**

The 2.200% Senior Notes due 2024 were issued in the aggregate principal amount of €650,000,000 (the "Notes"). The Notes will bear interest at the rate of 2.200% per annum, payable semi-annually in arrears on 15 January and 15 July of each year, beginning on 15 July 2017. The Notes will mature on 15 January 2024. Jaguar Land Rover Automotive plc (the "Issuer") may redeem the Notes, in whole or in part, at any time at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, plus the "make-whole" premium set forth in this offering memorandum. In addition, the Issuer may redeem all of the Notes at a price equal to their principal amount plus accrued and unpaid interest, if any, upon the occurrence of certain changes in applicable tax law. There is no sinking fund for the Notes. In the event of a Change of Control (as defined herein), the Issuer must make an offer to purchase the Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase.

The Notes will be the Issuer's senior obligations and will rank equally in right of payment with all existing and future indebtedness of the Issuer that is not subordinated (and is not senior) in right of payment to the Notes and will be senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes. The Notes will be fully and unconditionally guaranteed on a senior unsecured basis by Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited (the "Guarantors"). The guarantees of the Notes by each of the Guarantors (the "Note Guarantees") will rank equally in right of payment with all of the existing and future indebtedness of such Guarantor that is not subordinated in right of payment to the Note Guarantees, and senior in right of payment to all existing and future indebtedness of such Guarantor that is subordinated in right of payment to the Note Guarantees. The Notes and the Note Guarantees will also be effectively subordinated to all of the Issuer's and each of the Guarantors' existing and future secured debt to the extent of the value of the assets securing such debt and to all existing and future debt of all the Issuer's subsidiaries that do not guarantee the Notes.

Application has been made to admit the Notes to the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's Euro MTF market (the "Euro MTF Market"). The Euro MTF Market is not a regulated market pursuant to the provisions of Directive 2004/39/EC. This Offering Memorandum constitutes a prospectus for the purposes of the Luxembourg law dated 10 July 2005 on Prospectuses for Securities, as amended.

Investing in the Notes involves risks. Please see "Risk Factors" beginning on page 19.

The Notes and the Note Guarantees have not been registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or any state securities laws. Accordingly, the Notes and the Note Guarantees are being offered and sold only to qualified institutional buyers ("QIBs") in accordance with Rule 144A under the US Securities Act ("Rule 144A") and to persons outside the United States that are not, and are not acting for the account or benefit of, "U.S. persons" (as defined in Regulation S under the US Securities Act ("Regulation S")) in

http://www.oblible.com

offshore transactions in accordance with Regulation S. Prospective purchasers that are QIBs are hereby notified that the seller of the Notes may be relying on the exemption from the registration requirements under the US Securities Act provided by Rule 144A.

Issue Price: 100% plus accrued interest, if any, from 17 January 2017

The Notes will be issued in the form of global notes in registered form. Please see "Book-entry; Delivery and Form".

Joint Bookrunners

12 January 2017

TABLE OF CONTENTS

	Page
Important Information	ii
Defined Terms Used in This Offering Memorandum	v
Presentation of Financial and Other Data	vii
Industry and Market Data	xi
Forward-Looking Statements	xii
Exchange Rates	xv
Summary	1
Risk Factors	19
Use of Proceeds	39
Capitalisation	40
Selected Consolidated Financial and Other Data	41
Operating and Financial Review and Prospects	43
Our Business	69
Board of Directors and Senior Management	94
Major Shareholders and Related Party Transactions	99
Description of Other Indebtedness	101
Description of the Notes	110
Book-Entry; Delivery and Form	135
Taxation	139
Plan of Distribution	144
Notice to Investors	146
Legal Matters	148
Independent Auditors	148
Service of Process and Enforcement of Judgments	149
Where You Can Find More Information	150
Listing and General Information	151
Glossary of Selected Terms	152
Index to the Consolidated Financial Statements	F-1

IMPORTANT INFORMATION

You should rely only on the information contained in this offering memorandum (this "Offering Memorandum"). None of the Issuer, the Guarantors or , , , , , , , , and (together the "Initial Purchasers") has authorised anyone to provide you with any information or represent anything about the Issuer, the Guarantors or the initial purchasers, the Issuer's financial results or this offering that is not contained in this Offering Memorandum. If given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantors or the initial purchasers. None of the Issuer, the Guarantors or the initial purchasers is making an offering of the Notes in any jurisdiction where this offering is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as at any date other than the date on the front of this Offering Memorandum.

In making an investment decision, prospective investors must rely on their own examination of the Issuer and the terms of this offering, including the merits and risks involved.

This Offering Memorandum has been prepared by the Issuer solely for use in connection with the proposed offering of the Notes described in this Offering Memorandum and for application for listing particulars to be approved by the Luxembourg Stock Exchange and for the Notes to be admitted to the Official List of the Luxembourg Stock Exchange and admitted to trading on its Euro MTF Market. The Offering Memorandum may only be used for the purpose for which it has been published. This Offering Memorandum does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes.

In addition, none of the Issuer, the Guarantors or the initial purchasers or any of our or their respective representatives is making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this Offering Memorandum as legal, business or tax advice. You should consult your own advisers as to legal, tax, business, financial and related aspects of an investment in the Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this Offering Memorandum, and you must obtain all applicable consents and approvals; none of the Issuer, the Guarantors or the initial purchasers shall have any responsibility for any of the foregoing legal requirements.

The Issuer is an indirect, wholly owned subsidiary of Tata Motors Limited ("Tata Motors"). Tata Motors does not assume any liability for or guarantee the Notes and investors in the Notes will not have any recourse against Tata Motors in the event of default by Jaguar Land Rover Automotive plc or any of the Guarantors of their respective obligations under the terms of the Notes and the Note Guarantees.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future.

The Issuer and the Guarantors accept responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Issuer and the Guarantors, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. However, the information set out under the headings "Exchange Rates", "Summary", "Operating and Financial Review and Prospects" and "Our Business" includes extracts from information and data, including industry and market data and estimates, released by publicly available sources in Europe and elsewhere. While we accept responsibility for the accurate extraction and summarisation of such information and data, we have not independently verified the accuracy of such information and data and we accept no further responsibility in respect thereof.

Unless the context indicates otherwise, when we refer to "we", "us", "our", "Jaguar Land Rover", "the Group" and "our Group" for the purposes of this Offering Memorandum, we are referring to the Issuer and its subsidiaries.

The information set out in relation to sections of this Offering Memorandum describing clearing arrangements, including the section entitled "Book-Entry; Delivery and Form", is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear Bank SA/NV ("Euroclear") or Clearstream Banking, *société anonyme* ("Clearstream Banking") currently in effect. While the Issuer accepts responsibility for accurately summarising the information concerning Euroclear and Clearstream Banking, it accepts no further responsibility in respect of such information. In addition, this Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of

documents referred to herein will be made available to prospective investors upon request to us or the initial purchasers.

By receiving this Offering Memorandum, you acknowledge that you have had an opportunity to request from the Issuer for review, and that you have received, all additional information you deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. You also acknowledge that you have not relied on the initial purchasers in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

The Issuer reserves the right to withdraw this offering at any time. The Issuer is making this offering subject to the terms described in this Offering Memorandum and the purchase agreement relating to the Notes entered into between the Issuer and the initial purchasers (the "Purchase Agreement"). The Issuer and the initial purchasers reserve the right to reject all or a part of any offer to purchase the Notes, for any reason. The Issuer and the initial purchasers also reserve the right to sell less than all of the Notes offered by this Offering Memorandum or to sell to any purchaser less than the amount of Notes it has offered to purchase.

None of the US Securities and Exchange Commission (the "SEC"), any state securities commission or any other regulatory authority has approved or disapproved of the Notes, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence in the United States and could be a criminal offence in other countries.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under the US Securities Act and the applicable state securities laws, pursuant to registration or exemption therefrom. As a prospective investor, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this Offering Memorandum entitled "Plan of Distribution" and "Notice to Investors".

The distribution of this Offering Memorandum and the offering and sale of the Notes in certain jurisdictions may be restricted by law. Please see "Notice to US Investors", "Notice to EEA Investors" and "Notice to UK Investors".

The Notes were issued in the form of global notes. Please see "Book-Entry; Delivery and Form".

NOTICE TO US INVESTORS

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Memorandum under "Notice to Investors".

The Notes offered hereby have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold in the United States, except to "qualified institutional buyers", or QIBs, within the meaning of Rule 144A in reliance on an exemption from the registration requirements of the US Securities Act provided by Rule 144A. Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemption from the registration requirements of Section 5 of the US Securities Act provided by Rule 144A. The Notes may be offered and sold to persons outside the United States that are not, and are not acting for the account or benefit of, "U.S. persons" (as defined in Regulation S) in reliance on Rule 903 or Rule 904 of Regulation S. For a description of certain further restrictions on resale or transfer of the Notes, please see "Notice to Investors".

The Notes described in this Offering Memorandum have not been registered with, recommended by or approved by the SEC, any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence.

THE NOTES MAY NOT BE OFFERED TO THE PUBLIC WITHIN ANY JURISDICTION. BY ACCEPTING DELIVERY OF THIS OFFERING MEMORANDUM, YOU AGREE NOT TO OFFER, SELL, RESELL, TRANSFER OR DELIVER, DIRECTLY OR INDIRECTLY, ANY NOTES TO THE PUBLIC.

NOTICE TO EEA INVESTORS

This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a Prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated by this Offering Memorandum may only do so in circumstances in which no obligation arises for the Issuer or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Issuer nor the initial purchasers have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or the initial purchasers to publish a prospectus for such offer. The expression Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

NOTICE TO UK INVESTORS

This Offering Memorandum has not been approved by an authorised person in the United Kingdom. This Offering Memorandum is for distribution only to persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"); (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

NOTICE REGARDING SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

ALL OR SUBSTANTIALLY ALL OF THE DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER ARE NON-RESIDENTS OF THE UNITED STATES. ALL OR A SUBSTANTIAL PORTION OF THE ASSETS OF SUCH NON-RESIDENT PERSONS AND A SUBSTANTIAL PORTION OF THE ASSETS OF THE ISSUER ARE LOCATED OUTSIDE THE UNITED STATES. AS A RESULT, IT MAY NOT BE POSSIBLE FOR INVESTORS TO EFFECT SERVICE OF PROCESS WITHIN THE UNITED STATES UPON SUCH PERSONS OR THE ISSUER, OR TO ENFORCE AGAINST THEM IN US COURTS JUDGMENTS OBTAINED IN SUCH COURTS PREDICATED UPON THE CIVIL LIABILITY PROVISIONS OF THE FEDERAL SECURITIES LAWS OF THE UNITED STATES. FURTHERMORE, THE ISSUER IS ADVISED THAT: (1) RECOGNITION AND ENFORCEMENT IN ENGLAND AND WALES OF JUDGMENTS IN CIVIL AND COMMERCIAL MATTERS FROM US FEDERAL OR STATE COURTS IS NOT AUTOMATIC BUT IS INSTEAD SUBJECT TO VARIOUS CONDITIONS BEING MET; AND (2) IT IS QUESTIONABLE WHETHER THE COURTS OF ENGLAND AND WALES WOULD ACCEPT JURISDICTION AND IMPOSE CIVIL LIABILITY IF THE ORIGINAL ACTION WAS COMMENCED IN ENGLAND AND WALES, INSTEAD OF THE UNITED STATES, AND PREDICATED SOLELY UPON US FEDERAL SECURITIES LAWS.

STABILISATION

In connection with the offering of the Notes, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation action may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offering of the Notes is made and, if begun, may cease at any time, but it must end no later than 30 days after the date on which the Issuer received the proceeds of the issue, or no later than 60 days after the date of the allotment of the Notes, whichever is the earlier. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on its behalf) in accordance with all applicable laws and rules.

DEFINED TERMS USED IN THIS OFFERING MEMORANDUM

The following terms used in this Offering Memorandum have the meanings assigned to them below.

Notes

"2011 Notes"	The 8.125% Senior Notes due 2021 issued 19 May 2011 and fully redeemed on 16 May 2016.
"2012 Notes"	The 8.250% Senior Notes due 2020 issued 27 March 2012 and fully redeemed on 15 March 2016.
"January 2013 Notes"	The existing $500,000,000 5.625% Senior Notes due 2023 issued 28 January 2013.
"December 2013 Notes"	The existing $700,000,000 4.125% Senior Notes due 2018 issued 17 December 2013.
"January 2014 Notes"	The existing £400,000,000 5.000% Senior Notes due 2022 issued 31 January 2014.
"October 2014 Notes"	The existing $500,000,000 4.250% Senior Notes due 2019 issued 31 October 2014.
"February 2015 Notes"	The existing £400,000,000 3.875% Senior Notes due 2023 issued 24 February 2015.
"March 2015 Notes"	The existing $500,000,000 3.500% Senior Notes due 2020 issued 6 March 2015.
"Existing Notes"	The January 2013 Notes, the December 2013 Notes, the January 2014 Notes, the October 2014 Notes, the February 2015 Notes and the March 2015 Notes.

Certain Other Terms

"Board" or "board of directors"	The board of directors of the Issuer.
"British pounds", "GBP", "pounds sterling", "sterling", or "£"	Pounds sterling, the currency of the United Kingdom of Great Britain and Northern Ireland.
"China Joint Venture"	Our joint venture with Chery Automobile Company Ltd. to develop, manufacture and sell certain Jaguar Land Rover vehicles and at least one own-branded vehicle in China.
"Chinese yuan", "CNY" or "yuan"	Chinese yuan, the currency of the People's Republic of China.
"EBITDA"	Profit for the period before income tax expense, finance expense (net of capitalised interest), finance income, depreciation and amortisation, foreign exchange gains/(losses) on financing and unrealised derivatives, unrealised commodity gains/(losses), share of profits/(losses) from equity accounted investees, exceptional items and one time reserves and charges.
"EMC"	The engine manufacturing centre in Wolverhampton.
"EUR", "euro" or "€"	Euro, the currency of the member states of the European Union participating in the European Monetary Union.
"Fiscal 2014"	Year beginning 1 April 2013 and ended 31 March 2014.
"Fiscal 2015"	Year beginning 1 April 2014 and ended 31 March 2015.
"Fiscal 2016"	Year beginning 1 April 2015 and ended 31 March 2016.
"Fiscal 2017"	Year beginning 1 April 2016 and ending 31 March 2017.
"Fiscal year"	Year beginning 1 April and ending 31 March of the following year.
"Ford"	Ford Motor Company and its subsidiaries.
"Free cash flow (before financing)"	Net cash generated from/(used in) operating activities less net cash used in investing activities (excluding investments in short-term deposits) and including foreign exchange gains/(losses) on short-term deposits.
"IAS 34"	International Accounting Standard (IAS 34) *Interim Financial Reporting*.
"IAS 36"	International Accounting Standard (IAS 36) *Impairment of Assets.*
"IAS 39"	International Accounting Standard (IAS 39) *Financial Instruments.*
"IFRS"	International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board and adopted by the European Union.
"IFRS—IASB"	International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.
"Indenture"	The indenture governing the Notes offered hereby.
"Issuer"	Jaguar Land Rover Automotive plc, a public limited company incorporated under the laws of England and Wales.

"Jaguar Land Rover", "Jaguar Land Rover Group", "Group", "we", "us" and "our"	Jaguar Land Rover Automotive plc and its subsidiaries (including any of their predecessors).
"LIBOR"	London Interbank Offered Rate.
"MTM"	Mark-to-market.
"National sales companies" or "NSCs"	National sales companies for Jaguar Land Rover products, which are all wholly owned indirect subsidiaries of the Issuer.
"Net cash"	Cash and cash equivalents and short-term deposits less total borrowings (including secured and unsecured borrowings and factoring facilities but excluding finance leases).
"Net Income"	Profit/(loss) after tax or profit/(loss) for the period.
"Overseas"	The marketing region we define as including Australia, Brazil, India, Japan, Russia, South Korea, South Africa, New Zealand, Sub-Saharan Africa importers, Latin America importers, Asia Pacific importers, Middle East and North Africa importers as well as all other minor markets.
"Product and other investment"	Net cash used in investing activities and expensed R&D (not included in net cash used in investing activities) but excluding movements in other restricted deposits, movements in short-term deposits, finance income received and proceeds from the sale of property, plant and equipment.
"Retail volumes"	Aggregate number of finished vehicles sold by dealers (and in limited numbers by us directly) to end users. Although retail volumes do not directly impact our revenue, we consider retail volumes as the best indicator of consumer demand for our vehicles and the strength of our brands.
"Revolving Credit Facility"	The £1,870,000,000 unsecured syndicated revolving credit facility entered into in July 2015 and maturing in July 2020, as amended.
"Rs"	Indian rupees, the currency of the Republic of India.
"Russian rouble"	Russian roubles, the currency of Russian Federation.
"SEC"	United States Securities and Exchange Commission.
"US dollars", "USD", "US$" or "$"	US dollars, the currency of the United States of America.
"US GAAP"	Generally accepted accounting principles in the United States of America.
"Wholesale volumes"	Aggregate number of finished vehicles sold to (i) dealers in the United Kingdom or foreign markets in which we have established an NSC and (ii) importers in all other markets. Generally, we recognise revenue on the sale of finished vehicles and parts (net of discounts, sales incentives, customer bonuses and rebates granted) when products are delivered to dealers and, in connection with sales to importers, when products are delivered to a carrier for export sales.

PRESENTATION OF FINANCIAL AND OTHER DATA

Issuer

Jaguar Land Rover Automotive plc (formerly Jaguar Land Rover PLC), which is the holding company of the Jaguar Land Rover business, was incorporated in England and Wales as a private limited company on 18 January 2008, and registered under the name TML Holdings Limited on 6 February 2008 and the name Jaguar Land Rover Limited on 9 June 2008. On 6 April 2011, it was re-registered in England and Wales as a public limited company. On 28 December 2012, its name was changed to Jaguar Land Rover Automotive plc. The Issuer is a direct, wholly owned subsidiary of TML Holdings Pte Limited (Singapore) ("TMLH"), itself wholly owned by Tata Motors, which is listed on the Bombay Stock Exchange, the National Stock Exchange of India and the New York Stock Exchange. Tata Sons Limited ("Tata Sons"), together with its subsidiaries, owned 29.44% of the voting rights capital in Tata Motors as at 30 September 2016. In this Offering Memorandum, we refer to, and present consolidated financial information for, the Issuer and its consolidated subsidiaries.

Financial Statements and Other Financial Information

This Offering Memorandum includes:

- the audited consolidated financial statements of Jaguar Land Rover Automotive plc and its subsidiaries as at and for the year ended 31 March 2016 (the "2016 Consolidated Financial Statements");

- the audited consolidated financial statements of Jaguar Land Rover Automotive plc and its subsidiaries as at and for the year ended 31 March 2015 (the "2015 Consolidated Financial Statements");

- the audited consolidated financial statements of Jaguar Land Rover Automotive plc and its subsidiaries as at and for the year ended 31 March 2014 (the "2014 Consolidated Financial Statements"); and

- the unaudited condensed consolidated interim financial statements of Jaguar Land Rover Automotive plc and its subsidiaries as at 30 September 2016 and for the six months ended 30 September 2016 and 2015 (the "Condensed Consolidated Interim Financial Statements" and, together with the 2016 Consolidated Financial Statements, the 2015 Consolidated Financial Statements and the 2014 Consolidated Financial Statements, the "Consolidated Financial Statements").

We have derived the consolidated financial data for the fiscal years ended 31 March 2016, 2015 and 2014 and the interim consolidated financial data for the six months ended 30 September 2016 and 2015 from the Consolidated Financial Statements included elsewhere in this Offering Memorandum.

This Offering Memorandum also includes the unaudited condensed consolidated financial information for the twelve months ended 30 September 2016 for Jaguar Land Rover Automotive plc and its subsidiaries, which has been derived by aggregating without adjustments the relevant results of the year ended 31 March 2016 and the six months ended 30 September 2016 and subtracting the six months ended 30 September 2015 to derive results for the twelve months ended 30 September 2016. The unaudited condensed consolidated financial information for the twelve months ended 30 September 2016 has been prepared solely for the purpose of this Offering Memorandum, is not prepared in the ordinary course of our financial reporting, and has not been audited or reviewed. The unaudited condensed consolidated financial information for the twelve months ended 30 September 2016 presented herein is not required by or presented in accordance with IFRS or any other generally accepted accounting principles.

The 2016 Consolidated Financial Statements, 2015 Consolidated Financial Statements and the 2014 Consolidated Financial Statements have been prepared in accordance with IFRS and the Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34. In making an investment decision, you must rely upon your own examination of the terms of the offering of the Notes and the financial information contained in this Offering Memorandum. You should also consult your own professional advisers for an understanding of the differences between IFRS and US GAAP and how those differences could affect the financial information contained in this Offering Memorandum. There are a number of differences between IFRS and US GAAP. We have not prepared financial statements in accordance with US GAAP or reconciled our financial statements to US GAAP and are therefore unable to identify or quantify the differences that may impact our reported profits, financial position or cash flows were they to be reported under US GAAP.

We would not be able to capitalise product development costs if we were to prepare our financial statements in compliance with US GAAP. Under IFRS, research costs are charged to the income statement in the year in which they are incurred. Product development costs incurred on new vehicle platforms, engine, transmission and new products must, however, be capitalised and recognised as intangible assets when (i) feasibility has been established, (ii) we have committed technical, financial and other resources to complete the development and (iii) it is probable that the relevant asset will generate probable future economic benefits. The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for use. Interest costs incurred in connection with the relevant development are capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings if no specific borrowings have been incurred for the asset. We amortise product development costs on a straight-line basis over the estimated useful life of the intangible assets. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment loss.

The preparation of financial statements in conformity with IFRS requires us to use certain critical accounting estimates. It also requires our board of directors to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are described in "Operating and Financial Review and Prospects—Critical Accounting Policies".

The Consolidated Financial Statements have been prepared based on the fiscal year and are presented in British pounds rounded to the nearest £1.0 million. The Consolidated Financial Statements have been prepared under the historical cost convention modified for certain items carried at fair value, as stated in the accounting policies set out in the Consolidated Financial Statements.

Internal Controls

Upon an evaluation of the effectiveness of the design and operation of our internal controls over financial reporting conducted as part of the corporate governance and public disclosure obligations of our parent, Tata Motors, we concluded that there was a material weakness, such that our internal controls over financial reporting were not effective as at 31 March 2015 and as at 31 March 2014. A material weakness, under the applicable auditing standards established by the Public Company Accounting Oversight Board (PCAOB) in the United States, is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified with respect to the year ended 31 March 2015 consisted of a deficiency of the design of the review controls relating to complex derivative instruments designated in hedge relationship during the year ended 31 March 2015. Such review controls were not sufficiently direct and precise, and, as a result, an inappropriate method for prospective hedge effectiveness testing was used at inception for these foreign exchange and commodities derivative instruments. Our management determined that these complex derivative instruments did not qualify for hedge accounting in accordance with IAS 39. As a result of the deficiency, changes in the fair value of these complex derivative instruments were initially recorded in the hedging reserve as part of other comprehensive income. Following identification of the deficiency, the amount has been appropriately recorded in our consolidated income statement for the year ended 31 March 2015, and not under other comprehensive income. Following the identification of the deficiency relating to complex derivatives designated in hedge transactions described above in the first quarter of Fiscal 2016, management designed and implemented a preventive control consisting of a review at inception of all complex derivative instruments designated in hedge relationships by technical accounting specialists. This control was subject to formal remediation testing. The specific remediation actions taken by management included the (i) design and implementation of a daily review by internal financial instrument specialists of all derivative instruments designated in a hedge relationship at inception or thereafter if a hedge relationship is re-designated to ensure that the designation, documentation and method of hedge effectiveness testing is appropriate before any changes relating to the value of such instrument are accounted and (ii) implementation of an additional weekly detective control to review appropriateness of hedge accounting for all complex derivative instruments by internal technical accounting specialists. Based upon the measures we have adopted to remedy this material weakness and the results of our tests of their effectiveness, we have concluded that this material weakness was remediated as of 31 March 2016.

The material weakness identified with respect of the year ended 31 March 2014 consisted of a deficiency in the design and operating effectiveness of controls over the change management procedures relating to an information technology system and as a result an inappropriate change to a raw materials system data table in the year ended 31 March 2014, was not prevented or detected on a timely basis. The inappropriate change to the raw

materials system data table resulted in an overpayment to one of our suppliers subsequent to 31 March 2014. The overpayment was promptly recovered from the supplier and as a result there was no financial loss and there were no misstatements identified in the financial statements as at and for the year ended 31 March 2014. Specific remediation actions taken by management immediately following the identification of the deficiency relating to the foregoing material weakness in internal control over financial reporting included (i) the training of staff around the change management procedures and controls over our IT systems, (ii) the design and implementation of additional management processes and controls to identify invalid data table changes and (iii) the strengthening of controls in respect of payment authorisation. Based upon the measures we have adopted to remedy this material weakness and the results of our tests of their effectiveness, we have concluded that this material weakness was remediated as at 31 March 2015.

Due to its inherent limitations, however, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Non-IFRS Financial Measures

In this Offering Memorandum, we have included references to certain non-IFRS measures, including EBITDA, free cash flow (before financing), net cash and product and other investment. EBITDA, free cash flow (before financing), net cash and product and other investment are not IFRS measures and should not be construed as alternatives to any IFRS measure such as revenue, gross profit, other income, net profit or cash flow generated from/(used in) operating activities. We define "EBITDA" as profit for the period before income tax expense, finance expense (net of capitalised interest), finance income, depreciation and amortisation, foreign exchange gains/(losses) on financing and unrealised derivatives, unrealised commodity gains/(losses), share of profits/(losses) from equity accounted investees, exceptional items and one time reserves and charges. We define "free cash flow (before financing)" as net cash generated from/(used in) operating activities less net cash used in investing activities (excluding investments in short-terms deposits) and including foreign exchange gains/(losses) on short-term deposits. We define "net cash" as cash and cash equivalents and short-term deposits less total borrowings (including secured and unsecured borrowings and factoring facilities but excluding finance leases). We define "product and other investment" as net cash used in investing activities and expensed R&D (not included in net cash used in investing activities) but excluding movements in other restricted deposits, movements in short term deposits, finance income received and proceeds from the sale of property, plant and equipment. In this Offering Memorandum, we present EBITDA, free cash flow (before financing), net cash, product and other investment and related ratios for Jaguar Land Rover Automotive plc and its consolidated subsidiaries. EBITDA, free cash flow (before financing), net cash, product and other investment and related ratios should not be considered in isolation and are not measures of our financial performance or liquidity under IFRS and should not be considered as an alternative to profit or loss for the period or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating, investing or financing activities or any other measure of our liquidity derived in accordance with IFRS. EBITDA, free cash flow (before financing), net cash and product and other investment do not necessarily indicate whether cash flow will be sufficient or available for cash requirements and may not be indicative of our results of operations. In addition, EBITDA, free cash flow (before financing), net cash and product and other investment, as we define them, may not be comparable to other similarly titled measures used by other companies. Please see "Summary Consolidated Financial and Other Data" for a quantitative reconciliation of EBITDA to profit for the period, free cash flow (before financing) to net cash generated from/(used in) operating activities, net cash to cash and cash equivalents, and product and other investment to net cash used in investing activities, in each case the nearest comparable IFRS financial measure.

EBITDA as presented in this Offering Memorandum differs from the definition of "Consolidated EBITDA" that is contained in the Indenture. EBITDA and free cash flow (before financing) have limitations as analytical tools, and you should not consider them in isolation. Some of these limitations in respect of EBITDA include the following: (i) EBITDA does not reflect our capital expenditures or capitalised product development costs, our future requirements for capital expenditures or our contractual commitments; (ii) EBITDA does not reflect changes in, or cash requirements for, our working capital needs; (iii) EBITDA does not reflect the interest expense, or the cash requirements necessary, to service interest or principal payments on our debt; (iv) although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often need to be replaced in the future and EBITDA does not reflect any cash requirements that would be required for such replacements; and (v) EBITDA excludes the impact of exceptional items and one time reserves and charges.

This Offering Memorandum includes unaudited consolidated *pro forma* financial data which have been adjusted to reflect certain effects of the offering of the Notes offered hereby and the use of proceeds therefrom, as described under "Use of Proceeds". The unaudited consolidated *pro forma* financial data have been prepared for illustrative purposes only and do not purport to represent what our actual consolidated net debt or net interest

expense would have been if the offering of the Notes had occurred (i) on 30 September 2016 for the purposes of the calculation of *pro forma* net cash/(debt) and (ii) on 1 October 2015 for the purposes of the calculation of *pro forma* net finance costs, nor do they purport to project our consolidated net cash/(debt) and net finance costs at any future date. The unaudited *pro forma* adjustments and the unaudited *pro forma* financial data set forth in this Offering Memorandum are based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual adjusted amounts.

The unaudited condensed consolidated financial information for the twelve months ended 30 September 2016 presented herein is not required by or presented in accordance with IFRS or any other generally accepted accounting principles.

Certain data contained in this Offering Memorandum, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row.

The financial information included in this Offering Memorandum is not intended to comply with reporting requirements of the SEC and will not be subject to review by the SEC.

INDUSTRY AND MARKET DATA

Throughout this Offering Memorandum, we have used industry and market data obtained from management estimates, independent industry and official publications, market research, internal surveys and estimates, and other publicly available information. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed. We believe that such data are useful in helping investors understand the industry in which we operate and our position within the industry. However, we may not have access to the facts and assumptions underlying the numerical data and other information extracted from publicly available sources and have not independently verified any data provided by third parties or industry or general publications. Neither we nor any of the initial purchasers make any representation as to the accuracy of such information. Similarly, while we believe that our internal surveys or estimates are reliable, they have not been verified by independent sources and we cannot assure you of their accuracy.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains certain forward-looking statements within the meaning of the US federal securities laws. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are in some cases beyond our control and may cause our actual results or performance to differ materially from those expressed or implied by such forward-looking statements, including, among other things:

- deterioration in economic, political and social conditions in the United Kingdom and Europe, North America, China and other markets in which we operate and sell our products could have a significant adverse impact on our sales and results of operations;
- the impact of the United Kingdom's contemplated exit from the European Union on our business, including potential changes in export volumes and customer behaviour, potential currency fluctuations, an uncertain regulatory climate and general macroeconomic instability;
- intensifying industry competition that could materially and adversely affect our sales and results of operations;
- new industry consolidation or alliances that allow our competitors to make strategic cost savings;
- the potential for new drive technologies being developed and the resulting effects on the automobile market;
- delays or limited availability of key inputs and related cost increases as a result of accidents or natural disasters;
- new or changing laws, regulations and government policies, including those specifically regarding the automotive industry, such as industrial licensing, environmental regulations, safety regulations and the potential that we may not be able to comply with these regulations and requirements;
- import restrictions and duties, excise duties, sales taxes, value added taxes, product range restrictions, diesel and gasoline prices and road network enhancement projects;
- the implementation and success of competitive new products, designs and innovations, and changing consumer demand for the premium cars and all-terrain vehicles we sell;
- future customer demand for premium performance cars and all-terrain vehicles;
- the purchasing power of retail customers in the future and general consumer confidence for retail and corporate customers;
- the availability and cost of consumer finance to our customers and fluctuations in used car valuations;
- future over-dependence on certain key markets increasing the risk of negative impact following adverse changes in consumer demand in those markets;
- the implementation of new projects, including overseas joint ventures or automotive manufacturing facilities, and growth strategies, including cost-reduction efforts and entry into new markets and any potential mergers and acquisitions in the future;
- our operations could expose us to economic, political and other risks, including unexpected changes in regulatory and legal regimes, governmental investigations, political instability, wars, terrorism, multinational conflicts, natural disasters, fuel shortages/prices, epidemics, labour strikes and other risks in the markets in which we operate and in emerging market countries in which we plan to expand;
- under-performance of our distribution channels may adversely affect our sales and results of operations;
- disruptions to our supply chains or shortages of essential raw materials that may adversely affect our production and results of operations;
- increases in input prices that may have a material adverse impact on our result of operations;

- changes in requirements under long term supply arrangements committing us to purchase minimum or fixed quantities of certain parts, or to pay a minimum amount to the seller, which could have a material adverse impact on our financial condition or results of operations;
- disruptions to our manufacturing, design and engineering facilities and their operations;
- the seasonal effect of a substantial decrease in our sales during certain quarters, which could have a material adverse impact on our financial condition;
- credit and liquidity risks and the terms on which we finance our working capital and capital and product development expenditures and investment requirements;
- fluctuations in the currency exchange rate of our revenues against those currencies in which we incur costs and our functional currency;
- interest rate fluctuations, which may affect the cost of our interest-bearing assets and liabilities;
- potential product liability, warranties and recalls of the products we manufacture;
- the protection and preservation of our intellectual property;
- the risks associated with joint ventures with third parties;
- any future failure to implement and manage our strategy;
- any future requirement to impair the value of our intangible assets in our financial statements;
- potential labour unrest and the loss of one or more key personnel or the potential inability to attract and retain highly qualified employees;
- pension obligations, which may prove more costly than currently anticipated, and the market value of assets in our pension plans, which could decline;
- our potential inability to obtain insurance for certain risks under terms acceptable to us;
- cybersecurity and other information technology risks;
- environmental, health and safety and other compliance requirements that may affect our operating facilities;
- the impact of climate change;
- significant movements in the prices of key inputs such as steel, aluminium, rubber and plastics;
- vulnerability to volatility in the price and availability of fuel, steel, aluminium and other commodities and the impact of climate change on the cost and availability of raw materials and components;
- legal proceedings and governmental investigation, as well as adverse publicity connected with such proceedings and investigations;
- increasing tax liabilities in the geographical markets where we operate;
- failures and weaknesses in our internal controls;
- new and changing corporate governance and public disclosure requirements;
- relations with our shareholder; and
- other factors beyond our control.

All statements other than statements of historical fact included in this Offering Memorandum, including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business,

strategy, capital expenditures, projected costs and our plans and objectives for future operations, if any, may be deemed to be forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, including those identified above and under the "Risk Factors" section in this Offering Memorandum. Words such as "believe", "expect", "anticipate", "project", "may", "intend", "aim", "will", "should", "could", "estimate" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The risks described in the "Risk Factors" section in this Offering Memorandum are not exhaustive. Other sections of this Offering Memorandum describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. We may face new risks from time to time, and it is not possible for us to predict all such risks; nor can we assess the impact of all such risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

EXCHANGE RATES

Exchange Rate between British Pounds and the Euro

The table below sets out the period end, the average, high and low exchange rates as published by Bloomberg (London Composite Rate) expressed in euro per British pound, for the fiscal years indicated.

	Euro per British pound[1]			
Year ended 31 March	**Period end**	**Average[2]**	**High**	**Low**
2012	1.1994	1.1594	1.2122	1.1071
2013	1.1848	1.2280	1.2863	1.1445
2014	1.2109	1.1857	1.2233	1.1431
2015	1.3835	1.2747	1.4160	1.2049
2016	1.2647	1.3656	1.4399	1.2618

(1) Source: Bloomberg.

(2) The daily average Bloomberg (London Composite Rate) for British pounds during the applicable period.

For the six month period ended 30 September 2016, the period end, the average, high and low exchange rates as published by Bloomberg (London Composite Rate) expressed in euro per British pound were 1.1552, 1.2232, 1.3161 and 1.1515 respectively.

The table below sets out the period end, high and low exchange rates, expressed in euro per British pound, for the months indicated prior to the date of this Offering Memorandum.

	Euro per British pound[1]		
Month	**Period end**	**High**	**Low**
July 2016	1.1857	1.2001	1.1661
August 2016	1.1777	1.1928	1.1515
September 2016	1.1552	1.1941	1.1532
October 2016	1.1153	1.1458	1.0983
November 2016	1.1791	1.1805	1.1069
December 2016	1.1705	1.1964	1.1674
January 2017 (to 11 January)	1.1516	1.1762	1.1512

(1) Source: Bloomberg.

The euro per British pound exchange rate on 11 January 2017 was €1.1516 = £1.00.

Our inclusion of the rates listed above is not meant to suggest that the British pound amounts actually represent such euro amounts or that such amounts could have been converted into euro at such rate or any other rate. For a discussion of the impact of the exchange rate fluctuations on our financial condition and results of operations, please see “Operating and Financial Review and Prospects”. We did not use the rates listed above in the preparation of our Consolidated Financial Statements.

SUMMARY

The following summary highlights selected information from this Offering Memorandum and does not contain all of the information that you should consider before investing in the Notes. This Offering Memorandum contains specific terms of the Notes, as well as information about our business and detailed financial data. You should read this Offering Memorandum in its entirety, including the "Risk Factors" section and our Consolidated Financial Statements and the notes to those statements. In addition, certain statements include forward-looking information that involves risks and uncertainties. Please see "Forward-Looking Statements".

Unless the context indicates otherwise, when we refer to "we", "us", "our", "Jaguar Land Rover", "the Group" and "our Group" for the purposes of this Offering Memorandum, we are referring to the Issuer and its subsidiaries.

Overview

We design, develop, manufacture and sell Jaguar premium sports saloons, sports cars and luxury performance SUVs and Land Rover premium all-terrain vehicles, as well as related parts, accessories and merchandise. We have a long tradition as a manufacturer of premium passenger vehicles with internationally recognised brands, an exclusive product portfolio of award-winning vehicles, a global distribution network and strong research and development ("R&D") capabilities. Collectively, Jaguar and Land Rover received approximately 295 awards from leading international motoring writers, magazines and opinion leaders in 2015 and 2016, reflecting the strength of our model line-up and our design and engineering capabilities.

We operate a global sales and distribution network designed to achieve geographically diversified sales and facilitate growth in our key markets. Our four principal regional markets are Europe (excluding the United Kingdom and Russia), North America, the United Kingdom and China which, respectively, accounted for 23.2%, 19.9%, 21.0% and 20.1% of our retail volumes, including sales from our China Joint Venture and 26.4%, 24.8%, 21.1% and 11.1% of our wholesale volumes, excluding sales from our China Joint Venture in the six months ended 30 September 2016.

We operate three principal automotive manufacturing facilities, an engine manufacturing facility and two advanced design and engineering facilities in the United Kingdom as well as a wholly owned manufacturing plant in Brazil. We have also established a manufacturing joint venture in China, which currently produces the Range Rover Evoque, Discovery Sport and Jaguar XFL for sale in the local market. Globally, we employed a total of 39,851 employees, including agency personnel (but excluding China Joint Venture employees), as at 30 September 2016, 21,687 of which were employed in our manufacturing operations with the remaining 18,164 employed in other areas such as design, engineering and central corporate functions.

We are a wholly owned indirect subsidiary of Tata Motors, a member of the international conglomerate Tata Group. Tata Motors is India's largest commercial vehicle manufacturer, as measured by revenue and is among the top five passenger vehicle manufacturers in India in terms of units sold, in Fiscal 2016.

The following table presents our revenue, profit and EBITDA in Fiscal 2014, Fiscal 2015 and Fiscal 2016, the six months ended 30 September 2015 and 2016 and the twelve months ended 30 September 2016.

	Fiscal year ended 31 March			**Six months ended 30 September**		**Twelve months ended 30 September**
	2014	**2015**	**2016**	**2015**	**2016**	**2016**
	(£ in millions)					
Revenue	19,386	21,866	22,208	9,833	11,414	23,789
Profit for the period	1,879	2,038	1,312	400	548	1,460
EBITDA	3,393	4,132	3,313	1,410	1,287	3,190

In Fiscal 2014, Fiscal 2015 and Fiscal 2016, we experienced significant growth, reflecting successful launches of new models, sustained appeal of existing products and geographic diversification, combined with a generally supportive global economic environment.

Our unit sales (on a retail basis and including sales through our China Joint Venture) for each of our brands for Fiscal 2014, Fiscal 2015 and Fiscal 2016, the six months ended 30 September 2015 and 2016 and the twelve months ended 30 September 2016 are set out in the table below:

	Fiscal year ended 31 March			Six months ended 30 September		Twelve months ended 30 September
	2014	2015	2016	2015	2016	2016
Jaguar	80,522	76,930	94,449	40,754	73,512	127,207
Land Rover	353,789	385,279	427,122	184,351	201,700	444,471
Total	**434,311**	**462,209**	**521,571**	**225,105**	**275,212**	**571,678**
Retail volumes from our China Joint Venture (included above)	*0*	*1,094*	*31,765*	*10,388*	*27,531*	*48,908*

Our unit sales (on a wholesale basis, excluding sales from our China Joint Venture) under each of our brands for Fiscal 2014, Fiscal 2015 and Fiscal 2016, the six months ended 30 September 2015 and 2016 and the twelve months ended 30 September 2016 are set out in the table below:

	Fiscal year ended 31 March			Six months ended 30 September		Twelve months ended 30 September
	2014	2015(1)	2016(1)	2015(1)	2016(1)	2016(1)
Jaguar	79,307	76,496	102,106	42,891	76,510	135,725
Land Rover	350,554	389,983	407,228	178,919	168,450	396,759
Total	**429,861**	**466,479**	**509,334**	**221,810**	**244,960**	**532,484**
Wholesale volumes from our China Joint Venture (excluded above)	*0*	*4,044*	*34,751*	*9,389*	*28,601*	*53,963*

(1) The wholesale volumes from our China Joint Venture are excluded.

Wholesale volumes refer to the aggregate number of finished vehicles sold to dealers and importers. We recognise our revenue on the wholesale volumes we sell. Retail volumes refer to the aggregate number of finished vehicles sold by dealers to end users. We consider retail volumes the best indicator of consumer demand for our vehicles and the strength of our brand.

Our vehicles

Jaguar designs, develops and manufactures a range of premium cars recognised for their design, performance and quality. Jaguar's range of products comprises the F-TYPE two-seater sports car coupé and convertible (including all-wheel drive derivatives), the new F-PACE luxury performance SUV (which uses the same lightweight aluminium-intensive architecture as the XE and the new XF), the lightweight XF, the XF Sportbrake, the XJ saloon and the new XE sports saloon. The XF Sportbrake went on sale in October 2012 and has established a strong reputation, whilst the XE and the all-new XF went on sale in May and September 2015, respectively. The 2016 Model Year XJ went on sale in December 2015 and the new Jaguar F-PACE went on sale in April 2016. On 14 November 2016, we unveiled the Jaguar I-PACE Concept, our first all-electric vehicle at the 2016 Los Angeles Motor Show. The I-PACE is a five seater sports car powered by a 90kWh battery, providing an estimated range of 500km (NEDC cycle) and rapid charging in two hours, and twin-electric motors delivering all-wheel-drive performance, accelerating to 60 mph in around four seconds. We expect the I-PACE will go on sale in the second half of 2018.

Land Rover designs, develops and manufactures premium all-terrain vehicles that aim to differentiate themselves from the competition by their capability, design, durability, versatility and refinement. Land Rover's range of products comprises the Range Rover, Range Rover Sport, Range Rover Evoque, Range Rover Evoque Convertible, which went on sale in June 2016, Land Rover Discovery and the Land Rover Discovery Sport. The Land Rover Defender ceased production in January 2016. The new Land Rover Discovery was revealed to the public on 28 September 2016, ahead of the Paris Motor Show, and is expected to go on sale in the spring of 2017.

For a description of our vehicle models, please see "Our Business—Our Vehicles". For retail and wholesale unit sales by vehicle model, please see "Our Business—Product Sales Performance—Sales Performance by Vehicle Model". For the most recent awards that our vehicles have received, please see "—Our Competitive Strengths—Award-winning design capabilities and distinctive model line-ups".

Product design, development and technology

Our vehicles are designed and developed by award-winning design teams, and we are committed to a continuing programme of new product design. Please see "—Our Competitive Strengths—Award-winning design capabilities and distinctive model line ups". Our two design and development centres are equipped with computer-aided design, manufacturing and engineering tools, and are configured for competitive product development cycle-time and efficient data management.

We develop and manufacture technologically advanced vehicles, including the development of connected and autonomous vehicle technologies. We have also launched InMotion, a new technology business focused on developing innovative mobility solutions to overcome and address future travel and transport challenges. Our R&D operations currently consist of a single engineering team of approximately 400 engineers, co-managed for Jaguar and Land Rover, sharing premium technologies, powertrain designs and vehicle architectures. Please see "Our Business—Product Design, Technology and Research and Development".

Properties and facilities

We operate three principal automotive manufacturing facilities, an engine manufacturing facility and two advanced design and engineering facilities in the United Kingdom, as well as an automotive manufacturing facility in China as part of our China Joint Venture and a wholly owned automotive manufacturing facility in Brazil. We believe that these facilities provide us with a flexible manufacturing footprint to support our present product plans. Please see "Our Business—Properties and Facilities".

Sales, distribution and financial services

We market and distribute Jaguar and Land Rover products in 124 and 136 markets, respectively. Sales locations for our vehicles are operated as independent franchises while we are represented in our key markets through national sales companies as well as third-party importers. Jaguar and Land Rover have regional offices in certain select countries that manage customer relationships, vehicle supplies and provide marketing and sales support to their regional importer markets. The remaining importer markets are managed from the United Kingdom. Please see "Our Business—Sales and Distribution".

We have entered into arrangements with independent partners to provide wholesale financing to our dealers and/or retail financing to our retail customers. Please see "Our Business—Financing Arrangements and Financial Services Provided".

Our Competitive Strengths

We believe that the successful growth achieved during the recent years, our current trading performance and our future success are based upon the following key competitive strengths:

Globally recognised brands built on a strong heritage

We believe that the strong heritage and global recognition of the Jaguar and Land Rover brands have helped us to achieve our recent strong operating performance and position us well to benefit from growth opportunities. Founded in 1922, Jaguar has a long tradition of designing and manufacturing premium sports cars and saloons recognised for their design, engineering performance and a distinctive British style. The brand has a strong racing history, with Jaguar first winning the Le Mans race in 1951 and winning numerous racing titles since. Founded in 1948, Land Rover designs and manufactures vehicles known for their ability, strength and durability. Land Rover's brand identity is built around utility, reliability and, above all, its all-terrain capability.

Both our Jaguar and Land Rover brands are globally recognised as premium, class-leading and highly differentiated vehicles within their segments as evidenced by consumer demand, sales in approximately 124 and 136 markets, respectively, and the many international awards received across different geographical regions. Please see "—Award-winning design capabilities and distinctive model line-ups" for further details on these awards.

Award-winning design capabilities and distinctive model line-ups

We believe that our business is supported by award-winning design capabilities and distinctive model line-ups. Our two award-winning design teams, led by designers Ian Callum and Gerry McGovern, have a distinguished track record of designing contemporary and elegant cars, while retaining the distinctive brand identity of Jaguar and Land Rover.

The strength of our design capabilities and distinctive model line-ups has been widely validated by industry experts. In 2015 and 2016, Jaguar and Land Rover have collectively received approximately 295 awards from leading international magazines and opinion leaders as well as numerous other awards, accolades and recognition.

The following table sets out certain of these awards received in 2015 and 2016, but is not exhaustive.

Award	Model	Awarding Institution	Date
Best Saloon Car – (Mid-Full size)	Jaguar XF	Golden Steering Wheel Awards	November 2016
Sport Auto Award	Jaguar F-TYPE	Auto Motor Sport	October 2016
Compact SUV of the Year 2016	Jaguar F-PACE	Auto Express Awards	July 2016
SUV of the Year	Range Rover Evoque	Off Road Award – Off Road	June 2016
Most Popular SUV	Discovery Sport	Honest John	
Best vehicle in "Sports car/ Coupe/ Roadster/ Convertible" category	Jaguar F-TYPE	Top 5 AUTO Ceremony	May 2016
Autocar Star Award	Range Rover Sport	Autocar	May 2016
Best Executive Car	Jaguar XE	UK Car of the Year Awards	March 2016
Saloon Car of the Year	Jaguar XF	Top Gear Magazine	March 2016
Best Large SUV	Jaguar F-PACE	Auto Illustrierte	February 2016
Best Premium SUV	Range Rover Evoque	Best Cars 2016 – Motorpress	February 2016
Large SUV of the Year	Discovery Sport	What Car?	January 2016
SME Company Car of the Year	Jaguar XE	SME Company Car of the Year Awards	January 2016
Best Buy Luxury	Range Rover	What Car?	January 2016
Car of the Year 2016	Jaguar XE	Car and Driver Magazine	December 2015
Best Compact Executive	Jaguar XE	Auto Express Awards	July 2015
Queen's Award for Enterprise in Sustainable Development	Jaguar Land Rover	Her Majesty the Queen	June 2015
Telegraph Car of the Year	Jaguar XE	Telegraph	June 2015
2015 Diesel Car Magazine Awards	Jaguar XE	Best Large Car	May 2015

Jaguar has a long tradition of producing innovative automobiles exemplified by design icons such as the Jaguar E-Type. Today Jaguar's entire product range has been refreshed under a unified design and concept language, upon which we intend to further develop our exclusive product portfolio. We believe that our new design and concept language will help Jaguar appeal to a wider audience. We also believe that Land Rover offers one of the most consistent, universally recognised and successful model line-ups within the automotive industry.

Our product development process is highly structured with the aim of allowing us to respond quickly to new market trends and to leverage market opportunities (such as environmental awareness among consumers). We run an annual product development process with regular management reviews and specific product cycle milestones. A typical product cycle could include a feature upgrade with incremental improvements two years after launch, a major upgrade to both exterior and interior features four years after launch, a new product design seven years after launch and actions associated with a phase out of models, with a new platform after two product cycles. We believe that this product development process is a key factor in our operational efficiency and has helped us to achieve our recent and on-going success through regular improvements and upgrades to our model line-up.

We have continued to strengthen our line-up with new model launches, such as the Land Rover Discovery Sport, the Jaguar XE, the lightweight Jaguar XF, the F-PACE (Jaguar's first SUV), the Range Rover Evoque Convertible and a long wheel base version of the Jaguar XF (the XFL) produced by our China Joint Venture. New products are expected to support sales growth across wider segments. Please see "—Our Strategy—Grow the business through new products and market expansion".

Technical excellence with a strong focus on research and development

We develop and manufacture technologically advanced vehicles. For example, we are one of the industry leaders in aluminium body structures, which contribute to the manufacture of lighter vehicles with improved fuel and CO_2 efficiency and performance, while maintaining the body stiffness that customers in the premium segment demand. Our new vehicle models such as the Jaguar XE, Jaguar F-PACE and Jaguar XF are constructed with this lightweight aluminium vehicle architecture.

We have industry-leading capabilities in all-terrain applications, such as Land Rover's "terrain response system", which is the all-terrain system that adjusts the performance of vital operating components of the vehicle to different driving and weather conditions. We also aim to be at the forefront of calibration and certification of emissions

and fuel economy, with a number of emission-reducing technologies developed or under development, including stop-start technology as a standard feature, the new 2.0-litre "in-house" diesel engine introduced in 2015 and other engines to follow, as well as electrification strategies, such as the hybrid engines available on the Range Rover and Range Rover Sport and battery electric technologies to come. For instance, we plan to introduce plug in hybrids and battery electric vehicles (such as the I-PACE in 2018) into our product range. Furthermore, we are currently competing in the FIA Formula E championship, which enables us to create a test bed for our future electrification technology. In addition, we are developing improvements in aerodynamic drag-reducing technologies. We believe that we are also among the leading automobile manufacturers in the areas of powertrain application engineering and sound quality. For further details on our product design and research and development initiatives, please see "Our Business—Product Design, Technology and Research and Development".

Global market presence through comprehensive and growing global sales and distribution and international manufacturing networks

We market and sell our vehicles through a global sales and distribution network designed to achieve geographically diversified sales and facilitate growth in key markets, including Europe (excluding the United Kingdom and Russia), North America, the United Kingdom, China and Overseas (including Brazil and Russia). Over the years, we have expanded our global sales and distribution network and achieved diversification of revenue beyond our historical core markets. Please see "Our Business—Sales and Distribution".

Our success in established markets and strong brand recognition ensure that we are well positioned to capture the significant sales growth experienced in emerging markets. We believe this growth potential in markets with growing affluent populations will counterbalance the expected lower rate of sales growth in more developed markets, and offers significant opportunities to increase and diversify further our sales volumes. Consequently, we are actively investing in our sales network outside of our major markets. In addition, we established a manufacturing joint venture in China with Chery Automobile Company Ltd. to further support growth in the Chinese market. Please see "Our Business—China Joint Venture". In India, we opened an NSC to expand our presence in this key market. Currently, the Jaguar XJ, Jaguar XF, Jaguar XE, Range Rover Evoque and Land Rover Discovery Sport vehicles are manufactured locally at a facility operated by Tata Motors in Pune, India. These vehicles are currently sold by Tata Motors in India. In June 2016, the production of the Land Rover Discovery Sport and the Range Rover Evoque for local sales commenced at our manufacturing facility in Brazil. Please see "Our Business—Brazil Production Facility". From time to time we establish presence in other markets according to our business needs.

Profitable growth and strong operating cash generation

We continue to profitably grow our business. Our revenue grew to £22,208 million and £11,414 million in Fiscal 2016 and the six months ended 30 September 2016 respectively, from £21,866 million and £9,833 million in Fiscal 2015 and the six months ended 30 September 2015, respectively, primarily as a result of higher sales volumes in both our Jaguar and Land Rover brands. In line with our solid sales performance, we delivered EBITDA of £3,313 million in Fiscal 2016 and £1,287 million in the six months ended 30 September 2016, compared to a record £4,132 million in Fiscal 2015, and £1,410 million for the six months ended 30 September 2015. The year-on-year decrease in Fiscal 2016 EBITDA from record profitability in Fiscal 2015 reflected less favourable model and market mix as well as unfavourable short-term foreign exchange revaluation (primarily euro payables), when compared to the favourable short-term foreign exchange revaluation in Fiscal 2015. The decrease in EBITDA in the six months ended 30 September 2016, as compared to the six months ended 30 September 2015, primarily reflects unfavourable foreign exchange revaluation of current assets and liabilities, one-time provision for new customer quality programmes, and as lower market incentive received in the three months ended 30 June 2016 compared to the incentive received in the three months to 30 September 2015. Free cash flow (before financing) was positive £791 million in Fiscal 2016 (positive £842 million in Fiscal 2015) driven by solid EBITDA of £3,313 million (including £318 million of expensed R&D) and positive working capital, which funded total investment spending of £3,135 million. In the six months ended 30 September 2016 free cash flow (before financing) was negative £563 million (negative £1,056 million in the six months ended 30 September 2015), primarily reflecting EBITDA of £1,287 million which was offset by £1,476 million of total investment spending as well as negative working capital and non-cash accrual movements (primarily inventory build-up in the three months ended 30 June 2016 and new vehicles launches) of £485 million (down from negative working capital of £960 million in the six months ended 30 September 2015). Free cash flow before financing in the three months ended 30 September 2016 was positive £70 million after £784 million of total investment spending, primarily reflecting EBITDA of £615 million and £182 million favourable working capital, non-cash accrual and other movements, as compared to negative free cash flow before financing of £220 million in the three months ended 30 September 2015.

Experienced and highly qualified senior management team

We have a highly experienced and respected senior management team. Our senior management comprises senior automotive executives with extensive experience in the automotive industry. We believe that the experience,

industry knowledge and leadership of our senior management team will help us implement our strategy described below and achieve further profitable growth.

Shareholder support

We benefit from strong and on-going support from our parent company Tata Motors, which is a member of the international conglomerate Tata Group. Tata Motors is India's largest commercial vehicle manufacturer, as measured by revenue, and is among the top five passenger vehicle manufacturers in India, in terms of units sold in Fiscal 2016. It has also established a successful international presence as an automobile company through joint ventures and acquisitions such as the acquisition of the commercial vehicle business of Daewoo in 2004. On 2 June 2008, Tata Motors acquired the Jaguar Land Rover businesses from Ford, establishing its international presence in the premium market. Tata Motors has a manufacturing footprint in India, South Africa, South Korea, Thailand and the United Kingdom and established a presence in Indonesia in 2012 for import, assembly and wholesale distribution.

We believe that we are of strategic importance to Tata Motors given that we represented approximately 74% of its net revenue for the six months ended 30 September 2016. This was also supported by Standard & Poor's Ratings Services (S&P), which in its two latest ratings opinions classified us as "highly strategic" to Tata Motors and noted that we have "a significant bearing on Tata Motors' overall operating performance." Our Board includes two members who are also members of the board of directors of Tata Motors, namely Dr. Ralf Speth and Mr. Nasser Munjee. Tata Motors does not guarantee or assume any direct or indirect liability for the Notes.

Our Strategy

We have a multifaceted strategy to strengthen our position as a leading manufacturer of premium vehicles. Our success is tied to our investment in product development, which is reflected in our strategic focus on capital expenditure, R&D and product design. Our strategy consists of the following key elements:

Grow the business through new products and market expansion

New products

We offer products in the premium performance car and all-terrain vehicle segments, and we intend to grow the business by diversifying our product range within these segments. For instance, the Land Rover Discovery Sport is the first in a new family of Discovery vehicles offering our customers a versatile yet capable compact SUV. The Jaguar XE enables us to offer a product in the "C segment" of vehicles and compete against other premium auto manufacturers in this high-volume sector. The all-new Jaguar F-PACE luxury SUV expands the brand's presence and facilitates our ability to compete in new segments and also forms the basis of a new range of future Jaguars, allowing us to grow our product portfolio and target high-growth areas of the premium market.

In Fiscal 2016 and since the start of Fiscal 2017 to date, in addition to the new vehicle models mentioned above, we reinforced our brand range with the lightweight Jaguar XF, the 2016 Model Year Jaguar XJ and the Range Rover Evoque Convertible and we revealed to the public the all-new Land Rover Discovery on 28 September 2016.

Market expansion

Our strategy involves expanding our global footprint into geographic locations where we see opportunities to grow. As a producer of distinctive, premium products, we believe we are well positioned to increase our revenues in emerging affluent countries with growing sales potential. We also aim to leverage our relationship with Tata Motors and the synergies we can achieve in the areas of research and product development, supply sourcing, manufacturing and assembly and other operations. There are two specific aspects to our strategy of geographic expansion:

- ***Emerging markets*:** We aim to increase our marketing and dealer network in emerging markets. For example, in India, we opened an NSC to expand our presence in this key market and we have also recently established NSCs in Singapore and Colombia. Please see "—Our Competitive Strengths—Global market presence through comprehensive and growing global sales and distribution and international manufacturing networks".

- ***Selected markets*:** We aim to establish new manufacturing facilities, assembly points and suppliers in selected markets. For example, we are expanding our manufacturing and assembly lines at our China Joint Venture, where we have produced Range Rover Evoque since the end of 2014 and the Land Rover Discovery Sport since September 2015. In addition, we are now producing the long wheel base XFL, the third vehicle produced at the China Joint Venture, which went on sale in September 2016. Please see "Our Business—China Joint Venture". Our manufacturing facility in Brazil opened in June 2016, where we

currently produce the Discovery Sport and the Range Rover Evoque for sale in the local Brazilian market. Please see "Our Business—Brazil Production Facility". In July 2015, we agreed a manufacturing partnership with Magna Steyr, an operating unit of Magna International Inc., to build vehicles in Graz, Austria and in December 2015, we concluded an agreement with the Government of the Slovak Republic for the development of a new manufacturing plant in the city of Nitra in western Slovakia. In addition, the Jaguar XJ, Jaguar XF, Jaguar XE, Range Rover Evoque and Land Rover Discovery Sport are currently manufactured locally at a facility operated by Tata Motors in Pune, India. We also sell vehicle kits to be assembled in CKD facilities in Kenya, Malaysia, Turkey and Pakistan and continue to explore manufacturing operations in other markets.

Grow the business through future capital investments

We continue to focus on profitably growing our strong, globally recognised brands. In order to meet customer aspirations and regulatory requirements, we continue to invest in the United Kingdom and internationally, to further develop technologies and products, compete in new and existing segments and expand our manufacturing capacity. In the near and medium term, we expect our capital spending to be greater than our long term capital spending target of 10-12% of revenue in order to realise the present opportunities we see for growth.

Based on our continuing strong performance and cash and liquidity position, we plan to continue to increase capital investment to develop new products in new and existing segments, invest in new powertrains and technologies to meet customer and regulatory requirements, and increase our manufacturing capacity in the United Kingdom and internationally (i.e. China, Brazil, Austria and Slovakia).

We continue to target funding most of our capital spending out of operating cash flow and monitor the economic environment and market demand as we plan our future capital spending. We expect that our strong balance sheet, including total cash and cash equivalents and financial deposits of £3.8 billion and our recently refinanced five-year undrawn committed credit facility of £1.87 billion as at 30 September 2016, resulting in total liquidity of £5.7 billion, as well as proven access to funding from capital markets and banks, will also support our investment plans as required.

In Fiscal 2016, total product and other investment was £3,135 million (with 49.8% for R&D and 50.2% for expenditure on tangible fixed assets such as facilities, tools and equipment as well as investment in our China Joint Venture and other international manufacturing initiatives). We estimate our capital spending will likely be slightly lower than the prior indication of £3.75 billion in Fiscal 2017. Our capital spending programme is primarily focused on expanding our manufacturing capacity, new product launches, product development and technology development including CO_2 emissions technology. The significant growth in our sales and profitability with a strong cash and liquidity position (as discussed under "Operating and Financial Review and Prospects—General Trends of Our Recent Performance") has supported our capital spending strategy over the past three Fiscal years. Total cash at 31 March 2016 was £4,651 million (21% of revenue), comprising cash and cash equivalents of £3,399 million and £1,252 million of financial deposits, as compared to total cash of £4,263 million at the end of Fiscal 2015.

Develop technologically advanced vehicles

Our strategy is to maintain and improve our competitive position by developing technologically advanced vehicles. Over the years, we have enhanced our technological strengths through extensive in-house R&D activities, particularly through our two advanced engineering and design centres, which centralise our capabilities in product design and engineering. We are committed to continue investing in new technologies, including developing sustainable technologies to improve fuel economy and reduce CO_2 emissions. We consider technological leadership to be a significant factor in our continued success, and therefore intend to continue to devote significant resources to upgrading our technological capabilities.

In line with this objective, we are involved in a number of advanced research consortia that bring together leading manufacturers, suppliers and academic specialists in the United Kingdom, supported by funding from the government's Technology Strategy Board. Please see "Our Business—Product Design, Technology and Research and Development".

Continue to improve vehicle quality

We recognise the importance of superior vehicle quality and have implemented programmes, both internally and at our suppliers' operations, focused on improving the quality of our products, enhancing customer satisfaction and reducing our future warranty costs. We have also established a procedure for ensuring quality control of outsourced components, and products purchased from approved sources undergo a supplier quality improvement process. Reliability and other quality targets are built into our new product introduction process. Assurance of quality is further driven by the design team, which interacts with downstream functions like process-planning, manufacturing and supplier

management to ensure quality in design processes and manufacturing. We believe our extensive sales and service network has also enabled us to provide quality and timely customer service. Through close coordination supported by our IT systems, we monitor quality performance in the field and implement corrections on an on-going basis to improve the performance of our products.

Focus on environmental performance

Our strategy is to invest in products and technologies that position our products ahead of expected stricter environmental regulations and ensure that we benefit from a shift in consumer awareness of the environmental impact of the vehicles they drive. We also believe that we are the leader in automotive green technology in the United Kingdom. Our environmental vehicle strategy focuses on new propulsion technology, weight reduction and reducing parasitic losses through the driveline. We have developed diesel hybrid versions of the Range Rover and Range Rover Sport, without compromising the vehicles' off-road capability or load space.

We are a global leader in the use of aluminium and other lightweight materials to reduce vehicle weight and improve fuel and CO_2 efficiency, and we believe we are ahead of many of our competitors in the implementation of aluminium construction. For example, the Jaguar XE is the only vehicle in its class to use an aluminium-intensive monocoque. We plan to continue to build on this expertise and extend the application of aluminium construction as we develop a range of new Jaguar and Land Rover products. The aluminium body architecture introduced on the new Jaguar XE is used in the new Jaguar F-PACE. The all-new Discovery uses the same lightweight architecture as the Range Rover and Range Rover Sport.

We are also developing more efficient powertrains and other technologies. This includes smaller and more efficient Ingenium 2.0-litre petrol engines (as recently announced), stop-start and hybrid engines. We already produce smaller and more efficient diesel engines such as the Ingenium 2.0-litre diesel engine used across many of our products. Our lighter vehicles such as the Range Rover and Range Rover Sport Diesel Hybrid, powered by downsized and more efficient engines and alternative powertrains have all contributed to the improvement of our carbon footprint.

Our current product line-up is the most efficient it has ever been and the environmental performance of our vehicles has been further improved through our new models. The new Land Rover Discovery uses lightweight aluminium construction which saves 480 kg compared to the old model, delivering enhanced efficiency and reduced CO_2 emissions. The new aluminium-intensive Jaguar XE is the most fuel-efficient Jaguar and the first Jaguar Land Rover vehicle to receive a UK VED Band A rating resulting in a £0/annum tax rate. The all-new aluminium-intensive XF delivers improved fuel consumption CO_2 emission performance. The 2.0-litre Ingenium diesel engine, now used extensively in the product line-up will soon be complimented by the petrol version, which also provides significant CO_2 reductions versus the outgoing powertrains.

Recognising the need to use resources responsibly, produce less waste and reduce our carbon footprint, we are also taking measures to reduce emissions, waste and the use of natural resources in all of our operations.

Transform the business structure to deliver sustainable returns

To mitigate the impact of high cyclicality in the automobile industry and provide a foundation from which to invest in new products, designs and technologies in line with our overall strategy, we plan to strengthen our operations by gaining a significant presence across a selected range of products and a wide diversity of geographic markets. One key component of this strategy, which has delivered positive results in recent years, is our focus on improving the mix of our products (by developing vehicles designed to increase our market segment penetration or market visibility). We also plan to continue to strengthen our other business operations, such as spare part sales, service and maintenance contracts, and further develop our Special Operations business unit, which comprises numerous departments including Special Vehicle Operations, Heritage, Personalisation and a collaborative Branded Goods division.

We undertake a variety of internal and external benchmarking exercises, such as competitor vehicle teardown, market testing and internal comparative analysis across our own vehicles, which help us to identify cost improvement opportunities for our components, systems and sub-systems. We also explore opportunities to source materials in a more cost-effective manner as well as sharing components across platforms in order to gain economies of scale and reduce engineering costs per vehicle. We believe that our strategy to enhance global sourcing by establishing a core trading division and by developing supply from countries with a lower cost base such as India and China, where we have already established purchasing offices, will simultaneously increase the natural hedging of our substantial foreign currency exposures and act as a complementary source of competitive advantage. We are taking a similar approach with engineering, where we are progressively building up capability through our product development operation in India by allowing incremental levels of design responsibility to be tested on successive programmes.

Recent Developments

Members of our Board

On 19 December 2016, Mr. Cyrus Mistry stood down from our Board of Directors and from the board of directors of Tata Motors. A replacement is expected to be identified and appointed in due course.

Trading Update

The Group's retail volumes for the month ended 31 December 2016 were published on 9 January 2017 and the retail volumes for the quarter ended 31 December 2016 as compared to the quarter ended 31 December 2015 and the quarter ended 30 September 2016 are as follows:

	Three months ended 31 December				Three months ended 30 September	
	2015	**2016**	**Year-on-year Change**		**2016**	**Quarter-on-quarter Change**
		(units)		**(%)**	**(units)**	**(%)**
Global retail volumes (including sales from the China Joint Venture)	**137,653**	**149,288**	**11,635**	**8%**	**142,459**	**5%**
Global wholesale volumes (excluding sales from the China Joint Venture)	**137,631**	**130,910**	**(6,721)**	**(5)%**	**124,192**	**5%**
Jaguar retail volumes:						
F-PACE	—	19,336	19,336	—%	17,157	13%
XE	11,420	10,878	(542)	(5)%	11,176	(3)%
XF	6,802	9,745	2,943	43%	7,963	22%
XJ	2,991	3,049	58	2%	2,772	10%
F-Type	2,616	2,356	(260)	(10)%	2,638	(11)%
XK[1]	12	—	(12)	(100)%	-	—%
Total	23,841	45,364	21,523	90.3%	41,706	9%
Land Rover retail volumes:						
Range Rover	16,567	14,656	(1,911)	(12)%	12,532	17%
Range Rover Sport	22,386	22,723	337	2%	20,212	12%
Range Rover Evoque	28,406	27,688	(718)	(3)%	26,067	6%
Discovery Sport	26,588	30,787	4,199	16%	28,283	9%
Discovery	13,844	8,009	(5,835)	(42)%	13,263	(40)%
Freelander[2]	24	2	(22)	(92)%	3	(33)%
Defender[2]	5,997	59	(5,938)	(99)%	393	(85)%
Total	113,812	103,924	(9,888)	(9)%	100,753	3%
Regional retail volumes:						
China	26,308	36,408	10,100	38%	29,484	23%
Europe (excluding the United Kingdom and Russia)	31,828	34,060	2,232	7%	30,169	13%
North America	28,073	33,630	5,557	20%	30,228	11%
United Kingdom	24,994	24,227	(767)	(3)%	30,981	(22)%
Overseas	26,450	20,963	(5,487)	(21)%	21,597	(3)%
Total	137,653	149,288	11,635	8%	142,459	5%
Retail volumes from our China Joint Venture (included above)[3]	*9,010*	*19,395*	*10,385*	*115%*	*13,492*	*44%*
Wholesale volumes from our China Joint Venture (ecluded above)	*12,830*	*21,335*	*8,505*	*66%*	*15,043*	*42%*

(1) Production of the XK, except for certain special editions, ceased in July 2014, with retail sales currently being phased out.

(2) Production of the Freelander and the Land Rover Defender has been discontinued.

(3) The volumes from our China Joint Venture are included. The volumes from Hong Kong and Taiwan have been included in our Overseas volumes since the beginning of Fiscal 2017.

We have begun the process of preparing financial results for the quarter ended 31 December 2016. We expect these financial results to reflect the sales volumes above and recent profit and margin trends. Please see "Operating and Financial Review and Prospects". Free cash flow after investment and before financing is expected to be positive in the quarter ended 31 December 2016. We expect to finalise and release these results in February 2017, together with Tata Motors' results for the same period.

The Issuer

The Issuer is a public limited company, incorporated under the laws of England and Wales with company number 06477691, with its registered office at Abbey Road, Whitley, Coventry CV3 4LF, United Kingdom.

The Issuer has an issued share capital of £1,500,642,163 which is comprised of 1,500,642,163 fully paid shares of £1.00 each.

The telephone number of the Issuer is + 44 (0) 2476 303 080.

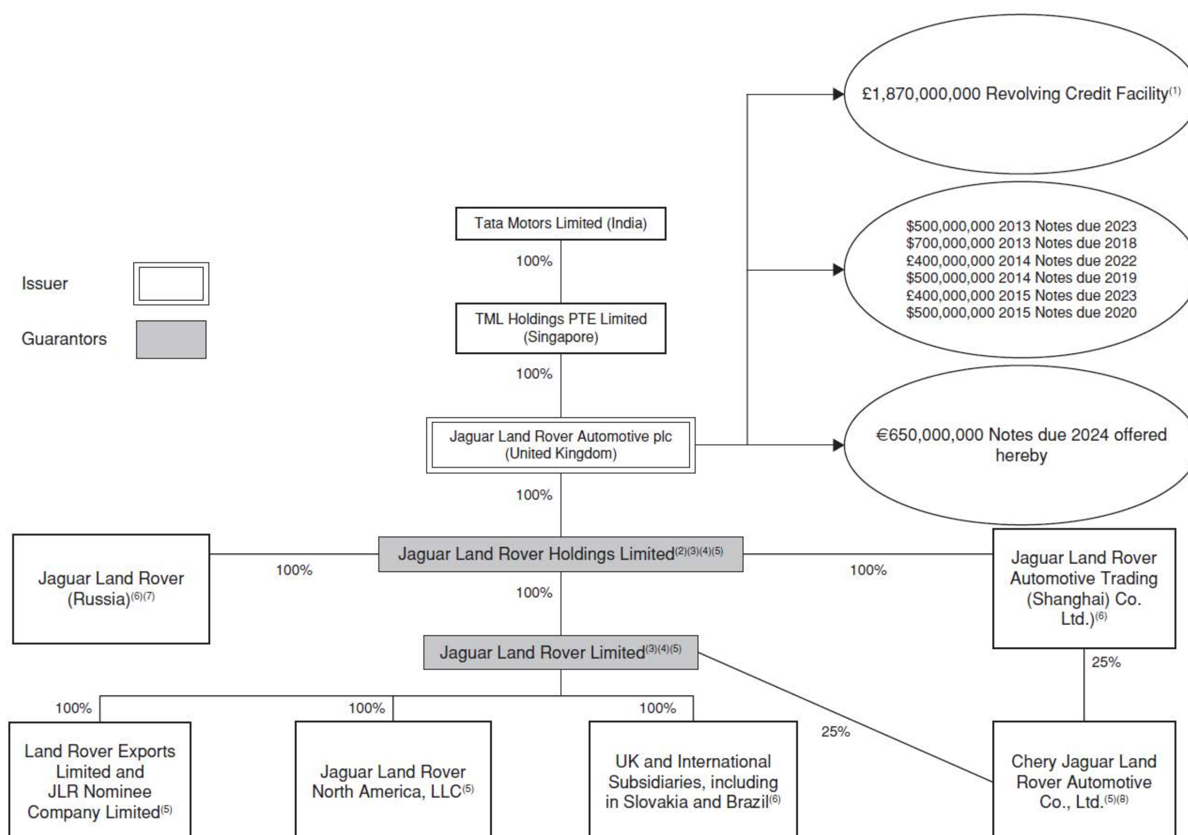
The Guarantors

Jaguar Land Rover Limited is a private limited company, incorporated under the laws of England and Wales with company number 01672070, with its registered office at Abbey Road, Whitley, Coventry, CV3 4LF, United Kingdom. The telephone number of Jaguar Land Rover Limited is + 44 (0) 2476 303 080.

Jaguar Land Rover Holdings Limited is a private limited company, incorporated under the laws of England and Wales with company number 04019301, with its registered office at Abbey Road, Whitley, Coventry, CV3 4LF, United Kingdom. The telephone number of Jaguar Land Rover Holdings Limited is + 44 (0) 2476 303 080.

CORPORATE AND FINANCING STRUCTURE

The following diagram gives a simplified overview of the corporate and financing structure of the Issuer and its subsidiaries, after giving effect to the offering of the Notes offered hereby and the use of proceeds therefrom. Please see "Use of Proceeds". For a summary of the material financing arrangements identified in this diagram, please see "Description of Other Indebtedness" and "Description of the Notes".



---

(1) As at the date of this Offering Memorandum, the Revolving Credit Facility was undrawn. Please see "Description of Other Indebtedness" for a summary of our other financing facilities, including working capital and receivables facilities and other financing arrangements and "Operating and Financial Review and Prospects—Liquidity and Capital Resources" for a discussion of our capital structure.

(2) In order to bring our legal structure in line with our operational structure, we transferred (i) in April 2012, the trade and assets of Land Rover Exports Limited to Jaguar Land Rover Exports Limited (now JLR Nominee Company Limited and previously Jaguar Cars Exports Limited), (ii) in January 2013, the trade and assets of the Land Rover business to Jaguar Land Rover Limited (previously Jaguar Cars Limited) and (iii) in April 2013, the trade and assets of Jaguar Land Rover Exports Limited to Jaguar Land Rover Limited. Jaguar Land Rover Holdings Limited (previously Land Rover) remains as a holding company, directly owning Jaguar Land Rover Limited and the China NSC and indirectly owning 50% of Chery Jaguar Land Rover Automotive Co., Ltd. and 100% of all other subsidiary companies. None of these reorganisations has impacted the indirect holdings of Jaguar Land Rover Automotive plc. The name of Jaguar Land Rover PLC was changed to Jaguar Land Rover Automotive plc in December 2012.

(3) Following the Jaguar Land Rover internal group reorganisation effective on 1 January 2013, Jaguar Land Rover Limited is directly responsible for the UK defined benefit pension plans. Jaguar Land Rover Holdings Limited has also given guarantees to the pension trustee of Jaguar Land Rover Limited's liabilities under the plans.

(4) The Guarantors would have accounted for approximately 83.9% of the aggregated total assets, 94.8% of the aggregated net assets, 29.7% of revenue and 82.4% of EBITDA of Jaguar Land Rover Automotive plc and its consolidated subsidiaries as at and for the six months ended 30 September 2016, excluding intragroup assets and transactions. The Guarantors represent a higher percentage of EBITDA than revenue because those NSCs which are not Guarantors operate solely as distributors of our vehicles in the markets in which they operate.

(5) As at 30 September 2016, after giving effect to the offering of the Notes offered hereby and the use of proceeds therefrom, as described under "Use of Proceeds", our non-guarantor subsidiaries would have had £3.6 million of debt and the January 2013 Note guarantees issued by Jaguar Land Rover North America, LLC, Land Rover Exports Limited and JLR Nominee Company Limited, none of which will guarantee the Notes. We estimate that Jaguar Land Rover North America, LLC, Land Rover Exports Limited and JLR Nominee Company Limited (none of which is guaranteeing the Notes) accounted for approximately 5.0% of the aggregated total assets, 20.6% of revenue and 1.1% of EBITDA of Jaguar Land Rover Automotive plc and its consolidated subsidiaries as at 30 September 2016. Both Land Rover Exports Limited and JLR Nominee Company Limited are currently dormant subsidiaries.

(6) This corporate and financing structure chart has been condensed and is not intended to be a comprehensive presentation of our indirect subsidiaries. We have recently established subsidiaries in India (January 2015), Slovakia (November 2015), Singapore (April 2016) and Colombia (August 2016).

(7) Includes Jaguar Land Rover (Russia) and minority shareholdings in subsidiaries that are majority-owned by Jaguar Land Rover Limited.

(8) As part of our joint venture with Chery Automobile Company Ltd., we have established a joint venture company in China called Chery Jaguar Land Rover Automotive Co., Ltd. As at 30 September 2016, we owned 50% of the share capital of Chery Jaguar Land Rover Automotive Co., Ltd. through our subsidiaries Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd.(25%) and Jaguar Land Rover Limited (25%). The remaining 50% is held by Chery Automobile Company Ltd. Please see "Our Business—China Joint Venture".

THE OFFERING

The following summary contains basic information about the Notes and the Note Guarantees. It may not contain all of the information that is important to you. For a more complete understanding of the Notes and the Note Guarantees, please see the section of this Offering Memorandum entitled "Description of the Notes" and particularly those subsections to which we have referred you. Terms used in this summary and not otherwise defined have the meanings given to them in "Description of the Notes".

Issuer — Jaguar Land Rover Automotive plc.

Notes Offered — €650,000,000 aggregate principal amount of 2.200 % senior unsecured notes due 2024.

Maturity — 15 January 2024.

Issue Date — The Notes were issued on 17 January 2017.

Interest — 2.200% per annum, payable semi-annually in arrears on each 15 January and 15 July and beginning on 15 July 2017. Interest on the Notes will accrue from their date of issue.

Guarantees — The Notes will be guaranteed on a senior unsecured basis by the Guarantors.

Ranking — The Notes will be senior unsecured obligations of the Issuer and the Note Guarantees will be senior unsecured obligations of the Guarantors. The payment of the principal of premium, if any, and interest on the Notes and the obligations of the Guarantors under the Note Guarantees will:

- rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the Guarantors, as applicable, that is not, by its terms, expressly subordinated (and is not senior) in right of payment to the Notes, including the Existing Notes;
- rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the Guarantors, as applicable, that is, by its terms, expressly subordinated in right of payment to the Notes or such Guarantee as applicable; and
- be effectively subordinated to any secured indebtedness of the Issuer and the Guarantors, as applicable, to the extent of the value of the collateral securing such indebtedness, and to the indebtedness of the subsidiaries of the Issuer that are not Guarantors.

Neither Tata Motors nor TMLH will guarantee the Notes.

Optional Redemption — Upon not less than 30 nor more than 60 days' written notice, the Issuer may redeem all or part of the Notes at a redemption price equal to the greater of:

- 100% of the principal amount of the Notes to be redeemed; and
- the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued and unpaid to the date of redemption) from the redemption date to the maturity date of the Notes discounted at a specified rate,

plus, in each case, accrued and unpaid interest, *provided* that for any such redemption on or after three months prior to the maturity date of the Notes, the redemption price for those Notes will equal 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest.

For a more detailed description, please see "Description of the Notes—Optional Redemption".

Additional Amounts; Tax Redemption — All payments in respect of the Notes or the Note Guarantees made by the Issuer or any Guarantor will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, the Issuer or relevant Guarantor will pay additional amounts so that the net amount each holder of the Notes receives is no less than the holder would have received in the absence of such withholding or deduction. Please see "Description of the Notes—Additional Amounts".

If certain changes in the law of any relevant taxing jurisdiction become effective that would impose withholding taxes or other deductions on the payments on the Notes, and, as a result, the Issuer or the relevant Guarantor is required to pay additional amounts with respect to such withholding taxes, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption. Please see "Description of the Notes—Redemption for Changes in Withholding Taxes".

Change of Control	Upon the occurrence of a change of control (as defined in "Description of the Notes"), each holder of the Notes may require the Issuer to repurchase such holder's Notes, in whole or in part, at a purchase price equal to 101% of the principal amount thereof plus accrued but unpaid interest to the purchase date, as described under "Description of the Notes—Change of Control".
Restrictive Covenants	The Indenture will contain covenants that restrict the ability of the Issuer, the Guarantors and the Issuer's Subsidiaries (as defined in "Description of the Notes") to: • pay dividends, repurchase stock, and make distributions and certain other payments; • create liens; • transfer or sell all or substantially all of its assets; and • merge or consolidate. For a more detailed description of these covenants, please see "Description of the Notes—Certain Covenants". These covenants are subject to a number of important qualifications and exceptions. In addition, in the event that the Notes are assigned a rating of Baa3 or higher by Moody's Investors Service, Inc. and BBB− or higher by Standard & Poor's Financial Services LLC and no event of default has occurred and is continuing, the covenant in the Indenture limiting the Issuer's ability to pay dividends, repurchase stock, and make distributions and certain other payments will be terminated. Please see "Description of the Notes—Certain Covenants—Restricted Payments".
Transfer Restrictions	We have not registered the Notes or the Note Guarantees under the US Securities Act. You may only offer or sell Notes in a transaction exempt from or not subject to the registration requirements of the US Securities Act. Please see "Notice to Investors".
Use of Proceeds	We intend to use the net proceeds from the issue and sale of the Notes for general corporate purposes, including to support our ongoing growth and capital spending plans. Please see "Use of Proceeds".
Trustee, Paying Agent, Transfer Agent and Registrar	Citibank, N.A., London Branch.
Listing	Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market thereof. The Euro MTF Market is not a regulated market pursuant to the provisions of Directive 2004/39/EC.
Governing Law	The Notes and the Indenture will be governed by the laws of the State of New York.
Risk Factors	Investing in the Notes involves risks. You should carefully consider the information under the title "Risk Factors" and the other information included in this Offering Memorandum before deciding whether to invest in the Notes.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following table sets out Jaguar Land Rover's summary consolidated financial data and other data for the periods ended and as at the dates indicated below. For a discussion of the presentation of financial data, please see "Presentation of Financial and Other Data".

We have derived the summary consolidated financial data for the fiscal years ended 31 March 2016, 2015 and 2014 and the interim condensed consolidated income statement and statement of comprehensive income data and cash flow data for the six months ended 30 September 2016 and 2015 from the Consolidated Financial Statements included elsewhere in this Offering Memorandum. The balance sheet data as at 30 September 2015 have been derived for comparative purposes from the unaudited condensed consolidated interim financial statements as at and for the six months ended 30 September 2015, which are not included in this Offering Memorandum. Please see "Presentation of Financial and Other Data".

The 2016 Consolidated Financial Statements, the 2015 Consolidated Financial Statements and the 2014 Consolidated Financial Statements were prepared in accordance with IFRS and the Condensed Consolidated Interim Financial Statements were prepared in accordance with IAS 34. The summary financial data and other data should be read in conjunction with "Presentation of Financial and Other Data", "Selected Consolidated Financial and Other Data", "Operating and Financial Review and Prospects" and the financial statements and related notes thereto included elsewhere in this Offering Memorandum. Historical results are not necessarily indicative of future expected results. In addition, our results for the six months ended 30 September 2016 should not be regarded as indicative of our results expected for the fiscal year ending 31 March 2017.

The unaudited condensed consolidated financial information for the twelve months ended 30 September 2016 set out below was derived by aggregating without adjustments the consolidated income statement for the twelve months ended 31 March 2016 and the consolidated income statement data for the six months ended 30 September 2016 and subtracting the consolidated income statement data for the six months ended 30 September 2015. The unaudited condensed consolidated financial information for the twelve months ended 30 September 2016 presented herein is not required by or presented in accordance with IFRS or any other generally accepted accounting principles. The financial information for the twelve months ended 30 September 2016 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

In this Offering Memorandum, we have included references to certain non-IFRS measures, including EBITDA, free cash flow (before financing), net cash and product and other investment. EBITDA, free cash flow (before financing), net cash and product and other investment are not IFRS measures and should not be construed as an alternative to any IFRS measure such as revenue, gross profit, other income, net profit or net cash used generated from/(used in) operating activities. We believe that EBITDA, free cash flow (before financing), net cash and product and other investment are useful indicators of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. You should exercise caution in comparing EBITDA, free cash flow (before financing), net cash and product and other investment as reported by us to EBITDA, free cash flow (before financing), net cash and product and other investment, or adjusted variations of EBITDA, of other companies. EBITDA as presented in this Offering Memorandum differs from the definition of "Consolidated EBITDA" that is contained in the Indenture. EBITDA, free cash flow (before financing), net cash and product and other investments have limitations as analytical tools, and you should not consider them in isolation. Some of these limitations in respect of EBITDA include the following: (i) EBITDA does not reflect our capital expenditures or capitalised product development costs, our future requirements for capital expenditures or our contractual commitments; (ii) EBITDA does not reflect changes in, or cash requirements for, our working capital needs; (iii) EBITDA does not reflect the interest expense, or the cash requirements necessary, to service interest or principal payments on our debt; (iv) although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often need to be replaced in the future and EBITDA does not reflect any cash requirements that would be required for such replacements; and (v) EBITDA excludes the impact of exceptional items and one time reserves and charges. Please see "Presentation of Financial and Other Data".

Please note that while we charge our research costs to the income statement in the year in which they are incurred, we capitalise product development costs relating to new vehicle platforms, engine, transmission and new products and recognise them as intangible assets under certain conditions. Please see "Presentation of Financial and Other Data". There are a number of differences between IFRS and US GAAP. One difference is that we would not be able to capitalise such costs if we were to prepare our financial statements in compliance with US GAAP. In addition, interpretations of IFRS may differ, which can result in different applications of the same standard and, therefore, different results.

	Fiscal year ended and as at 31 March			Six months ended and as at 30 September		Twelve months ended and as at 30 September
	2014	2015	2016	2015	2016	2016
	(£ in millions)					
Income Statement and Statement of Comprehensive Income Data:						
Revenue	19,386	21,866	22,208	9,833	11,414	23,789
Material and other cost of sales	(11,904)	(13,185)	(13,303)	(6,067)	(6,704)	(13,940)
Employee cost	(1,654)	(1,977)	(2,321)	(1,091)	(1,190)	(2,420)
Other expenses	(3,717)	(4,109)	(4,674)	(2,088)	(2,453)	(5,039)
Net (loss)/gain on commodity derivatives	(18)	(38)	(113)	(73)	39	(1)
Development costs capitalised[1]	1,030	1,158	1,242	621	693	1,314
Other income	171	181	241	129	120	232
Depreciation and amortisation[2]	(875)	(1,051)	(1,418)	(683)	(798)	(1,533)
Foreign exchange gain/(loss)	236	(138)	(317)	(64)	(501)	(754)
Finance income	38	48	38	18	17	37
Finance expense (net)	(185)	(135)	(90)	(47)	(36)	(79)
Share of loss from equity accounted investees	(7)	(6)	64	(7)	78	149
Profit before tax	2,501	2,614	1,557	481	679	1,755
Income tax expense	(622)	(576)	(245)	(81)	(131)	(295)
Profit for the period	1,879	2,038	1,312	400	548	1,460
Items that will not be reclassified subsequently to profit or loss:						
Remeasurement of defined benefit obligation	(135)	(355)	489	435	(1,293)	(1,239)
Income tax related to items that will not be reclassified	(4)	71	(113)	(87)	217	191
Items that may be reclassified subsequently to profit or loss:						
Gain/(loss) on effective cash flow hedges	1,041	(1,768)	(169)	669	(2,094)	(2,932)
Cash flow hedges reclassified to "Foreign exchange gain/(loss)" in profit or loss	(112)	(44)	224	118	379	485
Currency translation differences	—	21	(1)	(14)	30	43
Income tax related to items that may be reclassified	(194)	363	(18)	(157)	327	466
Total comprehensive income attributable to shareholders	2,475	326	1,724	1,364	(1,886)	(1,526)
Balance Sheet Data (at period end):						
Intangible assets	4,240	4,952	5,497	5,239	5,801	5,801
Total non-current assets	8,359	10,153	11,595	10,981	12,588	12,588
Total current assets	7,230	8,410	8,972	7,431	9,015	9,015
Total assets	15,589	18,563	20,567	18,412	21,603	21,603
Total current liabilities	6,134	7,457	7,875	6,475	8,787	8,787
Total non-current liabilities	3,591	5,066	5,078	4,683	7,238	7,238
Total liabilities	9,725	12,523	12,953	11,158	16,025	16,025
Equity attributable to equity holders of the company	5,864	6,040	7,614	7,254	5,578	5,578
Cash Flow Data:						
Net cash generated from/(used in) operating activities	3,422	3,627	3,560	345	702	3,917
Net cash used in investing activities	(2,736)	(2,641)	(2,966)	(1,202)	(1,468)	(3,232)
Net cash used in financing activities	(498)	(38)	(403)	(247)	(251)	(407)

Cash and cash equivalents at the end of period	2,260	3,208	3,399	2,104	2,382	2,382
Other Financial Data:						
EBITDA[3]	3,393	4,132	3,313	1,410	1,287	3,190
Capitalised expenditure (excluding product development expenditure)	1,269	1,567	1,579	791	608	1,396
Capitalised product development expenditure[4]	1,087	1,203	1,227	621	645	1,301
Net cash (at period end)[5]	1,449	1,726	2,162	471	1,201	1,201
Free cash flow (before financing)[6]	1,109	842	791	(1,056)	(563)	1,284
Product and other investment[7]	2,684	3,147	3,135	1,551	1,476	3,060
Pro forma net cash/(debt) (at period end)[8]	—	—	—	—	—	1,192
Pro forma net finance costs[9]	—	—	—	—	—	(48)
Ratio of EBITDA to *pro forma* net finance costs	—	—	—	—	—	66x
Ratio of *pro forma* net debt to EBITDA	—	—	—	—	—	n.a.

(1) This amount reflects the capitalised cost recognised as an intangible asset at the end of the relevant period, net of the amounts charged to the income statement, which were £236 million, £253 million, £318 million, £139 million, £173 million and £352 million in the years ended 31 March 2014, 2015 and 2016, the six months ended 30 September 2016 and 2015 and the twelve months ended 30 September 2016, respectively.

(2) Depreciation and amortisation include, among other things, the amortisation attributable to the capitalised cost of product development relating to new vehicle platforms, engine, transmission and new products. The amount of amortisation attributable to capitalised product development costs for Fiscal 2014, Fiscal 2015, Fiscal 2016, the six months ended 30 September 2016 and 2015 and the twelve months ended 30 September 2016 was £445 million, £526 million, £696 million, £387 million, £341 million and £742 million, respectively.

(3) We have defined EBITDA as profit for the period before income tax expense, finance expense (net of capitalised interest), finance income, depreciation and amortisation, foreign exchange gains/(losses) on financing and unrealised derivatives, unrealised commodity gains/(losses), share of profits/(losses) from equity accounted investees, exceptional items and one time reserves and charges. For the six months ended 30 September 2016, EBITDA is presented before an exceptional item, as an exceptional charge was recognised in relation to approximately 5,800 vehicles impacted by the explosion at the Port of Tianjin in China on 12 August 2015. Unrealised gains/(losses) on foreign exchange and commodity hedges and unrealised gains/(losses) on revaluation of foreign currency debt are excluded from EBITDA. EBITDA is presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating companies in the automotive industry. However, other companies may calculate EBITDA in a manner that is different from ours. EBITDA is not a measure of financial performance under IFRS and should not be considered an alternative to cash flow generated from/ (used in) operating activities or as a measure of liquidity or an alternative to profit/(loss) on ordinary activities as indicators of operating performance or any other measures of performance derived in accordance with IFRS.

The reconciliation of EBITDA to our profit for the period line item is:

	Fiscal year ended 31 March			**Six months ended 30 September**		**Twelve months ended 30 September**
	2014	**2015**	**2016**	**2015**	**2016**	**2016**
				(£ in millions)		
Profit for the period	1,879	2,038	1,312	400	548	1,460
(Less)/add back foreign exchange (gains)/loss-financing	(87)	178	54	(40)	60	154
(Less)/add back foreign exchange (gains)/loss-unrealised derivatives	(57)	166	(86)	(51)	(74)	(109)
Add/ (less) back unrealised commodity losses/(gains)	7	30	59	56	(67)	(64)
Add/ (less) back share of loss/(profit) from equity accounted investees	7	6	(64)	7	(78)	(149)
Add back depreciation and amortisation	875	1,051	1,418	683	798	1,533
Less finance income	(38)	(48)	(38)	(18)	(17)	(37)
Add back finance expense	138	135	90	47	36	79
Add/ (less) back exceptional charge/(credit)	—	—	157	245	(50)	(138)
Add back taxation	622	576	245	81	131	295
Other (one off charges)[a]	—	—	166	—	—	166
EBITDA	**3,393**	**4,132**	**3,313**	**1,410**	**1,287**	**3,190**

(a) Relates to one-time reserves and charges for the U.S. recall of potentially faulty passenger airbags supplied by Takata, doubtful debts and previously capitalised investment.

(4) This amount reflects the capitalised cost of product development recognised as an intangible asset at the end of the relevant period.

(5) We have defined net cash as cash and cash equivalents and short-term deposits less total borrowings (including secured and unsecured borrowings and factoring facilities, but excluding finance leases).

The reconciliation is set out below:

	As at 31 March			As at 30 September
	2014	2015	2016	2016
	(£ in millions)			
Cash and cash equivalents	2,260	3,208	3,399	2,382
Short-term deposits	1,199	1,055	1,252	1,455
Total borrowings (including secured and unsecured borrowings and factoring facilities, but excluding finance leases)	(2,010)	(2,537)	(2,489)	(2,636)
Net cash	**1,449**	**1,726**	**2,162**	**1,201**

(6) Free cash flow (before financing) reflects net cash generated from/(used in) operating activities less net cash used in investing activities (excluding investments in short-terms deposits) and including foreign exchange gains/(losses) on short-term deposits.

The reconciliation is set out below:

	Fiscal year ended 31 March			Six months ended 30 September		Twelve months ended 30 September
	2014	2015	2016	2015	2016	2016
	(£ in millions)					
Net cash generated from/(used in) operating activities	3,422	3,627	3,560	345	702	3,917
(Less) net cash used in investing activities	(2,736)	(2,641)	(2,966)	(1,202)	(1,468)	(3,232)
(Less)/add back: Movements in short-term deposits	464	(195)	186	(186)	180	552
(Less)/add back: Foreign exchange gain/(loss) on short-term deposits	(41)	51	11	(13)	23	47
Free cash flow (before financing)	**1,109**	**842**	**791**	**(1,056)**	**(563)**	**1,284**

(7) Product and other investment reflects net cash used in investing activities and expensed R&D (not included in net cash used in investing activities) but excluding movements in other restricted deposits, movements in short term deposits, finance income received and proceeds from the sale of property, plant and equipment.

The reconciliation is set out below:

	Fiscal year ended 31 March			Six months ended 30 September		Twelve months ended 30 September
	2014	2015	2016	2015	2016	2016
	(£ in millions)					
Net cash used in investing activities	2,736	2,641	2,966	1,202	1,468	3,232
(Less)/add back: Movement in restricted deposits	133	7	(3)	4	(3)	(10)
(Less)/add back: Movement in short-term deposits	(464)	195	(186)	186	(180)	(552)
Add: Finance income received	39	48	40	20	17	37
Add: Expensed R&D	236	253	318	139	173	352
Add: Proceeds from the sale of property, plant and equipment	4	3	-	-	1	1
Product and other investment	**2,684**	**3,147**	**3,135**	**1,551**	**1,476**	**3,060**

Product and other investment can also be presented as cash outflows relating to tangible assets (net of proceeds from disposals of tangible assets), intangible assets, expensed R&D and investment in joint ventures.

(8) *Pro forma* net cash/(debt) equals net cash/(debt), as adjusted to give *pro forma* effect to the offering of the Notes offered hereby and the use of proceeds therefrom, as described under "Use of Proceeds", including estimated debt issuance costs of £6.29 million.

(9) *Pro forma* net finance costs reflects our net interest expense for the twelve months ended 30 September 2016 as if the Notes had been issued on 1 October 2015.

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with other information provided to you in this Offering Memorandum, in deciding whether to invest in the Notes. The occurrence of any of the events discussed below could materially adversely affect our business, financial condition or results of operations. If these events occur, the trading prices of the Notes could decline, we may not be able to pay all or part of the interest on or principal of the Notes, and you may lose all or part of your investment. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This Offering Memorandum contains "forward-looking" statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include those discussed below and elsewhere in this Offering Memorandum. Please see "Forward-Looking Statements".

Risks Associated with the Automotive Industry

Deterioration in global economic conditions could have a significant adverse impact on our sales and results of operations.

The automotive industry depends on general economic conditions around the world. Economic slowdowns in the past have significantly affected the automotive and related industries. The demand for automobiles is influenced by a variety of factors, including, among other things, the growth rate of the global economy, availability of credit, disposable income of consumers, interest rates, environmental policies, tax policies, safety regulations, freight rates and fuel prices.

We have significant operations in the United Kingdom, North America, continental Europe and China as well as sales operations in many other countries across the globe. While the automotive market in the United States, United Kingdom and Europe experienced healthy growth in Fiscal 2015 and Fiscal 2016, the increased persistent unemployment in Europe as well as turmoil in Europe related to sovereign debt and the stability of the euro have contributed to increased market volatility in spite of the quantitative easing initiated by the European Central Bank. In China, the automotive market grew despite the softer economic conditions and financial market volatility, however the automotive sales in emerging markets, such as Brazil, Russia and South Africa, deteriorated during Fiscal 2016. Additionally, economic growth and stability may be impacted by political events, such as elections in the United States, France and Germany and the upcoming constitutional referendum in Italy, as well as systemic macroeconomic events, such as deterioration in the European banking system. Deterioration in key economic factors, such as GDP growth rates, interest rates and inflation, as well as the reduced availability of financing for vehicles at competitive rates, may result in a decrease in demand for automobiles. A decrease in demand would, in turn, cause automobile prices and manufacturing capacity utilisation rates to fall. Such circumstances have in the past materially affected, and may in the future materially affect, our business, results of operations and financial condition.

The United Kingdom's contemplated exit from the European Union may adversely impact our business, results of operations and financial condition.

In a non-binding referendum on the United Kingdom's membership in the European Union in June 2016, a majority of the electorate voted for the United Kingdom's withdrawal from the European Union. On the basis that this will result in the exit of the United Kingdom from the European Union ("Brexit"), a process of negotiation would determine the future terms of the United Kingdom's relationship with the European Union. As announced by Prime Minister Theresa May on 2 October 2016, the British government intends to commence this process of negotiation in April 2017. However, the High Court of England and Wales ruled on 3 November 2016 that a parliamentary vote will be required for the United Kingdom to invoke Article 50 of the Lisbon Treaty in order to trigger its exit from the European Union. This ruling (which is subject to appeal before the United Kingdom Supreme Court) has led to increased uncertainty on the launch and duration of the negotiations. Depending on the terms of Brexit the United Kingdom could lose its present rights or terms of access to the single EU market and EU customs area and to the global trade deals negotiated by the European Union on behalf of its members. New or modified trading arrangements between the United Kingdom and other countries may have a material adverse effect on the export volumes of our business. A decline in trade could also affect the attractiveness of the United Kingdom as a global investment centre and, as a result, could have a detrimental impact on the level of investment in UK companies, including our business, and ultimately on UK economic growth. Customer behaviour may change as a result of global economic uncertainty, which may cause our customers to reevaluate when and to the extent they are willing to spend on our products and services. The uncertainty concerning the terms of the exit could also have a negative impact on the growth of the UK economy and cause greater volatility in the pound sterling against foreign currencies in which we conduct business, particularly the US dollar, the euro and the Chinese yuan. The Brexit vote and the perceptions as to the impact of the withdrawal of the United Kingdom has created significant uncertainty regarding the future relationship between the United Kingdom and

the European Union, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union-derived laws to replace or replicate in the event of Brexit. This uncertainty may adversely affect business activity and economic conditions in the United Kingdom and the Eurozone. In particular, changes in tax, tariff and other fiscal policies could have a significant impact on our business; 24% of our retail sales by volume in Fiscal 2016 were to customers based in the European Union (excluding the United Kingdom) and a substantial portion of our suppliers are situated there. The economic outlook could be further adversely affected by the risk that one or more European Union member countries could come under increasing pressure to leave the European Union as well, the risk of a greater push for independence by Scotland or Northern Ireland or the risk that the euro as the single currency of the European Union could cease to exist. Changes to UK border and immigration policy could likewise occur as a result of Brexit, affecting our business's ability to recruit and retain employees from outside the United Kingdom. Any of the foregoing factors and others that we cannot predict may have a material adverse effect on our business, results of operations and financial condition.

Intensifying competition could materially and adversely affect our sales and results of operations.

The global automotive industry, including the premium passenger car segment, is highly competitive and competition is likely to further intensify in the worldwide automotive industry. There is a strong trend among market participants in the premium automotive industry towards intensifying efforts to retain their competitive position in established markets while also developing a presence in other key markets. In light of the impending Brexit some of our EU-based competitors may gain a competitive advantage that would enable them to benefit from their access to the European Union single market post-Brexit. A range of factors affect the competitive environment, including, among others, quality and features of vehicles, innovation, development time, ability to control costs, pricing, reliability, safety, fuel economy, environmental impact and perception thereof, customer service and financing terms. There can be no assurance that we will be able to compete successfully in the global automotive industry.

Our competitors may be able to benefit from the cost savings offered by industry consolidation or alliances.

Designing, manufacturing and selling vehicles is capital intensive and requires substantial investments in manufacturing, machinery, research and development, product design, engineering, technology and marketing in order to meet both consumer preferences and regulatory requirements. If our competitors consolidate or enter into other strategic agreements such as alliances, they may be able to take better advantage of economies of scale. We believe that competitors may be able to benefit from the cost savings offered by consolidation or alliances, which could adversely affect our competitiveness with respect to those competitors. Competitors could use consolidation or alliances as a means of enhancing their competitiveness (including through the acquisition of technology), which could also materially adversely affect our business.

We are exposed to the risks of new drive technologies being developed and the resulting effects on the automobile market.

Over the past few years, the global market for automobiles, particularly in established markets, has been characterised by increasing demand for more environmentally friendly vehicles and technologies. This is related, in particular, to the public debate on global warming and climate protection. We endeavour to take account of climate protection and the ever more-stringent laws and regulations that have been and are likely to be adopted. We are focusing on researching, developing and producing new drive technologies, such as hybrid engines and electric cars. We are also investing in development programmes to reduce fuel consumption through the use of lightweight materials, reducing parasitic losses through the driveline and improvements in aerodynamics.

There is a risk that these R&D activities will not achieve their planned objectives or that competitors or joint ventures set up by competitors will develop better solutions and will be able to manufacture the resulting products more rapidly, in larger quantities, with a higher quality and/or at a lower cost. This could lead to increased demand for the products of such competitors and result in a loss of market share for us. There is also a risk that the money invested in researching and developing new technologies will, to a considerable extent, have been spent in vain, because the technologies developed or the products derived therefrom are unsuccessful in the market or because competitors have developed better or less expensive products. It is possible that we could then be compelled to make new investments in researching and developing other technologies to maintain our existing market share or to win back the market share lost to competitors.

In addition, climate change concerns and the promotion of new technologies encourages customers to look beyond standard factors (such as price, design, performance, brand image or comfort/features) to differentiation of the technology used in the vehicle or the manufacturer or provider of this technology. This could lead to shifts in demand and the value-added parameters in the automotive industry at the expense of our products.

Increases in the cost, or disruptions in the supply, of vehicle parts resulting from disasters and accidents could materially harm our business.

We rely on a global network of suppliers for the inputs and logistics supporting our products and services. We are exposed to disruptions in this supply chain resulting from natural disasters or man-made accidents. For example, on 12 August 2015, there was an explosion in the city port of Tianjin, one of three major ports in China through which we import our vehicles. Approximately 5,800 of our vehicles were stored at various locations in Tianjin at the time of the explosion and, as a result, we recognised an exceptional charge of £245 million in the three months ended 30 September 2015. Subsequently, £138 million of net insurance proceeds and other recoveries have been received as at 30 September 2016. Substantial increases in the costs or a significant delay or sustained interruption in the supply of key inputs sourced from areas affected by disasters or accidents could adversely affect our ability to maintain our current and expected levels of production, and therefore negatively affect our revenues and increase our operating expenses.

New or changing laws, regulations and government policies regarding improved fuel economy, reduced greenhouse gas and other emissions, and vehicle safety may have a significant effect on how we do business.

We are subject throughout the world to comprehensive and constantly changing laws, regulations and policies. Please see "Our Business—Significant Environmental, Health, Safety and Emissions Issues—Environmental, health and safety regulation applicable to our production facilities" for an overview of these laws, regulations and policies. We expect the number and extent of legal and regulatory requirements and the related costs of changes to our product line-up to increase significantly in the future. In Europe and the United States, for example, governmental regulation is primarily driven by concerns about the environment (including greenhouse gas emissions), fuel economy, energy security and vehicle safety. In China, further regulations are being introduced by the Chinese government in the short-to-medium term future relating to greenhouse gas emissions and other environmental concerns. Requirements to optimise vehicles in line with these governmental actions could significantly affect our plans for global product development and may result in substantial costs, including civil penalties in cases of non-compliance. They may also result in limiting the types of vehicles we sell and where we sell them, which may affect our revenue.

To comply with current and future environmental norms, we may have to incur additional capital expenditure and R&D expenditure to upgrade products and manufacturing facilities, install new emissions controls or reduction technologies and purchase or otherwise obtain allowances to emit greenhouse gases, which would have an impact on our cost of production and the results of operations and may be difficult to pass through to our customers. If we are unable to develop commercially viable technologies within the time frames set by the new standards, we could face significant civil penalties or be forced to restrict product offerings drastically to remain in compliance. For example, in the United States, manufacturers are subject to substantial civil penalties if they fail to meet federal Corporate Average Fuel Economy ("CAFE"), standards. These penalties are calculated at $5.50 for each tenth of a mile below the required fuel efficiency level for each vehicle sold in a model year in the U.S. market. As with many European manufacturers, since 2010, we have paid total penalties of $46 million for failing to meet these standards. We could incur a substantial increase in these penalties, including as a result of announced increases in CAFE civil penalties to adjust for inflation. Moreover, safety and environmental standards may at times impose conflicting imperatives, which pose engineering challenges and would, among other things, increase our costs. While we are pursuing the development and implementation of various technologies in order to meet the required standards in the various countries in which we sell our vehicles, the costs for compliance with these required standards could be significant to our operations and may materially and adversely affect our business, financial condition and results of operations. In 2014, the antitrust regulator in China, the Bureau of Price Supervision and Anti-Monopoly of the National Development and Reform Commission (the "NDRC"), launched an investigation into the pricing practices of more than 1,000 Chinese and international companies in the automotive industry, including Jaguar Land Rover and many of our competitors. The NDRC has reportedly imposed fines on certain of our international competitors as a result of anti-competitive practices pertaining to vehicle and spare-part pricing. In response to this investigation, we established a process to review our pricing in China and announced reductions in the manufacturer's suggested retail price for the 5.0-litre V8 models, which include the Range Rover, Range Rover Sport and F-Type and the price of certain of our spare parts. Further imposition of price reductions and other actions taken in relation to our products may significantly reduce our revenues and profits generated by operations in China and have a material adverse effect on our financial condition and results of operations. As a result, our attempts to offset the potential decline in revenue and profits by increasing operational efficiencies and leveraging economies of scale (for example, through local production in China) may fail or not be as successful as expected. Furthermore, any regulatory action taken or penalties imposed by regulatory authorities may have significant adverse financial and reputational consequences on our business and have a material adverse effect on our results of operations and financial condition.

Changes in tax, tariff or fiscal policies could adversely affect the demand for our products.

Imposition of any additional taxes and levies designed to limit the use of automobiles could adversely affect the demand for our vehicles and our results of operations. Changes in corporate and other taxation policies as well as

changes in export and other incentives given by various governments or import or tariff policies could also adversely affect our results of operations. For instance, the United Kingdom's exit from the European Union would result in material changes to the UK's tax, tariff and fiscal policies. In addition, the incoming U.S. presidential administration could seek to introduce changes to laws and policies governing international trade and impose additional tariffs and duties on foreign vehicle imports, which could have a material adverse effect on our sales in the United States. Furthermore, Brazil in recent years increased import duty on foreign vehicles, which put pressure on sales margins in Brazil and prompted us to enter into discussions with the Brazilian government to exempt a certain number of imported vehicles from the increased tariff. Such government actions may be unpredictable and beyond our control, and any adverse changes in government policy could have a material adverse effect on our business prospects, results of operations and financial condition.

Risks Associated with Our Business

Our future success depends on our ability to satisfy changing customer demands by offering attractive and innovative products in a timely manner and maintaining such products' competitiveness and quality.

Customer preferences, especially in many of the more mature markets, have trended towards smaller and more fuel efficient and environmentally friendly vehicles. In many markets, these preferences are driven by customers' environmental concerns, increases in fuel prices and government regulations, such as regulations regarding the level of CO_2 emissions, speed limits and higher taxes on sports utility vehicles or premium automobiles.

Such consumer preferences could materially affect our ability to sell premium passenger cars and large or medium-sized all-terrain vehicles at current or targeted volume levels, and could have a material adverse effect on our general business activity, net assets, financial position and results of operations.

Our operations may be significantly impacted if we fail to develop, or experience delays in developing, fuel efficient vehicles that reflect changing customer preferences and meet the specific requirements of government regulations. Our competitors can gain significant advantages if they are able to offer vehicles that satisfy customer preference and government regulations earlier than we are. Potential delays in bringing new high-quality vehicles to market would adversely affect our business, financial condition, results of operations and cash flows.

Private and commercial users of transportation increasingly use modes of transportation other than the automobile, especially in connection with increasing urbanisation. The reasons for this include the rising costs related to automotive transport of people and goods, increasing traffic density in major cities and environmental awareness. In addition, the increased use of car sharing concepts and other innovative mobility initiatives facilitates access to other methods of transport, thereby reducing dependency on the private automobile altogether. Furthermore, non-traditional market participants may disrupt the established business model of the industry by introducing new technologies and methods of transportation.

A change in consumer preferences away from larger vehicles towards smaller vehicles or vehicles equipped with smaller engines or a reduced dependency on private automobiles would have a material adverse effect on our general business activity and on our net assets, financial position and results of operations.

There can be no assurance that our new models will meet our sales expectations, in which case we may be unable to realise the intended economic benefits of our investments, which would in turn materially affect our business, results of operations and financial condition. In addition, there is a risk that our quality standards can be maintained only by incurring substantial costs for monitoring and quality assurance. For our customers, one of the determining factors in purchasing our vehicles is the high quality of the products. A decrease in the quality of our vehicles (or if the public were to have the impression that such a decrease in quality had occurred) could damage our image and reputation as a premium automobile manufacturer and in turn materially affect our business, results of operations and financial condition.

In addition, product development cycles can be lengthy, and there is no assurance that new designs will lead to revenues from vehicle sales, or that we will be able to accurately forecast demand for our vehicles, potentially leading to inefficient use of our production capacity. Additionally, our high proportion of fixed costs, due to our significant investment in property, plant and equipment, further exacerbates the risks associated with incorrectly assessing demand for our vehicles.

We are more vulnerable to reduced demand for premium performance cars and all-terrain vehicles than automobile manufacturers with a more diversified product range.

We operate in the premium performance car and all-terrain vehicle segments, which are very specific segments of the premium passenger car market, and we have a more limited range of models than some of our competitors.

Accordingly, our performance is linked to market conditions and consumer demand in those market segments in which we operate. Other premium performance car manufacturers operate in a broader spectrum of market segments, which makes them comparatively less vulnerable to reduced demand for any specific segment. Any downturn or reduced demand for premium passenger cars and all-terrain vehicles, or any reduced demand for our most popular models, in the geographic markets in which we operate could have a more pronounced effect on our performance and earnings than would have been the case if we had operated in a larger number of different market segments.

A decline in retail customers' purchasing power or consumer confidence or in corporate customers' financial condition and willingness to invest could significantly adversely affect our business.

Demand for vehicles for personal use generally depends on consumers' net purchasing power, their confidence in future economic developments and changes in fashion and trends, while demand for vehicles for commercial use by corporate customers (including fleet customers) primarily depends on the customers' financial condition, their willingness to invest (motivated by expected future business prospects) and available financing. A decrease in potential customers' disposable income or their financial flexibility or an increase in the cost of financing will generally have a negative impact on demand for our products.

A weak macroeconomic environment, combined with restrictive lending and a low level of consumer sentiment generally, may reduce consumers' net purchasing power and lead existing and potential customers to refrain from purchasing a new vehicle, to defer a purchase further or to purchase a smaller model with less equipment at a lower price. A deteriorating macroeconomic environment may disproportionately reduce demand for luxury vehicles. It also leads to reluctance by corporate customers to invest in vehicles for commercial use and/or to lease vehicles, resulting in a postponement of fleet renewal contracts.

To stimulate demand, the automotive industry has offered customers and dealers price reductions on vehicles and services, which has led to increased price pressures and sharpened competition within the industry. As a provider of numerous high-volume models, our profitability and cash flows are significantly affected by the risk of rising competitive and price pressures.

Special sales incentives and increased price pressures in the new car business also influence price levels in the used car market, with a negative effect on vehicle resale values. This may have a negative impact on the profitability of the used car business in our dealer organisation.

Reductions in the availability of consumer financing and used car valuations or an increase in the cost of consumer financing could materially and adversely affect our sales and results of operations.

We have consumer finance arrangements in place with Lloyds Black Horse in the United Kingdom, FGA Capital in European markets and Chase Auto Finance in North America and have similar arrangements with local providers in a number of other key markets. For example, during the global financial crisis, several providers of customer finance reduced their supply of consumer financing for the purchase of new vehicles. Additionally, base interest rates in developed economies are at historic lows. An increase in interest rates due to tightening monetary policy or for any other reason would result in increased costs for consumers. Any reduction in the supply of available consumer financing for the purchase of new vehicles or an increase in the cost thereof would make it more difficult for some of our customers to purchase our vehicles, which could put us under commercial pressure to offer new (or expand existing) retail or dealer incentives to maintain demand for our vehicles, thereby materially and adversely affecting our sales and results of operations.

Further, we offer residual value guarantees on the purchase of certain leases in some markets. The value of these guarantees is dependent on used car valuations in those markets at the end of the lease, which is subject to change. Consequently, we may be adversely affected by movements in used car valuations in these markets.

Our significant reliance on key markets increases the risk of negative impact of adverse change in customer demand in those countries.

We have a significant presence in the United Kingdom, Chinese, North American and continental European markets from which we derive over three-quarters of our revenues. Although demand remains relatively strong, a decline in demand for our vehicles in these major markets may in the future significantly impair our business, financial position and results of operations. In China, for example, the economy is experiencing a moderation of industry growth and increased pricing pressures due to macroeconomic volatility, softening consumer demand and increasing competition. Softening of the Chinese economy would be expected to impact our business in that country, which is an important growth market for us. In addition, our strategy, which includes new product launches and expansion into growing markets may not be sufficient to mitigate a decrease in demand for our products in mature markets in the future, which could have a significant adverse impact on our financial performance.

Any inability to implement our growth strategy by entering new markets may adversely affect our results of operations.

Our growth strategy relies on the expansion of our operations in other parts of the world which feature higher growth potential than many of the more mature automotive markets. The costs associated with entering and establishing ourselves in new markets, and expanding such operations may, however, be higher than expected, and we may face significant competition in those regions. In addition, our international business faces a range of risks and challenges, including language barriers, cultural differences, difficulties in staffing and managing overseas operations, inherent difficulties and delays in contract enforcement and the collection of receivables under the legal systems of foreign countries, the risk of non-tariff barriers, regulatory and legal requirements affecting our ability to enter new markets through joint ventures with local entities, difficulties in obtaining regulatory approvals, environmental permits and other similar types of governmental consents, difficulties in negotiating effective contracts, obtaining the necessary facility sites or marketing outlets or securing essential local financing, liquidity, trade financing or cash management facilities, export and import restrictions, multiple tax regimes (including regulations relating to transfer pricing and withholding and other taxes on remittances and other payments from subsidiaries), foreign investment restrictions, foreign exchange controls and restrictions on repatriation of funds, other restrictions on foreign trade or investment sanctions, and the burdens of complying with a wide variety of foreign laws and regulations. If we are unable to manage risks related to our expansion and growth in other parts of the world and therefore fail to establish a strong presence in those higher growth markets, our business, results of operations and financial condition could be adversely affected or our investments could be lost.

We may be adversely impacted by political instability, wars, terrorism, multinational conflicts, natural disasters, fuel shortages/prices, epidemics, labour strikes and other risks in the markets in which we operate.

Our products are exported to a number of geographical markets and we plan to expand our international operations further in the future. Consequently, we are subject to various risks associated with conducting our business both within and outside our domestic market and our operations may be subject to political instability, wars, terrorism, regional and/or multinational conflicts, natural disasters, fuel shortages/prices, epidemics and labour strikes. For instance, sanctions imposed on Russia by the United States and the European Union as a result of the developments in Ukraine in 2014 and 2015 could lead to a significant decline in our Russia sales and a material adverse impact on our Russian business. In addition, conducting business internationally, especially in emerging markets, exposes us to additional risks, including adverse changes in economic and government policies, unpredictable shifts in regulation, inconsistent application of existing laws and regulations, unclear regulatory and taxation systems and divergent commercial and employment practices and procedures. Any significant or prolonged disruptions or delays in our operations related to these risks could adversely impact our results of operations.

Under-performance of our distribution channels may adversely affect our sales and results of operations.

Our products are sold and serviced through a network of authorised dealers and service centres across our domestic market, and a network of distributors and local dealers in international markets. We monitor the performance of our dealers and distributors and provide them with support to assist them to perform to our expectations. There can be no assurance, however, that our expectations will be met. Any under-performance by our dealers, distributors or service centres could adversely affect our sales and results of operations.

If dealers or importers encounter financial difficulties and our products and services cannot be sold or sold only in limited numbers, this would have a direct effect on the sales of such dealers and importers. Additionally, if we cannot replace the affected dealers or importers with other franchises, the financial difficulties experienced by such dealers or importers could have an indirect effect on our vehicle deliveries.

Consequently, we could be compelled to provide additional support for dealers and importers and, under certain circumstances, may even take over their obligations to customers, which would adversely affect our financial position and results of operations in the short term.

Disruptions to our supply chains or shortages of essential raw materials may adversely affect our production and results of operations.

We rely on third parties for sourcing raw materials, parts and components used in the manufacture of our products. At the local level, we are exposed to reliance on smaller enterprises where the risk of insolvency is greater. Furthermore, for some parts and components, we are dependent on a single source. Our ability to procure supplies in a cost-effective and timely manner or at all is subject to various factors, some of which are not within our control. For instance, the outcome of the Brexit negotiations could lead to reduced access to the European Union single market and to the global trade deals negotiated by the European Union on behalf of its members, which could affect the imports of raw materials, parts and components and disrupt our supplies. Furthermore, there is the risk that manufacturing capacity

does not meet, or exceeds, sales demand thereby compromising business performance and without any near term remedy given the time frames and investments required for any change.

While we manage our supply chain as part of our supplier management process, any significant problems with our supply chain or shortages of essential raw materials in the future could affect our results of operations in an adverse manner.

Adverse economic conditions and falling vehicle sales have had a significant financial impact on our suppliers in the past. A deterioration in automobile demand and lack of access to sufficient financial arrangements for our supply chain could impair the timely availability of components to us. In addition, if one or more of the other global automotive manufacturers were to become insolvent, this would have an adverse impact on the supply chains and may further adversely affect our results of operations.

We have also entered into supply agreements with Ford and certain other third parties for critical components and remain reliant upon Ford and the Ford-PSA joint venture for a portion of our engines. However, following the launch of the EMC in Wolverhampton, we now also manufacture our own "in-house" engines. We may not be able to manufacture certain types of engines or find a suitable replacement supplier in a timely manner in the event of any disruption in the supply of engines, or parts of engines, and other hardware or services provided to us by Ford or the Ford-PSA joint venture and such disruption could have a material adverse impact on our operations, business and/or financial condition.

Increases in input prices may have a material adverse impact on our result of operations.

In the six months ended 30 September 2016 and 2015, our material and other cost of sales (comprising raw materials, components and purchases of products for sale) constituted 58.7% and 61.7%, respectively, of our total revenues. Prices of commodities used in the manufacture of automobiles, including steel, aluminium, copper, zinc, rubber, platinum, palladium and rhodium, have experienced periods of increased volatility in recent years. Furthermore, prices of commodity items such as steel, non-ferrous metals, precious metals, rubber and petroleum products may rise significantly. Most of these inputs are priced in US dollars on international markets. While we continue to pursue cost reduction initiatives, an increase in the price of input materials could severely impact our profitability to the extent such increase cannot be absorbed by the market through price increases and/or could have a negative impact on demand. In addition, because of intense price competition and fixed costs base, we may not be able to adequately address changes in commodity prices even if they are foreseeable.

In addition, we are exposed to the risk of contraction in the supply, and a corresponding increase in the price of, rare and frequently highly sought-after raw materials, especially those used in vehicle electronics such as rare earths, which are predominantly found in China. Rare earth metal prices and supply remain uncertain. China has, in the past, limited the export of rare earths from time to time. If we are unable to find substitutes for such raw materials or pass price increases on to customers by raising prices, or to safeguard the supply of scarce raw materials, our vehicle production, business and results from operations could be affected.

We presently manage these risks through the use of fixed price supply contracts with tenors of up to 12 months and the use of financial derivatives pursuant to a defined hedging policy. However, our hedging transactions may not adequately protect us against these risks. In addition, if markets move adversely, we may incur financial losses on such hedging transactions, which could have a material adverse impact on our financial condition and results of operations.

A change in requirements under long-term supply arrangements committing us to purchase minimum or fixed quantities of certain parts, or to pay a minimum amount to the seller, could have a material adverse impact on our financial condition or results of operations.

We have entered into a number of long-term supply contracts that require us to purchase a fixed quantity of parts to be used in the production of our vehicles (e.g., "take-or-pay" contracts). If our need for any of these parts were to lessen, we could still be required to purchase a specified quantity of the part or pay a minimum amount to the seller pursuant to the take-or-pay contract, which could have a substantial adverse effect on our financial condition or results of operations.

We have a limited number of manufacturing, design and engineering facilities and any disruption in the operations of those facilities could adversely affect our business, financial condition or results of operations.

We have four wholly owned manufacturing facilities and two design and engineering centres in the United Kingdom and a manufacturing facility in China, which we own together with our joint venture partner Chery Automobile Company Ltd. We could experience disruption to our manufacturing, design and engineering capabilities for a variety of reasons, including, among others, extreme weather, fire, theft, system failures, natural catastrophes, mechanical or

equipment failures and similar risks. We are particularly exposed to such disruptions due to the limited number of our facilities. Any significant disruptions could adversely affect our ability to design, manufacture and sell our products and, if any of those events were to occur, we cannot be certain that we would be able to shift our design, engineering and manufacturing operations to alternative sites in a timely manner or at all. Any such disruption could therefore materially affect our business, financial condition or results of operations.

Our business is seasonal in nature and a substantial decrease in our sales during certain quarters could have a material adverse impact on our financial performance.

The sales volumes and prices for our vehicles are influenced by the cyclicality and seasonality of demand for these products. We are affected by the biannual change in age-related registration plates of vehicles in the United Kingdom, when new vehicle registrations take effect in March and September, which in turn has an impact on the resale value of vehicles. This leads to an increase in sales during the period when the aforementioned change occurs. Most other markets, such as the United States, are driven by introduction of new model year vehicles, which typically occurs in the autumn of each year. Furthermore, Western European markets tend to be impacted by the summer and winter holidays. The resulting sales profile influences operating results on a quarter-to-quarter basis. Our summer and winter shutdowns also have a significant seasonal impact on our working capital and cash flows. Sales in the automotive industry have been cyclical in the past and we expect this cyclicality to continue.

We are exposed to liquidity risks.

Our main sources of liquidity are cash generated from operations, the Existing Notes, external debt in the form of factoring discount facilities and other revolving credit facilities and, if necessary, financial support from our parent company. However, adverse changes in the global economic and financial environment may result in lower consumer demand for vehicles, and prevailing conditions in credit markets may adversely affect both consumer demand and the cost and availability of finance for our business and operations. If the global economy goes back into recession and consumer demand for our vehicles drops, as a result of higher oil prices, excessive public debt or for any other reasons, and the supply of external financing becomes limited, we may again face significant liquidity risks.

We are also subject to various types of restrictions or impediments on the ability of companies in our Group in certain countries to transfer cash across the Group through loans or interim dividends. These restrictions or impediments are caused by exchange controls, withholding taxes on dividends and distributions and other similar restrictions in the markets in which we operate. At 30 September 2016, we had cash and cash equivalents of £2,382 million (down from £3,399 million at 31 March 2016), short-term investments (bank deposits with a maturity of between three and twelve months) of £1,455 million (up from £1,252 million as at 31 March 2016) and undrawn committed facilities of £1,870 million (unchanged from 31 March 2016). The total amount of cash and cash equivalents includes £424 million held in subsidiaries of the Issuer outside the United Kingdom as at 30 September 2016. The cash in some of these jurisdictions is subject to certain restrictions on cash pooling, intercompany loan arrangements or interim dividends. However, annual dividends are generally permitted and we do not believe that these restrictions have, or are expected to have, any impact on our ability to meet our cash obligations.

Interest rate, currency and exchange rate fluctuations could adversely affect our results of operations.

The Group has both interest-bearing assets (including cash balances) and interest-bearing liabilities, certain of which bear interest at variable rates. We are therefore exposed to changes in interest rates. While the directors revisit the appropriateness of these arrangements in light of changes to the size or nature of the Group's operations, we may be adversely affected by the effect of changes in interest rates.

Our operations are also subject to fluctuations in exchange rates with reference to countries in which we operate. We sell vehicles in the United Kingdom, North America, Europe, China, Russia and many other markets and therefore generate revenue in, and have significant exposure to movements of, the US dollar, euro, Chinese yuan, Russian rouble and other currencies relative to pounds sterling, our reporting currency. Accordingly, we are exposed to a strengthening British pound, since this would diminish the sterling value of our overseas sales. A significant proportion of our input materials and components and capital equipment are sourced overseas, in particular from Europe, and therefore we have costs in, and significant exposure to the movement of, the euro and certain other currencies relative to pounds sterling, our reporting currency, which may result in decreased profits to the extent these are not fully mitigated by non-British pound sales. The majority of our product development and manufacturing operations, as well as our global headquarters, are based in the United Kingdom, but we also have national sales companies which operate in the major markets in which we sell vehicles. As a result we have exposure to movements of the US dollar, euro, Chinese yuan, Russian rouble and other currencies relative to pounds sterling and foreign exchange volatility may affect our results of operations, profitability and financial position.

Moreover, we have outstanding foreign currency denominated debt and are sensitive to fluctuations in foreign currency exchange rates. We have experienced, and expect to continue to experience, foreign exchange losses and gains on obligations denominated in foreign currencies in respect of our borrowings and foreign currency assets and liabilities due to currency fluctuations.

We seek to manage our foreign exchange exposure through the use of financial hedging instruments, including foreign currency forward contracts, currency swap agreements and currency option contracts. Please see "Description of Other Indebtedness—Hedging Facilities". We are, however, exposed to the risk that appropriate hedging lines for the type of risk exposures we are subject to may not be available at a reasonable cost, particularly during volatile rate movements, or at all. Moreover, there are risks associated with the use of such hedging instruments. Whilst mitigating to some degree our exposure to fluctuations in currency exchange rates, we potentially forgo benefits that might result from market fluctuations in currency exposures. More recently, the British pound has depreciated materially resulting in movements in our foreign exchange hedging derivatives which could have an impact on our results of operations. Please see "Operating and Financial Review and Prospects—General Trends of Our Recent Performance—Recent Macroeconomic Trends". Hedging transactions can also result in substantial losses. Such losses could occur under various circumstances, including, without limitation, any circumstances in which a counterparty does not perform its obligations under the applicable hedging arrangement (despite having ISDA agreements in place with each of our hedging counterparties), currency fluctuations, the arrangement is imperfect or ineffective, or our internal hedging policies and procedures are not followed or do not work as planned. In addition, because our potential obligations under the financial hedging instruments are marked to market, we may experience quarterly and annual volatility in our operating results and cash flows attributable to our financial hedging activities.

We are subject to risks associated with product liability, warranty and recalls.

We are subject to risks and costs associated with product liability, warranties and recalls in connection with performance, compliance or safety-related issues affecting our vehicles. From time to time we may be subject to investigations by governmental authorities relating to safety-related and other compliance issues with our vehicles. We expend considerable resources in connection with product recalls and these resources typically include the cost of the part being replaced and the labour required to remove and replace the defective part. In addition, product recalls can cause our consumers to question the safety or reliability of our vehicles and harm our reputation. Any harm to the reputation of any one of our models can result in a substantial loss of customers. In May 2016, an industry-wide passenger airbag safety recall was announced in the United States by the National Highway Traffic System Administration ("NHTSA"), in respect of airbags from Takata Corporation ("Takata"), a supplier of airbags. Certain airbags supplied by Takata were installed in our vehicles. We consider the cost associated with the recall to be an adjusting post-balance sheet event and have recognised an additional provision of £67.4 million for the estimated cost of repairs in our income statement for Fiscal 2016. We expect to utilise such provision over the next one to four years. Additionally, in December 2016, NHTSA announced that it was conducting an investigation into reports of rollaways of parked vehicles in certain of our models.

Furthermore, we may also be subject to class actions or other large-scale product liability or other lawsuits in various jurisdictions in which we have a significant presence. The use of shared components in vehicle production increases this risk because individual components are deployed in a number of different models across our brands. Any costs incurred or lost sales caused by product liability, warranties and recalls could materially adversely affect our business.

Our business relies on the protection and preservation of our intellectual property.

We own or otherwise have rights in respect of a number of patents and trademarks relating to the products we manufacture, which have been obtained over a period of years. In connection with the design and engineering of new vehicles and the enhancement of existing models, we seek to regularly develop new technical designs for use in our vehicles. We also use technical designs which are the intellectual property of third parties with such third parties' consent. These patents and trademarks have been of value in the growth of our business and may continue to be of value in the future. Although we do not regard any of our businesses as being dependent upon any single patent or related group of patents, an inability to protect this intellectual property generally, or the illegal breach of some or a large group of our intellectual property rights, would have a materially adverse effect on our operations, business and/or financial condition. We may also be affected by restrictions on the use of intellectual property rights held by third parties and we may be held legally liable for the infringement of the intellectual property rights of others in our products. Moreover, intellectual property laws of some foreign countries may not protect our intellectual property rights to the same extent as US or UK laws.

We may be adversely affected by risks associated with joint ventures with third parties.

We have pursued and may continue to pursue significant investments in certain strategic development projects with third parties. In particular, we have entered into a joint venture with Chery Automobile Company Ltd. in China to develop, manufacture and sell certain Jaguar Land Rover vehicles and at least one own-branded vehicle in China. Please see "Our Business—China Joint Venture". Joint venture projects, like our joint venture in China, may be developed pursuant to agreements over which we only have partial or joint control. Investments in projects over which we have partial or joint control are subject to the risk that the other shareholders of the joint venture, who may have different business or investment strategies than we do or with whom we may have a disagreement or dispute, may have the ability to block business, financial or management decisions, such as the decision to distribute dividends or appoint members of management, which may be crucial to the success of the project or our investment in the project, or otherwise implement initiatives which may be contrary to our interests. Moreover, our partners may be unable, or unwilling, to fulfil their obligations under the relevant joint venture agreements and shareholder agreements or may experience financial or other difficulties that may adversely impact our investment in a particular joint venture.

Operating a business as a joint venture often requires additional organisational formalities as well as time-consuming procedures for sharing information and making decisions. In joint ventures we are required to foster our relationships with our co-owners as well as to promote the overall success of the joint venture, and if there is a significant change in the relationship (for example, if a co-owner changes or relationships deteriorate), our success in the joint venture may be materially adversely affected.

If we are unable to effectively implement or manage our strategy, our operating results and financial condition could be materially and adversely affected.

As part of our strategy, we may open new manufacturing, research or engineering facilities, expand existing facilities, add additional product lines or expand our businesses into new geographical markets. There is a range of risks inherent in such a strategy that could adversely affect our ability to achieve these objectives, including, but not limited to, the following:

- the potential disruption of our business;
- the uncertainty that new product lines will generate anticipated sales;
- the uncertainty that a new business will achieve anticipated operating results;
- the diversion of resources and management's time;
- our cost reduction efforts, which may not be successful;
- the difficulty of managing the operations of a larger company; and
- the difficulty of competing for growth opportunities with companies having greater financial resources than we have.

The value of our intangible assets as reported in our consolidated financial statements may need to be impaired.

At least once a year, we review whether the value of intangible assets may be impaired based on the underlying cash-generating units. If there is objective evidence that the carrying amount is higher than the recoverable amount for the asset concerned, we incur an impairment loss. An impairment loss may be triggered, among other things, by an increase in interest rates. As a consequence, we may need to take an impairment loss as of a future balance sheet date.

In Fiscal 2016, following a review of all product development in progress, we identified a £28 million write-down, related to previously capitalised development costs, which has been recognised as an expense within 'Other expenses' in our Consolidated Financial Statements elsewhere in this Offering Memorandum (£ nil in each of Fiscal 2014 and Fiscal 2015).

We may be adversely affected by labour unrest.

In general, we consider our labour relations with all of our employees, a substantial portion of whom are members of trade unions, to be good. However, in the future we may face labour unrest, at our own facilities or those of our suppliers, which may delay or disrupt our operations in the affected regions, including the sourcing of raw materials and parts, the manufacture, sales and distribution of vehicles and the provision of services. If work stoppages or lock-outs at our facilities or at the facilities of our major suppliers occur or continue for a long period of time, our

business, financial condition and results of operations may be materially adversely affected. In addition, we engage in bi-annual negotiations in relation to wage agreements, covering approximately 20,000 of our unionised employees, the most recent of which resulted in a two-year wage agreement concluded in December 2014. There is a risk, however, that future negotiations could escalate into industrial action ranging from "work to rules" to a strike before a settlement is ultimately reached.

We could be adversely affected by the loss of one or more key personnel or by an inability to attract and retain highly qualified employees.

We believe that our growth and future success depend in large part on the skills of our executive and other senior officers, as well as our senior designers and engineers. The loss of the services of one or more of these employees could impair our ability to continue to implement our business strategy. Our executive and other senior officers have extensive and long-standing ties within our primary lines of business and substantial experience with our operations, and have contributed significantly to our growth. If we lose the services of one or more of them, he or she may be difficult to replace and our business could be materially and adversely affected. Our success also depends, in part, on our continued ability to attract and retain experienced and qualified employees, particularly qualified engineers with expertise in automotive design and production. The competition for such employees is intense, and our inability to continue to attract, retain and motivate employees could adversely affect our business and our plans to invest in the development of new designs and products.

Future pension obligations may prove more costly than currently anticipated and the market value of assets in our pension plans could decline.

We provide post-retirement and pension benefits to our employees, some of which are defined benefit plans. Our pension liabilities are generally funded and our pension plan assets are particularly significant. As part of our Strategic Business Review process, we closed the Jaguar Land Rover defined benefit pension plan to new joiners as at 19 April 2010. All new employees in our operations from 19 April 2010 have joined a new defined contribution pension plan.

Under the arrangements with the trustees of the defined benefit pension schemes, an actuarial valuation of the assets and liabilities of the schemes is undertaken every three years. The most recent valuation, as at April 2015 and completed in 2016, indicated a shortfall in the assets of the schemes as at that date, versus the actuarially determined liabilities as at that date, of £789 million (compared to £702 million as at April 2012).

As part of the valuation process we agreed to a schedule of contributions with the trustee of the schemes which, together with the expected investment performance of the assets of the schemes, is expected to eliminate the deficit by 2025. As part of this schedule of contributions, we paid £69 million into the pension schemes in March 2016 as advance payments towards deficit contributions due during Fiscal 2017. As at 30 September 2016 our UK defined benefit pension accounted deficit had increased to £1.86 billion, as compared to £810 million as at 30 June 2016. This increase has primarily been driven by a decline in AA rated UK corporate bond yields following Brexit and even though the accounted deficit position does not affect cash contributions, movements in the associated balance sheet liability may have other impacts notably on our results of operations and financial condition.

Lower return on pension fund assets, changes in market conditions, changes in interest rates, changes in inflation rates and adverse changes in other critical actuarial assumptions, may impact our pension liabilities or assets and consequently increase funding requirements, which will adversely affect our financial condition and results of operations.

Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject, which could have a material adverse effect on our business.

We believe that the insurance coverage that we maintain is reasonably adequate to cover normal risks associated with the operation of our business, such as coverage for people, property and assets, including construction and general, auto and product liability, in accordance with treasury policy. On 12 August 2015, a series of explosions caused widespread damage at the Port of Tianjin in China, one of three major locations in China through which we import our vehicles. At the time of the explosion, approximately 5,800 vehicles were stored at various locations in Tianjin. Many of these vehicles were destroyed or damaged in the explosion and, as a result, we have recognised an exceptional charge of £245 million. Subsequently, £138 million of net insurance proceeds and other recoveries have been received as at 30 September 2016. Any further insurance and other potential recoveries may take some months to conclude, and therefore will be recognised only in future periods when paid or confirmed. There can be no assurance that any claim under our insurance policies will be honoured fully or timely, our insurance coverage will be sufficient in any respect or our insurance premiums will not increase substantially. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, or have to pay higher insurance premiums, our financial condition may be affected.

We are exposed to various operational risks, including risks in connection with the use of information technology.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes, among other things, losses that are caused by a lack of controls within internal procedures, violation of internal policies by employees, disruption or malfunction of IT systems, computer networks and telecommunications systems, mechanical or equipment failures, human error, natural disasters, security breaches or malicious acts by third parties (including, for example, hackers). We are generally exposed to risks in the field of information technology, since unauthorised access to or misuse of data processed on our IT systems, human errors associated therewith or technological failures of any kind could disrupt our operations, including the manufacturing, design and engineering processes. Like any other business with complex manufacturing, research, procurement, sales and marketing and financing operations, we are exposed to a variety of operational risks and, if the protection measures put in place prove insufficient, our results of operations and financial condition can be materially adversely affected.

Our production facilities are highly regulated and we may incur significant costs to comply with, or address liabilities under, environmental, health and safety laws and regulations applicable to them.

Our production facilities are subject to a wide range of environmental, health and safety requirements. These requirements address, among other things, air emissions, wastewater discharges, accidental releases into the environment, human exposure to hazardous materials, the storage, treatment, transportation and disposal of wastes and hazardous materials, the investigation and clean-up of contamination, process safety and the maintenance of safe conditions in the workplace. Many of our operations require permits and controls to monitor or reduce pollution. We have incurred, and will continue to incur, substantial on-going capital and operating expenditures to ensure compliance with current and future environmental, health and safety laws and regulations or their more stringent enforcement. Violations of these laws and regulations could result in the imposition of significant fines and penalties, the suspension, revocation or non-renewal of our permits, production delays or limitations, or the closure of our plants. Other environmental, health and safety laws and regulations could impose restrictions or onerous conditions on the availability or the use of raw materials we need for our manufacturing process. Violations of these laws and regulations may occur, among other ways, from errors in monitoring emissions of hazardous or toxic substances from our vehicles or production sites into the environment, such as our use of incorrect methodologies or defective or inappropriate measuring equipment, errors in manually capturing results, or other mistaken or unauthorised acts of our employees, suppliers or agents.

Our business and manufacturing processes result in the emission of greenhouse gases such as CO_2. We expect requirements to reduce greenhouse gasses to become increasingly more stringent and costly to address over time. For example, the EU Emissions Trading Scheme, an EU-wide system in which allowances to emit greenhouse gases are issued and traded, is now in Phase 3 (2013 to 2020) and applies to our three manufacturing facilities. We have managed our EUETS allowances during previous phases of the EUETS scheme and use these remaining allowances from these earlier phases to meet our compliance requirements. The automotive sector has also been given recognition of being at risk of "carbon leakage" in accordance with the EUETS rules. This means that we will receive an increase in free allowances from 2015 and 2019. As a consequence of these actions, we currently project that we will reach the end of Phase 3 without the need to purchase EUETS carbon allowances. In Phase 4 of the scheme from 2020 to 2027, all organisations in the EUETS scheme will see free allowances diminish to zero by 2027, so we project that we will be required to purchase EUETS allowances in Phase 4 of the scheme, potentially at substantial cost. This forecast is subject to further evaluation of the UK vote to leave the European Union and its impact on the regulated carbon schemes.

We have a Climate Change Agreement ("CCA") in the UK which covers our manufacturing energy use. This requires us to deliver a 15% reduction in energy use per vehicle by 2020 compared to the 2008 baseline. Our projections show that we are on track to achieve this target and consequently will not need to purchase carbon allowances under this scheme.

We are also registered as a participant in the CRC Scheme, which regulates emissions from electricity and gas use primarily in our non-manufacturing activities in the United Kingdom. We purchased carbon allowances under this scheme for the first time in 2015 for emissions in the 2014 fiscal year.

The Department of Energy and Climate Change has recently issued a consultation on potential changes to the energy taxation regime in the UK. Her Majesty's Treasury has advised that the envisaged changes need to be cost neutral and should not result in a decrease in the revenues raised from the schemes. These changes may lead to elimination of the CRC Scheme and amendments to the CCA scheme. Jaguar Land Rover has worked with the Society of Motor Manufacturers and Traders (SMMT) to compile and submit a response to the consultation. These changes may result in an increased cost of compliance to our business.

Many of our sites have an extended history of industrial activity. We may be required to investigate and remediate contamination at those sites, as well as properties we formerly operated, regardless of whether we caused the contamination or the activity causing the contamination was legal at the time it occurred. For example, some of our

buildings at our Solihull plant and other plants in the United Kingdom are undergoing an asbestos removal programme in connection with on-going refurbishment and rebuilding. In connection with contaminated properties, as well as our operations generally, we also could be subject to claims by government authorities, individuals and other third parties seeking damages for alleged personal injury or property damage or damage to natural resources resulting from hazardous substance contamination or exposure caused by our operations, facilities or products. The discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate contamination at our facilities, could result in substantial unanticipated costs. We could be required to establish or substantially increase financial reserves for such obligations or liabilities and, if we fail to accurately predict the amount or timing of such costs, the related adverse impact on our business, financial condition or results of operations could be material.

Our business could be subject to the effects of climate change.

Our manufacturing operations and sales may be subject to potential physical impacts of climate change, including changes in weather patterns and an increased potential for extreme weather events, which could affect the manufacture and distribution of our products and the cost and availability of raw materials and components. It could also affect transportation preferences, the demand for our products and result in additional greenhouse gas regulation that could increase our operating costs.

We are subject to risks associated with legal proceedings and governmental investigations, including potential adverse publicity as a result thereof.

We are and may be involved from time to time in civil, labour, administrative or tax proceedings arising in the ordinary course of business. It is not possible to predict the potential for, or the ultimate outcomes of, such proceedings, some of which may be unfavourable to us. In such cases, we may incur costs and any mitigating measures (including provisions taken on our balance sheet) adopted to protect against the impact of such costs may not be adequate or sufficient. In addition, adverse publicity surrounding legal proceedings, government investigations or allegations may also harm our reputation and brands.

In any of the geographical markets in which we operate, we could be subject to additional tax liabilities.

Evaluating and estimating our provision and accruals for our taxes requires significant judgement. As we conduct our business, the final tax determination may be uncertain. We operate in multiple geographical markets and our operations in each market are susceptible to additional tax assessments and audits. Our collaborations with business partners are similarly susceptible to such tax assessments. Authorities may engage in additional reviews, inquiries and audits that disrupt our operations or challenge our conclusions regarding tax matters. Any resulting tax assessment may be accompanied by a penalty or additional fee for failing to make the initial payment.

Our tax rates may be affected by earnings estimation errors, losses in jurisdictions that do not grant a related tax benefit, changes in currency rates, acquisitions, investments, or changes in laws, regulations, or practices. Additionally, government fiscal pressures may increase the likelihood of adverse or aggressive interpretations of tax laws or regulations or the imposition of arbitrary or onerous taxes, interest charges and penalties. Tax assessments may be levied even where we consider our practices to be in compliance with tax laws and regulations. Should we challenge such taxes or believe them to be without merit, we may nonetheless be required to pay them. These amounts may be materially different from our expected tax assessments and could additionally result in expropriation of assets, attachment of additional securities, liens, imposition of royalties or new taxes and requirements for local ownership or beneficiation.

Any failures or weaknesses in our internal controls could materially and adversely affect our financial condition and results of operations.

Upon an evaluation of the effectiveness of the design and operation of our internal controls over financial reporting, conducted as part of the corporate governance and public disclosure obligations of our parent, Tata Motors, we concluded that there was a material weakness, such that our internal controls over financial reporting were not effective as at 31 March 2014 and 2015. We believe these weaknesses have been appropriately remediated in Fiscal 2015 and Fiscal 2016, respectively. Please see "Presentation of Financial and Other Data". Although we have instituted remedial measures to address the material weakness identified and continually review and evaluate our internal control systems to allow management to report on the sufficiency of our internal control over financial reporting, we cannot assure you that we will not discover additional weaknesses in our internal control over financial reporting. Any such additional weaknesses or failure to adequately remediate any existing weakness could materially and adversely affect our financial condition and results of operations and/or our ability to accurately report our financial condition and results of operations in a timely and reliable manner.

Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance.

We are affected by the corporate governance and disclosure requirements of our parent, Tata Motors, which is listed on the Bombay Stock Exchange, the National Stock Exchange of India and the New York Stock Exchange (the "NYSE"). Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and SEC regulations, Securities and Exchange Board of India regulations, the NYSE listing rules and Indian stock market listing regulations, have increased the compliance complexity for our parent company and, indirectly, for us. These new or changed laws, regulations and standards may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of on-going revisions to such governance standards. We are committed to maintaining high standards of corporate governance and public disclosure. However, our efforts to comply with evolving laws, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management resources and time. In addition, there can be no guarantee that we will always succeed in complying with all applicable laws, regulations and standards.

Tata Motors can exert considerable control over Jaguar Land Rover.

We are an indirect, wholly owned subsidiary of Tata Motors through TMLH. As a result of the above ownership structure, Tata Motors is able to significantly influence any matter requiring our shareholders' approval, including the election of our directors and approval of significant corporate transactions. Tata Motors may also engage in activities that may conflict with our interests or the interests of the holders of the Notes and, in such events, the holders of the Notes could be disadvantaged by these actions.

Risks Relating to Our Debt, the Notes and the Note Guarantees

The Notes will be structurally subordinated to the liabilities of non-guarantor subsidiaries.

Some, but not all, of our subsidiaries will guarantee the Notes. Our joint ventures and other equity accounted investees do not guarantee the Notes. Generally, holders of indebtedness and trade creditors of non-guarantor subsidiaries and equity accounted investees, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to any Guarantor or the Issuer, as direct or indirect shareholders.

Accordingly, in the event that any of the non-guarantor subsidiaries and equity accounted investees becomes insolvent, liquidates or otherwise reorganises:

- the creditors of the Guarantors and the Issuer (including the holders of the Notes) will have no right to proceed against such subsidiary's or equity accounted investee's assets; and
- creditors of such non-guarantor subsidiary or equity accounted investee, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary or equity accounted investee before any Guarantor and the Issuer, as direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary or equity accounted investee.

As at 30 September 2016, after giving effect to the offering of the Notes offered hereby and the use of proceeds therefrom, as described under "Use of Proceeds", our non-guarantor subsidiaries would have had £3.6 million of debt and the January 2013 Note guarantees issued by Jaguar Land Rover North America, LLC, Land Rover Exports Limited and JLR Nominee Company Limited, each of which will not guarantee the Notes, which would have ranked structurally senior to the Notes and the Note Guarantees. Under the terms of the Notes, there is no restriction on the ability of our subsidiaries to incur additional indebtedness and no requirement that any of our non-guarantor subsidiaries become Guarantors. Consequently, the Notes may become structurally subordinated to substantial additional indebtedness in the future.

Claims by secured creditors will have priority with respect to their security over the claims of the holders of the Notes, to the extent of the value of the assets securing such indebtedness.

Claims by secured creditors will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. As such, any claims of the holders of the Notes will be effectively subordinated to any secured indebtedness and other secured obligations of the Issuer and the Guarantors. Although all of our Existing Notes and our syndicated revolving credit facility are unsecured, we enter into short- and long-term finance leases in the ordinary course of our business and also have a $350 million committed multi-currency syndicated credit insured invoice

discounting facility and a $200 million uncommitted unsecured invoiced credit facility. As at 30 September 2016, the outstanding amount under short- and long-term finance leases was £9 million.

Additionally, as described under "Description of the Notes", the Indenture allows us to incur substantial amounts of additional secured indebtedness in certain circumstances that will be effectively senior to the Notes and is more permissive in this respect than the indentures governing the outstanding January 2013 Notes, the December 2013 Notes and the January 2014 Notes, which continue to be governed by the same covenants as on their respective issue dates. In particular, the Indenture does not impose any restriction on us incurring indebtedness that is secured by assets other than our Principal Manufacturing Property and the Capital Stock of our Manufacturing Subsidiaries (in each case, as defined under "Description of the Notes"). In the event that any of the secured indebtedness of the Issuer or the relevant Guarantor becomes due or the creditors thereunder proceed against the operating assets that secured such indebtedness, the assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes or the relevant Note Guarantee. As a result, holders of Notes may receive less, rateably, than holders of secured indebtedness of the Issuer or the relevant Guarantor.

Our substantial indebtedness could adversely affect our financial health and ability to withstand adverse developments and could prevent us from fulfilling our indebtedness obligations.

Following the completion of the offering of the Notes, we will have a significant amount of indebtedness and substantial debt service obligations. As at 30 September 2016, on a *pro forma* basis after giving effect to the offering of the Notes offered hereby and the use of proceeds therefrom, as described under "Use of Proceeds", we would have had total *pro forma* outstanding indebtedness on a consolidated basis of £3,072 million.

Our substantial indebtedness could have important consequences. It will, among other things:

- require us to dedicate a substantial portion of our operating cash flows to making periodic principal and interest payments on our indebtedness, thereby limiting our ability to make investments or acquisitions or to take advantage of significant business opportunities, thus placing us at a competitive disadvantage compared to our competitors that have less debt;

- make it more difficult for us to satisfy our obligations with respect to our indebtedness;

- increase our vulnerability to general adverse economic and industry conditions;

- limit our ability to borrow additional funds or to sell or transfer assets in order to refinance existing indebtedness or fund future working capital, capital expenditures, any future acquisitions, research, development and technology process costs and other general business requirements; or

- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate.

Any of the above listed factors could materially adversely affect our results of operations, financial condition and cash flows.

In addition, a small portion of our debt bears interest at variable rates that are linked to changing market interest rates. As a result, an increase in market interest rates would increase our interest expense and our debt service obligations, which would exacerbate the risks associated with our leveraged capital structure. Please see also "—Risks Associated with Our Business—Interest rate, currency and exchange rate fluctuations could adversely affect our results of operations".

Despite our substantial indebtedness, we may still be able to incur significantly more debt, including secured debt; this could intensify the risks described above.

Despite our significant indebtedness, we, the Guarantors and our respective subsidiaries may incur additional indebtedness (secured and unsecured) in the future. We are not restricted under the covenants of the Notes from incurring additional debt, including secured debt, or from repurchasing the Notes, except as described under "Description of the Notes—Certain Covenants—Limitation on Liens". If additional debt is added to our substantial debt levels, the related risks that we now face could intensify.

Corporate benefit and financial assistance laws and other limitations on the obligations under the Note Guarantees may adversely affect the validity and enforceability of the Note Guarantees.

The Note Guarantees provide the holders of the Notes with a right of recourse against the assets of the Guarantors. Each of the Note Guarantees and the amounts recoverable thereunder will be limited to the maximum amount that can be guaranteed by a particular Guarantor without rendering the Note Guarantees, as they relate to that Guarantor, voidable or otherwise ineffective under applicable law. Enforcement of a guarantee against a Guarantor will be subject to certain defences available to the Guarantor. These laws and defences may include those that relate to fraudulent conveyance, financial assistance, corporate benefit and regulations or defences affecting the rights of creditors generally. If one or more of these laws and defences are applicable, the Note Guarantees may be unenforceable.

We may not be able to repurchase the Notes upon a change of control.

Upon the occurrence of a "Change of Control" (as defined in the Indenture), you will have the right to require us to repurchase your Notes at a purchase price in cash equal to 101% of the principal amount of your Notes plus accrued and unpaid interest, if any. In the event that a Change of Control occurs, we may not have sufficient financial resources to satisfy all of our obligations under the Notes and any other indebtedness with similar provisions. Our failure to repurchase any Notes when due would result in a default under the Indenture.

We may not be able to refinance our existing or future debt obligations or renew our credit facilities on acceptable terms or at all.

Following the issue of the Notes, our financial indebtedness and committed credit facilities will include different types of corporate debt and credit facilities, including corporate debt incurred by the Issuer (such as the Existing Notes and the Notes offered hereby) or the Guarantors, credit facilities available to the Issuer or its subsidiaries, debt incurred by our subsidiaries, and credit facilities, working capital facilities and other committed facilities or guarantees thereof available to our subsidiaries (please see "Description of Other Indebtedness"). In relation to our corporate debt that is repayable with a "bullet" payment on maturity (such as the Existing Notes and the Notes offered hereby), our ability to make such payments at maturity is uncertain and will depend upon our ability to generate sufficient cash from operations, obtain additional equity or debt financing or sell assets. This ability to obtain equity or debt financing on favourable terms or at all will depend on many factors outside our control, including the then prevailing conditions in the international credit and capital markets. Our ability to sell assets and use the proceeds for the refinancing of debt obligations coming due will also depend on many factors outside our control, including the existence of willing purchasers and asset values. At the time the refinancing of each of our existing debt obligations is due, we may not be able to refinance the repayment of our debt obligation on terms as favourable as the original obligations or liquidate assets at a price sufficient to repay the relevant debt or at all. In relation to the committed credit facilities, we are subject to the risk that we may not be able to renew such credit facilities on similar or better terms or at all. If we are unable to refinance our existing or future debt obligations or renew our existing or future credit facilities on acceptable terms or at all, this could have material adverse effects on our liquidity, financial condition and results of operations.

Restrictive covenants in our financing agreements, including the Indenture, may limit our operations and financial flexibility and adversely impact our future results and financial condition.

Some of our financing agreements and debt arrangements set limits on and/or require us to obtain consents before, among other things, pledging assets as security. In addition, certain financial covenants may limit our ability to borrow additional funds or to incur additional liens.

In the event that we breach these covenants, the outstanding amounts due under such financing agreements could become due and payable immediately. A default under one of these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such other financing agreements becoming due and payable immediately. Defaults under one or more of our financing agreements could have a material adverse effect on our results of operations and financial condition.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control. We might be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make payments on and to refinance our indebtedness, including the Existing Notes and the Notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Based on our current level of operations, we believe our cash flow from operations, available cash, proceeds therefrom and available borrowings under our other financing facilities will be adequate to meet our future liquidity needs for at least the next 12 months. We cannot assure you, however, that our business will generate sufficient cash

flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness, including the Notes, or to fund our other liquidity needs.

In each of Fiscal 2016 and Fiscal 2017, we paid a dividend of £150 million to TMLH. There are no outstanding loans owed or preference shares issued to TMLH as at 30 September 2016. We may pay dividends from time to time to our shareholder, subject to compliance with covenants in our financing agreements restricting such payments (including covenants in the indentures governing the Existing Notes and the Notes offered hereby). In addition, some of these dividend restrictions (including the covenant restrictions applicable to the Notes offered hereby and each series of notes listed above) may be suspended or, in the case of the Notes offered hereby, terminated entirely if we achieve an investment grade status, thereby potentially allowing us to pay additional dividends. As at 30 September 2016, the estimated amount that would be available for dividend payments, other distributions to our shareholders and other restricted payments under the "build-up" basket under the relevant covenant restrictions is approximately £3.5 billion. Pursuant to the Indenture applicable to the Notes offered hereby, we will not be subject to any limitation on the making of restricted payments (including payments of dividends) to the extent that we comply, on a *pro forma* basis, with a 2.0:1.0 consolidated leverage ratio. Please see "Description of the Notes—Certain Covenants—Restricted Payments".

The insolvency laws of England and Wales may not be as favourable to you as US bankruptcy laws or those of other jurisdictions with which you are familiar.

The Issuer and the Guarantors are incorporated in England and Wales. The insolvency laws of England and Wales may not be as favourable to your interests as the laws of the United States or other jurisdictions with which you are familiar. A brief description of certain aspects of insolvency law in England and Wales is set out under "—Insolvency laws may permit a court to set aside the Note Guarantee, and if that occurs, you may not receive any payments under the Note Guarantee" below.

Insolvency laws may permit a court to set aside the Note Guarantee, and if that occurs, you may not receive any payments under the Note Guarantee.

The Issuer and the Guarantors are companies incorporated under English law. As a general rule, insolvency proceedings with respect to an English company should be based on English insolvency laws. However, pursuant to the EC Regulation No. 1346/2000 on Insolvency Proceedings, where an English company conducts business in more than one Member State of the European Union (other than Denmark), the jurisdiction of the English courts may be limited if its "centre of main interests" is found to be in a Member State other than the United Kingdom. There are a number of factors that are taken into account to ascertain the centre of main interests, which should correspond to the place where the company conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. The point at which this issue falls to be determined is at the time that the relevant insolvency proceedings are opened. Similarly, the UK Cross Border Insolvency Regulations 2006, which implement the UNCITRAL Model law on cross-border insolvency in the United Kingdom, provide that a foreign (i.e., non-European) court may have jurisdiction where any English company has a centre of its main interests in such foreign jurisdiction, or where it has a place of operations in such foreign jurisdiction and carries out non-transitory economic activities with human means and assets or services.

Administration

The relevant English insolvency statutes empower English courts to make an administration order in respect of an English company in certain circumstances. An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge; different procedures apply according to the identity of the appointer. During the administration, in general no proceedings or other legal process may be commenced or continued against the debtor, except with leave of the court or consent of the administrator. If one of the Guarantors were to enter into administration proceedings, it is possible that the guarantee granted by it may not be enforced while it was in administration.

There are circumstances under English insolvency law in which the granting by an English company of guarantees can be challenged. In most cases this will only arise if the company is placed into administration or liquidation within a specified period of the granting of the guarantee. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, he or she may challenge the validity of the guarantee given by the company.

The following potential grounds for challenge may apply to the Note Guarantees:

Transaction at an undervalue

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a guarantee if such liquidator or administrator believed that the creation of such guarantee constituted a transaction at an undervalue. It will only be a transaction at an undervalue if at the time of the transaction or as a result of the transaction, the English company is insolvent (as defined in the UK Insolvency Act 1986, as amended). The transaction can be challenged if the English company enters into liquidation or administration within a period of two years from the date the English company grants the guarantee. A transaction might be subject to being set aside as a transaction at an undervalue if it involved a gift by a company, if a company received no consideration or if a company received consideration of significantly less value, in money or money's worth, than the consideration given by such company. However, a court generally will not intervene if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business, and that at the time it did so there were reasonable grounds for believing the transaction would benefit it. If the court determines that the transaction was a transaction at an undervalue the court can make such order as it thinks fit to restore the company to the position it would have been in had it not entered into the transaction. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent, unless a beneficiary of the transaction was a connected person (as defined in the UK Insolvency Act 1986, as amended), in which case the connected person must demonstrate the solvency of the English company in such proceedings.

Preference

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a guarantee if such liquidator or administrator believed that the creation of such guarantee constituted a preference. It will only be a preference if at the time of the transaction or as a result of the transaction, the English company is insolvent. The transaction can be challenged if the English company enters into liquidation or administration within a period of six months (if the beneficiary of the guarantee is not a connected person) or two years (if the beneficiary is a connected person) from the date the English company grants the guarantee. A transaction may constitute a preference if it has the effect of putting a creditor, guarantor or surety of the English company in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. If the court determines that the transaction was a preference, the court can make such order as it thinks fit to restore the company to the position it would have been in had it not entered into the transaction. However, for the court to determine a preference, it must be shown that the English company was influenced by a desire to put that creditor, guarantor or surety in a better position. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent and that there was such influence, unless a beneficiary of the transaction was a connected person, in which case the connected person must demonstrate in such proceedings that there was no such influence.

Transaction defrauding creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue and was made for the purposes of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim, which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. This provision may be used by any person who claims to be a "victim" of the transaction and is not therefore limited to liquidators or administrators. There is no statutory time limit in the English insolvency legislation within which the challenge must be made and the relevant company does not need to be insolvent at the time of the transaction.

It may be difficult for you to effect service of process against the directors of the Issuer and Guarantors outside the United States and enforce legal proceedings against us.

The Issuer and the Guarantors are incorporated under the laws of England and Wales. All of the directors and executive officers of the Issuer and the Guarantors reside outside the United States and a substantial part of their assets are located outside the United States. In addition, most of the assets of the Issuer and the Guarantors are located outside the United States. Although both the Issuer and the Guarantors will agree, in accordance with the terms of the Indenture, to accept service of process in the United States by agents designated for such purpose, it may not be possible for the holders of Notes: (i) to effect service of process in the United States upon the directors or officers of the Issuer or the Guarantors or (ii) to enforce against either the Issuer or the Guarantors, or their respective officers or directors, judgments obtained in US courts predicated upon the civil liability provisions of the federal or state securities laws of the United States. We have been advised by our legal advisers that there is also doubt as to the direct enforceability outside of the United States against any of these persons in an original action or in an action for the enforcement of judgments of US courts, of civil liabilities predicated solely upon US federal or state securities laws.

We have been advised by our legal advisers that a judgment in civil and commercial matters of a US federal or state court would not automatically be recognised or enforceable in England and Wales. To enforce any such US judgment in England and Wales, proceedings must first be initiated before a court of competent jurisdiction in England and Wales and recognition and enforcement of a US judgment by the courts of England and Wales in such an action is conditional upon (among other things) the US judgment being final and conclusive on the merits in the sense of being final and unalterable in the court that pronounced it and being for a debt for a definite sum of money. This is discussed in more detail in the section entitled "Service of Process and Enforcement of Judgments". Such counsel has expressed no opinion, however, as to whether the enforcement would be in pounds sterling or as at which date, if any, the determination of the applicable exchange rate from euro to British pound would be made.

There is no existing trading market for the Notes and we cannot assure you that an active trading market will develop, which could adversely impact your ability to sell your Notes.

The Notes are new securities for which there is currently no existing market. Although we have made an application to list the Notes on the Luxembourg Stock Exchange, we cannot assure you that the Notes will become or will remain listed. We cannot assure you as to the liquidity of any market that may develop for the Notes, the ability of holders of the Notes to sell them or the price at which the holders of the Notes may be able to sell them. The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our own financial condition, performance and prospects, as well as recommendations by securities analysts. Historically, the market for debt securities, such as the Notes, has been subject to disruptions that have caused substantial price volatility. We cannot assure you that if a market for the Notes were to develop, such a market would not be subject to similar disruptions. We have been informed by the initial purchasers that they intend to make a market for the Notes after the offering of the Notes is completed. However, they are not obliged to do so and may cease their market-making activity at any time without notice. In addition, such market-making activity will be subject to limitations imposed by the US Securities Act and other applicable laws and regulations. As a result, we cannot assure you that an active trading market for the Notes will develop or, if one does develop, that it will be maintained.

Transfer of the Notes will be restricted.

We have not registered and do not intend to register the offer and sale or resale of the Notes under the US securities laws, including the US Securities Act, or the securities laws of any other jurisdiction. The Notes will not have the benefit of any registration rights agreement. You may not offer or sell the Notes, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of US securities laws and other applicable securities laws. You should read "Notice to Investors" for further information about these and other transfer restrictions. It is your obligation to ensure that any offer or sale of your Notes by you complies with applicable securities laws.

The Notes will initially be held in book-entry form and therefore you must rely on the procedures of Euroclear or Clearstream Banking to exercise any rights or remedies.

Unless and until any Notes in definitive registered form ("definitive registered notes") are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or holders of Notes. Euroclear or Clearstream Banking, or their respective nominees, will be the registered holder of the Global Notes (as such term is defined in "Book-Entry; Delivery and Form"). After payment to the common depositary or its nominee for Euroclear or Clearstream Banking, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear or Clearstream Banking and if you are not a participant in Euroclear or Clearstream Banking, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder under the Indenture. Please see "Book-Entry; Delivery and Form".

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream Banking. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any request actions on a timely basis. Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream Banking. We cannot assure you that the procedures to be implemented through Euroclear and Clearstream Banking will be adequate to ensure the timely exercise of rights under the Notes. Please see "Book-Entry; Delivery and Form".

Investors in the Notes may have limited recourse against the independent auditors.

The consolidated financial statements as at and for the years ended 31 March 2016, 2015 and 2014 included in this Offering Memorandum have been audited by Deloitte LLP, independent auditors, as stated in the audit reports relating to the 2016 Consolidated Financial Statements, the 2015 Consolidated Financial Statements and the 2014 Consolidated Financial Statements.

The audit reports of Deloitte LLP with respect to the 2016 Consolidated Financial Statements, the 2015 Consolidated Financial Statements and the 2014 Consolidated Financial Statements, in accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, include the following limitations:

"This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed".

The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the US Securities Act or in a report filed under the US Securities Exchange Act of 1934, as amended (the "Exchange Act"). If a US (or any other) court were to give effect to the language quoted above, the recourse that investors in the Notes may have against the independent accountants based on their reports or the Consolidated Financial Statements to which they relate could be limited.

USE OF PROCEEDS

We estimate that the net proceeds of the offering of the Notes (after payment of commissions and estimated expenses of the offering) will be £555.2 million (using an exchange rate on 30 September 2016 of €1.1576). We intend to use the net proceeds from the issue and sale of the Notes for general corporate purposes, including to support our on-going growth and capital spending plans.

CAPITALISATION

The following table sets out the consolidated cash and cash equivalents, short-term investments and capitalisation of the Issuer, as at 30 September 2016, on an actual basis and as adjusted to give effect to the offering and issue of the Notes offered hereby and the use of proceeds therefrom as described in "Use of Proceeds". As adjusted information below is illustrative only and does not purport to be indicative of the Issuer's capitalisation following the completion of the offering.

You should read this table together with the "Use of Proceeds", "Selected Consolidated Financial and Other Data" and "Operating and Financial Review and Prospects" and our Consolidated Financial Statements and related notes included elsewhere in this Offering Memorandum.

Sources	Actual as at 30 September 2016	Adjustments	As adjusted
		(£ in millions)	
Cash and cash equivalents[(1)]	2,382	555 [(6)]	2,937
Short-term investments[(2)]	1,455	—	1,455
Cash and cash equivalents and short-term investments	**3,837**	555[(6)]	4,392
Other loans[(3)]	9	—	9
Factoring[(4)]	154	—	154
5.625% Senior Notes due 2023[(5)]	386	—	386
4.125% Senior Notes due 2018[(5)]	541	—	541
5.000% Senior Notes due 2022[(6)]	400	—	400
4.250% Senior Notes due 2019[(5)]	386	—	386
3.875% Senior Notes due 2023[(6)]	400	—	400
3.500% Senior Notes due 2020[(5)]	386	—	386
Capitalised debt issuance fees	(17)	(6)	(23)
Notes offered hereby	—	561[(6)]	561 [(6)]
Total debt	2,645	555	3,200 [(7)]
Ordinary shares	1,501	—	1,501
Capital redemption reserve	167	—	167
Reserves	3,910	—	3,910
Total equity	5,578	—	5,578
Total capitalisation	**8,223**	**555[(6)]**	**8,778**

(1) The total amount of cash and cash equivalents includes £424 million of the cash and cash equivalents held in subsidiaries of the Issuer outside the United Kingdom. The cash in some of these jurisdictions, e.g. South Africa and Brazil, is subject to certain restrictions on cash pooling, intercompany loan arrangements or interim dividends. However, annual dividends are generally permitted and we do not believe that these restrictions have, or are expected to have, any impact on our ability to meet our cash obligations.

(2) Refers to bank deposits with a maturity of between three and twelve months.

(3) Consists of (i) overdraft facilities and (ii) finance leases.

(4) Represents our factoring facilities entered into in the ordinary course of business.

(5) Using the US dollar per British pound exchange rate on 30 September 2016 of \$1.2948 = £1.00.

(6) Using the euro per British pound exchange rate on 30 September 2016 of €1.1576 = £1.00.

(7) On the issue date of the Notes offered hereby, we will also have £1,870 million of undrawn credit facilities under the Revolving Credit Facility described under "Description of Other Indebtedness—Facility A £1,870 million Unsecured Syndicated Revolving Credit Facility".

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table sets out Jaguar Land Rover's selected consolidated financial data and other data for the periods ended and as at the dates indicated below. For a discussion of the presentation of financial data, please see "Presentation of Financial and Other Data".

We have derived the selected consolidated financial data for the fiscal years ended 31 March 2016, 2015 and 2014 and the interim condensed consolidated income statement and statement of comprehensive income data and cash flow data for the six months ended 30 September 2016 and 2015 from the Consolidated Financial Statements included elsewhere in this Offering Memorandum. The balance sheet data as at 30 September 2015 have been derived for comparative purposes from the unaudited condensed consolidated interim financial statements as at and for the six months ended 30 September 2015, which are not included in this Offering Memorandum. Please see "Presentation of Financial and Other Data".

The 2016 Consolidated Financial Statements, the 2015 Consolidated Financial Statements and the 2014 Consolidated Financial Statements were prepared in accordance with IFRS and the 2015 Condensed Consolidated Interim Financial Statements were prepared in accordance with IAS 34. The selected financial data should be read in conjunction with "Presentation of Financial and Other Data", "Selected Consolidated Financial and Other Data", "Operating and Financial Review and Prospects" and the financial statements and related notes thereto included elsewhere in this Offering Memorandum. Historical results are not necessarily indicative of future expected results. In addition, our results for the six months ended 30 September 2016 should not be regarded as indicative of our results expected for the fiscal year ending 31 March 2017.

The unaudited condensed consolidated financial information for the twelve months ended 30 September 2016 set out below was derived by aggregating without adjustments the consolidated income statement for the twelve months ended 31 March 2016 and the consolidated income statement data for the six months ended 30 September 2016 and subtracting the consolidated income statement data for the six months ended 30 September 2015. The unaudited condensed consolidated financial information for the twelve months ended 30 September 2016 presented herein is not required by or presented in accordance with IFRS or any other generally accepted accounting principles. The financial information for the twelve months ended 30 September 2016 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

Please note that, while we charge our research costs to the income statement in the year in which they are incurred, we capitalise product development costs relating to new vehicle platforms, engine, transmission and new products and recognise them as intangible assets under certain conditions. Please see "Presentation of Financial and Other Data". There are a number of differences between IFRS and US GAAP. One difference is that we would not be able to capitalise such costs if we were to prepare our financial statements in compliance with US GAAP. In addition, interpretations of IFRS may differ, which can result in different applications of the same standard and, therefore, different results.

	Fiscal year ended and as at 31 March			Six months ended and as at 30 September		Twelve months ended and as at 30 September
	2014	2015	2016	2015	2016	2016
	(£ in millions)					
Income Statement and Statement of Comprehensive Income Data:						
Revenue	19,386	21,866	22,208	9,833	11,414	23,789
Material and other cost of sales	(11,904)	(13,185)	(13,303)	(6,067)	(6,704)	(13,940)
Employee cost	(1,654)	(1,977)	(2,321)	(1,091)	(1,190)	(2,420)
Other expenses	(3,717)	(4,109)	(4,674)	(2,088)	(2,453)	(5,039)
Net (loss)/gain on commodity derivatives	(18)	(38)	(113)	(73)	39	(1)
Development costs capitalised[1]	1,030	1,158	1,242	621	693	1,314
Other income	171	181	241	129	120	232
Depreciation and amortisation[2]	(875)	(1,051)	(1,418)	(683)	(798)	(1,533)
Foreign exchange gain/(loss)	236	(138)	(317)	(64)	(501)	(754)
Finance income	38	48	38	18	17	37

	Fiscal year ended and as at 31 March			Six months ended and as at 30 September		Twelve months ended and as at 30 September
	2014	2015	2016	2015	2016	2016
	(£ in millions)					
Finance expense (net)	(185)	(135)	(90)	(47)	(36)	(79)
Share of loss from equity accounted investees	(7)	(6)	64	(7)	78	149
Profit before tax	2,501	2,614	1,557	481	679	1,755
Income tax expense	(622)	(576)	(245)	(81)	(131)	(295)
Profit for the period	1,879	2,038	1,312	400	548	1,460
Items that will not be reclassified subsequently to profit or loss:						
Remeasurement of defined benefit obligation	(135)	(355)	489	435	(1,293)	(1,239)
Income tax related to items that will not be reclassified	(4)	71	(113)	(87)	217	191
Items that may be reclassified subsequently to profit or loss:						
Gain/(loss) on effective cash flow hedges	1,041	(1,768)	(169)	669	(2,094)	(2,932)
Cash flow hedges reclassified to "Foreign exchange gain/(loss)" in profit or loss	(112)	(44)	224	118	379	485
Currency translation differences	—	21	(1)	(14)	30	43
Income tax related to items that may be reclassified	(194)	363	(18)	(157)	327	466
Total comprehensive income attributable to shareholders	2,475	326	1,724	1,364	(1,886)	(1,526)
Balance Sheet Data (at period end):						
Intangible assets	4,240	4,952	5,497	5,239	5,801	5,801
Total non-current assets	8,359	10,153	11,595	10,981	12,588	12,588
Total current assets	7,230	8,410	8,972	7,431	9,015	9,015
Total assets	15,589	18,563	20,567	18,412	21,603	21,603
Total current liabilities	6,134	7,457	7,875	6,475	8,787	8,787
Total non-current liabilities	3,591	5,066	5,078	4,683	7,238	7,238
Total liabilities	9,725	12,523	12,953	11,158	16,025	16,025
Equity attributable to equity holders of the company	5,864	6,040	7,614	7,254	5,578	5,578
Cash Flow Data:						
Net cash generated from/(used in) operating activities	3,422	3,627	3,560	345	702	3,917
Net cash used in investing activities	(2,736)	(2,641)	(2,966)	(1,202)	(1,468)	(3,232)
Net cash used in financing activities	(498)	(38)	(403)	(247)	(251)	(407)
Cash and cash equivalents at the end of period	2,260	3,208	3,399	2,104	2,382	2,382

(1) This amount reflects the capitalised cost recognised as an intangible asset at the end of the relevant period, net of the amounts charged to the income statement, which were £236 million, £253 million, £318 million, £139 million, £173 million and £352 million in the years ended 31 March 2014, 2015 and 2016, the six months ended 30 September 2016 and 2015 and the twelve months ended September 2016, respectively.

(2) Depreciation and amortisation include, among other things, the amortisation attributable to the capitalised cost of product development relating to new vehicle platforms, engine, transmission and new products. The amount of amortisation attributable to capitalised product development costs for Fiscal 2014, Fiscal 2015, Fiscal 2016, the six months ended 30 September 2016 and 2015 and the twelve months ended 30 September 2016 was £445 million, £526 million, £696 million, £387 million, £341 million and £742 million, respectively.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read together with, and is qualified in its entirety by reference to, our Consolidated Financial Statements, including the related notes thereto, included in this Offering Memorandum beginning on page F-1. The following discussion should also be read in conjunction with "Presentation of Financial and Other Data" and "Selected Consolidated Financial and Other Data". Except for the historical information contained herein, the discussions in this section contain forward-looking statements that reflect our plans, estimates and beliefs and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly in "Risk Factors" and "Forward-Looking Statements".

Overview

We design, develop, manufacture and sell Jaguar premium sports saloons, sports cars and luxury performance SUVs and Land Rover premium all-terrain vehicles, as well as related parts, accessories and merchandise. We have a long tradition as a manufacturer of premium passenger vehicles with internationally recognised brands, an exclusive product portfolio of award-winning vehicles, a global distribution network and strong R&D capabilities. Collectively, Jaguar and Land Rover received approximately 295 awards from leading international motoring writers, magazines and opinion leaders in 2015 and 2016, reflecting the strength of our model line-up and our design and engineering capabilities.

We operate a global sales and distribution network designed to achieve geographically diversified sales and facilitate growth in our key markets. Our four principal regional markets are Europe (excluding the United Kingdom and Russia), North America, the United Kingdom and China which, respectively, accounted for 23.2%, 19.9%, 21.0% and 20.1% of our retail volumes, including sales from our China Joint Venture and 26.4%, 24.8%, 21.1% and 11.1% of our wholesale volumes, excluding sales from our China Joint Venture in the six months ended 30 September 2016.

We operate three principal automotive manufacturing facilities, an engine manufacturing facility and two advanced design and engineering facilities in the United Kingdom as well as a wholly owned manufacturing plant in Brazil. We have also established a manufacturing joint venture in China, which currently produces the Range Rover Evoque, Discovery Sport and Jaguar XFL for sale in the local market. Globally, we employed a total of 39,851 employees, including agency personnel (but excluding China Joint Venture employees), as at 30 September 2016, 21,687 of which were employed in our manufacturing operations with the remaining 18,164 employed in other areas such as design, engineering and central corporate functions.

We are a wholly owned indirect subsidiary of Tata Motors, a member of the international conglomerate Tata Group. Tata Motors is India's largest commercial vehicle manufacturer, as measured by revenue and is among the top five passenger vehicle manufacturers in India in terms of units sold, in Fiscal 2016.

The following table presents our revenue, profit and EBITDA in Fiscal 2014, Fiscal 2015 and Fiscal 2016, the six months ended 30 September 2015 and 2016 and the twelve months ended 30 September 2016.

	Fiscal year ended 31 March			Six months ended 30 September		Twelve months ended 30 September
	2014	**2015**	**2016**	**2015**	**2016**	**2016**
	(£ in millions)					
Revenue	19,386	21,866	22,208	9,833	11,414	23,789
Profit for the period	1,879	2,038	1,312	400	548	1,460
EBITDA	3,393	4,132	3,313	1,410	1,287	3,190

In Fiscal 2014, Fiscal 2015 and Fiscal 2016, we experienced significant growth, reflecting successful launches of new models, sustained appeal of existing products and geographic diversification, combined with a generally supportive global economic environment.

Our unit sales (on a retail basis and including sales through our China Joint Venture) for each of our brands for Fiscal 2014, Fiscal 2015 and Fiscal 2016, the six months ended 30 September 2015 and 2016 and the twelve months ended 30 September 2016 are set out in the table below:

	Fiscal year ended 31 March			Six months ended 30 September		Twelve months ended 30 September
	2014	2015	2016	2015	2016	2016
Jaguar	80,522	76,930	94,449	40,754	73,512	127,207
Land Rover	353,789	385,279	427,122	184,351	201,700	444,471
Total	**434,311**	**462,209**	**521,571**	**225,105**	**275,212**	**571,678**
Retail volumes from our China Joint Venture (included above)	*0*	*1,094*	*31,765*	*10,388*	*27,531*	*48,908*

Our unit sales (on a wholesale basis, excluding sales from our China Joint Venture) under each of our brands for Fiscal 2014, Fiscal 2015 and Fiscal 2016, the six months ended 30 September 2015 and 2016 and the twelve months ended 30 September 2016 are set out in the table below:

	Fiscal year ended 31 March			Six months ended 30 September		Twelve months ended 30 September
	2014	2015[(1)]	2016[(1)]	2015[(1)]	2016[(1)]	2016[(1)]
Jaguar	79,307	76,496	102,106	42,891	76,510	135,725
Land Rover	350,554	389,983	407,228	178,919	168,450	396,759
Total	**429,861**	**466,479**	**509,334**	**221,810**	**244,960**	**532,484**
Wholesale volumes from our China Joint Venture (excluded above)	*0*	*4,044*	*34,751*	*9,389*	*28,601*	*53,963*

(1) The wholesale volumes from our China Joint Venture are excluded.

Wholesale volumes refer to the aggregate number of finished vehicles sold to dealers and importers. We recognise our revenue on the wholesale volumes we sell. Retail volumes refer to the aggregate number of finished vehicles sold by dealers to end users. We consider retail volumes the best indicator of consumer demand for our vehicles and the strength of our brand.

General Trends of Our Recent Performance

Revenues were £11,414 million for the six months ended 30 September 2016, as compared to £9,833 million for the six months ended 30 September 2015 and EBITDA was £1,287 million in the six months ended 30 September 2016, as compared to £1,410 million in the six months ended 30 September 2015. EBITDA was lower in the six months ended 30 September 2016 compared to the six months ended 30 September 2015 primarily due to unfavourable foreign exchange revaluation of current assets and liabilities, primarily as a result of the weakening British pound post-Brexit, one-time provision for new customer quality programmes and a lower market incentive received in the three months ended 30 June 2016 compared to the incentive received in the three months ended 30 September 2015. Profit before tax was £679 million in the six months ended 30 September 2016, compared to £481 million in the six months ended 30 September 2015. The higher profit before tax in the six months to 30 September 2016 reflects the lower EBITDA (down £123 million), higher depreciation and amortisation (up £115 million) and unfavourable unrealised foreign exchange revaluation (down £77 million), offset by favourable commodity hedge revaluation (up £123 million) and lower net finance expense (down £10 million), as well as profits received from our China Joint Venture of £78 million (up £85 million) and £50 million of Tianjin related recoveries in the six months ended 30 September 2016 compared to the non recurring charge in six months ended 30 September 2015 (up £295m). Our profit after tax (and after exceptional items) was £548 million in the six months ended 30 September 2016, up from £400 million in the same period in 2015.

We generated negative free cash flow (before financing) of £563 million in the six months ended 30 September 2016, reflecting EBITDA of £1,287 million which was more than offset by our total investment spending of £1,476 million as well as £485 million of unfavourable movements in working capital (down from negative working capital of £960 million in the six months ended 30 September 2015) and other non-cash accruals, primarily reflecting higher inventories accumulated to support the global launch of the Jaguar F-PACE and the launch of the Jaguar XE into the US market, as well as the accumulated inventory of the current Land Rover Discovery model to support the run-out programme. Free cash flow before financing in the three months ended 30 September 2016 was positive £70 million after £784 million of total investment spending, primarily reflecting EBITDA of £615 million and £182 million favourable working capital, non-cash accrual and other movements, as compared to negative free cash flow before

financing of £220 million in the three months ended 30 September 2015. Net cash generated by operating activities in the six months ended 30 September 2016 was £702 million, compared to £345 million for the same period in 2015. After the negative free cash flow of £563 million, finance expenses of £69 million (down from £75 million in the six months ended 30 September 2015), a £32 million reduction in debt (up from £22 million in the six months ended 30 September 2015) and a £150 million dividend paid to Tata Motors during the six months ended 30 September 2016 (unchanged from 30 September 2015), we had total cash of £3,837 million (up slightly from £3,749 million as at 30 June 2016), comprising £2,382 million of cash and cash equivalents and £1,455 million of financial deposits. At 30 September 2016, we also had an undrawn committed revolving credit facility of £1,870 million.

Recent Retail Volumes

Total retail volumes in the six months ended 30 September 2016 reached a record for the first half of the fiscal year of 275,212 units (including sales from our China Joint Venture), an increase of 22.3% compared to the six months ended 30 September 2015, with sales volumes up across all key regions. This increase in retail volumes was primarily driven by the introduction of the new Jaguar F-PACE and strong sales of the Jaguar XE, Land Rover Discovery Sport, Land Rover Discovery and the Range Rover Evoque. By brand, Land Rover retailed 201,700 units in the six months ended 30 September 2016, up 9.4% compared to the six months ended 30 September 2015. Jaguar retailed 73,512 units in the six months ended 30 September 2016, up 80.4% compared to the six months ended 30 September 2015.

Retail volumes in Europe (excluding the United Kingdom and Russia) were 63,720 units in the six months ended 30 September 2016, compared to 51,991 units during the same period in 2015, an increase of 22.6%, as sales across all models (excluding Jaguar F-TYPE) increased year-on-year.

Retail volumes in North America were 54,794 units in the six months ended 30 September 2016, compared to 42,679 units in the same period in 2015, an increase of 28.4%, primarily driven by the introduction of the Jaguar F-PACE, XE and the new XF as well as continuing strong sales of the Land Rover Discovery and Discovery Sport.

Retail volumes in the United Kingdom were 57,900 units in the six months ended 30 September 2016, compared to 46,933 units in the same period in 2015, an increase of 23.4%, primarily driven by the introduction of the Jaguar F-PACE and strong sales of the Land Rover Discovery, Discovery Sport and the Range Rover Evoque.

Retail volumes in China were 55,210 units in the six months ended 30 September 2016, compared to 41,428 units in the same period in 2015, an increase of 33.3%, reflecting the introduction of the Jaguar F-PACE and stronger sales of the Jaguar XE as well as improved sales of the Range Rover and continuing strong sales of Land Rover Discovery Sport, which is locally manufactured by our China Joint Venture. Retail sales of the long-wheel base Jaguar XFL, which is also locally manufactured by our China Joint Venture, began in September 2016 with retail volumes of 594 units in the month ended 30 September 2016.

Retail volumes in Overseas markets were 43,588 units in the six months ended 30 September 2016, compared to 42,074 units in the same period in 2015, an increase of 3.6%, primarily driven by the introduction of the Jaguar F-PACE as well as increased sales of the Jaguar XE and the Land Rover Discovery Sport.

Recent Macroeconomic Trends

The Brexit vote has led to uncertainty with respect to the trading arrangements between the United Kingdom, the EU and other countries. The High Court of England and Wales ruled on 3 November 2016 that a parliamentary vote will be required for the United Kingdom to invoke Article 50 of the Lisbon Treaty in order to trigger its exit from the European Union. This ruling (which is subject to appeal before the United Kingdom Supreme Court) has led to increased uncertainty on the launch and duration of the negotiations. Depending on the terms of the withdrawal of the United Kingdom from the European Union, the new or modified trading agreements could affect export volumes and result in a decline in trade.

Furthermore, we are exposed to currency movements versus the British pound, our reporting currency. Revenue exposures are primarily sensitive to movements in the US dollar, Chinese yuan and emerging market currencies (notably the Russian rouble and Brazilian real) while our cost exposures are particularly sensitive to movements in the euro, since we source over 50% of our components from the European Union. The US dollar, Chinese yuan and the euro were generally stronger against the British pound over the six months ended 30 September 2016, compared to the six months ended 30 September 2015. The strengthening of these exchange rates over the six months ended 30 September 2016 was generally more favourable for our underlying US dollar and Chinese yuan denominated net income exposures and less favourable for our euro denominated net cost exposures. However, we have a well-established hedging programme in place that partially counteracts the volatility in the underlying currency exposure to the movements in the US dollar, euro, Chinese yuan and other currencies. Movements in our foreign exchange hedging

derivatives are generally offset by favourable movements in the underlying foreign currency exposures as we generally hedge only a portion (and not all) of the underlying exposure.

We are also exposed to changes in commodity prices, notably aluminium, copper, platinum and palladium. Commodity prices were generally more favourable in the six months ended 30 September 2016 compared to the same period in 2015.

We have hedging policies in place in order to mitigate the impact of exchange rate and commodity price volatility on our results. These hedging policies permit the use of financial derivatives such as forward contracts and options to manage risks relating to exchange rates, as well as swaps and fixed-price supply contracts to manage risks relating to commodity price volatility.

Significant Factors Influencing Our Results of Operations

Our results of operations are dependent on a number of factors, which include mainly the following:

- *General economic conditions.* We, like the rest of the automotive industry, are substantially affected by general economic conditions. For the risks associated with our industry and markets, please see "Risk Factors—Risks Associated with the Automotive Industry—Deterioration in global economic conditions could have a significant adverse impact on our sales and results of operations".

- *Foreign currency rates.* Changes in foreign currency exchange rates may positively or negatively affect our results of operations through both transaction risk and translation risk. Transaction risk is the risk that the currency structure of our costs and liabilities will deviate from the currency structure of sales proceeds and assets. Translation risk is the risk that our financial results for a particular period will be affected by changes in the prevailing exchange rates at the end of the period, which may have a substantial impact on comparisons with prior periods. Please see "Risk Factors—Risks Associated with Our Business—Interest rate, currency and exchange rate fluctuations could adversely affect our results of operations" for further information on the risks associated with our foreign currency exposure.

- *Credit, liquidity and interest rates and availability of credit for vehicle purchases.* Our volumes are significantly dependent on the availability of vehicle financing arrangements by external providers of lease and consumer financing options and the costs thereof. We do not offer vehicle financing on our own account. Any reduction in the supply of available consumer finance, as occurred during the recent global financial crisis, would make it more difficult for some of our customers to purchase our vehicles. For further discussion of our independent financing arrangements through our finance partners, please see "Our Business—Financing Arrangements and Financial Services Provided".

- *Our competitive position in the market.* Competition in the premium and SUV segments in which we operate has an effect on volumes and price realisation, which may have an impact on the profitability of our business. For a discussion regarding our competitive position in our markets, please see "Our Business—Industry Dynamics".

- *Seasonality.* Our results of operations are also dependent on seasonal factors in the automotive market such as change in cash and cash equivalents due principally to seasonal effects on the working capital cycle. Please see "Our Business—Our Strategy—Transform the business structure to deliver sustainable returns", "Our Business—Industry Dynamics—Seasonality" and "Risk Factors—Risks Associated with Our Business—Our business is seasonal in nature and a substantial decrease in our sales during certain quarters could have a material adverse impact on our financial performance".

- *Environmental regulations.* There has been a greater emphasis on the emission and safety norms for the automobile industry by governments in the various countries in which we operate. Compliance with these norms has had, and will continue to have, a significant impact on the costs and product life cycles in the automotive industry. For further details with respect to these regulations, please see "Our Business—Significant Environmental, Health, Safety and Emissions Issues". For a discussion regarding related risks, please see "Risk Factors—Risks Associated with the Automotive Industry—New or changing laws, regulations and government policies regarding increased fuel economy, reduced greenhouse gas and other air emissions, and vehicle safety may have a significant effect on how we do business".

- *Amortisation of development costs capitalised.* We have and continue to capitalise our product development costs incurred on new vehicle platforms, engine, transmission and new products. These capitalised costs reduce overall profits over time through amortisation, which has increased and which we

expect will further increase over the next few years. Therefore, until fully amortised, capitalised costs have a continuing impact on our results of operations.

- *Political and regional factors.* Similarly to the rest of the automotive industry, we are affected by political and regional factors. For a discussion regarding these risks, please see “Risk Factors—Risks Associated with Our Business”. We may be adversely impacted by political instability, wars, terrorism, multinational conflicts, natural disasters, fuel shortages/prices, epidemics, labour strikes and other risks in the markets in which we operate” and “Risk Factors—Risks Associated with the Automotive Industry—Changes in tax, tariff or fiscal policies could adversely affect the demand for our products”.

Explanation of Income Statement Line Items

Our income statement includes the following items. For more information, please see “Operating and Financial Review and Prospects—Critical Accounting Policies” and the Consolidated Financial Statements elsewhere in this Offering Memorandum.

- *Revenue*: Revenue includes the fair value of the consideration received or receivable from the sale of finished vehicles and parts to dealers (in the United Kingdom and the foreign countries in which we have NSCs) and importers (in all other foreign countries). We recognise revenue on the sale of products, net of discounts, sales incentives, customer bonuses and rebates granted, when products are delivered to dealers or when delivered to a carrier for export sales, which is when title and risks and rewards of ownership pass to the customer. Sale of products includes export and other recurring and non-recurring incentives from governments at the national and state levels. Sale of products is presented net of excise duty where applicable and other indirect taxes. Consequently, the amount of revenue we recognise is driven by wholesale volumes (i.e., sales of finished vehicles to dealers and importers). We do, however, mainly monitor the level of retail volumes as the general metric of customer demand for our products with the aim of managing effectively the level of stock held by our dealers. Retail volumes do not directly affect our revenue.

- *Material and other cost of sales*: We have elected to present our income statement under IFRS by nature of expenditure rather than by function. Accordingly, we do not present costs of sales, selling and distribution and other functional cost categories on the face of the income statement. “Material and other cost of sales” are comprised of: (i) change in inventories of finished goods and works in progress; (ii) purchase of products for sale; and (iii) raw materials and consumables. “Material and other cost of sales” does not equal “cost of sales” that we would report if we were to adopt a functional presentation for our income statement because it does not include all relevant employee costs, depreciation and amortisation of assets used in the production process and relevant production overheads.

  - Changes in inventories of finished goods and work in progress reflects the difference between the inventory of vehicles and parts at the beginning of the relevant period and the inventory of vehicles and parts at the end of the relevant period. It represents the credit or charge required to reflect the manufacturing costs for finished vehicles and parts, or vehicles and parts on the production line, that were still in stock at the end of the relevant period. Inventories (other than those recognised as a result of the sale of vehicles subject to repurchase arrangements) are valued at the lower of cost and net realisable value. Cost of raw materials and consumables are ascertained on a first-in-first-out basis. Costs, including fixed and variable production overheads, are allocated to work-in-progress and finished goods determined on a full absorption cost basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. Inventories include vehicles sold to a third party subject to repurchase arrangements. The majority of these vehicles are leased by a third party back to our management. These vehicles are carried at cost and are amortised in changes in stocks and work in progress to their residual values (i.e., estimated second-hand sale value) over the term of the arrangement.

  - Purchase of products for sale represents the cost associated with the supply from third-party suppliers of parts and other accessories that we do not manufacture ourselves but fit into our finished vehicles.

  - Raw materials and consumables represents the cost of the raw materials and consumables that we purchase from third parties and use in our manufacturing operations, including aluminium, other metals, rubber and other raw materials and consumables. Raw materials and consumables also include import duties for raw materials and finished vehicles from the United Kingdom into the country of sale.

- *Employee cost*: This line item represents the cost of wages and salaries, social security and pensions for all of our employees and agency workers, including employees of centralised functions and headquarters.

- *Other expenses*: This line item comprises any operating expense not otherwise accounted for in another line item. These expenses principally include warranty and product liability costs and freight and other transportation costs, stores, spare parts and tools consumed, product development costs, repairs to building, plant and machinery, power and fuel, rent, rates and taxes, publicity and marketing expenses, insurance and other general costs.

- *Net impact of commodity derivatives*: This line item represents the mark-to-market on commodity derivative instruments, which do not meet the hedge accounting criteria of IFRS. In Fiscal 2013 and subsequently, we entered into derivative transactions on certain key commodity inputs, such as aluminium.

- *Development costs capitalised*: Development costs capitalised represents employee costs, store and other manufacturing supplies, and other works expenses incurred mainly towards product development projects. It also includes costs attributable to internally constructed capital items. Product development costs incurred on new vehicle platforms, engine, transmission and new products are capitalised and recognised as intangible assets when (i) feasibility has been established, (ii) we have committed technical, financial and other resources to complete the development and (iii) it is probable that the relevant asset will generate probable future economic benefits. The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for use. The application of the relevant accounting policy involves critical judgement and interpretations of IFRS may differ, which can result in different applications of the same standard and, therefore, different results. Interest cost incurred in connection with the relevant development is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings if no specific borrowings have been incurred for the asset.

- *Other income*: This item represents any income not otherwise accounted for in another line item. It principally includes rebates from the Chinese government based on our activities there, income from the Land Rover experience and sales of second-hand Land Rover warranties in the United States. Rebates from China are accounted for when received as they are not considered virtually certain to be paid.

- *Depreciation and amortisation*: Depreciation and amortisation represent the depreciation of property, plant and equipment and the amortisation of intangible assets, including the amortisation of capitalised product development costs. Depreciation is provided on a straight-line basis over estimated useful lives of the assets. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances. Amortisation is provided on a straight-line basis over estimated useful lives of the intangible assets. The amortisation period for intangible assets with finite useful lives is reviewed at least at each year-end. Changes in expected useful lives are treated as changes in accounting estimates. In accordance with IFRS, we capitalise a significant percentage of our product development costs. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment loss.

- *Foreign exchange gain/(loss) (net)*: This item represents the net gain or loss attributable to the revaluation of non-GBP balance sheet items and the realised gain/(loss) on foreign exchange derivative contracts that are hedge accounted, as well as the time value of options and ineffective foreign exchange derivatives which are recognised directly in the income statement.

- *Finance income*: This item represents the income from short-term liquid financial assets, marketable securities and other financial instruments (including bank deposits).

- *Finance expense (net)*: This item represents the net expense of our financial borrowings, including the Existing Notes, including fees and commitment fees paid to financial institutions in relation to committed financial facilities and similar credit lines, less interest capitalised.

- *Share of loss from equity accounted investees*: The Consolidated Financial Statements include the Group's share of the income and expenses, other comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is

reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

- *Exceptional items*: We have elected to disclose exceptional items separately in the consolidated income statement by virtue of their nature, size or frequency.

Results of Operations

The tables and discussions set out below provide an analysis of selected items from our consolidated statements of income for each of the periods described below.

Six months ended 30 September 2016 compared to six months ended 30 September 2015

The following table sets out the items from our consolidated statements of income for the periods indicated and the percentage change from period to period.

	Six months ended 30 September		Percentage change
	2015	2016	
	(£ in millions)		(% change)
Revenue	9,833	11,414	16%
Material and other cost of sales excluding exceptional item	(5,822)	(6,754)	16%
Exceptional Item	(245)	50	>(99)%
Employee cost	(1,091)	(1,190)	9%
Other expenses	(2,088)	(2,453)	17%
Net impact of commodity derivatives	(73)	39	>(99)%
Development costs capitalised	621	693	12%
Other income	129	120	(7)%
Depreciation and amortisation	(683)	(798)	17%
Foreign exchange gain/(loss)	(64)	(501)	>99%
Finance income	18	17	(6)%
Finance expense (net)	(47)	(36)	(23)%
Share of (loss)/gain from equity accounted investees	(7)	78	>99%
Profit before tax	481	679	41%
Income tax expense, excluding tax on exceptional item	(142)	(121)	(15)%
Tax on exceptional item	61	(10)	>(99)%
Profit for the period	**400**	**548**	**37%**

Revenue

Revenue increased by £1,581 million to £11,414 million in the six months ended 30 September 2016 from £9,833 million in the six months ended 30 September 2015, an increase of 16.1%, primarily driven by the increase in wholesale volumes. Please see "Our Business—Product Sales Performance ".

Material and other cost of sales

Our material and other cost of sales (excluding the exceptional charge related to the explosion at the Port of Tianjin) increased to £6,754 million in the six months ended 30 September 2016, up 16.0% from £5,822 million in the six months ended 30 September 2015. This increase is predominantly attributable to the increase in wholesale volumes.

As a percentage of revenue, material and other costs of sales before exceptional item accounted for 59.2% of our revenue in the six months ended 30 September 2016, which is unchanged from the six months ended 30 September 2015.

Change in inventories of finished goods and work in progress: In the six months ended 30 September 2016, we added £688 million to our inventory of finished goods and work in progress. This increase in inventories at 30 September 2016 compared to 31 March 2016 was principally related to seasonality and launch-related accumulated inventory driven by higher production of the F-PACE and launch of the Jaguar XE into the US market as well as accumulated inventory of the current Land Rover Discovery model to support the run-out program ahead of the launch of the all-new Land Rover Discovery.

Purchase of products for sale: In the six months ended 30 September 2016, we spent £639 million on parts and accessories supplied by third parties and used in our finished vehicles and parts, compared to £520 million in the six

months ended 30 September 2015, representing an increase of 22.9%, primarily driven by the increase in wholesale volumes.

Raw materials and consumables: We consume a number of raw materials in the manufacture of vehicles, including steel, aluminium, copper, precious metals and resins. The cost of raw materials and consumables in the six months ended 30 September 2016 was £6,753 million compared to £5,922 million in the six months ended 30 September 2015, an increase of £832 million, or 14%. The increase in the total cost of raw materials and consumables was primarily attributable to the increase in production and wholesale volumes. Raw materials and consumables as a percentage of revenue decreased to 59.2% for the six months ended 30 September 2016, as compared to 60.2% for the six months ended 30 September 2015, due to an increase in revenue resulting mainly from an improvement in model and market mix.

Employee cost

Our employee cost increased by 9.1% to £1,190 million in the six months ended 30 September 2016 from £1,091 million in the six months ended 30 September 2015. The increase was primarily attributable to an increase in manufacturing headcount to accommodate higher production volumes. Please see "Risk Factors—Risks Associated with Our Business—We may be adversely affected by labour unrest" and "Our business—Employees—Union wage settlements".

Other expenses

Other expenses increased to £2,453 million in the six months ended 30 September 2016 from £2,088 million in the same period in 2015 primarily due to increases in publicity and distribution costs as well as a rise in warranty costs all primarily driven by increased wholesale volumes.

Net impact of commodity derivatives

In the six months ended 30 September 2016, we recorded a net gain on commodity derivatives of £39 million as a result of a modest increase in general commodity prices during the six months ended 30 September 2016. In the six months ended 30 September 2015, we recorded a net loss on commodity derivatives of £73 million as a result of falling commodity prices during the six months ended 30 September 2015.

Development costs capitalised

We capitalise product development costs incurred on new vehicle platforms, engines, transmissions and new products in accordance with IFRS. The following table shows the R&D costs recognised in our income statement and the share of capitalised development costs and amortisation of capitalised development costs in the six months ended 30 September 2016 and 2015:

	Six months ended 30 September	
	2015	**2016**
	(£ in millions)	
Total R&D costs	760	866
Of which expenditure capitalised	621	693
Capitalisation ratio in %	*81.7%*	*80.0%*
Amortisation of expenditure capitalised	341	387
R&D costs charged in income statement	139	173
As % of revenues	*1.4%*	*1.5%*

The capitalisation ratio of development costs depends on the production cycle that individual models pass through in different periods.

Capitalised development costs increased to £693 million in the six months ended 30 September 2016 from £621 million in the six months ended 30 September 2015, due to costs associated with the development of the 2017 Model Year Range Rover Evoque and the new Discovery Sport.

Other income (net)

Our other income decreased to £120 million in the six months ended 30 September 2016, compared to £129 million in the six months ended 30 September 2015. The decrease is primarily attributable to lower incentives received by a foreign subsidiary offset by an increase in royalty income from our China Joint Venture.

Depreciation and amortisation

Our depreciation and amortisation increased to £798 million in the six months ended 30 September 2016, compared to £683 million in the six months ended 30 September 2015. The majority of the increase relates to the launch of new models, primarily the Jaguar F-PACE and the 2017 Model Year Range Rover Evoque.

Foreign exchange loss (net)

We recorded a higher foreign exchange loss of £501 million in the six months ended 30 September 2016, compared to the loss of £64 million in the six months ended 30 September 2015, primarily attributable to the weakening of the British pound (post Brexit) against major currencies, primarily the US dollar, euro and Chinese yuan. The foreign exchange impact on our results from operations in the six months ended 30 September 2016 compared to the six months ended 30 September 2015 reflects the following:

- Realised foreign exchange hedge losses of £391 million compared to losses of £120 million in the six months ended 30 September 2015.
- Unfavourable revaluation of current assets and liabilities (primarily euro denominated payables) of £125 million compared to unfavourable revaluation of £35 million as of 30 September 2015.
- Unfavourable revaluation of £60 million on undesignated foreign currency denominated debt compared to favourable revaluation of £40 million as of 30 September 2015.
- Favourable revaluation of £74 million on unrealised foreign exchange hedges compared to favourable revaluation of £52 million in the six months ended 30 September 2015.

Please see "Description of Other Indebtedness—Hedging Facilities".

Finance income

Our finance income decreased to £17 million in the six months ended 30 September 2016 from £18 million in the six months ended 30 September 2015 due to the decrease in deposit yields compared to the six months ended 30 September 2015.

Finance expense (net of capitalised interest)

Our finance expense (net of capitalised interest) decreased to £36 million in the six months ended 30 September 2016 from £47 million in the six months ended 30 September 2015, as a result of increased capitalised interest.

Share of profit/(loss) from equity accounted investees

Our share of profits from equity accounted investees of £78 million in the six months ended 30 September 2016 relates to our China Joint Venture, and has increased compared to a £7 million loss on the same joint venture during the six months ended 30 September 2015 due to increased production and sales by our China Joint Venture as they began local production of two more models (Land Rover Discovery Sport and the long wheel base Jaguar XFL) for the Chinese market, in addition to the locally produced Range Rover Evoque. Please see "Our Business—China Joint Venture".

Income tax expense

Income tax expense was £131 million in the six months ended 30 September 2016, compared to £81 million in the six months ended 30 September 2015. This increase was primarily attributable to higher profits before tax in the six months ended 30 September 2016 compared to the same period in 2015. The effective tax rate for the six months ended 30 September 2016 was 19.3% compared to 16.8% for the same period in 2015.

Profit for the period

Our consolidated profit for the period of the six months ended 30 September 2016 was £548 million, compared to a consolidated profit for the period of £400 million in the six months ended 30 September 2015 as a result of the factors identified above.

Fiscal 2016 compared to Fiscal 2015

The following table sets out the items from our consolidated statements of income for the periods indicated and the percentage change from period to period.

	Fiscal year ended 31 March		Percentage change
	2015	2016	
	(£ in millions)		(% change)
Revenue	21,866	22,208	2%
Material and other cost of sales excluding exceptional item	(13,185)	(13,146)	(0.3)%
Exceptional Item	—	(157)	>(99)%
Employee cost	(1,977)	(2,321)	17%
Other expenses	(4,109)	(4,674)	14%
Net impact on commodity derivatives	(38)	(113)	>99%
Development costs capitalised	1,158	1,242	7%
Other income	181	241	33%
Depreciation and amortisation	(1,051)	(1,418)	35%
Foreign exchange (loss)	(138)	(317)	>99%
Finance income	48	38	(21)%
Finance expense (net)	(135)	(90)	(33)%
Share of loss from equity accounted investees	(6)	64	>(99)%
Profit before tax	2,614	1,557	(40)%
Income tax expense	(576)	(245)	(57)%
Profit for the year	2,038	1,312	(36)%

Revenue

Revenue increased by £342 million to £22,208 million in Fiscal 2016 from £21,866 million in Fiscal 2015, an increase of 1.6%. This increase is primarily attributable to higher wholesale volumes primarily driven by the success of the Jaguar XE and Discovery Sport and higher sales in the United Kingdom, North America and Europe partially offset by lower volumes in China.

Material and other cost of sales

Our material and other cost of sales before exceptional item, related to vehicles destroyed or damaged in the explosion at the Port of Tianjin in August 2016, decreased to £13,146 million in Fiscal 2016 from £13,185 million in Fiscal 2015. This decrease is predominantly attributable to favourable operational foreign exchange movements primarily driven by a weaker euro against the British pound during Fiscal 2016 compared to Fiscal 2015.

As a percentage of revenue, material and other cost of sales accounted for 59.9% of our revenue in Fiscal 2016, as compared to 60.3% in Fiscal 2015. This slight reduction as a percentage of revenue was primarily driven by a weaker euro against the British pound during Fiscal 2016 compared to Fiscal 2015, partially offset by an increase in wholesale volumes.

Change in inventories of finished goods and work in progress: In Fiscal 2016, we added £257 million to our inventory of finished goods and work in progress, compared to £236 million in Fiscal 2015, an increase of 8.9%. This increase of inventories at 31 March 2016 compared to 31 March 2015 was principally the result of accumulated inventory relating to the F-PACE launch. Inventories of finished goods include £250 million, relating to vehicles sold to rental car companies, fleet customers and others with guaranteed repurchase arrangements. In Fiscal 2016, we recorded an inventory write-down expense of £230 million of which, £157 million related to vehicles destroyed and damaged in the explosion at the Port of Tianjin, as compared to a write-down expense of £40 million in Fiscal 2015 related to inventories. The write-down is included in material and other cost of sales.

Purchase of products for sale: In Fiscal 2016, we spent £876 million on parts and accessories supplied by third parties and used in our finished vehicles and parts, compared to £864 million in Fiscal 2015, representing an increase of 1.4%. This increase was partially attributable to increase in wholesale volumes.

Raw materials and consumables: We consume a number of raw materials in the manufacture of vehicles, including steel, aluminium, copper, precious metals and resins. The cost of raw materials and consumables in Fiscal 2016 was £12,684 million, compared to £12,557 million in Fiscal 2015, representing an increase of £127 million, or 1.0%. The increase in the total cost of raw materials and consumables was primarily attributable to increases in manufacturing volumes. Raw materials and consumables as a percentage of revenue decreased to 57.1% for Fiscal 2016, as compared to 57.4% for Fiscal 2015.

Employee cost

Our employee cost increased by 17.4% to £2,321 million in Fiscal 2016 from £1,977 million in Fiscal 2015. The increase was primarily attributable to an increase in manufacturing and engineering headcount to support the development of new models and technologies. Average employee headcount increased from 32,127 to 37,005, or 15.2%, from 31 March 2015 to 31 March 2016. In Fiscal 2016, the average number of employees on a non-agency basis and agency basis was 29,789 and 7,216 respectively, compared to 24,902 and 7,225 in Fiscal 2015.

Other expenses

Other expenses increased to £4,674 million in Fiscal 2016 from £4,109 million in Fiscal 2015, primarily reflecting an increase in distribution costs due to an increase in volumes and a rise in warranty costs resulting from higher wholesale volumes, as well as one-time reserves and charges of £166 million, including a US recall of potentially faulty passengers airbags supplied by Takata, doubtful debts and previously capitalised investment.

Net loss on commodity derivatives

In Fiscal 2016, we recorded a net loss of £113 million on commodity derivatives compared to a net loss of £38 million in Fiscal 2015 as a result of weakening commodity prices in Fiscal 2016 compared to Fiscal 2015.

Development costs capitalised

We capitalise product development costs incurred on new vehicle platforms, engines, transmissions and new products in accordance with IFRS. The following table shows the R&D costs recognised in our income statement and the share of capitalised development costs and amortisation of capitalised development costs in Fiscal 2016 and Fiscal 2015:

	Fiscal year ended 31 March	
	2015	**2016**
	(£ in millions)	
Total R&D costs	1,411	1,560
Of which expenditure capitalised	1,158	1,242
Capitalisation ratio in %	*82.1%*	*79.6%*
Amortisation of expenditure capitalised	526	696
R&D costs charged in income statement	253	318
As % of revenues	*1.2%*	*1.4%*

The capitalisation ratio of development costs depends on the production cycle that individual models pass through in different periods.

The increase in capitalised R&D expenditure to £1,242 million in Fiscal 2016 from £1,158 million in Fiscal 2015, representing an increase of 7.3% reflects higher product development costs (included as employee costs and engineering costs in other expenses), associated with the development of the F-PACE, new Jaguar XF model, Jaguar XE, AJ200 diesel and petrol engines and Evoque Model Year 2016 and other current and future products.

Other income (net)

Our other income (excluding net loss from unrealised commodity derivatives) increased to £241 million in Fiscal 2016, compared to £181 million in Fiscal 2015, which is primarily attributable to increase in royalty income from our China Joint Venture.

Depreciation and amortisation

Our depreciation and amortisation increased to £1,418 million in Fiscal 2016 from £1,051 million in Fiscal 2015. The increase primarily reflects the depreciation and amortisation of capitalised product development costs related to the launch of new products such as the Jaguar XE, Evoque Model Year 2016, Discovery Sport and AJ200 engines. For more information on our depreciation and amortisation charge, see Note 2 to our 2016 Consolidated Financial Statements included elsewhere in this Offering Memorandum.

Foreign exchange gain/(loss) (net)

We registered a foreign exchange loss of £317 million in Fiscal 2016, as compared to a loss of £138 million in Fiscal 2015, primarily driven by realised hedging losses as a result of the appreciation of the US dollar and Chinese yuan and a generally strengthening euro against the British Pound which led to unfavourable revaluation of current assets and liabilities, mainly euro-denominated payables.

Finance income

Our finance income decreased to £38 million in Fiscal 2016, as compared to £48 million in Fiscal 2015. The decrease was due to lower average yields on cash deposits in Fiscal 2016 compared to Fiscal 2015.

Finance expense (net of capitalised interest)

Our finance expense (net of capitalised interest) decreased to £90 million in Fiscal 2016, as compared to £135 million in Fiscal 2015. This decrease was primarily attributable to a lower redemption premium paid on repurchased bonds in Fiscal 2016 of £2 million compared to £77 million in Fiscal 2015, as well as the subsequent issue of new bonds at lower interest rates. This decrease was partially offset by lower capitalised interest in Fiscal 2016 of £74 million compared to £116 million in Fiscal 2015.

Share of profit/(loss) from equity accounted investees

Our share of gain from equity accounted investees of £64 million in Fiscal 2016 relates to our China Joint Venture, and has increased compared to a £6 million loss during Fiscal 2015, primarily due to increased production and sales of the locally manufactured Range Rover Evoque and the introduction of the locally manufactured Land Rover Discovery Sport, which went on sale in November 2015. Please see “Our Business—China Joint Venture”.

Income tax expense

We had an income tax expense of £245 million in Fiscal 2016, as compared to £576 million in Fiscal 2015, reflecting a lower effective tax rate of 15.7% of profit before tax in Fiscal 2016. This decrease in the tax charge was primarily attributable to lower profits in Fiscal 2016 as well as the reduction in future UK corporate tax rates, which gave a rise to £63 million reduction in deferred tax and a £74 million deferred tax credit available under UK Patent Box tax legislation.

Profit for the period

Our consolidated profit for Fiscal 2016 was £1,312 million, as compared to £2,038 million in Fiscal 2015, as a result of the factors identified above.

Fiscal 2015 compared to Fiscal 2014

The following table sets out the items from our consolidated statements of income for the periods indicated and the percentage change from period to period.

	Fiscal year ended 31 March		Percentage change
	2014	2015	
	(£ in millions)		(% change)
Revenue	19,386	21,866	12.8%
Material and other cost of sales	(11,904)	(13,185)	10.8%
Employee cost	(1,654)	(1,977)	19.5%
Other expenses	(3,717)	(4,109)	10.5%
Net impact on commodity derivatives	(18)	(38)	111.1%
Development costs capitalised	1,030	1,158	12.4%
Other income	171	181	5.8%
Depreciation and amortisation	(875)	(1,051)	20.1%
Foreign exchange (loss)/gain	236	(138)	(158.5)%
Finance income	38	48	26.3%
Finance expense (net)	(185)	(135)	(27.0)%
Share of loss from equity accounted investees	(7)	(6)	(14.3)%
Profit before tax	2,501	2,614	4.5%
Income tax expense	(622)	(576)	(7.4)%

Profit for the year	1,879	2,038	8.5%

Revenue

Revenue increased by £2,480 million to £21,866 million in Fiscal 2015 from £19,386 million in Fiscal 2014, an increase of 12.8%. This increase is primarily attributable to higher wholesale volumes as well as a more favourable product and market mix with a significant proportion of the revenues derived from China and the UK. The increase is also due to the success of the Range Rover, Range Rover Sport and Jaguar F-TYPE, partially offset by lower sales of Jaguar XF and Jaguar XJ and the production transition from Land Rover Freelander to Land Rover Discovery Sport.

Material and other cost of sales

Our material and other cost of sales increased to £13,185 million in Fiscal 2015 from £11,904 million in Fiscal 2014. This increase is predominantly attributable to the higher volumes produced across our range of vehicles and an increase in duties, mainly due to increased sales in China. However, as a percentage of revenue, material and other cost of sales accounted for 60.3% of our revenue in Fiscal 2015, as compared to 61.4% in Fiscal 2014. This reduction as a percentage of revenue was due to an improvement in model and market mix. We also experienced favourable foreign exchange rates, notably, due to a weaker euro against the British pound. In addition, as a percentage of revenue, duties decreased to 9.9% in Fiscal 2015 from 10.4% in Fiscal 2014, due to higher sales in China of our 2.0-litre engines, which attracts a lower duty.

Change in inventories of finished goods and work in progress: In Fiscal 2015, we added £236 million to our inventory of finished goods and work in progress, compared to £356 million in Fiscal 2014, a decrease of 33.7%. This lower increase of inventories at 31 March 2015 compared to 31 March 2014 was principally the result of an increase in wholesale volumes.

Purchase of products for sale: In Fiscal 2015, we spent £864 million on parts and accessories supplied by third parties and used in our finished vehicles and parts, compared to £715 million in Fiscal 2014, representing an increase of 20.8%. This increase was primarily attributable to an increase in parts sales to service the increasing number of vehicles in the market.

Raw materials and consumables: We consume a number of raw materials in the manufacture of vehicles, including steel, aluminium, copper, precious metals and resins. The cost of raw materials and consumables in Fiscal 2015 was £12,557 million, compared to £11,545 million in Fiscal 2014, representing an increase of £1,012 million, or 8.8%. The increase in the total cost of raw materials and consumables was primarily attributable to increases in volumes produced. Raw materials and consumables as a percentage of revenue decreased to 57.4% for Fiscal 2015, as compared to 59.6% for Fiscal 2014, due to an increase in revenues resulting mainly from an improvement in model and market mix.

Employee cost

Our employee cost increased by 19.5% to £1,977 million in Fiscal 2015 from £1,654 million in Fiscal 2014. The increase was attributable to increase in headcount to support the growth of our business, as well as higher wages resulting from pay negotiations with the unions which concluded in November 2014. Average employee headcount increased from 27,953 to 32,127, or 14.9%, from 31 March 2014 to 31 March 2015. In Fiscal 2015, the average number of employees on a non-agency basis and agency basis was 24,902 and 7,225, respectively, compared to 23,111 and 4,824 in Fiscal 2014. We added approximately 1,250 manufacturing employees to support increased production in our manufacturing plants, primarily at Halewood, Solihull and EMC in Wolverhampton and approximately 900 engineers to support our continued product development. The majority of the increased employee cost for the engineers is capitalised under “development costs capitalised”.

Other expenses

Other expenses increased to £4,109 million in Fiscal 2015 from £3,717 million in Fiscal 2014, due to expenses such as engineering, fixed marketing, warranty, freight, manufacturing and launch costs driven by the general growth of our business, including increased sales in China, as well as our growing product portfolio. The rise in engineering expenses, reflecting our increased investment in the development of new vehicles, is mainly capitalised under “development costs capitalised”.

Net loss on commodity derivatives

In Fiscal 2015, we recorded a net loss of £38 million on un-matured commodity derivatives as a result of losses on un-matured hedges during the period. In Fiscal 2014, we recorded a net loss of £18 million on un-matured commodity derivatives, as a result of a decrease in commodity input prices.

Development costs capitalised

We capitalise product development costs incurred on new vehicle platforms, engines, transmissions and new products in accordance with IFRS. The following table shows the R&D costs recognised in our income statement and the share of capitalised development costs and amortisation of capitalised development costs in Fiscal 2015 and Fiscal 2014:

	Fiscal year ended 31 March	
	2014	**2015**
	(£ in millions)	
Total R&D costs	1,266	1,411
Of which expenditure capitalised	1,030	1,158
Capitalisation ratio in %	*81.4%*	*82.1%*
Amortisation of expenditure capitalised	445	526
R&D costs charged in income statement	236	253
As % of revenues	*1.2%*	*1.2%*

The capitalisation ratio of development costs depends on the production cycle that individual models pass through in different periods.

The increase to £1,158 million in Fiscal 2015 from £1,030 million in Fiscal 2014, representing an increase of 12.4%, reflects higher product development costs (included as employee costs and engineering costs in other expenses) associated with the development of the Jaguar F-TYPE, Jaguar F-PACE, Jaguar XE, the new Discovery Sport, the diesel hybrid Range Rover and Range Rover Sport, the "in-house" 2.0-litre diesel engine, the engine manufacturing plant in Wolverhampton and other future products.

Other income (net)

Our other income (excluding net loss from un-matured commodity derivatives) slightly increased to £181 million in Fiscal 2015, compared to £171 million in Fiscal 2014. During Fiscal 2014, legislation was enacted that allows UK companies to elect for the Research and Development Expenditure Credit (RDEC) on qualifying expenditures incurred since April 1, 2013, instead of the existing super-deduction rules. Accordingly, expenditures not relating to capitalised product development expenditure have been recognised as miscellaneous income in Fiscal 2015 and Fiscal 2014. Further, the increase of our other income was also due to earned commissions from sales of third-party products.

Depreciation and amortisation

Our depreciation and amortisation increased to £1,051 million in Fiscal 2015 from £875 million in Fiscal 2014. The increase primarily reflects the depreciation and amortisation of capitalised product development costs related to the launch of new products such as the Land Rover Discovery Sport, the Jaguar F-TYPE coupe and all-wheel-drive derivatives, the "in-house" 2.0-litre diesel engine and the engine manufacturing plant in Wolverhampton. For more information on our depreciation and amortisation charge, see Notes 15 and 16 to our 2015 Consolidated Financial Statements included elsewhere in this Offering Memorandum.

Foreign exchange gain/(loss) (net)

We registered a foreign exchange loss of £138 million in Fiscal 2015, as compared to a gain of £236 million in Fiscal 2014, as a result of (i) appreciation of the US dollar, which lead to unfavourable revaluation of foreign currency borrowings and (ii) unfavourable revaluation of unrealised foreign currency derivatives not eligible for hedge accounting under IAS 39.

Finance income

Our finance income increased to £48 million in Fiscal 2015, as compared to £38 million in Fiscal 2014. The increase was largely due to higher average cash balances held in Fiscal 2015, compared to Fiscal 2014.

Finance expense (net of capitalised interest)

Our finance expense (net of capitalised interest) decreased to £135 million in Fiscal 2015, as compared to £185 million in Fiscal 2014. In Fiscal 2014, our interest expense (net of capitalised interest) included a one-time write-down of the embedded derivative in connection with the repurchase and cancellation of our £500 million 8.125% Senior Notes due 2018 and $410 million 7.750% Senior Notes due 2018 (issued on 19 May 2011), partially offset by the subsequent tender offer premium.

Share of loss from equity accounted investees

Our share of loss from equity accounted investees of £6 million in Fiscal 2015 relates to further set-up costs incurred in relation to our China Joint Venture, compared to a £7 million loss on the same joint venture during Fiscal 2014. Please see "Our Business—China Joint Venture".

Income tax expense

We had an income tax expense of £576 million in Fiscal 2015, as compared to £622 million in Fiscal 2014, reflecting a lower effective tax rate of 22.0% of profit before tax in Fiscal 2015. This decrease was primarily attributable to the release of certain withholding tax provisions due to the reduction in the China withholding tax rate to 5% as set out in the new UK-China tax treaty, which had a one-off impact on dividends.

Profit for the period

Our consolidated profit for Fiscal 2015 was £2,038 million, as compared to £1,879 million in Fiscal 2014, as a result of the factors identified above.

Liquidity and Capital Resources

We finance our capital requirements through cash generated from operations and external debt, including long-term debt, and revolving credit, factoring and working capital facilities. In the ordinary course of business, we also enter into, and maintain, letters of credit, cash pooling and cash management facilities, performance bonds and guarantees and other similar facilities. We generated negative free cash flow (before financing) of £563 million in the six months ended 30 September 2016, reflecting EBITDA of £1,287 million which was significantly offset by our total investment spending of £1,476 million as well as £485 million of unfavourable movements in working capital (down from negative working capital of £960 million in the six months ended 30 September 2015) and other non-cash accruals, primarily reflecting higher inventories accumulated to support the global launch of the Jaguar F-PACE and the launch of the Jaguar XE into the U.S. market, as well as the accumulated inventory of the current Land Rover Discovery model to support the run-out programme. Net cash generated by operating activities in the six months ended 30 September 2016 was £702 million, compared to £345 million for the same period in 2015, which was primarily driven by inventory build-up in the three months of Fiscal 2017. After the negative free cash flow of £563 million, finance expenses of £69 million (down from £75 million in the six months ended 30 September 2015), a £32 million reduction in debt (up from £22 million in the six months ended 30 September 2015) and a £150 million dividend paid to Tata Motors in the six months ended 30 September 2016 (unchanged from 30 September 2015), we had total cash of £3,837 million (up slightly from £3,749 million as at 30 June 2016), comprising £2,382 million of cash and cash equivalents and £1,455 million of financial deposits. At 30 September 2016, we also had an undrawn committed revolving credit facility of £1,870 million. The total amount of cash and cash equivalents includes £424 million held in subsidiaries of the Issuer outside the United Kingdom. The cash in some of these jurisdictions, e.g. South Africa and Brazil, is subject to certain restrictions on cash pooling, intercompany loan arrangements or interim dividends. However annual dividends are generally permitted and we do not believe that these restrictions have, or are expected to have, any impact on our ability to meet our cash obligations.

On a *pro forma* basis, after giving effect to the issuance of the offering of the Notes offered hereby and the use of proceeds therefrom, as described under "Use of Proceeds", as at 30 September 2016 we would have had, on a consolidated basis, cash and cash equivalents of £2,809 million, short-term investments (bank deposits with a maturity of between three and twelve months) of £1,455 million and total indebtedness (including short-term debt) of £3,072 million, with undrawn committed facilities of £1,870 million. We believe that we have sufficient resources available to meet our planned capital requirements. However, our sources of funding could be adversely affected by an economic slowdown or other macroeconomic factors, which are beyond our control. A decrease in the demand for our products and services could lead to an inability to obtain funds from external sources on acceptable terms or in a timely manner or at all.

Our borrowings

The following table shows details of our committed and uncommitted financing arrangements, as well as the amounts outstanding and undrawn, as at 30 September 2016.

Facility	Committed Amount	Maturity	Amount outstanding as at 30 September 2016	Amount undrawn as at 30 September 2016
	(£ in millions)		(£ in millions)	(£ in millions)
Committed				
$500 million 5.625% Senior Notes due 2023	n/a	1 February 2023	386*	—
$700 million 4.125% Senior Notes due 2018	n/a	15 December 2018	541*	—
£400 million 5.00% Senior Notes due 2022	n/a	15 February 2022	400	—
$500 million 4.250% Senior Notes due 2019	n/a	15 November 2019	386*	—
£400 million 3.875% Senior Notes due 2023	n/a	1 March 2023	400	—
$500 million 3.500% Senior Notes due 2020	n/a	15 March 2020	386*	—
Revolving Credit Facility...........	1,870	27 July 2020	—	1,870
Receivables factoring facilities	270*	21 March 2015	154*	116*
Finance lease obligations	9		9	—
Subtotal..............	2,149		2,662	1,986
Total..................	**2,149**		2,645	**1,986**
Capitalised debt issuance costs..	—		(17)	—

* Using an exchange rate on 30 September 2016 of $1.2948 = £1.00.

Please see "Capitalisation" for a presentation of our capitalisation after giving effect to the offering of the Notes offered hereby and the use of proceeds therefrom, as described under "Use of Proceeds".

Liquidity and cash flows

Our principal sources of cash are cash generated from operations (primarily wholesale volumes of finished vehicles and parts) and external financings, which include term financings and revolving credit financings and similar committed liquidity lines. We use our cash to purchase raw materials and consumables, for maintenance of our plants, equipment and facilities, for capital expenditure on product development, to service or refinance our debt, to meet general operating expenses and for other purposes in the ordinary course of business.

Until 31 December 2012, as Jaguar Land Rover Holdings Limited was the main group entity used for financing and borrowing purposes, we had a policy of aggregating and pooling cash balances within that entity on a daily basis. Following our internal legal reorganisation effective on 1 January 2013, we currently use Jaguar Land Rover Limited for these purposes. Certain of our subsidiaries and equity method affiliates have contractual and other limitations in respect of their ability to transfer funds to us in the form of cash dividends, loans or advances. We believe that these restrictions have not had, and are not expected to have, any material impact on our ability to meet our cash obligations.

Cash flow data

The Fiscal 2014, Fiscal 2015 and Fiscal 2016 tables below have been extracted from the 2016 Consolidated Financial Statements included elsewhere in this Offering Memorandum.

The following table sets out the items from our consolidated statements of cash flow for the fiscal years ended 31 March 2014, 2015 and 2016 and for the six months ended 30 September 2016 compared to the six months ended 30 September 2015.

	Fiscal year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	(£ in millions)			(£ in millions)	
Net cash generated from/(used in) operating activities	**3,422**	**3,627**	**3,560**	**345**	**702**
Net cash used in investing activities	**(2,736)**	**(2,641)**	**(2,966)**	**(1,202)**	**(1,468)**
Net cash used in financing activities	**(498)**	**(38)**	**(403)**	**(247)**	**(251)**
Net change in cash and cash equivalents	188	948	191	(1,104)	(1,017)
Cash and cash equivalents at beginning of period	2,072	2,260	3,208	3,208	3,399
Cash and cash equivalents at end of period	**2,260**	**3,208**	**3,399**	**2,104**	**2,382**

Six months ended 30 September 2016 compared to six months ended 30 September 2015

Net cash generated from operating activities was £702 million in the six months ended 30 September 2016 primarily reflecting EBITDA of £1,287 million, partially offset by £485 million of unfavourable movements in working capital and other non-cash accruals, driven mainly by higher inventories accumulated to support the global launch of the Jaguar F-PACE and the launch of the Jaguar XE into the U.S. market, as well as the accumulated inventory of the current Land Rover Discovery model to support the run-out programme, as compared to £345 million in the six months ended 30 September 2015.

Net cash used in investing activities was £1,468 million in the six months ended 30 September 2016 (up from £1,202 million in the six months ended 30 September 2015), of which £1,303 million related to investment spending (down from £1,412 million in the six months ended 30 September 2015) excluding expensed R&D of £173 million and £38 million related to finance income and other including foreign exchange revaluation (up from £11 million in the six months ended 30 September 2015). Short-term deposits and investments increased by £180 million in the six months ended 30 September 2016 compared to a decrease of £186 million in the six months ended 30 September 2015. Of the £ 1,303 million investment spending mentioned above, the purchase of property, plant and equipment was £610 million in the six months ended 30 September 2016, down from £727 million in the six months ended 30 September 2015. The decrease in investment spending related to purchase of property, plant and equipment was due to the timing of product launches, particularly the Jaguar XE, Jaguar XF and the Jaguar F-PACE, as compared to in the same period in 2015. The remainder of the £1,303 million of investment spending mentioned above was cash paid for intangible assets totalling £693 million in the six months ended 30 September 2016, up slightly from £685 million in the six months ended 30 September 2015. Our investment spending primarily relates to capacity expansion of our production facilities, the introduction of new products, and the development of new technologies that enhance our product offerings.

Net cash used in financing activities in the six months ended 30 September 2016 was £251 million slightly higher than the £247 million used in the six months ended 30 September 2015. Finance expenses and fees were lower, while the utilization of short term financing facilities was £36 million higher in the six months ended 30 September 2016 compared to the six months ended 30 September 2015 and the entire aggregate principal amount of the 2011 Notes then outstanding ($84 million) was repurchased under the optional redemption terms of the 2011 Notes on 16 May 2016.

Fiscal 2016 compared to Fiscal 2015

Net cash generated from operating activities was £3,560 million in Fiscal 2016 compared to £3,627 million in Fiscal 2015. Free cash flow was £791 million in Fiscal 2016 as EBITDA of £3,313 million as well as positive movements in working capital and other non-cash accruals of £413 million were sufficient to fund total investment spending of £3,135 million. In Fiscal 2016, positive working capital was primarily driven by a £443 million favourable movement in accounts payable while an increase in inventories was largely offset by favourable movements in other liabilities, including pensions, warranty and other reserves.

Net cash used in investing activities increased to £2,966 million in Fiscal 2016 (of which £2,806 million relates to investment spending), compared to £2,641 million in Fiscal 2015. In Fiscal 2016, £186 million of cash was invested in short-term deposits compared to a net withdrawal of £195 million in Fiscal 2015. Of the £2,806 million investment spending mentioned above, the purchase of property, plant and equipment accounted for £1,422 million in Fiscal 2016, compared to £1,564 million in Fiscal 2015. The decrease in investment spending related to purchase of property, plant and equipment was due to a higher level of infrastructure improvements made at the manufacturing facilities in the United Kingdom, as compared to prior year. The remainder of the £2,806 million investment spending mentioned above consisted of cash paid for intangible assets, which accounted for £1,384 million in Fiscal 2016, compared £1,206

million in Fiscal 2015. Our investment spending primarily relates to capacity expansion of our production facilities, the introduction of new products, and the development of new technologies that enhance our product offerings.

In addition, on 16 April 2015, the Group acquired 100% of the share capital of Silkplan Limited, thereby obtaining control of Silkplan Limited for £11 million.

Net cash used in financing activities in Fiscal 2016 was £403 million compared to net cash used in financing activities of £38 million in Fiscal 2015. Net cash used in financing activities in Fiscal 2015 reflected net incremental long term borrowings of £379 million (following the issuance and repayment of long-term borrowings), compared to the repayment of £58 million in aggregate principal amount of the 2012 Notes then outstanding which we repurchased under the optional redemption terms of the 2012 Notes in Fiscal 2016. Finance expenses and fees were lower at £142 million in Fiscal 2016, compared to £230 million in Fiscal 2015, primarily driven by the £2 million redemption premium paid for repurchased bonds in Fiscal 2016 compared to a redemption premium of £77 million in Fiscal 2015.

Fiscal 2015 compared to Fiscal 2014

Net cash generated from operating activities was £3,627 million in Fiscal 2015, as compared to £3,422 million in Fiscal 2014. This increase reflects our increased EBITDA, partly offset by unfavourable movements in our working capital. In Fiscal 2015, working capital was driven by, among other things, a favourable movement in accounts payable of £418 million as a result of longer creditor terms and increased purchasing of raw materials, which was partially offset by inventory build-up of £242 million to meet increased sales demand. In Fiscal 2014, working capital was driven by, among other things, a favourable movement in accounts payable of £534 million as a result of longer creditor terms and increased purchasing of raw materials, which was partially offset by inventory build-up of £379 million to meet increased sales demand.

Net cash used in investing activities decreased to £2,641 million in Fiscal 2015, as compared to £2,736 million in Fiscal 2014. Purchase of property, plant and equipment and expenditure on intangible assets (product development projects) was £2,770 million in Fiscal 2015, up from £2,356 million in Fiscal 2014. Our capital expenditure relates mostly to capacity expansion of our production facilities, quality and reliability improvement projects, and the introduction of new products, including costs associated with the development of the Range Rover and the Jaguar F-TYPE. In Fiscal 2015, we generated net cash of £195 million from maturing short-term deposits.

Net cash used in financing activities in Fiscal 2015 was £38 million compared to net cash used in financing activities of £498 million in Fiscal 2014. Cash used in financing activities in Fiscal 2015 reflects cash used to repay £31 million of factoring facilities, to repay £653 million (including early tender premium) of long-term debt (repurchased by way of tender offer), to pay a dividend of £150 million to TMLH and to pay finance expenses and fees in connection with the issuance of long-term and short-term debt, partially offset by £1,032 million in net proceeds from the issuance of the October 2014 Notes, the February 2015 Notes and the March 2015 Notes. Cash used in financing activities in Fiscal 2014 reflects cash used to repay £158 million of short-term debt, namely certain bank facilities and factoring facilities, to repay £746 million (including early tender premium) of long-term debt (repurchased by way of tender offer), to pay a dividend of £150 million to TMLH and to pay finance expenses and fees in connection with the issuance of long-term and short-term debt, partially offset by £829 million in net proceeds from the issuance of the December 2013 Notes and the January 2014 Notes.

Sources of financing and capital structure

We fund our short-term working capital requirements with cash generated from operations, overdraft facilities with banks, short-and medium-term borrowings from lending institutions and banks. The maturities of these short- and medium-term borrowings are generally matched to particular cash flow requirements. Following the issue of the Notes, our main long-term borrowings will be the Existing Notes. In addition to the Notes, the Existing Notes we will also maintain:

- a £1,870 million Unsecured Syndicated Revolving Credit Facility; and
- a US $350 million Committed Multi-currency Syndicated Credit Insured Invoice Discounting Facility.

We endeavour to continuously optimise our capital structure, including through opportunistic capital raisings and other liability management transactions from time to time.

Capital expenditure

Capital expenditure on property, plant and equipment in the six months ended 30 September 2016 was £610 million compared to £727 million in the six months ended 30 September 2015. In the six months ended 30

September 2016, £693 million was capitalised as intangible engineering assets (excluding the UK Research and Development Expenditure Credit) compared to £621 million in the six months ended 30 September 2015. There were no impairments, material disposals or changes in use of assets. We estimate our capital spending will likely be slightly lower than the prior indication of £3.75 billion in Fiscal 2017. Our capital spending programme is primarily focused on expanding our manufacturing capacity, new product launches, product development and technology development including CO_2 emissions technology. We continue to invest in new products, technologies and capacity to meet customer demand in the premium automotive and SUV segments, as well as meet regulatory requirements. Please see "Our Business—Our Strategy—Grow the business through future capital investments".

Under our accounting policy, approximately 80.0% of R&D costs were capitalised for the six months ended 30 September 2016.

Acquisitions and Disposals

On 2 June 2008, Tata Motors acquired the Jaguar and Land Rover businesses from Ford. The consideration was £1,279 million, not including £150 million of cash acquired in the business. We have made no other material acquisitions or disposals since 2 June 2008. On 16 April 2015, the Group acquired 100% of the share capital of Silkplan Limited and obtained control of Silkplan Limited.

Off-Balance Sheet Arrangements, Contingencies and Commitments

Off-balance sheet arrangements

We have no off-balance sheet financial arrangements.

Contingencies

In the normal course of our business, we face claims and assertions by various parties. We assess such claims and assertions and monitor the legal environment on an on-going basis, with the assistance of external legal counsel wherever necessary. We record a liability for any claims where a potential loss is probable and capable of being estimated and disclose such matters in our financial statements, if material. Where potential losses are considered possible, but not probable, we provide disclosure in our financial statements, if material, but we do not record a liability in our accounts unless the loss becomes probable.

There are various claims against us, the majority of which pertain to motor accident claims and consumer complaints. Some of the cases also relate to replacement of parts of vehicles and/or compensation for deficiency in the services by us or our dealers. We believe that none of these contingencies, either individually or in aggregate, would have a material adverse effect on our financial condition, results of operations or cash flow.

Commitments

We have entered into various contracts with suppliers and contractors for the acquisition of plant and machinery, equipment, various civil contracts of a capital nature and acquisition of intangible assets aggregating £1,252 million as at 30 September 2016.

Quantitative and Qualitative Disclosures about Market Risks

We are exposed to financial risks as a result of the environment in which we operate. The main exposures are to currency risk on overseas sales and costs and commodity price risk on raw materials. Our Board has approved a hedging policy covering these risks and has appointed a Financial Risk Committee to implement hedging at a tactical level. Where it is not possible to mitigate the impact of financial risks by switching supplier locations or using fixed price contracts, the policy allows for the use of forwards, purchased options, collars and commodity swaps to hedge the exposures.

Market risk

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

Commodity price risk

Our production costs are sensitive to the price of commodities used in manufacturing some of our automobile components. We are exposed to fluctuations in raw material prices, primarily aluminium, copper, platinum and palladium, and have developed a hedging strategy to manage this risk through fixed-price contracts with suppliers and derivatives with banks. The revaluation of derivative hedge instruments is reported through the income statement.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may potentially affect our consolidated income statement, equity and debt where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which we operate, our operations are subject to currency risk on overseas sales and costs. The risks primarily relate to fluctuations in the US dollar, euro and Chinese yuan against the British pound. We use forward contracts and options primarily to hedge foreign exchange exposure. Further, any weakening of the British pound against major foreign currencies may have an adverse effect on our cost of borrowing and the cost of imports reported, which consequently may increase the cost of financing our capital expenditures. This also may impact the earnings of our international businesses. We evaluate the impact of foreign exchange rate fluctuations by assessing our exposure to exchange rate risks.

The following table presents information relating to foreign currency exposure (other than risk arising from derivatives) as at 31 March 2016:

	US dollar	Chinese yuan	Euro	Others[1]	Total
			(£ in millions)		
Financial assets	664	666	621	384	2,335
Financial liabilities	(2,367)[2]	(571)	(1,670)[3]	(326)	(4,934)
Net exposure asset/liability	**(1,703)**	**95**	**(1,049)**	**58**	**(2,599)**

(1) "Others" includes currencies such as the Russian rouble, Brazilian real, Canadian dollar, Japanese yen, Singapore dollar, Swiss franc, Australian dollar, South African rand, Thai baht, Korean won etc.

(2) Includes primarily the March 2015 Notes, the October 2014 Notes, the December 2013 Notes, the January 2013 Notes and the 2011 Notes.

(3) Includes primarily trade payables denominated in euro.

For a sensitivity analysis of our foreign currency exposure, please see note 34(ii) of our 2016 Consolidated Financial Statements.

Interest rate risk

We are subject to variable interest rates on some of our interest-bearing liabilities. Our interest rate exposure is mainly related to debt obligations.

As at 30 September 2016, a financial liability of £154 million (compared to £136 million as at 30 September 2015) was subject to a variable interest rate. An increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £2 million (compared to £1 million as at 30 September 2015) in the consolidated income statement.

Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses the direct risk of default, the risk of deterioration of creditworthiness and concentration risks. Financial instruments that are subject to concentrations of credit risk principally consist of investments classified as loans and receivables, trade receivables, loans and advances, derivative financial instruments and financial guarantees issued for equity-accounted entities.

The carrying amount of financial assets represents the maximum credit exposure. As at 31 March 2016, our maximum exposure to credit risk was £6,051 million, being the total of the carrying amount of cash balance with banks, short-term deposits with banks, trade receivables, finance receivables and financial assets.

Regarding trade receivables and other receivables, and other loans or receivables, there were no indications as at 30 September 2016 that defaults in payment obligations will occur.

The table below provides details regarding the financial assets that are not yet due, past due or past due and impaired, including estimated interest payments as at 31 March 2016:

	Gross	Impairment
	(£ in millions)	
Not yet due	967	—
Overdue <3 months	145	31
Overdue >3 <6 months	22	22
Overdue >6 months	12	7
Total	**1,146**	**60**

Derivative financial instruments and risk management

We enter into foreign currency forward contracts and options with a counterparty (who is generally a bank) in order to manage our exposure to fluctuations in foreign exchange rates and commodity swaps to manage our principal commodity exposures. Recently, the British pound has depreciated significantly, which has led to negative mark-to-market movements and affected our reserves. These financial exposures are managed in accordance with our risk management policies and procedures.

Our net liabilities have increased by £1,458 million from £1,248 million as at 31 March 2016 to £2,706 million as at 30 September, 2016. This increase in foreign exchange liabilities related to financial hedging instruments is principally a result of the weakening of the British pound against principal hedged currencies over the relevant period, notably the US dollar, euro and Chinese yuan.

Specific transactional risks include liquidity and pricing risks, interest rate and exchange rates fluctuation risks, volatility risks, counterparty risks, commodity price risks, settlement risks and gearing risks.

Critical Accounting Policies

The preparation of financial statements in conformity with IFRS 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 and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the 2016 Consolidated Financial Statements are included in the following notes:

(i) Note 16—Property, plant and equipment

(ii) Note 17—Intangible assets

(iii) Note 19—Deferred tax assets and liabilities

(iv) Note 26—Provisions

(v) Note 31—Employee benefits

(vi) Note 34—Financial instruments

Revenue recognition

Revenue comprises the amounts invoiced to customers outside the Group and is measured at fair value of the consideration received or receivable, net of discounts, sales incentives, customer bonuses and rebates granted, which can be identified at the point of sale. Revenue is presented net of excise duty where applicable and other indirect taxes.

Revenue is recognised when the risks and rewards of ownership have been transferred to the customer and the amount of revenue can be reliably measured with it being probable that future economic benefits will flow to the Group. The transfer of the significant risks and rewards are defined in the underlying agreements with the customer.

No sale is recognised where, following disposal of significant risks and rewards, the Group retains a significant financial interest. The Group's interest in these items is retained in inventory, with a creditor being recognised for the contracted buy-back price. Income under such agreements, measured as the difference between the initial sale price and the buyback price, is recognised on a straight-line basis over the term of the agreement. The corresponding costs are recognised over the term of the agreement based on the difference between the item's cost, including estimated costs of resale, and the expected net realisable value.

If a sale includes an agreement for subsequent servicing or maintenance, the fair value of that service is deferred and recognised as income over the relevant service period in proportion with the expected cost pattern of the agreement.

Cost recognition

Costs and expenses are recognised when incurred and are classified according to their nature. Expenditure capitalised represents employee costs, stores and other manufacturing supplies, and other expenses incurred for product development undertaken by the Group.

Provisions

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

Product warranty expenses: The Group offers warranty cover in respect of manufacturing defects, which become apparent up to five years after purchase, dependent on the market in which the purchase occurred. The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures. The discount on the warranty provision is calculated using a risk-free discount rate as the risks specific to the liability, such as inflation, are included in the base calculation. The timing of outflows will vary as and when a warranty claim will arise, being typically up to five years.

Legal and product liability provision: A legal and product liability provision is maintained in respect of compliance with regulations and known litigations which impact the Group. The provision primarily relates to motor accident claims, consumer complaints, dealer terminations, employment cases, personal injury claims and compliance with regulations.

Residual risk: In certain markets, we are responsible for the residual risk arising on vehicles sold by dealers under leasing arrangements. The provision is based on the latest available market expectations of future residual value trends. The timing of the outflows will be at the end of the lease arrangements, being typically up to three years.

Environmental risk provision: This provision relates to various environmental remediation costs such as asbestos removal and land clean up. The timing of when these costs will be incurred is not known with certainty.

Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. Freehold land is measured at cost and is not depreciated. Cost includes purchase price, non-recoverable 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.

Interest cost incurred for constructed assets is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset.

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

	Estimated useful life
	(years)
Buildings	20 to 40
Plant and equipment	3 to 30
Computers	3 to 6

Vehicles	3 to 10
Furniture and fixtures	3 to 20

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Freehold land is measured at cost and is not depreciated. Heritage assets are not depreciated as they are considered to have a residual value in excess of cost. Residual values are re-assessed on an annual basis.

Depreciation is not recorded on assets under construction until construction and installation are complete and the asset is ready for its intended use. Assets under construction include capital prepayments.

Intangible assets

Intangible assets purchased, including those acquired in a business combination, are measured at cost or fair value as at the date of acquisition where applicable less accumulated amortisation and accumulated impairment, if any. Intangible assets with indefinite lives are reviewed annually to determine whether indefinite-life assessment continues to be supportable. If not, the change in the useful-life assessment from indefinite to finite is made on a prospective basis.

For intangible assets with definite lives, amortisation is provided on a straight-line basis over estimated useful lives of the intangible assets as per the estimated amortisation periods below.

	Estimated amortisation period
Patents and technological know how	2 to 12 years
Customer related—Dealer network	20 years
Intellectual property rights and other intangibles	Indefinite life
Software	2 to 8 years

The amortisation year for intangible assets with finite useful lives is reviewed at least at each year-end. Changes in expected useful lives are treated as changes in accounting estimates.

Capital work-in-progress includes capital advances.

Customer-related intangibles acquired in a business combination consist of dealer networks.

Intellectual property rights and other intangibles consist of brand names, which are considered to have indefinite lives due to the longevity of the brands.

Internally generated intangible assets

Research costs are charged to the consolidated income statement in the year in which they are incurred.

Product development costs incurred on new vehicle platform, engines, transmission and new products are recognised as intangible assets, when feasibility has been established, the Group has committed technical, financial and other resources to complete the development and it is probable that asset will generate probable future economic benefits.

The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for use.

Interest cost incurred is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings if no specific borrowings have been incurred for the asset.

Product development cost is amortised over a period of between two and 10 years.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment loss.

Amortisation is not recorded on product development in progress and is only recorded once development is complete.

Impairment

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, or earlier, if there is an indication that the asset may be impaired.

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

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

An annual impairment review for heritage assets is performed and any impairment in the carrying value is recognised immediately in the consolidated income statement.

As at 30 September 2016, none of our property, plant and equipment and intangible assets were considered impaired.

Equity accounted investments: joint ventures and associates: The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Employee benefits

Pension plans: We operate several defined benefit pension plans. The assets of the plans are held in separate trustee administered funds. The plans provide for monthly pension after retirement based on salary and service as set out in the rules of each plan.

Contributions to the plans by the Group take into consideration the results of actuarial valuations. The plans with a surplus position at the year-end have been limited to the maximum economic benefit available from unconditional rights to refund from the scheme or a reduction in future contributions. Where the subsidiary is considered to have a contractual obligation to fund the pension plan above the accounting value of the liabilities, an onerous obligation is recognised.

The UK defined benefit schemes were closed to new joiners in April 2010.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled.

Past service cost, including curtailment gains and losses, is generally recognised in profit or loss in the period of scheme amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability.

Defined benefit costs are split into three categories:

- Current service cost, past-service cost and gains and losses on curtailments and settlements;

- Net interest cost; and
- Remeasurement.

We present these defined benefit costs within 'Employee costs' in the consolidated income statement.

A separate defined contribution plan is available to all new employees. Costs in respect of this plan are charged to the income statement as incurred.

Post-retirement Medicare scheme: Under this unfunded scheme, employees of some subsidiaries receive medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated as part of an early separation scheme, on medical grounds or due to permanent disablement, are also covered under the scheme. Such subsidiaries account for the liability for post-retirement medical scheme based on an actuarial valuation.

Actuarial gains and losses: Actuarial gains and losses relating to retirement benefit plans are recognised in other comprehensive income in the year in which they arise. Actuarial gains and losses relating to long-term employee benefits are recognised in the consolidated income statement in the year in which they arise.

The measurement date of retirement plans is 31 March.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are classified into categories: financial assets at fair value through profit or loss (which can either be held for trading or designated as fair value options); held-to-maturity investments; loans and receivables; and available-for-sale financial assets. Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. No financial instruments have been designated as financial liabilities at fair value through profit or loss using the fair value option or have been classified as held-to-maturity.

Financial instruments are recognised on the balance sheet when we become a party to the contractual provisions of the instrument. Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

- *Financial assets and financial liabilities at fair value through profit or loss—held for trading*: Derivatives, including embedded derivatives separated from the host contract are classified into this category. Financial assets and liabilities are measured at fair value with changes in fair value recognised in the consolidated income statement, unless they are designated as hedging instruments, for which hedge accounting is applied.

- *Loans and receivables*: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as financial assets at fair value through net income or financial assets available-for-sale. Subsequently, these are measured at amortised cost using the effective interest method less any impairment losses. These include cash and cash equivalents, trade receivables, finance receivables, other financial receivables and other financial assets.

- *Available-for-sale financial assets*: Available-for-sale financial assets are those non-derivative financial assets that are either designated as such upon initial recognition or are not classified in any of the other financial asset categories. Subsequently, these are measured at fair value and changes therein are recognised in other comprehensive income, net of applicable deferred income taxes, and accumulated in the investments revaluation reserve with the exception of interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. The Group does not hold any available-for-sale financial assets.

  Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Embedded derivatives relating to prepayment options on senior notes are not considered as closely related and are separately accounted unless the exercise price of these options is approximately equal, on each exercise date, to the amortised cost of the senior notes.

- *Other financial liabilities*: These are measured at amortised cost using the effective interest method.

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, measurement of financial assets and liabilities is determined based on classification. For financial assets and liabilities measured at fair value, we determine the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

We derecognise a financial asset only when the contractual rights to the cash flows from the asset expires or we transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If we neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, we recognise our retained interest in the asset and an associated liability for amounts we may have to pay. If we retain substantially all the risks and rewards of ownership of a transferred financial asset, we continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

Financial liabilities are derecognised when these are extinguished, that is when the obligation is discharged, cancelled or has expired. When a financial instrument is derecognised, the cumulative gain or loss in equity (if any) is transferred to the consolidated income statement.

We assess at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets, other than those measured at fair value through profit or loss, is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

We use foreign currency forward contracts and options to hedge our risks associated with foreign currency fluctuations relating to highly probable forecast transactions. We designate these forward contracts and options in a cash flow hedging relationships by applying hedge accounting principles under IAS 39.

These forward contracts and options are stated at fair value on the consolidated balance sheet at each reporting date. Changes in the fair value of these forward contracts and options that are designated and effective as hedges of future cash flows are recognised in other comprehensive income (net of tax), and any ineffective portion is recognised immediately in the consolidated income statement. Amounts accumulated in other comprehensive income are reclassified to the consolidated income statement in the periods in which the forecasted transactions affect profit or loss.

For options, the time value is not a designated component of the hedge, and therefore all changes in fair value related to the time value of the instrument are recognised immediately in the consolidated income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. For forecast transactions, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is retained there until the forecast transaction affects profit or loss.

If the forecast transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is immediately transferred to the consolidated income statement.

OUR BUSINESS

Overview

We design, develop, manufacture and sell Jaguar premium sports saloons, sports cars and luxury performance SUVs and Land Rover premium all-terrain vehicles, as well as related parts, accessories and merchandise. We have a long tradition as a manufacturer of premium passenger vehicles with internationally recognised brands, an exclusive product portfolio of award-winning vehicles, a global distribution network and strong R&D capabilities. Collectively, Jaguar and Land Rover received approximately 295 awards from leading international motoring writers, magazines and opinion leaders in 2015 and 2016, reflecting the strength of our model line-up and our design and engineering capabilities.

We operate a global sales and distribution network designed to achieve geographically diversified sales and facilitate growth in our key markets. Our four principal regional markets are Europe (excluding the United Kingdom and Russia), North America, the United Kingdom and China which, respectively, accounted for 23.2%, 19.9%, 21.0% and 20.1% of our retail volumes, including sales from our China Joint Venture and 26.4%, 24.8%, 21.1% and 11.1% of our wholesale volumes, excluding sales from our China Joint Venture in the six months ended 30 September 2016.

We operate three principal automotive manufacturing facilities, an engine manufacturing facility and two advanced design and engineering facilities in the United Kingdom as well as a wholly owned manufacturing plant in Brazil. We have also established a manufacturing joint venture in China, which currently produces the Range Rover Evoque, Discovery Sport and Jaguar XFL for sale in the local market. Globally, we employed a total of 39,851 employees, including agency personnel (but excluding China Joint Venture employees), as at 30 September 2016, 21,687 of which were employed in our manufacturing operations with the remaining 18,164 employed in other areas such as design, engineering and central corporate functions.

We are a wholly owned indirect subsidiary of Tata Motors, a member of the international conglomerate Tata Group. Tata Motors is India's largest commercial vehicle manufacturer, as measured by revenue and is among the top five passenger vehicle manufacturers in India in terms of units sold, in Fiscal 2016.

The following table presents our revenue, profit and EBITDA in Fiscal 2014, Fiscal 2015 and Fiscal 2016, the six months ended 30 September 2015 and 2016 and the twelve months ended 30 September 2016.

	Fiscal year ended 31 March			Six months ended 30 September		Twelve months ended 30 September
	2014	2015	2016	2015	2016	2016
	(£ in millions)					
Revenue	19,386	21,866	22,208	9,833	11,414	23,789
Profit for the period	1,879	2,038	1,312	400	548	1,460
EBITDA	3,393	4,132	3,313	1,410	1,287	3,190

In Fiscal 2014, Fiscal 2015 and Fiscal 2016, we experienced significant growth, reflecting successful launches of new models, sustained appeal of existing products and geographic diversification, combined with a generally supportive global economic environment.

Our unit sales (on a retail basis and including sales through our China Joint Venture) for each of our brands for Fiscal 2014, Fiscal 2015 and Fiscal 2016, the six months ended 30 September 2015 and 2016 and the twelve months ended 30 September 2016 are set out in the table below:

	Fiscal year ended 31 March			Six months ended 30 September		Twelve months ended 30 September
	2014	2015	2016	2015	2016	2016
Jaguar	80,522	76,930	94,449	40,754	73,512	127,207
Land Rover	353,789	385,279	427,122	184,351	201,700	444,471
Total	**434,311**	**462,209**	**521,571**	**225,105**	**275,212**	**571,678**
Retail volumes from our China Joint Venture (included above)	*0*	*1,094*	*31,765*	*10,388*	*27,531*	*48,908*

Our unit sales (on a wholesale basis, excluding sales from our China Joint Venture) under each of our brands for Fiscal 2014, Fiscal 2015 and Fiscal 2016, the six months ended 30 September 2015 and 2016 and the twelve months ended 30 September 2016 are set out in the table below:

	Fiscal year ended 31 March			Six months ended 30 September		Twelve months ended 30 September
	2014	2015(1)	2016(1)	2015(1)	2016(1)	2016(1)
Jaguar	79,307	76,496	102,106	42,891	76,510	135,725
Land Rover	350,554	389,983	407,228	178,919	168,450	396,759
Total	**429,861**	**466,479**	**509,334**	**221,810**	**244,960**	**532,484**
Wholesale volumes from our China Joint Venture (excluded above)	*0*	*4,044*	*34,751*	*9,389*	*28,601*	*53,963*

(1) The wholesale volumes from our China Joint Venture are excluded.

Wholesale volumes refer to the aggregate number of finished vehicles sold to dealers and importers. We recognise our revenue on the wholesale volumes we sell. Retail volumes refer to the aggregate number of finished vehicles sold by dealers to end users. We consider retail volumes the best indicator of consumer demand for our vehicles and the strength of our brand.

Our vehicles

Jaguar designs, develops and manufactures a range of premium cars recognised for their design, performance and quality. Jaguar's range of products comprises the F-TYPE two-seater sports car coupé and convertible (including all-wheel drive derivatives), the new F-PACE luxury performance SUV (which uses the same lightweight aluminium-intensive architecture as the XE and the new XF), the lightweight XF, the XF Sportbrake, the XJ saloon and the new XE sports saloon. The XF Sportbrake went on sale in October 2012 and has established a strong reputation, whilst the XE and the all-new XF went on sale in May and September 2015, respectively. The 2016 Model Year XJ went on sale in December 2015 and the new Jaguar F-PACE went on sale in April 2016. On 14 November 2016, we unveiled the Jaguar I-PACE Concept, our first all-electric vehicle at the 2016 Los Angeles Motor Show. The I-PACE is a five seater sports car powered by a 90kWh battery, providing an estimated range of 500km (NEDC cycle) and rapid charging in two hours, and twin-electric motors delivering all-wheel-drive performance, accelerating to 60 mph in around four seconds. We expect the I-PACE will go on sale in the second half of 2018.

Land Rover designs, develops and manufactures premium all-terrain vehicles that aim to differentiate themselves from the competition by their capability, design, durability, versatility and refinement. Land Rover's range of products comprises the Range Rover, Range Rover Sport, Range Rover Evoque, Range Rover Evoque Convertible, which went on sale in June 2016, Land Rover Discovery and the Land Rover Discovery Sport. The Land Rover Defender ceased production in January 2016. The new Land Rover Discovery was revealed to the public on 28 September 2016, ahead of the Paris Motor Show, and is expected to go on sale in the spring of 2017.

For a description of our vehicle models, please see "Our Business—Our Vehicles". For retail and wholesale unit sales by vehicle model, please see "Our Business—Product Sales Performance—Sales Performance by Vehicle Model". For the most recent awards that our vehicles have received, please see "—Our Competitive Strengths—Award-winning design capabilities and distinctive model line-ups".

Product design, development and technology

Our vehicles are designed and developed by award-winning design teams, and we are committed to a continuing programme of new product design. Please see "—Our Competitive Strengths—Award-winning design capabilities and distinctive model line ups". Our two design and development centres are equipped with computer-aided design, manufacturing and engineering tools, and are configured for competitive product development cycle-time and efficient data management.

We develop and manufacture technologically advanced vehicles, including the development of connected and autonomous vehicle technologies. We have also launched InMotion, a new technology business focused on developing innovative mobility solutions to overcome and address future travel and transport challenges. Our R&D operations currently consist of a single engineering team of approximately 400 engineers, co-managed for Jaguar and Land Rover, sharing premium technologies, powertrain designs and vehicle architectures. Please see "Our Business—Product Design, Technology and Research and Development".

Properties and facilities

We operate three principal automotive manufacturing facilities, an engine manufacturing facility and two advanced design and engineering facilities in the United Kingdom, as well as an automotive manufacturing facility in China as part of our China Joint Venture and a wholly owned automotive manufacturing facility in Brazil. We believe that these facilities provide us with a flexible manufacturing footprint to support our present product plans. Please see "Our Business—Properties and Facilities".

Sales, distribution and financial services

We market and distribute Jaguar and Land Rover products in 124 and 136 markets, respectively. Sales locations for our vehicles are operated as independent franchises while we are represented in our key markets through national sales companies as well as third-party importers. Jaguar and Land Rover have regional offices in certain select countries that manage customer relationships, vehicle supplies and provide marketing and sales support to their regional importer markets. The remaining importer markets are managed from the United Kingdom. Please see "Our Business—Sales and Distribution".

We have entered into arrangements with independent partners to provide wholesale financing to our dealers and/or retail financing to our retail customers. Please see "Our Business—Financing Arrangements and Financial Services Provided".

Our Competitive Strengths

We believe that the successful growth achieved during the recent years, our current trading performance and our future success are based upon the following key competitive strengths:

Globally recognised brands built on a strong heritage

We believe that the strong heritage and global recognition of the Jaguar and Land Rover brands have helped us to achieve our recent strong operating performance and position us well to benefit from growth opportunities. Founded in 1922, Jaguar has a long tradition of designing and manufacturing premium sports cars and saloons recognised for their design, engineering performance and a distinctive British style. The brand has a strong racing history, with Jaguar first winning the Le Mans race in 1951 and winning numerous racing titles since. Founded in 1948, Land Rover designs and manufactures vehicles known for their ability, strength and durability. Land Rover's brand identity is built around utility, reliability and, above all, its all-terrain capability.

Both our Jaguar and Land Rover brands are globally recognised as premium, class-leading and highly differentiated vehicles within their segments as evidenced by consumer demand, sales in approximately 124 and 136 markets, respectively, and the many international awards received across different geographical regions. Please see "—Award-winning design capabilities and distinctive model line-ups" for further details on these awards.

Award-winning design capabilities and distinctive model line-ups

We believe that our business is supported by award-winning design capabilities and distinctive model line-ups. Our two award-winning design teams, led by designers Ian Callum and Gerry McGovern, have a distinguished track record of designing contemporary and elegant cars, while retaining the distinctive brand identity of Jaguar and Land Rover.

The strength of our design capabilities and distinctive model line-ups has been widely validated by industry experts. In 2015 and 2016, Jaguar and Land Rover have collectively received approximately 295 awards from leading international magazines and opinion leaders as well as numerous other awards, accolades and recognition.

The following table sets out certain of these awards received in 2015 and 2016, but is not exhaustive.

Award	Model	Awarding Institution	Date
Best Saloon Car – (Mid-Full size)	Jaguar XF	Golden Steering Wheel Awards	November 2016
Sport Auto Award	Jaguar F-TYPE	Auto Motor Sport	October 2016
Compact SUV of the Year 2016	Jaguar F-PACE	Auto Express Awards	July 2016
SUV of the Year	Range Rover Evoque	Off Road Award – Off Road	June 2016
Most Popular SUV	Discovery Sport	Honest John	
Best vehicle in "Sports car/ Coupe/ Roadster/ Convertible" category	Jaguar F-TYPE	Top 5 AUTO Ceremony	May 2016
Autocar Star Award	Range Rover Sport	Autocar	May 2016
Best Executive Car	Jaguar XE	UK Car of the Year Awards	March 2016
Saloon Car of the Year	Jaguar XF	Top Gear Magazine	March 2016
Best Large SUV	Jaguar F-PACE	Auto Illustrierte	February 2016
Best Premium SUV	Range Rover Evoque	Best Cars 2016 – Motorpress	February 2016
Large SUV of the Year	Discovery Sport	What Car?	January 2016
SME Company Car of the Year	Jaguar XE	SME Company Car of the Year Awards	January 2016
Best Buy Luxury	Range Rover	What Car?	January 2016
Car of the Year 2016	Jaguar XE	Car and Driver Magazine	December 2015
Best Compact Executive	Jaguar XE	Auto Express Awards	July 2015
Queen's Award for Enterprise in Sustainable Development	Jaguar Land Rover	Her Majesty the Queen	June 2015
Telegraph Car of the Year	Jaguar XE	Telegraph	June 2015
2015 Diesel Car Magazine Awards	Jaguar XE	Best Large Car	May 2015

Jaguar has a long tradition of producing innovative automobiles exemplified by design icons such as the Jaguar E-Type. Today Jaguar's entire product range has been refreshed under a unified design and concept language, upon which we intend to further develop our exclusive product portfolio. We believe that our new design and concept language will help Jaguar appeal to a wider audience. We also believe that Land Rover offers one of the most consistent, universally recognised and successful model line-ups within the automotive industry.

Our product development process is highly structured with the aim of allowing us to respond quickly to new market trends and to leverage market opportunities (such as environmental awareness among consumers). We run an annual product development process with regular management reviews and specific product cycle milestones. A typical product cycle could include a feature upgrade with incremental improvements two years after launch, a major upgrade to both exterior and interior features four years after launch, a new product design seven years after launch and actions associated with a phase out of models, with a new platform after two product cycles. We believe that this product development process is a key factor in our operational efficiency and has helped us to achieve our recent and on-going success through regular improvements and upgrades to our model line-up.

We have continued to strengthen our line-up with new model launches, such as the Land Rover Discovery Sport, the Jaguar XE, the lightweight Jaguar XF, the F-PACE (Jaguar's first SUV), the Range Rover Evoque Convertible and a long wheel base version of the XFL produced by our China Joint Venture. New products are expected to support sales growth across wider segments. Please see "—Our Strategy—Grow the business through new products and market expansion".

Technical excellence with a strong focus on research and development

We develop and manufacture technologically advanced vehicles. For example, we are one of the industry leaders in aluminium body structures, which contribute to the manufacture of lighter vehicles with improved fuel and CO_2 efficiency and performance, while maintaining the body stiffness that customers in the premium segment demand. Our new vehicle models such as the Jaguar XE, Jaguar F-PACE and Jaguar XF are constructed with this lightweight aluminium vehicle architecture.

We have industry-leading capabilities in all-terrain applications, such as Land Rover's "terrain response system", which is the all-terrain system that adjusts the performance of vital operating components of the vehicle to different driving and weather conditions. We also aim to be at the forefront of calibration and certification of emissions

and fuel economy, with a number of emission-reducing technologies developed or under development, including stop-start technology as a standard feature, the new 2.0-litre "in-house" diesel engine introduced in 2015 and other engines to follow, as well as electrification strategies, such as the hybrid engines available on the Range Rover and Range Rover Sport and battery electric technologies to come. For instance, we plan to introduce plug in hybrids and battery electric vehicles (such as the I-PACE in 2018) into our product range. Furthermore, we are currently competing in the FIA Formula E championship, which enables us to create a test bed for our future electrification technology. In addition, we are developing improvements in aerodynamic drag-reducing technologies. We believe that we are also among the leading automobile manufacturers in the areas of powertrain application engineering and sound quality. For further details on our product design and research and development initiatives, please see "Our Business—Product Design, Technology and Research and Development".

Global market presence through comprehensive and growing global sales and distribution and international manufacturing networks

We market and sell our vehicles through a global sales and distribution network designed to achieve geographically diversified sales and facilitate growth in key markets, including Europe (excluding the United Kingdom and Russia), North America, the United Kingdom, China and Overseas (including Brazil and Russia). Over the years, we have expanded our global sales and distribution network and achieved diversification of revenue beyond our historical core markets. Please see "Our Business—Sales and Distribution".

Our success in established markets and strong brand recognition ensure that we are well positioned to capture the significant sales growth experienced in emerging markets. We believe this growth potential in markets with growing affluent populations will counterbalance the expected lower rate of sales growth in more developed markets, and offers significant opportunities to increase and diversify further our sales volumes. Consequently, we are actively investing in our sales network outside of our major markets. In addition, we established a manufacturing joint venture in China with Chery Automobile Company Ltd. to further support growth in the Chinese market. Please see "Our Business—China Joint Venture". In India, we opened an NSC to expand our presence in this key market. Currently, the Jaguar XJ, Jaguar XF, Jaguar XE, Range Rover Evoque and Land Rover Discovery Sport vehicles are manufactured locally at a facility operated by Tata Motors in Pune, India. These vehicles are currently sold by Tata Motors in India. In June 2016, the production of the Land Rover Discovery Sport and the Range Rover Evoque for local sales commenced at our manufacturing facility in Brazil. Please see "Our Business—Brazil Production Facility". From time to time we establish presence in other markets according to our business needs.

Profitable growth and strong operating cash generation

We continue to profitably grow our business. Our revenue grew to £22,208 million and £11,414 million in Fiscal 2016 and the six months ended 30 September 2016 respectively, from £21,866 million and £9,833 million in Fiscal 2015 and the six months ended 30 September 2015, respectively, primarily as a result of higher sales volumes in both our Jaguar and Land Rover brands. In line with our solid sales performance, we delivered EBITDA of £3,313 million in Fiscal 2016 and £1,287 million in the six months ended 30 September 2016, compared to a record £4,132 million in Fiscal 2015, and £1,410 million for the six months ended 30 September 2015. The year-on-year decrease in Fiscal 2016 EBITDA from record profitability in Fiscal 2015 reflected less favourable model and market mix as well as unfavourable short-term foreign exchange revaluation (primarily euro payables), when compared to the favourable short-term foreign exchange revaluation in Fiscal 2015. The decrease in EBITDA in the six months ended 30 September 2016, as compared to the six months ended 30 September 2015, primarily reflects unfavourable foreign exchange revaluation of current assets and liabilities, one-time provision for new customer quality programmes, and as lower market incentive received in the three months ended 30 June 2016 compared to the incentive received in the three months to 30 September 2015. Free cash flow (before financing) was positive £791 million in Fiscal 2016 (positive £842 million in Fiscal 2015) driven by solid EBITDA of £3,313 million (including £318 million of expensed R&D) and positive working capital, which funded total investment spending of £3,135 million. In the six months ended 30 September 2016 free cash flow (before financing) was negative £563 million (negative £1,056 million in the six months ended 30 September 2015), primarily reflecting EBITDA of £1,287 million which was offset by £1,476 million of total investment spending as well as negative working capital and non-cash accrual movements (primarily inventory build-up in the three months ended 30 June 2016 and new vehicles launches) of £485 million (down from negative working capital of £960 million in the six months ended 30 September 2015). Free cash flow before financing in the three months ended 30 September 2016 was positive £70 million after £784 million of total investment spending, primarily reflecting EBITDA of £615 million and £182 million favourable working capital, non-cash accrual and other movements, as compared to negative free cash flow before financing of £220 million in the three months ended 30 September 2015.

Experienced and highly qualified senior management team

We have a highly experienced and respected senior management team. Our senior management comprises senior automotive executives with extensive experience in the automotive industry. We believe that the experience,

industry knowledge and leadership of our senior management team will help us implement our strategy described below and achieve further profitable growth.

Shareholder support

We benefit from strong and on-going support from our parent company Tata Motors, which is a member of the international conglomerate Tata Group. Tata Motors is India's largest commercial vehicle manufacturer, as measured by revenue, and is among the top five passenger vehicle manufacturers in India, in terms of units sold in Fiscal 2016. It has also established a successful international presence as an automobile company through joint ventures and acquisitions such as the acquisition of the commercial vehicle business of Daewoo in 2004. On 2 June 2008, Tata Motors acquired the Jaguar Land Rover businesses from Ford, establishing its international presence in the premium market. Tata Motors has a manufacturing footprint in India, South Africa, South Korea, Thailand and the United Kingdom and established a presence in Indonesia in 2012 for import, assembly and wholesale distribution.

We believe that we are of strategic importance to Tata Motors given that we represented approximately 74% of its net revenue for the six months ended 30 September 2016. This was also supported by S&P, which in its two latest ratings opinions classified us as "highly strategic" to Tata Motors and noted that we have "a significant bearing on Tata Motors' overall operating performance." Our Board includes two members who are also members of the board of directors of Tata Motors, namely Dr. Ralf Speth and Mr. Nasser Munjee. Tata Motors does not guarantee or assume any direct or indirect liability for the Notes.

Our Strategy

We have a multifaceted strategy to strengthen our position as a leading manufacturer of premium vehicles. Our success is tied to our investment in product development, which is reflected in our strategic focus on capital expenditure, R&D and product design. Our strategy consists of the following key elements:

Grow the business through new products and market expansion

New products

We offer products in the premium performance car and all-terrain vehicle segments, and we intend to grow the business by diversifying our product range within these segments. For instance, the Land Rover Discovery Sport is the first in a new family of Discovery vehicles offering our customers a versatile yet capable compact SUV. The Jaguar XE enables us to offer a product in the "C segment" of vehicles and compete against other premium auto manufacturers in this high-volume sector. The all-new Jaguar F-PACE luxury SUV expands the brand's presence and facilitates our ability to compete in new segments and also forms the basis of a new range of future Jaguars, allowing us to grow our product portfolio and target high-growth areas of the premium market.

In Fiscal 2016 and since the start of Fiscal 2017 to date, in addition to the new vehicle models mentioned above, we reinforced our brand range with the lightweight Jaguar XF, the 2016 Model Year Jaguar XJ and the Range Rover Evoque Convertible and we revealed to the public the all-new Land Rover Discovery on 28 September 2016.

Market expansion

Our strategy involves expanding our global footprint into geographic locations where we see opportunities to grow. As a producer of distinctive, premium products, we believe we are well positioned to increase our revenues in emerging affluent countries with growing sales potential. We also aim to leverage our relationship with Tata Motors and the synergies we can achieve in the areas of research and product development, supply sourcing, manufacturing and assembly and other operations. There are two specific aspects to our strategy of geographic expansion:

- ***Emerging markets*:** We aim to increase our marketing and dealer network in emerging markets. For example, in India, we opened an NSC to expand our presence in this key market and we have also recently established NSCs in Singapore and Colombia. Please see "—Our Competitive Strengths—Global market presence through comprehensive and growing global sales and distribution and international manufacturing networks".

- ***Selected markets*:** We aim to establish new manufacturing facilities, assembly points and suppliers in selected markets. For example, we are expanding our manufacturing and assembly lines at our China Joint Venture, where we have produced Range Rover Evoque since the end of 2014 and the Land Rover Discovery Sport since September 2015. In addition, we are now producing the long wheel base XFL, the third vehicle produced at the China Joint Venture, which went on sale in September 2016. Please see "Our Business—China Joint Venture". Our manufacturing facility in Brazil opened in June 2016, where we

currently produce the Discovery Sport and the Range Rover Evoque for sale in the local Brazilian market. Please see "Our Business—Brazil Production Facility". In July 2015, we agreed a manufacturing partnership with Magna Steyr, an operating unit of Magna International Inc., to build vehicles in Graz, Austria and in December 2015, we concluded an agreement with the Government of the Slovak Republic for the development of a new manufacturing plant in the city of Nitra in western Slovakia. In addition, the Jaguar XJ, Jaguar XF, Jaguar XE, Range Rover Evoque and Land Rover Discovery Sport are currently manufactured locally at a facility operated by Tata Motors in Pune, India. We also sell vehicle kits to be assembled in CKD facilities in Kenya, Malaysia, Turkey and Pakistan and continue to explore manufacturing operations in other markets.

Grow the business through future capital investments

We continue to focus on profitably growing our strong, globally recognised brands. In order to meet customer aspirations and regulatory requirements, we continue to invest in the United Kingdom and internationally, to further develop technologies and products, compete in new and existing segments and expand our manufacturing capacity. In the near and medium term, we expect our capital spending to be greater than our long term capital spending target of 10-12% of revenue in order to realise the present opportunities we see for growth.

Based on our continuing strong performance and cash and liquidity position, we plan to continue to increase capital investment to develop new products in new and existing segments, invest in new powertrains and technologies to meet customer and regulatory requirements, and increase our manufacturing capacity in the United Kingdom and internationally (i.e. China, Brazil, Austria and Slovakia).

We continue to target funding most of our capital spending out of operating cash flow and monitor the economic environment and market demand as we plan our future capital spending. We expect that our strong balance sheet, including total cash and cash equivalents and financial deposits of £3.8 billion and our recently refinanced five-year undrawn committed credit facility of £1.87 billion as at 30 September 2016, resulting in total liquidity of £5.7 billion, as well as proven access to funding from capital markets and banks, will also support our investment plans as required.

In Fiscal 2016, total product and other investment was £3,135 million (with 49.8% for R&D and 50.2% for expenditure on tangible fixed assets such as facilities, tools and equipment as well as investment in our China Joint Venture and other international manufacturing initiatives). We estimate our capital spending will likely be slightly lower than the prior indication of £3.75 billion in Fiscal 2017. Our capital spending programme is primarily focused on expanding our manufacturing capacity, new product launches, product development and technology development including CO_2 emissions technology. The significant growth in our sales and profitability with a strong cash and liquidity position (as discussed under "Operating and Financial Review and Prospects—General Trends of Our Recent Performance") has supported our capital spending strategy over the past three Fiscal years. Total cash at 31 March 2016 was £4,651 million (21% of revenue), comprising cash and cash equivalents of £3,399 million and £1,252 million of financial deposits, as compared to total cash of £4,263 million at the end of Fiscal 2015.

Develop technologically advanced vehicles

Our strategy is to maintain and improve our competitive position by developing technologically advanced vehicles. Over the years, we have enhanced our technological strengths through extensive in-house R&D activities, particularly through our two advanced engineering and design centres, which centralise our capabilities in product design and engineering. We are committed to continue investing in new technologies, including developing sustainable technologies to improve fuel economy and reduce CO_2 emissions. We consider technological leadership to be a significant factor in our continued success, and therefore intend to continue to devote significant resources to upgrading our technological capabilities.

In line with this objective, we are involved in a number of advanced research consortia that bring together leading manufacturers, suppliers and academic specialists in the United Kingdom, supported by funding from the government's Technology Strategy Board. Please see "Our Business—Product Design, Technology and Research and Development".

Continue to improve vehicle quality

We recognise the importance of superior vehicle quality and have implemented programmes, both internally and at our suppliers' operations, focused on improving the quality of our products, enhancing customer satisfaction and reducing our future warranty costs. We have also established a procedure for ensuring quality control of outsourced components, and products purchased from approved sources undergo a supplier quality improvement process. Reliability and other quality targets are built into our new product introduction process. Assurance of quality is further driven by the design team, which interacts with downstream functions like process-planning, manufacturing and supplier

management to ensure quality in design processes and manufacturing. We believe our extensive sales and service network has also enabled us to provide quality and timely customer service. Through close coordination supported by our IT systems, we monitor quality performance in the field and implement corrections on an on-going basis to improve the performance of our products.

Focus on environmental performance

Our strategy is to invest in products and technologies that position our products ahead of expected stricter environmental regulations and ensure that we benefit from a shift in consumer awareness of the environmental impact of the vehicles they drive. We also believe that we are the leader in automotive green technology in the United Kingdom. Our environmental vehicle strategy focuses on new propulsion technology, weight reduction and reducing parasitic losses through the driveline. We have developed diesel hybrid versions of the Range Rover and Range Rover Sport, without compromising the vehicles' off-road capability or load space.

We are a global leader in the use of aluminium and other lightweight materials to reduce vehicle weight and improve fuel and CO_2 efficiency, and we believe we are ahead of many of our competitors in the implementation of aluminium construction. For example, the Jaguar XE is the only vehicle in its class to use an aluminium-intensive monocoque. We plan to continue to build on this expertise and extend the application of aluminium construction as we develop a range of new Jaguar and Land Rover products. The aluminium body architecture introduced on the new Jaguar XE is used in the new Jaguar F-PACE. The all-new Discovery uses the same lightweight architecture as the Range Rover and Range Rover Sport.

We are also developing more efficient powertrains and other technologies. This includes smaller and more efficient Ingenium 2.0-litre petrol engines (as recently announced), stop-start and hybrid engines. We already produce smaller and more efficient diesel engines such as the Ingenium 2.0-litre diesel engine used across many of our products. Our lighter vehicles such as the Range Rover and Range Rover Sport Diesel Hybrid, powered by downsized and more efficient engines and alternative powertrains have all contributed to the improvement of our carbon footprint.

Our current product line-up is the most efficient it has ever been and the environmental performance of our vehicles has been further improved through our new models. The new Land Rover Discovery uses lightweight aluminium construction which saves 480 kg compared to the old model, delivering enhanced efficiency and reduced CO_2 emissions. The new aluminium-intensive Jaguar XE is the most fuel-efficient Jaguar and the first Jaguar Land Rover vehicle to receive a UK VED Band A rating resulting in a £0/annum tax rate. The all-new aluminium-intensive XF delivers improved fuel consumption CO_2 emission performance. The 2.0-litre Ingenium diesel engine, now used extensively in the product line-up will soon be complimented by the petrol version, which also provides significant CO_2 reductions versus the outgoing powertrains.

Recognising the need to use resources responsibly, produce less waste and reduce our carbon footprint, we are also taking measures to reduce emissions, waste and the use of natural resources in all of our operations.

Transform the business structure to deliver sustainable returns

To mitigate the impact of high cyclicality in the automobile industry and provide a foundation from which to invest in new products, designs and technologies in line with our overall strategy, we plan to strengthen our operations by gaining a significant presence across a selected range of products and a wide diversity of geographic markets. One key component of this strategy, which has delivered positive results in recent years, is our focus on improving the mix of our products (by developing vehicles designed to increase our market segment penetration or market visibility). We also plan to continue to strengthen our other business operations, such as spare part sales, service and maintenance contracts, and further develop our Special Operations business unit, which comprises numerous departments including Special Vehicle Operations, Heritage, Personalisation and a collaborative Branded Goods division.

We undertake a variety of internal and external benchmarking exercises, such as competitor vehicle teardown, market testing and internal comparative analysis across our own vehicles, which help us to identify cost improvement opportunities for our components, systems and sub-systems. We also explore opportunities to source materials in a more cost-effective manner as well as sharing components across platforms in order to gain economies of scale and reduce engineering costs per vehicle. We believe that our strategy to enhance global sourcing by establishing a core trading division and by developing supply from countries with a lower cost base such as India and China, where we have already established purchasing offices, will simultaneously increase the natural hedging of our substantial foreign currency exposures and act as a complementary source of competitive advantage. We are taking a similar approach with engineering, where we are progressively building up capability through our product development operation in India by allowing incremental levels of design responsibility to be tested on successive programmes.

History of Our Group

The following list of events in chronological order presents the key milestones in our Group's history.

The following list of events in chronological order presents the key milestones in our Group's history.

- 1922 (Jaguar) Swallow Side Car Company founded
- 1948 (Land Rover) First Land Rover was produced in Solihull by the Rover Car Company
- 1961 (Jaguar) Launch of E-Type
- 1967 (Land Rover) Land Rover becomes part of Leyland Motors, later British Leyland
- 1968 (Jaguar) XJ Model debut
- 1970 (Land Rover) Range Rover introduced as the first genuinely multipurpose vehicle
- 1989 (Jaguar) Jaguar acquired by Ford (Land Rover) Launch of Land Rover Discovery
- 1997 (Land Rover) Freelander launched
- 1999 (Jaguar—Ford) Launch of S-Type
- 2000 (Land Rover) Land Rover acquired by Ford
- 2005 (Land Rover) Range Rover Sport launched
- 2006 (Jaguar) Launch of the all-aluminium XK Jaguar
- 2008 Tata Motors acquired Jaguar Land Rover Limited and Land Rover from Ford Motor Company in June 2008
  (Jaguar) Launch of XF which was unveiled at the 2007 Frankfurt Motor Show
- 2011 (Land Rover) Launch of Range Rover Evoque
- 2012 (Jaguar) Launch of F-TYPE which was unveiled at the 2011 Frankfurt Motor Show
- 2014 (Land Rover) Launch of Discovery Sport
  Opening of the new engine manufacturing facility in Wolverhampton
  Opening of the new JV automotive manufacturing facility in China
- 2015 (Jaguar) Launch of XE which was unveiled at the 2014 Geneva Motor Show
- 2016 (Jaguar) Launch of F-PACE

  Opening of the new manufacturing facility in Brazil
  (Jaguar) I-PACE was unveiled at the 2016 Los Angeles Motor Show

Our Vehicles

Jaguar designs, develops and manufactures a range of premium cars recognised for their design, performance and quality. Jaguar's range of products comprises the F-TYPE two-seater sports car coupé and convertible (including all-wheel drive derivatives), the new F-PACE luxury performance SUV (which uses the same lightweight aluminium intensive architecture as the XE and the new XF), the lightweight XF, the XF Sportbrake, the XJ saloon and the new XE sports saloon. The XE went on sale in May 2015, the new XF went on sale in September 2015, the 2016 Model Year XJ went on sale in December 2015 and the new Jaguar F-PACE went on sale in April 2016. On 14 November 2016, we unveiled the Jaguar I-PACE Concept, our first all-electric vehicle at the 2016 Los Angeles Motor Show The I-PACE is a five seater sports car powered by a 90kWh battery, providing an estimated range of 500km (NEDC cycle) and rapid charging in two hours, and twin-electric motors delivering all-wheel-drive performance, accelerating to 60 mph in around four seconds. We expect the I-PACE will go on sale in the second half of 2018.

For retail and wholesale unit sales by vehicle model, please see "—Product Sales Performance—Sales Performance by Vehicle Model". For the most recent awards that our Jaguar vehicles have received, please see "—Our Competitive Strengths—Award-winning design capabilities and distinctive model line-ups".

- ***F-TYPE*:** The Jaguar F-TYPE represents a return to the company's original designs and is available as two-seater sports car coupé and convertible. The F-TYPE has an all-aluminium structure and combines enhanced technology with the power of Jaguar's latest 3.0-litre V6 and 5.0-litre V8 petrol engines. We began selling the F-TYPE convertible and F-TYPE coupé in April 2013 and April 2014, respectively, and all-wheel drive and manual transmission derivatives were introduced at the Los Angeles Motor Show in November 2014.

- ***XE*:** In March 2014, Jaguar announced the name of its all-new mid-size premium sports sedan as the Jaguar XE which was formally launched in London in September 2014. The XE went on general retail sale in May 2015 and later in North America in May 2016. The XE was the first Jaguar Land Rover product to be built on the new aluminium-intensive architecture, powered by Jaguar's 3.0-litre V6 petrol and 2.0-litre 4 cylinder "in-house" diesel engines with a 2.0-litre GTDI petrol derivative also available.

- ***XJ*:** The XJ is Jaguar's largest luxury saloon vehicle, powered by a range of supercharged and naturally aspirated 5.0-litre V8, 3.0-litre V6 and 2.0-litre GTDI petrol engines as well as a 3.0-litre TDV6 diesel engine. Using Jaguar's aerospace-inspired aluminium body architecture, the XJ's lightweight aluminium body provides improved agility, fuel and CO_2 efficiency. The 2016 Year Model XJ, which features refreshed exterior design and improved in-car technology, went on sale in December 2015.

- ***XF*:** The XF, launched in 2008, is a premium executive car that merges sports car styling with the sophistication of a luxury saloon. In 2009, a new engine line-up was introduced into the XF and in 2011, a major restyling of the exterior was completed, whilst the XF Sportbrake joined the model line-up in 2012. The current lightweight XF, which utilises the same aluminium-intensive technology as the XE, made its debut at the New York Motor Show in April 2015 and retail sales began in September 2015. The all-new XF is powered by the same engine as the XE as well as the 3.0-litre TDV6 diesel available in the XJ. A long wheel base Jaguar XF was launched by our China Joint Venture in the second quarter of Fiscal 2017 and went on general retail sale during September 2016.

- ***F-PACE*:** The F-PACE, launched in September 2015 and went on general retail sale in April 2016. The F-PACE is built on the same lightweight aluminium-intensive architecture as the XE and the XF and is powered by a range of petrol and diesel engines, including the 3.0-litre V6 380 PS supercharged petrol engine and the new 2.0-litre four cylinder 180 PS turbocharged diesel "in-house" engine, which can achieve 57.7 mpg and CO_2 emissions as low as 129g/km.

Land Rover designs, develops and manufactures premium all-terrain vehicles that aim to differentiate themselves from the competition by their capability, design, durability, versatility and refinement. Land Rover's range of products comprises the Range Rover, Range Rover Sport, Range Rover Evoque, Land Rover Discovery and the Land Rover Discovery Sport. Production of the Land Rover Defender was discontinued in January 2016.

For retail and wholesale unit sales by vehicle model, please see "—Product Sales Performance—Sales Performance by Vehicle Model". For the most recent awards that our Land Rover vehicles have received, please see "—Our Competitive Strengths—Award-winning design capabilities and distinctive model line-ups".

- ***Range Rover*:** The Range Rover is the flagship product under the Land Rover brand with a unique blend of British luxury, classic design, high-quality interiors and outstanding all-terrain ability. The aluminium-intensive Range Rover was launched in the third quarter of Fiscal 2013 and was the world's first SUV with a lightweight aluminium body, resulting in enhanced performance and handling on all terrains, which also led to significant advances in environmental performance compared to previous models. A long wheel based version went on sale in March 2014 and the long wheel based hybrid Range Rover made its global debut at the Beijing Motor Show in April 2014, which is the first diesel SUV of its kind. The Range Rover is powered by a family of 3.0-litre V6 and 5.0-litre V8 petrol engines as well as a 3.0-litre V6 diesel engine, including a hybrid version, and a 4.4-litre V8 diesel version.

- ***Range Rover Sport*:** The Range Rover Sport combines the performance of a sports tourer with the versatility of a Land Rover. In March 2013, soon after the Range Rover, we introduced the all-aluminium Range Rover Sport to the market. The Range Rover Sport is the fastest, most agile and responsive Land Rover to date due to the same all-aluminium architecture as the Range Rover. The Range Rover Sport is powered by the same engine family as the Range Rover, including a hybrid version.

- ***Range Rover Evoque*:** Launched in 2011, the Range Rover Evoque is the smallest, lightest and most fuel-efficient Range Rover to date, available in 5-door and coupé body styles and, depending on the market, in both front-wheel drive and all-wheel drive configurations. Local production by our China Joint Venture of the Range Rover Evoque for the Chinese market started at the end of 2014 and the Range Rover Evoque went on sale in February 2015. The production of the Range Rover Evoque for the other markets is primarily conducted in our manufacturing plant in Halewood, UK, alongside the Land Rover Discovery Sport. The 2016 Model Year Range Rover Evoque premiered at the Geneva Motor Show in March 2015, benefitting from a refreshed exterior design and the introduction of our 2.0-litre "in-house" diesel engine. In addition, the Range Rover Evoque Convertible made its debut at the Los Angeles Motor Show in November 2015 and went on sale in June 2016.

- ***Discovery Sport*:** The new Discovery Sport was digitally revealed at Spaceport America in New Mexico on 3 September 2014 and was shown at the Paris Motor Show in October 2014. The new Discovery Sport is the first member of the new Discovery family featuring 5+2 seating in a footprint no larger than existing 5-seat premium SUVs and went on sale in February 2015. Local production by our China Joint Venture of the Land Rover Discovery Sport for the Chinese market started in September 2015 and went on sale in November 2015. The production of the Land Rover Discovery Sport for the other markets is primarily conducted in our manufacturing plant in Halewood, UK, alongside the Range Rover Evoque.

- ***All-new Discovery*:** Production of the Discovery 4 ceased in August 2016 and in September 2016 the all-new Discovery was revealed to the public. The fifth-generation Discovery benefits from Land Rover's light full-size SUV architecture also utilized on the Range Rover and Range Rover Sport, and retains 7 seat flexibility. The all-new Discovery incorporates a range of new technological features, notably the world's first Intelligent Seat Fold technology, allowing customers to reconfigure the second and third-row seats with minimal effort using controls at the rear of the vehicle, the central touchscreen or remotely via a smartphone application as part of our InControl Touch Pro Services. The all-new Discovery will be powered by a range of engines, including the 2.0 litre Ingenium 4 cylinder diesel, 3.0 litre TDV6 diesel and 3.0 litre V6 petrol.

We plan to continue to build on recent successful product launches such as the long wheel base Jaguar XFL and focus on upcoming launches such as the fifth generation Land Rover Discovery and other vehicles yet to be announced.

Product Sales Performance

Retail volumes in Fiscal 2016 (including sales through our China Joint Venture) were 521,571 units compared to 462,209 units in Fiscal 2015, an increase of 59,362 at an annual growth rate of 12.8%. The growth in Jaguar retail sales has come from demand for new products such as Jaguar XE, with sales of 36,452 units in Fiscal 2016. This has been supported by growth across the majority of our models. The increase in Land Rover retail volumes has been primarily driven by the Range Rover Sport, the Range Rover and Discovery Sport with respective sales of 86,915 units, 59,974 units and 95,889 units in Fiscal 2016. In terms of geographical markets, we have experienced growth in retail volumes in our major markets in Fiscal 2016, most notably in United Kingdom, North America and Europe with growth rates of 23.8%, 27.1% and 42.0%, respectively. Higher sales in the UK and Europe are attributable to higher demand for Jaguar XE and Discovery Sport as well as continued demand for the Range Rover Evoque. Sales of the Range Rover and Range Rover Sport also performed well in Europe. Stronger sales in North America were primarily driven by the Discovery Sport, Discovery and Range Rover products as well as the Jaguar XF and F-TYPE.

In addition, we have continued to launch new models and derivatives during Fiscal 2016 and Fiscal 2015, such as the 2016 Year Model XJ, the all-new Land Rover Discovery Sport and the all-new Jaguar XE and Jaguar XF. This growth has continued into the six months ended 30 September 2016, with retail volumes up 22.3% compared to the same period in Fiscal 2016 as a result of the introduction of new products such as the Jaguar F-PACE and the Range Rover Evoque Convertible as well as continued strong sales of the Jaguar XE (which was launched in the US in May 2016), Jaguar XF and the Land Rover Discovery Sport.

Sales Performance by Vehicle Model

We analyse our performance by vehicle model for each of the Jaguar and Land Rover sales, respectively. Retail volumes refer to the aggregate number of finished vehicles sold by dealers to end users. We consider retail volumes the best indicator of consumer demand for our vehicles and the strength of our brand. Wholesale volumes refer to the aggregate number of finished vehicles sold to dealers and importers. We recognise our revenue on the wholesale volumes we sell.

The table below presents Jaguar retail (including sales through our China Joint Venture) and wholesale (excluding sales through our China Joint Venture) unit sales by vehicle model for Fiscal 2016 and Fiscal 2015 and the six months ended 30 September 2016 and 2015:

	Retail Units				Wholesale Units[2]			
	Fiscal year ended 31 March		Six months ended 30 September		Fiscal year ended 31 March		Six months ended 30 September	
	2015	2016	2015	2016	2015	2016	2015	2016
Jaguar								
F-PACE	—	13	—	26,624	—	1,722	—	31,931
F-TYPE	12,130	11,839	6,121	5,341	12,165	12,563	6,597	5,634
XJ	16,566	11,735	5,790	5,312	16,332	12,230	4,756	4,443
XF	45,669	34,182	16,430	15,849	45,921	36,197	13,772	13,594
XK[1]	2,563	228	214	1	2,078	147	118	2
XE	2	36,452	12,199	20,385	—	39,247	17,648	20,906
Total	**76,930**	**94,449**	**40,754**	**73,512**	**76,496**	**102,106**	**42,891**	**76,510**

(1) Production of the XK, except for certain special editions, ceased in July 2014, with retail sales currently being phased out.

(2) The wholesale volumes from our China Joint Venture (consisting of locally produced Jaguar XFL models) are excluded. For the six months ended 30 September 2016, Jaguar XFL volumes produced by our China Joint Venture were 1,680 units.

The table below presents Land Rover retail (including sales through our China Joint Venture) and wholesale (excluding sales through our China Joint Venture) unit sales by vehicle model sales for Fiscal 2016 and 2015 and the six months ended 30 September 2016 and 2015:

	Retail Units				Wholesale Units[3]			
	Fiscal year ended 31 March		Six months ended 30 September		Fiscal year ended 31 March		Six months ended 30 September	
	2015	2016	2015	2016	2015	2016	2015	2016[1]
Land Rover								
Range Rover	57,059	59,974	27,229	24,894	61,418	60,123	27,362	25,406
Range Rover Sport	83,864	86,915	40,288	40,795	85,762	90,267	40,693	39,805
Range Rover Evoque	123,964	110,533	49,159	51,830	119,819	91,683	40,050	43,117
Defender[1]	19,019	22,504	10,991	1,133	20,036	20,209	11,333	311
Discovery	49,489	51,072	21,459	25,650	50,601	53,741	21,693	22,760
Freelander[1]	43,909	235	204	5	38,729	1,385	1,082	165
Discovery Sport[2]	7,975	95,889	35,021	57,393	13,618	89,820	36,706	36,886
Total	**385,279**	**427,122**	**184,351**	**201,700**	**389,983**	**407,228**	**178,919**	**168,450**

(1) Production of the Freelander and the Land Rover Defender has been discontinued.

(2) Discovery Sport went on sale in the beginning of 2015.

(3) Wholesale volumes exclude our China Joint Venture volumes (consisting of locally produced Range Rover Evoque and Land Rover Discovery Sport). Range Rover Evoque and Land Rover Discovery Sport volumes produced by our China Joint Venture for the year ended 31 March 2016 were 34,751 units and 4,044 units respectively in the year ended 31 March 2015. For the six months ended 30 September 2016 Range Rover Evoque and Land Rover Discovery Sport volumes produced by our China Joint Venture were 8,695 units and 18,226 units respectively.

Sales Performance by Region

The following table provides an analysis of the Group's regional wholesale and retail volumes by region for the six months ended 30 September 2016 and the six months ended 30 September 2015:

	Wholesale					
	Jaguar Six months ended 30 September			Land Rover Six months ended 30 September		
	2015	2016	Change	2015	2016	Change
	(units)		(%)	(units)		(%)
Global	42,891	76,510	78.4%	178,919	168,450	(5.9)%
Regional:						

Europe (excluding the United Kingdom and Russia)	10,344	19,502	88.5%	41,795	45,231	8.2%
North America	7,015	21,292	>99%	40,508	39,473	(2.6)%
United Kingdom	14,715	15,557	5.7%	33,959	36,066	6.2%
China	4,974	10,098	>99%	24,893	17,086	(31.4)%
Overseas	5,843	10,061	72.2%	37,764	30,594	(19.0)%
China Joint Venture (excluded above)	*—*	*1,680*	*—*	*9,389*	*26,921*	*>99%*

	Retail					
	Jaguar Six months ended 30 September			**Land Rover Six months ended 30 September**		
	2015	**2016**	**Change**	**2015**	**2016**	**Change**
	(units)		**(%)**	**(units)**		**(%)**
Global	40,754	73,512	80.4%	184,351	201,700	9.4%
Regional:						
Europe (excluding the United Kingdom and Russia)	8,746	18,648	>99%	43,245	45,072	4.2%
North America	7,582	17,002	>99%	35,097	37,792	7.7%
United Kingdom	12,997	17,678	36.0%	33,936	40,222	18.5%
China	5,699	10,215	79.0%	35,729	44,995	25.9%
Overseas	5,730	9,969	74.0%	36,344	33,619	(7.5)%
China Joint Venture (included above)	*—*	*594*	*—*	*10,388*	*26,937*	*>99%*

The following is a discussion of industry-wide trends and our performance in our key markets. References to "passenger car sales" refer to sales of passenger cars on an industry-wide basis (including our and our competitors' sales) in each relevant market. For more information about our use of market data, please see "Industry and Market Data".

- ***Europe (excluding the United Kingdom and Russia)*:** In the six months ended 30 September 2016, passenger car sales in Europe increased by 8.5%. Over the same period, our retail volumes in Europe (excluding the United Kingdom and Russia) increased by 22.6% to 63,720 units in the six months ended 30 September 2016 from 51,991 units in the six months ended 30 September 2015, with Jaguar up by over 99% and Land Rover increasing by 4.2%. Our combined European wholesale volumes (excluding the United Kingdom and Russia) increased by 24.2% to 64,733 units in the six months ended 30 September 2016 from 52,139 units in the six months ended 30 September 2015, with Jaguar up by 88.5% and Land Rover increasing by 8.2%.

- ***North America*:** Passenger car sales in the United States has decreased by 0.9% in the six months ended 30 September 2016 compared to the six months ended 30 September 2015. Over the same period, our North American retail volumes increased by 28.4% to 54,794 units from 42,679 units in the six months ended 30 September 2015, with Jaguar up by more than 99% and Land Rover up by 7.7%. Our North American wholesale volumes increased by 27.9% to 60,765 units in the six months ended 30 September 2016 from 47,523 units in the six months ended 30 September 2015, with Jaguar up by more than 99% whereas Land Rover was down by 2.6%.

- ***United Kingdom*:** Passenger car sales in the United Kingdom expanded by 1.2% in the six months ended 30 September 2016 compared to the six months ended 30 September 2015. Over the same period, our retail volumes in the United Kingdom increased by 23.4% to 57,900 units from 46,933 units in the six months ended 30 September 2015, with Jaguar up by 36.0% and Land Rover up by 18.5%. Our wholesale volumes in the United Kingdom increased by 6.1% to 51,623 units in the six months ended 30 September 2016 from 48,674 units in the six months ended 30 September 2015, with Jaguar up by 5.7% and Land Rover up by 6.2%.

- ***China*:** In China, new passenger car sales increased by 19.5% in the six months ended 30 September 2016, compared to the six months ended 30 September 2015. Our retail volumes (including sales from our China Joint Venture) increased by 33.3% over the same period to 55,210 units from 41,428 units in the six months ended 30 September 2015, with Jaguar up by more than 79.2% and Land Rover up by 25.9%. Our Chinese wholesale volumes (excluding sales from our China Joint Venture) decreased by 9.0% to 27,184 units in the six months ended 30 September 2016 from 29,867 units in the six months ended 30 September 2015, with Jaguar up by more than 99% for the period and Land Rover down by 31.4%. The decrease in Land Rover wholesale volumes is due to the local production of the Range Rover Evoque and the Land Rover Discovery Sport by of our China Joint Venture to service sales in the Chinese market.

Wholesales of the long wheel base Jaguar XFL produced by our China Joint Venture commenced in August 2016 and retail sales began in September 2016.

- ***Overseas***: Passenger car sales in Overseas markets decreased by 3.1% in the six months ended 30 September 2016, as compared to the corresponding period in 2015. Our retail volumes increased by 3.6% to 43,588 units in the six months ended 30 September 2016 from 42,074 units in the six months ended 30 September 2015, with Jaguar up by 74.0% whereas Land Rover was down 7.5%. Our Overseas wholesale volumes decreased by 6.8% to 40,655 units in the six months ended 30 September 2016 from 43,607 units in the six months ended 30 September 2015, with Jaguar up 72.2% whereas Land Rover was down 19.0%.

Industry Dynamics

Factors Affecting Demand in our Industry

Both the general global automotive industry and the premium and luxury brand segment are affected by a variety of economic and political factors, which may be interrelated. Some of these factors are described below:

- ***Global economic conditions***: Consumer demand for passenger automobiles is affected by global economic conditions, which in turn affect consumers' disposable income, purchasing power and the availability of credit to consumers.

- ***Fuel prices***: Increasing fuel prices generally reduce demand for larger and less fuel-efficient cars, while lower fuel prices generally support demand for larger vehicles and reduce the focus on fuel efficiency.

- ***Prices of vehicles***: Demand for vehicles is affected by the price at which manufacturers are able to market and sell their vehicles. Sale prices in turn depend upon a number of factors, including, among other things, the price of key inputs, such as raw materials and components, the cost of labour and competitive pressures.

- ***Taxes and duties***: The level of taxes that are levied on the sale and ownership of vehicles is another key factor. Taxes are generally levied at the time of purchase of vehicles, at the time of import, in the case of import duties, or as on-going taxes on vehicle ownership, road tax duties and taxes on fuel. In general, higher taxes decrease consumer demand for vehicles.

- ***Customer preferences***: Customer preferences and trends in the market change, which in turn affects demand for specific vehicle categories and specific offerings within each vehicle category.

- ***Technology***: Technological differentiation among automotive manufacturers is a significant competitive factor as fuel prices, environmental concerns, the demand for innovative products and other customer preferences encourage technological advances in the automotive industry.

Compared to the broader passenger car market, the luxury car market is also driven by prestige, aesthetic considerations, appreciation of performance and quality, in addition to factors such as utility and cost of ownership, which are key considerations in the broader car market.

Competition

We operate in a globally competitive environment and face competition from established premium and other vehicle manufacturers that aspire to move into the premium performance car and premium SUV markets, some of which are much larger than we are. Jaguar vehicles compete primarily against other European brands such as Audi, BMW, Porsche and Mercedes Benz. Land Rover and Range Rover vehicles compete largely against SUVs manufactured by Audi, BMW, Infiniti, Lexus, Mercedes Benz, Porsche and Volkswagen. The Land Rover Defender competes with vehicles manufactured by Toyota, Nissan, Mitsubishi and Isuzu.

Seasonality

Our industry is affected by the biannual change in age-related registration plates of vehicles in the United Kingdom, where new age-related plate registrations take effect in March and September. This has an impact on the resale value of the vehicles because sales are clustered around the time of the year when the vehicle registration number change occurs. Seasonality in most other markets is driven by introduction of new model year vehicles and derivatives. Furthermore, Western European markets tend to be impacted by summer and winter holidays, and the Chinese market tends to be affected by the Lunar New Year holiday in either January or February, the PRC National Day holiday and the Golden Week holiday in October. The resulting sales profile influences operating results on a quarter-to-quarter basis.

Product Design, Technology and Research and Development

We devote significant resources in our R&D activities. Our R&D operations currently consist of a single engineering team of approximately 400 engineers, operating within a co-managed Jaguar and Land Rover engineering group, sharing premium technologies, powertrain designs and vehicle architecture. We have also launched InMotion, a new technology business focused on developing innovative mobility solutions to overcome and address future travel and transport challenges.

We are pursuing various initiatives, such as our Premium Lightweight Architecture (PLA), first applied to the Range Rover launched in September 2012, to enable our business to comply with existing and evolving emissions legislation in our sales markets, which we believe will be a key enabler of both reduction in CO_2 and further efficiencies in manufacturing and engineering. In recent years, we have made significant progress in reducing most of our development cycle times.

Our vehicles are designed and developed by award-winning design teams, and we are committed to a continuing programme of new product design. Our two design and development centres are equipped with computer-aided design, manufacturing and engineering tools, and are configured for competitive product development cycle time and efficient data management. In recent years, we have refreshed the entire Jaguar range under a unified concept and design language and have continued to enhance the design of Land Rover’s range of all-terrain vehicles. All of our products are designed and engineered in the United Kingdom.

We develop and manufacture technologically advanced vehicles to meet the requirements of a globally competitive market.

Our R&D activities are strongly concentrated on creating a sustainable CO_2 for 2020 and beyond. Although we are already a leader in the use of aluminium for weight reduction, we have active research projects and partnerships aimed at enhancing the use of carbon fibre and mixed material in order to create the lightweight high performance vehicles of the future in a sustainable way.

We also have an on-going research programme to address the challenge of low-carbon energy storage by developing technology and competency in this area. Although this programme covers a number of technologies, it is primarily focused on creating high energy density lithium ion batteries in order to create battery assemblies that are compatible with our vehicles and to gain an understanding of the chemistries and battery management processes that will make electric vehicles a viable choice in the medium to long term.

Because we believe that internal combustion also has a significant part to play, we also engage in powertrain research with the aim of improving the efficiency of base engine and transmission technology to improve fuel combustion. This research is supplemented by exploration into the area of low carbon sustainable fuels and the challenges of using this technology in modern, high power density engines.

In order to increase overall vehicle efficiency, we also have active research programmes in the areas of aerodynamics, parasitic and hotel loads, insulation and energy harvesting in order to develop electric and plug-in hybrid technology for future products.

Initiatives in vehicle electronics such as engine management systems, in-vehicle network architecture, telematics for communication and tracking and other emerging technological areas are also being pursued and which could possibly be deployed on our future range of vehicles. In April 2016, we demonstrated highly autonomous vehicle technologies to the EU Transport Ministers, such as “hands free” driving. Furthermore, our new connected and autonomous vehicle technologies are being developed through projects such as the United Kingdom’s first “connected corridor” a 41 mile “living laboratory” where we concentrate on installing new roadside communications equipment in order to test vehicle-to-vehicle and vehicle-to-infrastructure systems. In addition, we are deploying intelligent navigation and information systems (including remotely controlled climate settings and security) and in-car Wi-Fi connectivity, which we plan to supplement with the expansion of the usability of remote function applications and the inclusion of wearable technology solutions such as smart-watch technology currently available with the F—PACE. Likewise, various new technologies and systems that would improve safety, performance and emissions of our product range are under implementation on our passenger cars and commercial vehicles.

With the aim of providing prompt service to the customer, we have commenced development of an enterprise-level vehicle diagnostics system for achieving speedy diagnostics of the complex electronics in modern vehicles. The initiative in telematics has also further spanned into fleet management and vehicle tracking systems using Global Navigation Satellite Systems, or GNSS.

We have modern safety test facilities for testing and developing new products. These include a pedestrian safety testing facility, a pendulum impact test facility and a gravity-powered impact rig for occupant protection and vehicle structural development. We also have two full vehicle semi-anechoic chambers for developing reductions in vehicle-based noise and vibration levels and engine testing facilities for developing and certifying exhaust emissions to a wide range of international regulatory standards.

Our product design and development centres are equipped with computer-aided design, manufacture and engineering tools, with sophisticated hardware, software and other IT infrastructure to create a digital product development environment and virtual testing and validation, aiming to reduce the product development cycle time and data management. Rapid prototype development systems, testing cycle simulators, advanced emission test laboratories and styling studios are also a part of our product development infrastructure. We have aligned our end-to-end digital product development objectives and infrastructure with our business goals and have made significant investments to enhance the digital product development capabilities especially in the areas of product development through computer-aided design, computer aided manufacturing, computer-aided engineering, knowledge-based engineering and product data management.

In September 2013, we announced our investment in the National Automotive Innovation Campus at the University of Warwick in the United Kingdom, which is expected to open in 2017 and focus on advanced technology, innovation and research. The campus is expected to feature engineering workshops and laboratories, advanced powertrain facilities and advanced design, visualisation and rapid prototyping and help complement our existing product development centres. In November 2013, we announced plans to work with Intel to establish a technology research centre in Oregon in the United States to develop next-generation in-vehicle technologies, helping us enhance our future vehicle infotainment systems.

Special Operations

In June 2014, we announced a Special Operations business unit, which comprises Special Vehicle Operations, Heritage, Personalisation and Branded Goods divisions.

Our Special Vehicle Operations division focuses on the creation of iconic or "halo" vehicles that showcase the highest standards of performance, luxury and all-terrain capability, including the limited-edition Jaguar F-TYPE Project 7 and the Range Rover Sport SVR as well as specific vehicles for certain campaigns such as the three vehicles featuring in the new James Bond movie "SPECTRE". These vehicles have unique branding and are targeted towards our most discerning and devoted customers.

We have also created a Heritage division which announced the re-creation of six original Jaguar E-type vehicles from 1963 and 1964 into new Jaguar Lightweight E-Type vehicles and intends to deliver further high-end vehicle re-creations, maintenance and renovation. The Heritage division is based at Browns Lane, the historical home of Jaguar car manufacturing. This division also provides Heritage parts, servicing our growing Jaguar Land Rover Heritage customer base globally.

To support our Special Operations activities, we invested approximately £20 million in a Special Vehicle Operations Technical Centre in Prologis Park, Ryton, near Coventry. Within this facility, our Personalisation division enables our customers to create their own bespoke specifications and has commenced operations from the third quarter of Fiscal 2016.

Our Branded Goods business unit is responsible for delivering merchandising and licensing arrangements with selected partners, for example, the existing clothing collaboration between Land Rover and Barbour.

Properties and Facilities

We operate three principal manufacturing facilities and an engine manufacturing facility in the United Kingdom employing approximately 21,723 employees as at 30 September 2016. We believe that these facilities provide us with a flexible manufacturing footprint to support our present product plans.

- ***Solihull*:** At Solihull, we produce the Land Rover Discovery, Range Rover and Range Rover Sport. The all-new Land Rover Discovery is also expected to be produced at Solihull. At Solihull, we employed approximately 11,800 manufacturing employees as at 30 September 2016.

- ***Castle Bromwich*:** At Castle Bromwich, we produce the Jaguar XJ, XE and F-TYPE and employed approximately 3,900 manufacturing employees as at 30 September 2016.

- ***Halewood***: At Halewood, we produce the Range Rover Evoque as well as the Land Rover Discovery Sport and employed approximately 4,800 manufacturing employees as at 30 September 2016.

- ***Wolverhampton***: At Wolverhampton, we produce advanced technology low-emission engines. This facility produces the new range of "in-house" four cylinder diesel and petrol engines, and employed approximately 1,200 manufacturing employees as at 30 September 2016. We expect that this engine facility will reduce our dependence on third-party engine supply agreements and strengthen and expand our engine range to deliver high-performance, competitive engines with significant reductions in vehicle emissions. The EMC supplies our manufacturing facilities in the UK with engines which power the Jaguar XF, the Range Rover Evoque and the Land Rover Discovery Sport. We currently produce the 2.0-litre 4 cylinder diesel and petrol engines of Ingenium family at the EMC, which are now available across a range of our vehicles. We intend to double the size of the facility as part of a £450 million expansion programme over the next few years, bringing our total investment in the EMC to £1 billion.

In addition to our facilities in Solihull, Castle Bromwich and Halewood, we are pursuing investments in the following automotive manufacturing facilities:

- ***United Kingdom***: At Prologis Park in Ryton, near Coventry, we have established a Special Vehicle Operations Technical Centre with an investment of approximately £20 million. The facility is Jaguar Land Rover's global centre of excellence for the creation of high-end luxury bespoke commissions and extreme performance vehicles by a team of 180 Jaguar Land Rover specialists. Vehicles such as the Jaguar F-TYPE Project 7 have been created by Special Operations and customer deliveries of limited edition models have begun.

  As part of our Special Operations division, Jaguar's Heritage workshop at Browns Lane in Coventry offers restoration and servicing of customers' classic cars and has built six new lightweight Jaguar E-TYPEs, each assigned one of the remaining chassis numbers originally allocated in 1963 to the intended 18-car "Special GT E-TYPE" project, of which just 12 were built.

- ***China***: We also entered into a joint venture agreement in December 2011 with Chery Automobile Company Ltd. for the establishment of a joint venture company in China to develop, manufacture and sell certain Jaguar Land Rover vehicles and at least one own-branded vehicle in China. Production of the Range Rover Evoque by our China Joint Venture began at the end of 2014 and sales commenced in February 2015. Production of the Land Rover Discovery Sport started in September 2015 and sales commenced in November 2015. This was followed by the long wheel base Jaguar XF (the XFL) for which sales commenced in September 2016. The plant has a production capacity of 130,000 vehicles per year. Please see "—China Joint Venture".

- ***Brazil***: In December 2013, we signed an agreement with the State of Rio de Janeiro in Brazil to invest approximately £240 million in a new production plant, with an annual capacity of 24,000 vehicles. The plant opened in June 2016 and the production of the new Discovery Sport and the Range Rover Evoque has now commenced. Please see "—Brazil Production Facility".

- ***Austria***: In July 2015, we agreed to a manufacturing partnership with Magna Steyr, an operating unit of Magna International Inc., to build vehicles in Graz, Austria starting with I-PACE.

- ***Slovakia***: In December 2015, we concluded an agreement with the Government of the Slovak Republic for the development of a new manufacturing plant in the city of Nitra in western Slovakia with an initial capacity of 150,000 vehicles which will manufacture a range of all-new aluminium Jaguar Land Rover vehicles with the all-new Land Rover Discovery expected to be produced in late 2018. The manufacturing facility represents an investment of £1 billion with potential further investment of £500 million to increase the capacity of the facility to 300,000 vehicles per year over the next ten years.

In addition to our automotive manufacturing facilities, we have two product development, design and engineering facilities in the United Kingdom. The facility located at Whitley houses the design centre for Jaguar, the engineering centre for our powertrain, and other test facilities and our global headquarters, including our commercial and central staff functions. The facility located at Gaydon is the design centre for Land Rover and the vehicle engineering centre, and includes an extensive on-road test track and off-road testing capabilities. The two sites employed approximately 14,300 employees as at 30 September 2016. We are in the process of consolidating most of our design and engineering centres at Gaydon and all administrative offices at Whitley to maximise office capacity and to support our new business plans.

In addition to our manufacturing, design/engineering and workshop facilities in the United Kingdom, we have property interests throughout the world (including in major cities) for limited manufacturing and repair services as well as sales offices for national or regional sales companies and facilities for dealer training and testing. We consider all of our principal manufacturing facilities and other significant properties to be in good condition and adequate to meet the needs of our operations. We believe that there are no material environmental issues that may affect our utilisation of these assets.

The following table sets out information with respect to our principal facilities and properties as at 30 September 2016.

Location	Owner/Leaseholder	Freehold/Leasehold	Principal Products or Functions
United Kingdom			
Solihull	Land Rover	Freehold	Automotive vehicles & components
Castle Bromwich	Jaguar Land Rover Limited	Freehold and leasehold	Automotive vehicles & components
Halewood	Jaguar Land Rover Limited	Freehold and leasehold	Automotive vehicles & components
Gaydon	Land Rover	Freehold	Product development
Whitley	Jaguar Land Rover Limited	Freehold	Headquarters and product development
Wolverhampton	Jaguar Land Rover Limited	Freehold	Automotive components (engines)
Outside United Kingdom			
Changshu, China	Chery Jaguar Land Rover Automotive Co., Ltd.	Freehold and leasehold(1)	Product development, automotive vehicles & components
Rio De Janeiro, Brazil	Jaguar Land Rover Brazil	Freehold	Automotive vehicles & components

(1) Chery Jaguar Land Rover Automotive Co., Ltd. owns the facility (including buildings and equipment) in freehold but leases the underlying land from the Chinese government.

China Joint Venture

In December 2011, we entered into a joint venture agreement with Chery Automobile Company Ltd. for the establishment of a joint venture company in China. The purpose of our China Joint Venture is to develop, manufacture and sell certain Jaguar Land Rover vehicles and at least one own-branded vehicle in China. Local production of the Range Rover Evoque by our China Joint Venture began at the end of 2014 and local sales commenced in February 2015. Production of the Land Rover Discovery Sport started in September 2015, which went on sale in November 2015 followed by the long wheel base Jaguar XF (the XFL) which went on sale in September 2016. We have committed to invest CNY3.5 billion of equity capital in our China Joint Venture, representing 50% of the share capital and voting rights of our China Joint Venture. The term of the joint venture is 30 years (unless terminated or extended). The joint venture agreement contains representations and warranties, corporate governance provisions, non-compete clauses, termination provisions and other provisions that are arm's length in nature and customary in similar manufacturing joint ventures. The Chinese government approved the joint venture in October 2012, and we obtained a business license for the joint venture in November 2012. In the six months ended 30 September 2016, our China Joint Venture declared its first dividend of CNY1.2 billion, of which Jaguar Land Rover's share was CNY0.6 billion.

Our China Joint Venture has invested a total of CNY10.9 billion, which is being funded at the outset through a combination of debt and equity, in connection with the joint venture, which includes a manufacturing plant in Changshu, an R&D centre and an engine production facility. We believe the joint venture combines our heritage and expertise with Chery Automobile Company Ltd.'s knowledge and expertise of the local Chinese market.

Our China Joint Venture plant has a production capacity of 130,000 vehicles per year.

Brazil Production Facility

In December 2013, we signed an agreement to invest approximately £240 million into a production facility in Rio de Janeiro in Brazil. The construction of the premium vehicle manufacturing facility began in December 2014 and the facility was opened in June 2016. The new plant produces the new Discovery Sport and the Range Rover Evoque and has a capacity to build 24,000 vehicles annually for the Brazilian market.

Sales and Distribution

We distribute our vehicles in approximately 124 markets across the world for Jaguar and approximately 136 markets across the world for Land Rover. Sales locations for our vehicles are operated as independent franchises. We are represented in our key markets through NSCs as well as third-party importers. Jaguar and Land Rover have regional offices in certain select countries that manage customer relationships and vehicle supplies and provide marketing and sales support to their regional importer markets. The remaining importer markets are managed from the United Kingdom.

Our products are sold through a variety of sales channels: through our dealerships for retail sales; for sale to fleet customers, including daily rental car companies; commercial fleet customers; leasing companies; and governments. We do not depend on a single customer or small group of customers to the extent that the loss of such a customer or group of customers would have a material adverse effect on our business.

Our global sales and distribution network comprises 20 NSCs, 78 importers in 86 importer markets, 15 export partners and 1,585 franchise sales dealers, of which 1,097 are joint Jaguar and Land Rover dealers.

Financing Arrangements and Financial Services Provided

We have entered into arrangements with third-party financial service providers to make vehicle financing available to our customers covering our largest markets by volume, including notably the United States, the United Kingdom, Europe and China. We do not offer vehicle financing on our own account but rather through a series of exclusive partnership arrangements with market-leading banks and finance companies in each market, including Black Horse (part of the Lloyds Banking Group) in the United Kingdom, FCA Bank S.p.A. (a joint venture between Fiat Auto and Credit Agricole) in Europe (excluding Russia), and Chase Auto Finance in the United States.

We typically sign a medium-term service level agreement with our strategic partners for the provision of retail finance, retail leasing and dealer wholesale financing. For instance, in 2008, we entered into five-year agreements with FCA Bank S.p.A. and Chase Auto Finance. In 2012 we renewed the Chase Auto Finance agreement in the United States and in 2014, the FCA Bank S.p.A. agreement in Europe. In the final quarter of Fiscal 2014, we entered into a six-year arrangement with Black Horse for the United Kingdom market. The financial services are supplied by our partners in accordance with a number of specifications involving, among others, product development, pricing, speed of delivery and profitability. These arrangements are managed in the United Kingdom by a team of our employees, which is responsible for ensuring on-going compliance with the standards and specifications agreed with our partners. For wholesale financing, we typically provide an interest-free period to cover an element of the dealer network-stocking period. We work closely with our finance partners to maximise funding lines available to dealers in support of our business objectives.

Because we do not offer vehicle financing on our own account, we have no balance sheet exposure to vehicle financing other than a limited number of residual value risk-sharing arrangements in North America and Germany. The finance partner funds the portfolio and, in most cases, assumes the credit and residual value risks that arise from the portfolio. Profit-sharing agreements are in place with each partner, and they are typically linked to the volume growth of new business and the return on equity generated from the portfolio.

Employees

We consider our human capital to be a critical factor to our success and we have drawn up a comprehensive human resource strategy that addresses key aspects of human resource development. In line with our human resources strategy, we have implemented various initiatives in order to build better organisational capability that we believe will enable us to sustain competitiveness in the global marketplace.

The following table sets out a breakdown of persons employed by us by type of contract.

	As at 30 September	
	2015	**2016**
Salaried	13,484	15,527
Hourly	16,251	17,620
Total permanent	29,735	33,147
Agency	7,225	6,704
Total	**36,960**	**39,851**

As at 30 September 2016, we employed 39,851 employees worldwide, including agency personnel. Of the 39,851 employees, approximately 2,800 were employed overseas. Hourly paid employees are hired as agency workers for the first 12 months and then move onto a fixed-term contract for a further 12 months, before being hired as permanent employees.

Training and Development

We are committed to building the competences of our employees and improving their performance through training and development. We identify gaps in our employees' competencies and prepare employees for changes in competitive environments, as well as to meet organisational challenges.

The focus areas in training in the last year have centred on leadership, innovation management and internationalisation, as well other training programmes designed to drive a change in our employees' outlook as we develop as a global competitor. Developmental initiatives for our senior leadership were held through international programmes at various institutions.

Union Wage Settlements

We have generally enjoyed cordial relations with our employees at our factories and offices. Most of our manufacturing shop floor workers and approximately half of our salaried staff in the United Kingdom are members of a labour union. Trade unions are not recognised for management employees.

Employee wages are paid in accordance with wage agreements that have varying terms (typically two years) at different locations. Bi-annual negotiations in relation to these wage agreements, which cover approximately 20,000 of our unionised employees, were concluded. Please see "Risk Factors—Risks Associated with Our Business—We may be adversely affected by labour unrest".

Intellectual Property

We create, own and maintain a wide array of intellectual property assets that we believe are among our most valuable assets throughout the world. Our intellectual property assets include patents and patent applications related to our innovations and products, trademarks related to our brands and products, copyrights in creative content, designs for aesthetic features of products and components, trade secrets and other intellectual property rights. We aggressively seek to protect our intellectual property around the world.

We own a number of patents registered, and have applied for new patents which are pending registration, in the United Kingdom and in other strategically important countries worldwide. We obtain new patents through our on-going research and development activities. We own registrations for a number of trademarks and have pending applications for registration in the United Kingdom and abroad. The registrations mainly include trademarks for our vehicles.

Additionally, perpetual royalty-free licences to use other essential intellectual properties have been licensed to us for use in Jaguar and Land Rover vehicles. Jaguar and Land Rover own registered designs to protect the design of certain vehicles in several countries. In relation to the EuCD platform, Ford owns the intellectual property but we are not obliged to pay any royalties or charges for its use in Land Rover vehicles manufactured by us.

Suppliers, Components and Raw Materials

The principal materials and components required by us for use in our vehicles are steel and aluminium in sheet (for in-house stamping) or externally pre-stamped form, aluminium castings and extrusions, iron/steel castings and forgings, and items such as alloy wheels, tyres, fuel injection systems, batteries, electrical wiring systems, electronic information systems and displays, leather-trimmed interior systems such as seats, cockpits, doors, plastic finishers and plastic functional parts, glass and consumables (paints, oils, thinner, welding consumables, chemicals, adhesives and sealants) and fuels. We also require certain highly functional components such as axles, engines and gear boxes for our vehicles, which are mainly manufactured by strategic suppliers. We have long-term purchase agreements for critical components such as transmissions (ZF Friedrichshafen) and engines (Ford and Ford-PSA). The components and raw materials in our cars include steel, aluminium, copper, platinum and other commodities. We have established contracts with certain commodity suppliers (e.g., Novelis) to cover our own and our suppliers' requirements to mitigate the effect of high volatility. Special initiatives are also undertaken to reduce material consumption through value engineering and value analysis techniques.

We work with a range of strategic suppliers to meet our requirements for parts and components, and we endeavour to work closely with our suppliers to form short- and medium-term plans for our business. We have established quality control programmes to ensure that externally purchased raw materials and components are monitored

and meet our quality standards. We also outsource many of the manufacturing processes and activities to various suppliers. Where this is the case, we provide training to the outside suppliers who design and manufacture the required tooling and fixtures. Such programmes include site engineers who regularly interface with suppliers and carry out visits to supplier sites to ensure that relevant quality standards are being met. Site engineers are also supported by persons in other functions, such as programme engineers who interface with new model teams as well as resident engineers located at our plants, who provide the link between the site engineers and the plants. We have in the past worked, and expect to continue to work, with our suppliers to optimise our procurements, including by sourcing certain raw materials and component requirements from low-cost countries.

Although we have commenced production of our own "in-house" four cylinder (2.0-litre) engines which were installed in the Jaguar XE from 2015, at present we continue to source a significant number of our engines from Ford or the joint venture between Ford and PSA on an arm's-length basis. Supply agreements have been entered into with Ford as further set out below:

- Long-term agreements have been entered into with Ford for technology sharing and joint development providing technical support across a range of technologies focused mainly around powertrain engineering such that we may continue to operate according to our existing business plan. This includes the EuCD platform, a shared platform consisting of shared technologies, common parts and systems and owned by Ford, which is shared among Land Rover, Ford and Volvo Cars.

- Supply agreements, aligned to the business cycle plan and having end-stop dates to December 2020 at the latest, were entered into with Ford Motor Company for (i) the long-term supply of engines developed by Ford, (ii) engines developed by us but manufactured by Ford and (iii) engines developed by the Ford-PSA joint venture. Purchases under these agreements are generally denominated in euro and pounds sterling.

Insurance

We have global insurance coverage which we consider to be reasonably sufficient to cover normal risks associated with our operations and insurance risks (including property, business interruption, marine and product/general liability) and which we believe is in accordance with commercial industry standards.

We have also taken insurance coverage on directors' and officers' liability to minimise risks associated with international litigation.

Incentives

We benefit from time to time from funding from regional development banks and government support schemes and incentives.

Legal Proceedings

In the normal course of our business, we face claims and assertions by various parties. We assess such claims and assertions and monitor the legal environment on an on-going basis, with the assistance of external legal counsel wherever necessary. We record a liability for any claims where a potential loss is probable and capable of being estimated, and disclose such matters in our financial statements, if material. Where potential losses are considered possible, but not probable, we provide disclosure in our financial statements, if material, but we do not record a liability in our accounts unless the loss becomes probable.

There are various claims against us, the majority of which pertain to motor accident claims and consumer complaints. Some of the cases also relate to replacement of parts of vehicles and/or compensation for deficiency in services provided by us or our dealers.

We are not aware of any governmental, legal or arbitration proceedings (including the claims described above and any threatened proceedings of which we are aware) which, either individually or in the aggregate, would have a material adverse effect on our financial condition, results of operations or cash flow.

Other Taxes and Dues

During the year ended 31 March 2015 our Brazilian subsidiary received a demand for 167 million Brazilian Real (£40 million at 30 September 2016 exchange rates) in relation to additional indirect taxes (PIS and COFINS) claimed as being due on local vehicle and parts sales made in 2010. The matter is currently being contested before the Brazilian appellate authorities. Professional legal opinions obtained in Brazil fully support that the basis of the tax

authority's assertion is incorrect and, as a result, the likelihood of any settlement ultimately having to be made is considered remote. Accordingly no provision has been recognised in the financial statements.

Significant Environmental, Health, Safety and Emissions Issues

Our business is subject to increasingly stringent laws and regulations governing environmental protection, health, safety (including vehicle safety) and vehicle emissions, and increasingly stringent enforcement of these laws and regulations. We monitor environmental requirements in respect of both our production facilities and our vehicles, and have plans to reduce the average CO_2 emissions of our vehicle fleet through the introduction of sustainable technologies, including modular lightweight vehicle architectures, smaller and more fuel efficient SUVs and development of technologies that use hybrid and alternative fuels. While we have plans to reduce emissions, the risk remains that constantly evolving legislation in this area may impose requirements in excess of currently planned actions and consumers may demand further fuel efficiency and reduction in emissions. Please see "Risk Factors—Risks Associated with the Automotive Industry—New or changing laws, regulations and government policies regarding improved fuel economy, reduced greenhouse gas and other emissions, and vehicle safety may have a significant effect on how we do business".

Environmental, health and safety regulation applicable to our production facilities

As an automobile company, our production facilities are subject to extensive governmental regulations regarding, among other things, air emissions, wastewater discharges, accidental releases into the environment, human exposure to hazardous materials, the storage, treatment, transportation and disposal of hazardous materials and wastes, the clean-up of contamination and the maintenance of safe conditions. These regulations are likely to become more stringent and compliance costs may be significant. In addition, we have significant sales in the United States and Europe which have stringent regulations relating to vehicular emissions. The proposed tightening of vehicle emissions regulations by the European Union will require significant costs of compliance for us. While we are pursuing various technologies in order to meet the required standards in the various countries in which we operate, the costs of compliance with these required standards can be significant to our operations and may adversely impact our results of operations.

Greenhouse gas/CO_2/fuel economy legislation

Legislation is in place limiting passenger car fleet average greenhouse gas emissions in Europe to 130 grams of CO_2 per kilometre for 100% of new cars by 2015. Different targets apply to each manufacturer based on their respective fleets of vehicles and average weight. We have received a permitted derogation from the weight based target requirement available to small volume and niche manufacturers. As a result, we are permitted to reduce our emissions by 25% from 2007 levels rather than meeting a specific CO_2 emissions target. Jaguar Land Rover had an overall 2015 target of an average of 178.0 grams of CO_2 per kilometre for our full fleet of vehicles registered in the EU that year, with Jaguar Land Rover and Tata Motors monitored as a single "pooled" entity for compliance with this target (for Jaguar Land Rover alone, this would be 179.8 g/km). Our fleet delivered 164 grams of CO_2 per kilometre, significantly overachieving versus our mandated target.

Furthermore, the European Union has regulated target reductions for 95% of a manufacturer's full fleet of new passenger cars registered in the EU in 2020 to average 95 grams of CO_2 per kilometre, rising to 100% in 2021. The new rule for 2020 contains an extension of the niche manufacturers' derogation and permits us to reduce our emissions by 45% from 2007 levels, which enables us to apply for an overall target of 132 grams of CO_2 per kilometre. With the rapid growth of our sales, there is a risk that we may exceed the 300,000 unit niche derogation volume threshold before 2020. All cycle plans are now structured to deliver to a non-derogated CO_2 target.

The European Union has also adopted an average emissions limit of 175 grams of CO_2 per kilometre for light commercial vehicles to be phased in between 2014 and 2017. Implementation of light commercial vehicle CO_2 standards affected the Defender (which has now ceased production) and affects a small number of Discovery vehicles. We have been granted a small volume derogation by the European Commission for alternative specific emission targets for our Light Commercial Vehicle ("LCV") fleet 2014-2016 inclusive, which protected the Defender through to end of manufacturing. In 2015 the average CO_2 emissions per kilometre for the fleet, including the allowed phase-in of 75%, were 259 grams of CO_2 per kilometre, while the specific target was 276.9 grams of CO_2 per kilometre. A further average emissions limit of 147 grams of CO_2 per kilometre for light commercial vehicles has been adopted for 2020.

In the United States, both CAFE standards and greenhouse gas emissions standards are imposed on manufacturers of passenger cars and light trucks. The NHTSA has set the federal CAFE standards for passenger cars and light trucks to meet an estimated combined average fuel economy level of 35.5 miles per US gallon for 2016 model year vehicles. Meanwhile, the EPA and NHTSA issued a joint rule to reduce the average greenhouse gas emissions from passenger cars, light trucks and medium-duty passenger vehicles for model years 2012-16 to 250 grams of CO_2 per mile, approximately 6.63L/100km or 35.5 miles per US gallon if the requirements were met only through fuel economy

standards. The United States federal government extended this programme to cars and light trucks for model years 2017 through 2025, targeting an estimated combined average emissions level of 243 grams of CO_2 per mile in 2017 and 163 grams per mile in 2025, which is equivalent to 54.5 miles per gallon if achieved exclusively through fuel economy standards. In addition, many other markets either have or will shortly define similar greenhouse gas emissions standards (including Brazil, Canada, China, the European Free Trade Association, India, Japan, Mexico, Saudi Arabia, South Korea and Switzerland).

California is empowered to implement more stringent greenhouse gas emissions standards but has elected to accept the existing U.S. federal standards for compliance with the state's own requirements. The California Air Resources Board enacted regulations that deem manufacturers of vehicles for model years 2012 through 2016 that were in compliance with the EPA greenhouse gas emissions regulations to also be in compliance with California's greenhouse gas emission regulations. In November 2012, the California Air Resources Board accepted the federal standard for vehicles with model years 2017-25 for compliance with the state's own greenhouse gas emission regulations.

However, California is moving forward with other stringent emission regulations for vehicles, including the Zero Emission Vehicle regulation ("ZEV"). ZEV requires manufacturers to increase their sales of zero emissions vehicles year on year, up to an industry average of 22% of vehicles sold in the state by 2025. The precise sales required in order to meet a manufacturer's obligation in any given model year depend on the size of the manufacturer and the level of technology sold (for example, transitional zero emission technologies, such as plug-in hybrids, can account for at least a proportion of a manufacturer's obligation, but these technologies earn compliance credits at a different rate from pure zero-emissions vehicles). Other compliance mechanisms are available under ZEV, such as banking and trading of credits generated through the sale of eligible vehicles.

We are fully committed to meeting these standards and technology deployment plans incorporated into cycle plans are directed to achieving these standards. These plans include the use of lightweight materials, including aluminium, which will contribute to the manufacture of lighter vehicles with improved fuel efficiency, reducing parasitic losses through the driveline and improvements in aerodynamics. They also include the development and installation of smaller and more efficient engines in our existing vehicles and other drivetrain efficiency improvements, including the use of eight-speed or nine-speed transmissions in some of our vehicles. We continue to introduce smaller vehicles such as the Jaguar XE, our most fuel-efficient Jaguar yet and to continue lightening our new models as demonstrated with the aluminium construction of the all-new Discovery. The technology deployment plans also include the research, development and deployment of hybrid-electric vehicles. These technology deployment plans require significant investment. Additionally, local excise tax initiatives are a key consideration in ensuring our products meet customer needs for environmental footprint and cost of ownership concerns as well as continued access to major city centres, e.g., London's and Paris's Ultra Low Emission Zones and similar low emissions areas being contemplated in other major urban centres.

Non-greenhouse gas emissions legislation

The European Union has adopted Euro 6, the latest in a series of more stringent standards for emissions of other air pollutants from passenger and light commercial vehicles, such as nitrogen oxides, carbon monoxide, hydrocarbons and particulates. These standards will be tightened again as the Euro 6d standard, which incorporates the introduction of Real-world Driving Emissions ("RDE") as a complement to laboratory testing to measure compliance. As a first step, manufacturers will be required to reduce the discrepancy between laboratory compliance values and RDE procedure values to a conformity factor of a maximum of 2.1 (110%) for new models by September 2017 for passenger cars and September 2018 for light commercial vehicles. As a second step, manufacturers will be required to reduce this discrepancy to a conformity factor of a maximum of 1.5 (50%) by January 2020 for new models of passenger cars and January 2021 for new models of light commercial vehicles.

In September 2017 and 2018 there will be a move to the new Worldwide harmonised Light-duty Test Procedure ("WLTP") in Europe (other markets will follow) to address global concerns on more customer correlated fuel economy certified levels as well as air quality concerns. All programmes are being fully engineered to enable the adoption of these new requirements. We are accelerating some of these initiatives to improve RDE ahead of the mandated timing.

In the United States, existing California Low-Emission Vehicle regulations and the recently adopted LEV3 regulations, as well as the state's ZEV regulations, place ever-stricter limits on emissions of particulates, nitrogen oxides, hydrocarbons, organics and greenhouse gases from passenger cars and light trucks. These regulations require ever-increasing levels of technology in engine control systems, on-board diagnostics and after treatment systems affecting the base costs of our powertrains. The California LEV3 and ZEV regulations cover model years 2015 to 2025. Additional stringency of evaporative emissions also requires more-advanced materials and joints solutions to eliminate fuel evaporative losses, all for much longer warranty periods (up to 150,000 miles in the United States).

In addition, in April 2014, the Tier 3 Motor Vehicle Emission and Fuel Standards issued by the United States Environmental Protection Agency (the "EPA") were finalised. With Tier 3, the EPA has established more stringent vehicle emissions standards broadly aligned to the CARB LEV3 standards for 2017 to 2025 model year vehicles. The EPA made minor amendments to these Tier 3 standards in January 2015.

While Europe and the United States lead the implementation of these emissions programmes, other nations and states typically follow on with adoption of similar regulations two to four years thereafter. For example, China's Stage III fuel consumption regulation targets a national average fuel consumption of 6.9L/100km by 2015 and its Stage IV targets a national average fuel consumption of 5.0L/100km by 2021. In response to severe air quality issues in Beijing and other major Chinese cities, the Chinese government also intends to adopt more stringent emissions standards beginning in late 2017.

To comply with the current and future environmental norms, we may have to incur substantial capital expenditure and R&D expenditure to upgrade products and manufacturing facilities, which would have an impact on our cost of production and results of operations.

Noise legislation

The European Commission adopted new rules (which apply to new homologations from July 2016) to reduce noise produced by cars, vans, buses, coaches and light and heavy trucks. Noise limit values would be lowered in two steps of each two A-weighted decibels for vehicles other than trucks, and one A-weighted decibel in the first step and two in the second step for trucks. Compliance would be achieved over a ten-year period from the introduction of the first phase.

Vehicle safety legislation

Jaguar Land Rover's products are certified in all markets in which they are sold and compliance is assured through vehicle certification in respective countries. Many countries use internationally recognised regulations provided through the United Nations Economic Commission for Europe (UN-ECE) series of vehicle regulations. Many countries have adopted into their own regulatory framework the technical requirements covered by UN-ECE regulations where countries are not signatories to the UN 1958 Geneva Agreement.

Vehicles sold in Europe are subject to vehicle safety regulations established by the European Union or by individual Member States. In 2009, the European Union enacted a new regulation to establish a simplified framework for vehicle safety, repealing more than 50 existing directives and replacing them with a single regulation aimed at incorporating relevant United Nations standards. The incorporation of the United Nations standards commenced in 2012, and the European Commission requires new model cars to have electronic stability control systems, has introduced regulations relating to low-rolling resistance tyres, requirements for tyre pressure monitoring systems and requirements for heavy vehicles to have advanced emergency braking systems and lane departure warning systems. In the European Union, new safety requirements came into force from November 2014 for all new vehicles sold in the EU market. The new mandatory measures include safety belt reminders, electric car safety requirements, easier child seat anchorages, tyre pressure monitoring systems and gear shift indicators.

NHTSA issues federal motor vehicle safety standards covering a wide range of vehicle components and systems such as airbags, seatbelts, brakes, windshields, tyres, steering columns, displays, lights, door locks, side impact protection and fuel systems. We are required to test new vehicles and equipment and assure their compliance with these standards before selling them in the United States. We are also required to recall vehicles found to have defects that present an unreasonable risk to safety or which do not conform to the required Federal Motor Vehicle Safety Standards, and to repair them without charge to the owner. The financial cost and impact on consumer confidence of such recalls can be significant depending on the repair required and the number of vehicles affected. We have no investigations relating to alleged safety defects or potential compliance issues pending before NHTSA.

These standards add to the cost and complexity of designing and producing vehicles and equipment. In recent years NHTSA has mandated, among other things:

- a system for collecting information relating to vehicle performance and customer complaints, and foreign recalls to assist in the early identification of potential vehicle defects as required by the Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act; and

- enhanced requirements for frontal and side impact, including a lateral pole impact.

Furthermore, the Cameron Gulbransen Kids Transportation Safety Act of 2007 (Kids and Cars Safety Act), passed into law in 2008, requires NHTSA to enact regulations related to rearward visibility and brake-to-shift interlock

and requires NHTSA to consider regulating the automatic reversal functions on power windows. The costs to meet these proposed regulatory requirements may be significant.

Vehicle safety regulations in Canada are similar to those in the United States; however, many other countries have vehicle regulatory requirements which differ from those in the United States. The differing requirements among various countries create complexity and increase costs such that the development and production of a common product that meets the country regulatory requirements of all countries is not possible. Global Technical Regulations ("GTRs"), developed under the auspices of the United Nations, continue to have an increasing impact on automotive safety activities, as indicated by EU legislation. In 2008, GTRs on electronic stability control, head restraints and pedestrian protection were each adopted by the UN "World Forum for the Harmonisation of Vehicle Regulations", and are now in different stages of national implementation. While global harmonisation is fundamentally supported by the automobile industry in order to reduce complexity, national implementation may still introduce subtle differences into the system.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The Issuer is a public limited company incorporated under the laws of England and Wales. The business address of the directors and senior management of the Issuer is Abbey Road, Whitley, Coventry CV3 4LF, United Kingdom.

The following table provides information with respect to members of our board of directors as at the date of this Offering Memorandum:

Name	Position	Date of Birth	Year appointed as Director, Chief Executive Officer or Secretary
Andrew M. Robb	Non-Executive Director	2 September 1942	2009
Dr. Ralf D. Speth	Chief Executive Officer and Director	9 September 1955	2010
Nasser Mukhtar Munjee	Director	18 November 1952	2012
Chandrasekaran Ramakrishnan	Director	27 June 1955	2013

Set out below is a short biography of each of the members of our board of directors.

***Andrew M. Robb (Director)*:** Mr. Robb was appointed to our Board in 2009. Prior to joining us, Mr. Robb was a Director of Pilkington Group plc until 2003, having held the position of Finance Director from 1989 to 2001. He was previously Finance Director of the Peninsular and Oriental Steam Navigation Co from 1983. Mr. Robb currently holds a number of other directorships, including as Non-Executive Independent Director of Tata Steel Limited since 2007 and as Chairman of the Board of Tata Steel Europe Limited (formerly Corus Group plc) where he has been an independent director since 2003.

***Dr. Ralf D. Speth (Chief Executive Officer and Director)*:** Dr. Ralf Speth was appointed to the post of Chief Executive Officer in 2010. Prior to this appointment, Dr. Speth was Head of Global Operations at the international industrial gases and engineering company, The Linde Group. Dr. Speth was previously Director of Production, Quality and Product Planning at Ford's Premier Automotive Group since 2000, having worked at BMW for 20 years from 1980 until 2000. Dr. Speth holds a Doctorate of Engineering from the University of Warwick.

***Nasser Mukhtar Munjee (Director)*:** Mr. Munjee was appointed to the board of directors of Tata Motors Limited with effect from 27 June 2008 and was appointed to the board of directors of Jaguar Land Rover on 2 February 2012. He served for over 20 years at the Housing Development Finance Corporation (HDFC) in India in various positions including as its Executive Director. He is also Chairman of the Aga Khan Rural Support Programme, Muniwar-Abad Charitable Trust and other Aga Khan institutions and was the President of the Bombay Chamber of Commerce and Industry and has also served on numerous Government Task Forces on Housing and Urban Development. He is also chairman, board director and a member of the board of trustees of several multinational companies, trusts and public and private institutions. He holds a Bachelor's degree and a Master's degree from the London School of Economics.

***Chandrasekaran Ramakrishnan (Director)*:** Mr. Ramakrishnan is responsible for Finance, Accounts, Taxation, Business Planning, Investor Relations, Treasury, CRM & DMS and IT. He has also served as a Vice President of the Chairman's Office and is the Executive Director of Finance. Mr. Ramakrishnan joined Tata Motors Limited in 1980, where he handled corporate treasury and accounting functions as well as management accounting and has served as the Chief Financial Officer of Tata Motors Limited. He joined our board in 2013. Mr. Ramakrishnan holds a Bachelor's degree in Commerce and is a qualified Chartered Accountant and Cost Accountant.

Senior Management Team

The following table provides information on the select members of our senior management team:

Name	Position	Date of Birth	Year Appointed in Current Position
Dr. Ralf Speth	Chief Executive Officer and Director, and Director of Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited	9 September 1955	2010
Andrew Goss	Group Sales Operations Director	10 January 1958	2013

Kenneth Gregor	Chief Financial Officer and Director of Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited	5 April 1967	2008
Ian Harnett	Human Resources and Global Purchasing Director	28 February 1961	2015
Hanno Kirner	Executive Director, Corporate and Strategy	23 November 1970	2016
Gerd Mäuser	Group Marketing Officer	16 March 1958	2015
Wolfgang Stadler	Director of Manufacturing	28 January 1958	2013
Nick Rogers	Director of Group Engineering	25 December 1969	2015

Set out below is a short biography of each of the members of our senior management team:

***Dr. Ralf Speth (Chief Executive Officer and Director)*:** Dr. Speth was appointed Chief Executive Officer in 2010. For biographical information, please see "—Board of Directors".

***Andrew Goss (Group Sales Operations Director)*:** Mr. Goss was appointed Group Sales Operations Director in 2013. Mr. Goss has responsibility for global sales and customer service. Mr. Goss joined Jaguar Land Rover from Porsche, where he was Chief Executive Officer of Porsche Cars, Great Britain. Previously, Mr. Goss was Sales Director for Toyota, after holding positions at Citroën, Nissan and Austin Rover.

***Kenneth Gregor (Chief Financial Officer)*:** Mr. Gregor was appointed Chief Financial Officer of Jaguar Land Rover in 2008, after previously serving as Group Financial Controller. Mr. Gregor is responsible for overseeing the financial activities of Jaguar Land Rover including financial reporting, financial planning, accounting and treasury activities as well as capital funding and pensions. Mr. Gregor joined the Company in 1997, having previously worked for HSBC Investment Banking in Mergers and Acquisitions.

***Ian Harnett (Purchasing Director)*:** Mr. Harnett was appointed Executive Director of Human Resources and Global Purchasing in 2015 and is also responsible for Jaguar Land Rover property matters globally. Previously, he has worked for BMW, notably leading the Land Rover purchasing team out of BMW ownership following the acquisition in 2000.

***Hanno Kirner (Executive Director, Corporate and Strategy)*:** Mr. Kirner was appointed Executive Director, Corporate & Strategy in 2016. Mr. Kirner is responsible for the development of corporate strategies involving the global leadership of our Corporate and Product Strategy, Global Financial Services, IT, Royal & Diplomatic Affairs and Special Operations divisions. Mr. Kirner joined us from Rolls Royce PLC where he was Chief Financial Officer for the Land & Sea Division. Previously he held a number of positions including Chief Financial Officer at Aston Martin, Director of Finance & IT at Rolls Royce Motor Cars and has also held a number of senior roles with BMW.

***Gerd Mäuser (Group Marketing Officer)*:** Mr. Mäuser was appointed Chief Marketing Officer in 2015 and is responsible for brand positioning, current and future product planning and brand experience strategies. He brings more than 30 years of experience in marketing including global brand-management, complete marketing-mix activities and long-term corporate planning for sales and marketing. Previously, he held a number of positions in BMW and served as Director of Corporate Marketing at Porsche AG for 17 years.

***Wolfgang Stadler (Director of Manufacturing)*:** Mr. Stadler was appointed Director of Manufacturing in 2013. He is responsible for Jaguar Land Rover's global manufacturing operations. Mr. Stadler joined Jaguar Land Rover from BMW Group where he most recently held the position of Senior Vice President, BMW Plant Dingolfing.

***Nick Rogers (Director of Group Engineering)*:** Mr. Rogers was appointed Group Engineering Director in 2015. Mr. Rogers has more than 30 years' automotive engineering and manufacturing experience. He has overseen the development of current vehicle architectures and delivered products including the launch of the Range Rover and Range Rover Sport in 2012/2013, and was Chief Engineer for the launch of the Land Rover Discovery 3 and original Range Rover Sport in 2004/2005.

Compensation of Key Management Personnel

The following table shows the short-term benefits paid to the key management personnel of the Issuer in Fiscal 2016 and Fiscal 2015 and in the six months ended 30 September 2016 and 2015.

	Fiscal year ended 31 March		Six months ended 30 September	
	2015	2016	2015	2016
	(£ in millions)			

Short-term benefits	17	16	6	7
Post-employment benefits	2	1	1	1
Share-based payments	7	2	—	3
Compensation for loss of office	1	—	—	1
Total	**27**	**19**	**7**	**12**

Board Practices

The Board typically consists of one executive director and four non-executive directors of whom two are independent non-executive directors. As of the date of this Offering Memorandum, the Board currently consists of one executive director and three non-executive directors, of whom two are independent.

The roles of the Chairman and the Chief Executive Officer are distinct and separate with appropriate powers being delegated to the Chief Executive Officer to perform the day-to-day activities of the Group.

The Board, along with its committees, provides leadership and guidance to our management, particularly with respect to corporate governance, business strategies and growth plans, the identification of risks and their mitigation strategies, entry into new businesses, product launches, demand fulfilment and capital expenditure requirements, and the review of our plans and targets.

The Board has delegated powers to the committees of the Board through written/stated terms of reference and oversees the functioning operations of the Committees through various circulars and minutes. The Board also undertakes the Group's subsidiaries' oversight functions through review of their performance against their set targets, advises them on growth plans and, where necessary, gives strategic guidelines.

Committees

Audit Committee

The Audit Committee independently reviews the adequacy and effectiveness of risk management across the Group, together with the integrity of the financial statements, including a review of the significant financial reporting judgments contained in them. It is comprised of three directors, at least one of whom has recent and relevant experience.

The scope of the Audit Committee includes:

- Reviewing the annual and all interim financial statements prior to submission to the Board and the shareholders, with particular reference to:
  - critical accounting policies and practices and any changes to them, related party transactions and contingent liabilities;
  - audit, legal, tax and accounting updates;
  - unusual or exceptional transactions;
  - major accounting entries involving estimates based on the exercise of judgment, including provisions for impairment and other major items; and
  - the auditors' report and any qualifications or emphases therein, taking particular note of any audit differences or adjustments arising from the audit.
- Reviewing the effectiveness of financial reporting, internal control and risk management procedures within the Group (which extends to all associates and joint venture companies), such review considering compliance with the provisions of Section 404 of the Sarbanes-Oxley Act and other relevant regulations and disclosures from the Chief Executive Officer or Chief Financial Officer. Also, the review should pay particular reference to any material weaknesses or significant deficiencies in the design or operation of the Group's internal controls over financial reporting that are reasonably likely to adversely affect the Group's ability to record, process and report financial data and to receive reports from the external and internal auditors with respect to these matters.

- Assessing the reliability and integrity of the Group's accounting policies and financial reporting and disclosure practices and processes.

In relation to internal audits, the Audit Committee has responsibility to:

- review on a regular basis the adequacy of internal audit functions, including the internal audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, budget, coverage and the frequency of internal audits;
- review the regular internal reports to management prepared by the internal audit department as well as management's response thereto;
- review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and report the matter to the Board;
- discuss with internal auditors any significant findings and follow-up thereon; and
- review internal audit reports relating to internal control weaknesses.

In relation to external auditors, the Audit Committee has responsibility to:

- oversee the appointment of the external auditors, approve their terms of engagement, including fees, and the nature and scope of their work, and consider when the external audit should be put out to tender;
- review their performance and independence every year and pre-approve any provision of non-audit services by the external auditors;
- review the significant audit issues identified by the external auditors and how they have been addressed in the financial statements;
- establish a clear hiring policy in respect of employees or former employees of the external auditors and monitor the implementation of that policy; and
- evaluate the external auditors by reviewing annually the firm's independence, its internal quality control procedures, any material issues raised by the most recent quality control or peer review of the firm, and the findings of any enquiry or investigation carried out by government or professional bodies with respect to one or more independent audits carried out by the firm within the last five years.

In relation to subsidiary company oversight, the Audit Committee has responsibilities to:

- oversee the operation and maintenance of procedures for receiving, processing and recording complaints regarding accounting, internal controls or auditing matters and for the confidential submission by employees of concerns regarding allegedly questionable or illegal practices. The Audit Committee shall ensure that these arrangements allow independent investigation of such matters and appropriate follow-up action;
- oversee controls designed to prevent fraud and review all reports of instances of fraud;
- satisfy itself that Group policy on ethics is followed and review any issues of conflict of interest, ethical conduct or compliance with law, including competition law, brought to its attention;
- oversee legal compliance in the Group; and
- conduct and supervise such investigations or enquiries as the Board may require.

Remuneration Committee

The Remuneration Committee is comprised of members appointed by our board of directors. The Remuneration Committee may, at the Group's expense, obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The scope of the Remuneration Committee is to:

- review and approve any proposals regarding the remuneration (including base salary, bonus, long-term incentives, retention awards and pension arrangements) of all employees at leadership level 2 and above;

- review and approve all bonus plans and long-term incentive plans at leadership level 5 and above (including the structure of the plans, and whether, and at what level, the plans should pay out);

- review and approve changes to any defined benefit pension plans; and

- regularly review independent data regarding the competitive position of salaries and benefits and make recommendations, as appropriate.

Executive Committee

The Executive Committee is comprised of the Chief Executive Officer and his direct reports. The objective of the Executive Committee is to provide strategic management, to achieve business results and to ensure compliance and control using various assurance tools and functions such as an independent internal audit function, a risk and assurance committee and a legal compliance office.

The Executive Committee is responsible for the executive management of the business and the strategic direction of the Group. It is also responsible for risk management across the Group, the communication of policy requirements and the review and approval of the risk management policy and framework. The Executive Committee identifies strategic risk, debates strategies and commits the allocation of key resources to manage key and emerging risk factors. Within this role, the Executive Committee defines, sponsors, supports, debates and challenges risk management activity across our Group.

Risk and Assurance Committee

The Risk and Assurance Committee is responsible for the on-going development and co-ordination of the system of risk management as well as the consolidation, challenge and reporting of all risk management information. It provides support and guidance on the application of risk management and controls assurance across the Group.

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders of the Issuer

As at 30 September 2016, the following organisation held direct and indirect interests in voting rights equal to or exceeding 3% of the ordinary share capital of the Issuer:

Name of shareholder of Issuer	Number of ordinary shares	%
TML Holdings PTE Limited (Singapore)	1,500,642,163	100

Major Shareholders of TMLH

As at 30 September 2016, the following organisation held direct and indirect interests in voting rights equal to or exceeding 3% of the ordinary share capital of our holding company, TMLH:

Name of shareholder of TMLH	Number of ordinary shares	%
Tata Motors Limited (India)	2,511,659,418	100

Major Shareholders of Tata Motors

Tata Motors Limited is a widely held, listed company with approximately 443,751 shareholders of ordinary shares and 88,859 shareholders of 'A' ordinary shares of record, as at 30 September 2016. While shareholders of ordinary shares are entitled to one vote for each ordinary share held, shareholders of 'A' ordinary shares are entitled to one vote for every 10 'A' ordinary shares held. As at 30 September 2016, the largest shareholder of Tata Motors Limited was Tata Sons and its subsidiaries, which held 29.44% of the voting rights.

Related Party Transactions

Our related parties principally consist of Tata Sons Limited (including Tata Motors), subsidiaries of Tata Sons Limited and other associates and joint ventures. We routinely enter into transactions with these related parties in the ordinary course of business. We enter into transactions for the sale and purchase of products with our associates.

The following table summarises related party transactions and balances not eliminated in the 2016 and 2015 Consolidated Financial Statements for the six months ended 30 September 2016 and 2015, Fiscal 2016 and Fiscal 2015.

	Fiscal year ended 31 March					
	2015			2016		
	With joint ventures of the Group	With Tata Sons Limited and its subsidiaries and joint ventures	With immediate or ultimate parent and its subsidiaries	With joint ventures of the Group	With Tata Sons Limited and its subsidiaries and joint ventures	With immediate or ultimate parent and its subsidiaries
	(£ in millions)					
Transactions during the period:						
Sale of products	149	—	65	315	2	48
Purchase of goods	—	—	51	—	—	118
Purchase of property, plant and equipment	—	—	—	—	6	—
Services received	46	141	105	85	146	103
Dividends paid	—	—	150	—	—	150
Services rendered	23	—	3	64	—	2
Balances as at period end:						
Trade and other receivables	47	—	27	71	1	28
Accounts payable	—	27	38	2	7	36

	Six months ended 30 September					
	2015			2016		
	With joint ventures of the Group	With Tata Sons Limited and its subsidiaries and joint ventures	With immediate or ultimate parent and its subsidiaries	With joint ventures of the Group	With Tata Sons Limited and its subsidiaries and joint ventures	With immediate or ultimate parent and its subsidiaries
	(£ in millions)					
Transactions during the period:						
Sale of products	153	5	22	288	36	15
Purchase of goods	-	41	47	-	39	37
Services received	37	82	51	66	97	50
Dividends paid	-	-	150	-	-	150
Services rendered	20	-	-	41	-	2
Dividends received	-	-	-	68	-	-
Balances as at period end:						
Trade and other receivables	56	1	32	73	10	16
Accounts payable	-	17	23	1	46	21

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of the material terms of the principal financing arrangements of the Issuer and Jaguar Land Rover Limited. This section does not mention any plans for new financing arrangements or amendments to existing financing arrangements which are currently being contemplated or which are under discussion with potential or existing financiers. The following summary does not purport to describe all of the terms and conditions of such financing arrangements, and therefore is qualified in its entirety by reference to the actual agreements. We recommend that you refer to the actual agreements for further details, copies of which are available from us upon request (subject to any confidentiality constraints). For the terms and conditions of the Notes, please see "Description of the Notes".

March 2015 Notes $500 million notes due 2020

In March 2015, the Issuer issued the March 2015 Notes, comprising $500 million 3.500% notes due 2020, in an offering that was not subject to the registration requirements of the US Securities Act. The March 2015 Notes are governed by an indenture entered into by the Issuer, as issuer, Citibank, N.A., London Branch, as trustee for the holders, and Jaguar Land Rover Holdings Limited and Jaguar Land Rover Limited, as guarantors (the "March 2015 Guarantors").

The March 2015 Notes are general unsecured, senior obligations of the Issuer and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the March 2015 Guarantors that is expressly subordinated in right of payment to the March 2015 Notes or such guarantee; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the March 2015 Guarantors that is not expressly subordinated (and is not senior) in right of payment to the March 2015 Notes, including the January 2013 Notes, the December 2013 Notes, the January 2014 Notes, the October 2014 Notes and the February 2015 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and any secured indebtedness of the March 2015 Guarantors, to the extent of the value of the collateral securing such indebtedness, and to the indebtedness of the subsidiaries of the Issuer that are not guarantors.

The Issuer may redeem the March 2015 Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the date of redemption, plus a redemption premium.

If an event treated as a change of control of the Issuer occurs, then each holder of the March 2015 Notes has the right to require that the Issuer repurchase such holder's March 2015 Notes, at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The March 2015 Notes are also subject to certain customary covenants and events of default.

February 2015 Notes £400 million notes due 2023

In February 2015, the Issuer issued the February 2015 Notes, comprising £400 million 3.875% notes due 2023, in an offering that was not subject to the registration requirements of the US Securities Act. The February 2015 Notes are governed by an indenture entered into by the Issuer, as issuer, Citibank, N.A., London Branch, as trustee for the holders, and Jaguar Land Rover Holdings Limited and Jaguar Land Rover Limited, as guarantors (the "February 2015 Guarantors").

The February 2015 Notes are general unsecured, senior obligations of the Issuer and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the February 2015 Guarantors that is expressly subordinated in right of payment to the February 2015 Notes or such guarantee; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the February 2015 Guarantors that is not expressly subordinated (and is not senior) in right of payment to the February 2015 Notes, including the January 2013 Notes, the December 2013 Notes, the January 2014 Notes and the October 2014 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and any secured indebtedness of the February 2015 Guarantors, to the extent of the value of the collateral securing such indebtedness, and to the indebtedness of the subsidiaries of the Issuer that are not guarantors.

The Issuer may redeem the February 2015 Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the date of redemption, plus a redemption premium.

If an event treated as a change of control of the Issuer occurs, then each holder of the February 2015 Notes has the right to require that the Issuer repurchase such holder's February 2015 Notes, at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The February 2015 Notes are also subject to certain customary covenants and events of default.

October 2014 Notes $500 million notes due 2019

In October 2014, the Issuer issued the October 2014 Notes, comprising $500 million 4.250% notes due 2019, in an offering that was not subject to the registration requirements of the US Securities Act. The October 2014 Notes are governed by an indenture entered into by the Issuer, as issuer, Citibank, N.A., London Branch, as trustee for the holders, and Jaguar Land Rover Holdings Limited and Jaguar Land Rover Limited, as guarantors (the "October 2014 Guarantors").

The October 2014 Notes are general unsecured, senior obligations of the Issuer and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the October 2014 Guarantors that is expressly subordinated in right of payment to the October 2014 Notes or such guarantee; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the October 2014 Guarantors that is not expressly subordinated (and is not senior) in right of payment to the October 2014 Notes, including the January 2013 Notes, the December 2013 Notes, the January 2014 Notes, the February 2015 Notes and the March 2015 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and any secured indebtedness of the October 2014 Guarantors, to the extent of the value of the collateral securing such indebtedness, and to the indebtedness of the subsidiaries of the Issuer that are not guarantors.

The Issuer may redeem the October 2014 Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the date of redemption, plus a redemption premium.

If an event treated as a change of control of the Issuer occurs, then each holder of the October 2014 Notes has the right to require that the Issuer repurchase such holder's October 2014 Notes, at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The October 2014 Notes are also subject to certain customary covenants and events of default.

January 2014 Notes £400 million notes due 2022

In January 2014, the Issuer issued the January 2014 Notes, comprising £400 million 5.000% notes due 2022, in an offering that was not subject to the registration requirements of the US Securities Act. The January 2014 Notes are governed by an indenture entered into by the Issuer, as issuer, Citibank, N.A., London Branch, as trustee for the holders, and Jaguar Land Rover Holdings Limited and Jaguar Land Rover Limited, as guarantors (the "January 2014 Guarantors").

The January 2014 Notes are general unsecured, senior obligations of the Issuer and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the January 2014 Guarantors that is expressly subordinated in right of payment to the January 2014 Notes or such guarantee; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the January 2014 Guarantors that is not expressly subordinated (and is not senior) in right of payment to the January 2014 Notes, including the January 2013 Notes, the December 2013 Notes, the October 2014 Notes, the February 2015 Notes and the March 2015 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and any secured indebtedness of the January 2014 Guarantors, to the extent of the value of the collateral securing such indebtedness, and to the indebtedness of the subsidiaries of the Issuer that are not guarantors.

The Issuer may redeem the January 2014 Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the date of redemption, plus a redemption premium.

At any time prior to 15 February 2017, the Issuer may redeem up to 35% of the aggregate principal amount of the January 2014 Notes with the net cash proceeds of certain equity offerings at the redemption price equal to 105.000% of the principal amount of the January 2014 Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

If an event treated as a change of control of the Issuer occurs, then each holder of the January 2014 Notes has the right to require that the Issuer repurchase such holder's January 2014 Notes, at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The January 2014 Notes are also subject to certain customary covenants and events of default.

December 2013 Notes $700 million notes due 2018

In December 2013, the Issuer issued the December 2013 Notes, comprising $700 million 4.125% notes due 2018, in an offering that was not subject to the registration requirements of the US Securities Act. The December 2013

Notes are governed by an indenture entered into by the Issuer, as issuer, Citibank, N.A., London Branch, as trustee for the holders, and Jaguar Land Rover Holdings Limited and Jaguar Land Rover Limited, as guarantors (the "December 2013 Guarantors").

The December 2013 Notes are general unsecured, senior obligations of the Issuer and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the December 2013 Guarantors that is expressly subordinated in right of payment to the December 2013 Notes or such guarantee; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the December 2013 Guarantors that is not expressly subordinated (and is not senior) in right of payment to the December 2013 Notes, including the January 2013 Notes, the January 2014 Notes, the October 2014 Notes, the February 2015 Notes and the March 2015 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and any secured indebtedness of the December 2013 Guarantors, to the extent of the value of the collateral securing such indebtedness, and to the indebtedness of the subsidiaries of the Issuer that are not guarantors.

The Issuer may redeem the December 2013 Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the date of redemption, plus a redemption premium.

At any time prior to 15 December 2016, the Issuer may redeem up to 35% of the aggregate principal amount of the December 2013 Notes with the net cash proceeds of certain equity offerings at the redemption price equal to 104.125% of the principal amount of the December 2013 Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

If an event treated as a change of control of the Issuer occurs, then each holder of the December 2013 Notes has the right to require that the Issuer repurchase such holder's December 2013 Notes, at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The December 2013 Notes are also subject to certain customary covenants and events of default.

January 2013 Notes $500 million notes due 2023

In January 2013, the Issuer issued the January 2013 Notes, comprising $500 million 5.625% notes due 2023, in an offering that was not subject to the registration requirements of the US Securities Act. The January 2013 Notes are governed by an indenture entered into by the Issuer, as issuer, Citibank, N.A., London Branch, as trustee for the holders, and Jaguar Land Rover Limited, Jaguar Land Rover Holdings Limited, Jaguar Land Rover North America, LLC, Land Rover Exports Limited and JLR Nominee Company Limited, as guarantors (the "January 2013 Guarantors").

The January 2013 Notes are general unsecured, senior obligations of the Issuer and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the January 2013 Guarantors that is expressly subordinated in right of payment to the January 2013 Notes or such guarantee; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the January 2013 Guarantors that is not expressly subordinated (and is not senior) in right of payment to the January 2013 Notes, including the December 2013 Notes, the January 2014 Notes, the October 2014 Notes, the February 2015 Notes and the March 2015 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and any secured indebtedness of the January 2013 Guarantors, to the extent of the value of the collateral securing such indebtedness, and to the indebtedness of the subsidiaries of the Issuer that are not guarantors.

At any time prior to 1 February 2018, the Issuer may redeem the January 2013 Notes at 100% of their principal amount plus accrued and unpaid interest, if any, plus a redemption premium. On or after 1 February 2018, the Issuer may redeem all or part of the January 2013 Notes initially at 102.813% of their principal amount plus accrued and unpaid interest, if any, with the premium declining after that date.

At any time prior to 1 February 2016, the Issuer may, subject to certain conditions, redeem up to 35% of the aggregate principal amount of the January 2013 Notes with the net cash proceeds of certain equity offerings at a redemption price equal to 105.625% of the principal amount of the January 2013 Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

If an event treated as a change of control of the Issuer occurs, then each holder of the January 2013 Notes has the right to require that the Issuer repurchase such holder's January 2013 Notes, at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The January 2013 Notes are also subject to certain customary covenants and events of default.

Facility A £1,870 million Unsecured Syndicated Revolving Credit Facility

General

The Issuer as borrower entered into a revolving facility agreement dated 29 July 2015 with a syndicate of lenders. Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited are party to the facility agreement as guarantors (together with the Issuer, the "obligors"). The facility is unsecured. The facility size is £1,870 million with an accordion option on the part of the Issuer to increase the facility to up to £2,500.0 million. The purpose of the facility is to provide for the borrower's general corporate purposes, including to refinance the previous facilities agreement dated 22 July 2013. As at the date of this Offering Memorandum, the facility is undrawn.

Interest and fees

Interest: The per annum interest rate payable on any loan drawn under the revolving facility is sterling LIBOR (subject to a zero floor) plus an applicable margin. Where there is a continuing event of default or the borrower has no long-term, unsecured corporate credit rating, the margin is 1.90% per annum. Where the foregoing does not apply, the margin is dependent on the borrower's long-term unsecured corporate credit rating assigned by Moody's Investors Service Limited and Standard & Poor's Ratings Services (or certain substituted ratings agencies) as follows:

Rating	Margin (% per annum)
BBB/Baa2 or higher	0.75
BBB−/Baa3	1.00
BB+/Ba1	1.25
BB/Ba2	1.50
BB−/Ba3 or lower	1.90

If different ratings are assigned to the borrower, the margin is the mean average of the ones set out above. As at the date of the revolving credit facility agreement, the applicable margin was 1.50% per annum.

A market disruption clause appears in the facility agreement with the minimum participation threshold for affected lenders set at 40%. A utilisation fee is payable on any loan drawn under the facility of 0.10% (for any period where the facility is up to and including 33% utilised), 0.20% (for any period where the facility is over 33% and up to and including 66% utilised) and 0.40% (for any period where the facility is over 66% utilised).

Default interest: If any sum due by any obligor is not paid on its due date, default interest is payable on the unpaid sum at the per annum interest rate of 1% plus the interest rate that would have applied if the unpaid sum constituted a loan advanced under the relevant facility.

Fees: The following fees are payable to one or more of the finance parties: an annual agency fee to the facility agent; a commitment fee payable quarterly in arrears to the lenders equal to 35% of the margin in respect of the daily available commitment under the facility; a fee in an amount agreed at the time is payable on the amount of commitments increased pursuant to the accordion option referred to above. Any arrangement and other fees already paid and certain ongoing fees not deemed material are not covered in this summary.

Repayment and prepayment

Repayments: All principal, interest and other sums under the facility must be repaid in full five years after the date of the facility agreement. The facility is structured as a conventional revolving credit facility, with each loan (with accrued interest) having to be repaid (and paid) at the end of its interest period but where the principal may be repaid by the drawing of a new, rollover loan.

Mandatory prepayments: If it becomes unlawful for any lender to perform any of its obligations, that lender must inform the agent, upon which that lender's commitment is cancelled and the borrower must repay at the end of the relevant interest periods (or earlier if required by that lender in certain circumstances) that lender's participation in any outstanding loans under the facility. Upon a change of control, no lender is obliged to fund a utilisation (save for a rollover loan) and the borrower must, if a lender requires, within 10 business days of notice to that effect from the agent, repay that lender's participation in all outstanding loans, together with interest and any other sums due and payable. "Change of control" means (a) so long as a portion of the shares of the borrower is not listed on a securities exchange, Tata Motors Limited ceasing to beneficially own and control more than 50% of the shares with ordinary voting power in the borrower; (b) if a portion of the shares of the borrower is listed on a securities exchange, Tata Motors Limited ceasing to beneficially own and control more than 30% of the shares with ordinary voting power in the borrower; or (c) the sale,

lease, exchange or other transfer of all or substantially all of the assets of the borrower and its subsidiaries (the "Group") to a person who is not a Group member, or a group of related persons who are not Group members.

Voluntary cancellations and prepayments: The borrower may voluntarily cancel or prepay all or any part of the facility on three business days' notice (subject to a minimum of £5.0 million). The borrower may also voluntarily cancel or prepay all of a lender's commitment and participations in loans (or replace that lender) if a payment to that lender has to be grossed up under the tax gross up provisions or that lender claims indemnification from the borrower under the tax indemnity or the increased costs provisions, or that lender notifies the facility agent that the cost to it of funding its participation in a loan is in excess of LIBOR pursuant to the market disruption provisions.

Defaulting lenders: The borrower may cancel the commitments of a lender which defaults or is subject to insolvency or certain other events and/or replace that lender.

Redrawings: The facility is a conventional revolving credit facility which may, subject to the usual conditions precedent, be utilised at any time by the borrower up to one month before the facility terminates.

Representations

Each obligor makes various representations on the date of the facility agreement (and in the case of certain representations, at various regular points thereafter) including as to: its legal status; the binding nature of its obligations under the facility agreement and related documents (the "finance documents"); the finance documents not conflicting with applicable law or with the constitutional documents and other agreements of the obligors; the corporate power of the obligors to enter into the finance documents; all authorisations required in relation to the finance documents having been obtained; governing law and enforcement; the application of withholding tax to payments under the finance documents; no filing or stamp taxes; no event of default existing under the finance documents; no material default by it under other agreements; the correctness in all material respects of factual information contained in the information package; its original financial statements being a fair representation of its financial condition and no material adverse change having occurred since the date at which such financial statements were prepared; *pari passu* ranking of its obligations under the finance documents; no material proceedings started or threatened against it; and compliance by Group members with sanctions, anti-corruption laws and anti-money laundering laws.

Covenants

General and information covenants: There are various positive and negative undertakings with which the borrower must comply such as: obligations to indemnify the finance parties for tax with respect to the finance documents (subject to certain usual mitigations and exceptions and to provision for the return of the benefit of tax credits); payment of stamp duty; payment of increased regulatory costs of the finance parties (including attributable to Basel III or CRD IV, but excluding FATCA deductions required to be made by any party, Basel II and the UK, French, Dutch and German bank levies and certain other usual exceptions and further excluding claims in respect of Basel III or CRD IV where they were capable of being calculated at the date of the facility agreement, where the finance party does not recover similar items from borrowers under other similar facilities or where the demand is not made within six months of becoming aware of the claim); certain indemnities; payment of break costs; payment of enforcement costs; provision of annual audited Group accounts and the Group's unaudited quarterly accounts; provision of each obligor's annual audited accounts; provision of compliance certificates relating to certain financial and other covenants; provision of documents sent to creditors generally, details of material litigation, and such financial and business information as the finance parties may request; notification of defaults; obligations not to make a substantial change to the general nature of the business of the Group; and restrictions on the subsidiaries and assets of captive finance companies. There are various positive and negative undertakings with which each obligor must comply, such as: obligations to gross up for tax on payments under the finance documents (but not to gross up because of a FATCA deduction); certain indemnities; an obligation to obtain authorisations with respect to its performance of its payment obligations under, and the enforceability of, the finance documents; compliance with laws; restrictions on mergers (save for a permitted group reorganisation (as defined)). There are various positive and negative undertakings with which each obligor must comply (and with which the borrower must ensure that each Group member complies), such as: restrictions on granting security (negative pledge); restrictions on making certain restricted payments such as dividends, redemption of shares, certain loans and other restricted investments (as defined). There are various positive and negative undertakings with which each obligor must comply (and with which each obligor must ensure that each of its subsidiaries complies), such as compliance with sanctions laws. There are various positive and negative undertakings with which the borrower must comply and with which it must ensure that each of its subsidiaries complies, such as compliance with anti-corruption laws and anti-money laundering laws.

Financial covenants: There is one financial covenant. The borrower shall ensure that the ratio of EBITDA to net interest expense for any relevant period (being the preceding 12 months) will not be less than 2.5:1. This ratio is tested against the Group's annual audited accounts and against certificates of compliance provided by the borrower.

Miscellaneous: Conventional provisions covering the following elements are included: impaired agent; defaulting lender; replacement of defaulting lenders; disenfranchisement of defaulting lenders; replacement of non consenting lenders (a "non consenting lender" is one which, in the case of a waiver or amendment requiring all lender approval, refuses approval in circumstances where at least 80% have given their approval to the waiver or amendment). Save for certain matters expressly reserved for unanimous lender consent, any decision as to the administration, amendment or waiver of the facility is decided by majority lenders (which is defined to be 66.7%).

Set off: No obligor is permitted to set off; if an event of default is continuing, each finance party is expressly permitted to set off any matured obligation owed to it by an obligor under a finance document against any matured obligation owed by that finance party to that obligor under a finance document.

Transferability: Any lender may assign or transfer any of its rights and/or obligations to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets. A transfer of part of lender's commitment is subject to a minimum amount of £10.0 million. Unless it is to an affiliate of the transferring lender, an existing lender with a minimum BBB+ rating or an affiliate with a minimum BBB+ rating of an existing lender, or an event of default has occurred and is continuing, consent of the borrower is required not to be unreasonably withheld or delayed.

Events of default

The facility agreement sets out various events of default, the occurrence of which allows the lenders to cancel the facility, place the facility on demand or demand immediate repayment of the facility. Such events of default include (subject in certain cases to grace periods, thresholds and other qualifications): non payment by an obligor of sums due from it under the finance documents; breach of the financial covenants; breach of other obligations of the obligors under the finance documents; misrepresentation by an obligor in connection with the finance documents; cross default with respect to the financial debt of the Group; insolvency and insolvency proceedings relating to the borrower or any obligor or material subsidiary (defined as a subsidiary of the borrower having 10% or more of the net assets or revenues of the Group); the expropriation, attachment, sequestration, distress or execution of assets of the borrower or any obligor or material subsidiary and other creditors' process against such assets; unlawfulness of the obligations of an obligor under the finance documents; repudiation by an obligor of a finance document; a guarantor ceases to be a subsidiary of the borrower (save as contemplated by a permitted group reorganisation as defined); material adverse effect on the validity, legality or enforceability of any obligation of any obligor under any finance document; final judgment which remains undischarged.

Security and guarantees

There is no security given to support the facility.

Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited are party to the facility agreement, each as an unlimited joint and several guarantor.

Governing law

The facility agreement and the other facility documents are governed by English law.

Facility B US$350.0 million Committed Multi currency Syndicated Credit Insured Invoice Discounting Facility

Jaguar Land Rover Limited as seller is a party to a syndicated insured invoice discounting facility agreement originally dated 21 March 2012 (as amended and restated on 30 April 2015) with a bank as agent and buyer and another bank as buyer (the agent and the buyers together the "finance parties").

Jaguar Land Rover Holdings Limited is party to the facility agreement as guarantor (together with Jaguar Land Rover Limited, the "obligors").

The facility is committed (subject to certain conditions such as eligibility criteria (e.g., credit insurance coverage) and no greater than 180 day maturity). The facility may be increased at the request of the seller via the introduction of new banks as buyers (subject, where any incoming bank is not one of a list of existing banks, to approval (at their discretion) of all the buyers) up to a maximum facility amount of US$800.0 million. Eligible receivables may be generated from sales of 'Land Rover' and 'Range Rover' finished vehicles, 'Land Rover' spare parts and accessories and 'Jaguar' finished vehicles. The availability of the facility ends on 30 April 2017 and no further receivables may be presented by the seller to the buyers after that date. The facility is revolving, and as a sold receivable matures and is paid, an equivalent sum becomes available for re-utilisation by the seller under the facility. As at 30 September 2016, the face value of all outstanding receivables sold to the buyers under the facility was £154 million.

Rates, interest and fees

Discount rate: The discount rate is the per annum interest rate equal to the relevant currency's LIBOR (with a zero floor) plus 1.45% (for receivables purchased on or before 30 April 2016) and 1.25% (for receivables purchased after 30 April 2016) plus a supplement based on each buyer's actual cost of funds.

Default interest: If any sum due by the seller is not paid on its due date, default interest is payable at the per annum interest rate of the facility rate (based on a margin of 1.45%) plus 2%.

Fees: The following fees are payable to one or more of the finance parties under the facility: an annual agency fee to the agent; a quarterly fee of 0.25% of each buyer's commitment; and a quarterly fee at a rate per annum of 0.50% applied against the daily unutilised available commitment of each buyer. Any arrangement and other fees already paid are not covered in this summary.

Recourse

On payment by the buyers of the purchase price for a receivable (the purchase price being the net present value of the receivable using the relevant discount rate from the date of purchase to the date falling three days after the due date of the receivable), all rights relating to that receivable (including the benefit of any credit insurance) is assigned by way of sale to the agent by the seller. Unless a receivable defaults, no notice of assignment is given to the debtor.

If a sold receivable is not paid on its due date (a "defaulted receivable") because of a commercial dispute (as defined) or which is not covered by the relevant credit insurance, the agent can compel the seller to repurchase the defaulted receivable within three business days. The repurchase price is the face value of the defaulted receivable plus interest at the discount rate up to the date of repurchase. In all other cases, the seller must pay immediately a sum to the agent equal to any uninsured portion of the defaulted receivable and on-going interest (at the discount rate) up until the date on which the relevant credit insurer pays or is obliged to pay the relevant claim. In any event the seller has the right to buy back any defaulted receivable on three business days' notice to the agent.

Representations

Each obligor makes various representations on the date of the facility agreement and at various regular points thereafter, such as: status; binding obligations; non conflict with other obligations; authorisations; validity and admissibility of evidence; governing law and enforcement; deduction of tax; no filing or stamp taxes; no default; no misleading information; financial statements; *pari passu* ranking; no proceedings pending or threatened; environmental issues; sanctions, anti-corruption, bribery, money laundering. There are various representations made by the seller in relation to each purchased receivable at the time it is presented for purchase by the seller: that the seller holds legal and beneficial title and the receivable is presented free from any restrictions on assignability, transfer or set off rights; it is free from any consent required in relation to assignment of that receivable; an invoice has been prepared for each receivable sold; it is an eligible receivable (as defined therein); the seller is capable of receiving the purchase price for that receivable at the time of sale; all corporate actions necessary in order to present the receivable have been taken; it has performed all of its obligations under the supply contracts under which the receivables arise; each receivable represents an unconditional, legal and valid and binding obligation of the debtor enforceable by the seller; and that the presented receivables are not subject to certain floating charges.

Covenants

There are various positive and negative covenants with which the seller must comply, including: provision of annual audited JLR Group accounts; each obligor's annual audited accounts and the JLR Group's unaudited half year and quarterly accounts; provision of documents sent to creditors generally, details of material litigation, and such financial and business information as the finance parties may request; notification of default. There are various positive and negative covenants with which the obligors must comply, including: compliance with authorisations; compliance with laws; restriction on mergers; change of the business; maintaining insurances; compliance with environmental laws; payment of taxes. There are various positive and negative covenants with which the obligors must comply (and ensure that their subsidiaries must comply), including: compliance with laws on sanctions, anti-corruption, bribery and money laundering. There are various positive and negative covenants with which the seller must comply in relation to the receivables, including: a wide indemnity for losses suffered by the buyer in certain circumstances (such as misrepresentation, non payment by the seller; noncompliance with insurance; non payment of taxes or an event of default occurs); pay increased costs; minimise losses on receivables; cooperate with and assist the buyer; no amendments to supply contracts and insurances; perfect rights; ensure receivables paid to accounts held with the buyer; pay taxes; comply with insurance policies and gross up for withholding tax.

Events of default

The facility agreement sets out various events of default the occurrence of which allows the banks to cancel the facility commitment and require the repayment of all accrued or outstanding amounts. Such events of default include (subject in certain cases to grace periods, thresholds and other qualifications): non payment; breach of other obligations; misrepresentation; cross default; insolvency; insolvency proceedings; distress; unlawfulness and invalidity of obligations or agreements; repudiation by any obligor or insurer of the facility agreement or insurance policy; change in ownership of obligors (save as a permitted group reorganisation (as defined)); crystallisation of any floating charges; appointment of an administrator pursuant to a floating charge; material adverse effect on validity, legality or enforceability of any facility documents; and a final judgment which can no longer be appealed is rendered against an obligor not covered by insurance and above a specified threshold.

Governing law

The facility agreement is governed by English law.

Facility C—US$200.0 million Uncommitted Multi-currency Bilateral Invoice Discounting Facility

Jaguar Land Rover Limited as seller is a party to an insured invoice discounting uncommitted facility agreement originally dated 29 March 2012 (and amended and restated on 30 April 2015) with a bank as buyer.

Jaguar Land Rover Holdings Limited is party to the facility agreement as guarantor (together with Jaguar Land Rover Limited, the "obligors").

The facility is uncommitted and at the discretion of the buyer. Eligible receivables may be generated from sales of 'Land Rover' and 'Range Rover' finished vehicles, 'Land Rover' spare parts and accessories and 'Jaguar' finished vehicles. The availability of the facility ends on 30 April 2017 and no further receivables may be presented by the seller to the buyer after that date. The facility is revolving, and as a sold receivable matures and is paid, an equivalent sum becomes available for re-utilisation by the seller under the facility. As at 30 September 2016, the face value of all outstanding receivables sold to the buyer under the facility was nil.

Rates and interest

Discount rate: The discount rate is the per annum interest rate equal to the relevant currency's LIBOR (with a zero floor) plus 1.45% (for receivables purchased on or before 30 April 2016) and 1.25% (for receivables purchased after 30 April 2016) plus a supplement based on each buyer's actual cost of funds

Default interest: If any sum due by the seller is not paid on its due date, default interest is payable at the per annum interest rate of the facility rate (based on a margin of 1.45%) plus 2%.

Fees: Any arrangement and other fees already paid are not covered in this summary.

Recourse

The recourse provisions are the same as in Facility B above.

Representations

The representations are the same as in Facility B above.

Covenants

The covenants are the same as in Facility B above.

Events of default

The events of default are the same as in Facility B above.

Governing law

The facility agreement is governed by English law.

Hedging Facilities

As part of the management of currency and commodity price risks, we use a range of derivatives including currency forwards, currency options and commodity swaps to reduce cash flow volatility. These derivatives are transacted with banks that have allocated uncommitted credit lines to cover any potential mark to market value of these deals. As at 30 September 2016, we had credit lines agreed with the majority of our syndicate lenders. The carrying value of these derivatives (derivative financial assets less derivative financial liabilities and long-term derivatives) at 30 September 2016 was a net liability of £2,706 million.

DESCRIPTION OF THE NOTES

The Notes were issued under and are governed by an Indenture, dated on 17 January 2017 (the "Indenture"). The Indenture was entered into by Jaguar Land Rover Automotive plc (the "Issuer"), the Guarantors (as defined below) and Citibank, N.A., London Branch, as trustee (the "Trustee"), paying agent and registrar. Copies of the form of the Indenture are available upon request to the Issuer.

You will find the definitions of capitalised terms used in this description either in the body of this section or at the end of this section under "—Certain Definitions".

Application has been made to list the Notes on the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market.

The Indenture will not be qualified under, or incorporate or include, or be subject to, any of the provisions of, the Trust Indenture Act of 1939, as amended including Section 316(b) of such Act. The terms of the Notes will include those stated in the Indenture.

General

The Notes

The Notes:

- are general unsecured, senior obligations of the Issuer;
- are being offered in an aggregate principal amount of €650,000,000;
- mature on 15 January 2024 at their aggregate principal amount;
- will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof;
- will be represented by one or more global notes in registered form without interest coupons attached. Please see "Book-Entry; Delivery and Form";
- rank equally in right of payment to any existing and future senior unsecured Indebtedness of the Issuer; and
- will be repaid at par in euro.

Additional Notes

The Issuer in a supplemental indenture relating to additional notes may issue additional notes (the "Additional Notes") from time to time after this offering subject to the provisions of the Indenture described below under "—Certain Covenants". The Notes offered hereby and, if issued, any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase (*provided* that, if any Additional Notes are not fungible with existing Notes of the same class for US federal income tax purposes, such Additional Notes shall have a separate ISIN and common code, if any).

Interest

Interest on the Notes will:

- accrue at the rate of 2.200% per annum;
- accrue from the Issue Date or the most recent interest payment date;
- be payable in cash semi-annually in arrears, with the first interest payment covering the period from the Issue Date to 15 July 2017;
- be payable semi-annually on 15 January and 15 July of each year to the holders of record on 1 January and 1 July, as the case may be, immediately preceding the related interest payment dates; and

- be computed on the basis of a 360-day year comprised of twelve 30-day months.

The yield calculated at issuance of the Notes was 2.200%. Your yield will depend on the price at which you purchase the Notes.

Guarantees

The obligations of the Issuer under the Notes, including the repurchase obligation of the Issuer resulting from a Change of Control, will be unconditionally guaranteed, on a joint and several basis, by Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited (the "Guarantors"). These guarantees (the "Note Guarantees") by the Guarantors will not exceed the maximum amount that can be guaranteed by the applicable Guarantor without rendering the Note Guarantee, as it relates to the Guarantor, voidable or unenforceable under applicable laws affecting the rights of creditors generally.

Under the Indenture, a Guarantor may consolidate with, merge with or into, or transfer all or substantially all of its assets to any other Person as described below under "—Certain Covenants—Consolidation, Merger and Sales of Assets." However, if the other Person is not the Issuer or a Guarantor, such Guarantor's obligations under its Note Guarantees must be expressly assumed by such other Person. Upon the sale or other disposition (including by way of consolidation or merger) of a Guarantor, or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer), such Guarantor will be released and relieved from all its obligations under its Note Guarantees.

The Note Guarantee of a Guarantor will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Subsidiary, if the sale or other disposition does not violate the covenants on "—Certain Covenants—Consolidation, Merger and Sales of Assets";

(2) in connection with any sale or other disposition of Capital Stock of that Guarantor (or Capital Stock of any Parent Holdco of such Guarantor (other than the Issuer)) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Subsidiary, if the sale or other disposition does not violate the covenants on "—Certain Covenants—Consolidation, Merger and Sales of Assets" and the Guarantor ceases to be a Subsidiary as a result of the sale or other disposition;

(3) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to another Guarantor, if the sale or other disposition does not violate the covenants on "—Certain Covenants—Consolidation, Merger and Sales of Assets";

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Defeasance" and "—Satisfaction and Discharge";

(5) upon the full and final payment of the Notes and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes; or

(6) as described below under the caption "—Amendments and Waivers".

Upon any occurrence giving rise to a release of a Note Guarantee, as specified above, the Trustee, subject to receipt of an Officer's Certificate from the Issuer and/or Guarantor with respect to the occurrence of an event specified above, will execute any documents reasonably required by such Guarantor in order to evidence or effect such release, discharge and termination in respect of such Note Guarantee. Neither the Issuer, the Trustee nor any Guarantor will be required to make a notation on the Notes to reflect any such release, discharge or termination.

Ranking

The Notes will be senior unsecured obligations of the Issuer and the Note Guarantees will be senior unsecured obligations of the Guarantors. The payment of the principal of, premium, if any, and interest on the Notes and the obligations of the Guarantors under the Note Guarantees will:

- rank *pari passu* in right of payment with all other Indebtedness of the Issuer and the Guarantors, as applicable, that is not by its terms expressly subordinated (and is not senior) in right of payment to other Indebtedness of the Issuer and the Guarantors, as applicable;
- rank senior in right of payment to all Indebtedness of the Issuer and the Guarantors, as applicable, that is, by its terms, expressly subordinated to the senior Indebtedness of the Issuer and the Guarantors, as applicable; and
- be effectively subordinated to the Secured Indebtedness of the Issuer and the Guarantors, as applicable, to the extent of the value of the collateral securing such Indebtedness, and to the Indebtedness of the Subsidiaries that are not Guarantors of the Notes.

Form of Notes

The Notes will be represented initially by global notes in registered form. The Notes initially offered and sold in reliance on Rule 144A under the Securities Act ("Rule 144A") will be represented by global Notes (the "Rule 144A Global Notes"); and the Notes initially offered and sold in reliance on Regulation S under the Securities Act ("Regulation S") will be represented by additional global Notes (the "Regulation S Global Notes"). The combined principal amounts of the Rule 144A Global Notes and the Regulation S Global Notes (together, the "Global Notes") will at all times represent the total outstanding principal amount of the Notes represented thereby.

The Global Notes will be deposited with the common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream Banking. Ownership of interests in the Global Notes (the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream Banking, as applicable or persons that hold interests through any such participant. Euroclear and Clearstream Banking will hold interests in the Global Notes on behalf of their participants through customers' securities accounts. Except under the limited circumstances described in "Book-Entry; Delivery and Form", Book-Entry Interests will not be held in definitive certificated form.

Paying Agent and Registrar

Citibank, N.A., London Branch, will initially act as paying agent (the "Paying Agent") for the Notes. Citibank, N.A., London Branch, will initially act as registrar (the "Registrar") for the Notes. The Issuer may change the Paying Agent or Registrar for the Notes, and the Issuer may act as Registrar for its Notes. For further information on payments on the Notes and transfers of the Notes, please see "Book-Entry; Delivery and Form".

Optional Redemption

Optional Make-Whole Redemption

Upon not less than 10 nor more than 60 days' written notice, the Issuer may redeem at any time, at its option, all or part of the Notes at a redemption price equal to the greater of:

(1) 100% of the principal amount of the Notes to be redeemed; and

(2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued and unpaid to the date of redemption) from the redemption date to the maturity date of the Notes, in each case discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Bund Rate plus 50 basis points,

plus, in each case, accrued and unpaid interest thereon to, but excluding, the date of redemption; *provided* that, if the Issuer redeems any Notes on or after 15 October 2023 (three months prior to the maturity date of the Notes), the redemption price for those Notes will equal 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to the redemption date.

For the avoidance of doubt, calculation of the redemption price shall not be a duty or obligation of the Trustee, the Registrar, any co-registrar, the Paying Agent or any additional paying agent.

If such optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to beneficial holders whose Notes will be subject to redemption by the Issuer.

In the case of any partial redemption, the Trustee will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified by the Issuer to the Trustee, or, if the Notes are not listed or the relevant national securities exchange does not have any applicable requirements, then on a *pro rata* basis, by lot or by such other method as the Trustee in its sole discretion will deem to be fair and appropriate, and in any case in relation to Notes in global form in accordance with the rules and procedures of each relevant clearing system, although no Note of €100,000 in original principal amount or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to that Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued and delivered in the name of the holder thereof upon cancellation of the original Note.

Notice of any redemption will be mailed not less than 10 nor more than 60 days before the redemption date to each holder of Notes. Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent. Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or the portion thereof called for redemption on the applicable redemption date.

Redemption for Changes in Withholding Taxes

The Issuer is entitled to redeem the Notes issued by it, at its option, in whole but not in part, upon not less than 10 nor more than 60 days' notice, at 100% of the principal amount of such Notes, plus accrued and unpaid interest (if any) to the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if due to a Change in Tax Law (as defined below):

(a) in the case of the Issuer or any Guarantor, as the case may be, the Issuer or Guarantor has, or would, on the next date on which any amount would be payable with respect to such Notes, become obligated to pay to the holder or beneficial owner of any Note any Additional Amounts (as defined below under "—Additional Amounts"); and

(b) in the case of any Guarantor, (A) such Guarantor would be unable, for reasons outside its control, to procure payment by the Issuer or (B) the procuring of such payment by the Issuer would be subject to withholding taxes imposed by a Relevant Taxing Jurisdiction (as defined below under "—Additional Amounts"),

provided, *however*, that the Issuer determines, in its reasonable judgment, that the obligation to pay such Additional Amounts cannot be avoided by the use of reasonable measures available to it, and *provided*, *further*, that at the time such notice is given, such obligation to pay Additional Amounts (as defined below) remains in effect.

For purposes hereof, a "Change in Tax Law" shall mean any change in or an amendment to the laws, treaties, regulations or rulings of any Relevant Taxing Jurisdiction (as defined below under "—Additional Amounts"), including any change in the application, administration or administrative or judicial interpretation of such laws, treaties, regulations or rulings; which change or amendment has not been publicly announced as formally proposed before and which becomes effective on or after the Issue Date (or, if the Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, such later date).

Notice of any such redemption shall be irrevocable. Prior to the publication or, where relevant, mailing of any notice of redemption described under the caption "—Redemption for Changes in Withholding Taxes", the Issuer shall deliver to the Trustee an Officer's Certificate stating that the Issuer is entitled to effect such redemption in accordance with the terms set forth in the Indenture and setting forth in reasonable detail a statement of the facts relating thereto (together with a written Opinion of Counsel to the effect that the Issuer or any Guarantor has become obligated to pay such Additional Amounts as a result of a Change in Tax Law).

The foregoing provisions shall apply *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a Change in Tax Law occurring after the time such successor Person becomes a party to the Indenture.

Additional Amounts

All payments made under or with respect to the Notes under the Indenture or pursuant to any Note Guarantee shall be made free and clear of and without withholding or deduction for or on account of any present or future Taxes imposed or levied by or on behalf of (i) the United Kingdom or any political subdivision or governmental authority thereof or therein having the power to tax; (ii) any jurisdiction from or through which payment on the Notes or any Note Guarantee is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or (iii) any other jurisdiction in which the Issuer or any Guarantor is incorporated or organized, engaged in business for tax purposes or resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the

power to tax (each a "Relevant Taxing Jurisdiction"), unless the Issuer or any Guarantor is required to withhold or deduct Taxes by law or by the interpretation or administration thereof by the relevant government authority or agency. If the Issuer or any Guarantor is so required to withhold or deduct any amount for or on account of Taxes imposed or levied by or on behalf of any Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes or any Note Guarantee, such Issuer or such Guarantor, as the case may be, will pay such additional amounts ("Additional Amounts") as may be necessary so that the net amount (including Additional Amounts) received by each holder after such withholding or deduction (including any withholding or deduction on such Additional Amounts) will not be less than the amount such holder would have received if such Taxes had not been withheld or deducted; *provided*, *however*, that no Additional Amounts will be payable with respect to payments made to any holder or beneficial owner for or on account of:

(a) any Taxes that would not have been imposed, assessed, levied or collected but for the existence of a present or former business or personal connection between the holder or beneficial owner of the Notes or applicable Note Guarantee and the Relevant Taxing Jurisdiction imposing such Taxes (other than the mere holding of the Notes or any Note Guarantees);

(b) any Taxes that would not have been imposed, assessed, levied or collected but for the fact that where presentation is required, the applicable Note or Note Guarantee was presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to such Additional Amounts if it had presented the Note or Note Guarantee, as applicable, on any day during such 30-day period;

(c) any Taxes that would not have been imposed, assessed, levied or collected had the holder or beneficial owner of the Notes or any Note Guarantee complied, on a timely basis, with a written request of the Issuer or any Guarantor for any applicable information or certification that would have, if provided on a timely basis, permitted the payment to be made without withholding or deduction (or with a reduced rate of withholding or deduction);

(d) any estate, inheritance, gift, sales, excise, transfer, personal property or similar Taxes;

(e) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or any Note Guarantee;

(f) any withholding or deduction required to be made from a payment pursuant to Sections 1471-1474 of the US Internal Revenue Code of 1986, as of the Issue Date (or any amended or successor version) (the "Code"), any current or future regulations or official interpretations thereof, any similar law or regulations adopted pursuant to an intergovernmental agreement between a non-US jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or

(g) any Taxes that are payable on account of any combination of (a) through (f) above.

In addition, Additional Amounts will not be paid in respect of any payment in respect of the Notes or any Note Guarantee to any holder or beneficial owner of the applicable Notes or Note Guarantee that is a fiduciary, a partnership, a limited liability company or any person other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of a Relevant Taxing Jurisdiction to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary, a member of such partnership, an interest holder in such limited liability company or a beneficial owner that would not have been entitled to such Additional Amounts had such beneficiary, settlor, member, interest holder or beneficial owner been the holder of such Notes or Note Guarantee.

For purposes of the foregoing, the "Relevant Date" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the monies payable has not been received by the Paying Agent on or prior to such due date, the Relevant Date means the first date on which, the full amount of such monies having been so received and being available for payment to holders, notice to that effect has been duly given to the holders.

Wherever in the Indenture or the Notes or any Note Guarantee there are mentioned, in any context, (1) the payment of principal, (2) purchase prices in connection with a purchase of Notes under the Indenture or the Notes, (3) interest or (4) any other amount payable on or with respect to any of the Notes or any Note Guarantee, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

At least 30 days prior to each date on which payment of principal of or premium, if any, interest or other amounts on the Notes or any Note Guarantee is to be made (unless an obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case it shall be promptly thereafter), if the Issuer or any Guarantor will be obligated to pay Additional Amounts with respect to any such payment, such Issuer will promptly furnish the Trustee and the Paying Agent, if other than the Trustee, with an Officer's Certificate stating that such Additional Amounts will be payable and the amounts estimated to be so payable, and will set forth such other information necessary to enable the Trustee or the Paying Agent to pay such Additional Amounts to the holders on the payment date.

The Issuer or the relevant Guarantor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain tax receipts from each tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee, within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity. If reasonably requested by the Trustee, the Issuer or the relevant Guarantor will provide to the Trustee such information as may be in the possession of the Issuer or the relevant Guarantor (and not otherwise in the possession of the Trustee) to enable the Trustee to determine the amount of withholding taxes attributable to any particular holder, *provided*, *however*, that in no event shall the Issuer or the relevant Guarantor be required to disclose any information that it reasonably deems to be confidential.

The Issuer and the Guarantors will pay and indemnify the holders for any present or future stamp, court or documentary Taxes, or any other excise, property or similar Taxes which arise in any Relevant Taxing Jurisdiction, from the execution, delivery and registration of the Notes, the Note Guarantees, the Indenture and any document or instrument referred to therein, upon original issuance and initial resale of the Notes, or in connection with the enforcement of the Notes, any Note Guarantee, the Indenture or any other document or instrument referred to therein.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture. References in this section ("—Additional Amounts") to the Issuer or any Guarantor shall apply to any successor(s) thereto.

Change of Control

Each holder of the Notes, upon the occurrence of a Change of Control, will have the right to require that the Issuer repurchase such holder's Notes, at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following a Change of Control, the Issuer will mail a notice to the holders of the Notes with a copy to the Trustee stating:

(1) that a Change of Control has occurred and that such holder has the right to require the Issuer to purchase such holder's Notes, at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest on the relevant interest payment date);

(2) the circumstances and relevant facts regarding such Change of Control (including information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control);

(3) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed);

(4) that each Note will be subject to repurchase only in integral multiples of €1,000 (*provided* that no Note of less than €100,000 remains outstanding thereafter); and

(5) the instructions determined by the Issuer, consistent with the covenant described hereunder, that a holder must follow in order to have its Notes purchased.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations or applicable listing requirements conflict with the provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

The Issuer will not be required to repurchase Notes pursuant to this Change of Control feature if a notice of redemption has been given pursuant to the Indenture as described above under the caption "—Optional Redemption", unless and until there is a default in payment of the applicable redemption price.

The Change of Control repurchase feature is a result of negotiations between the Issuer and the initial purchasers. We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we would decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. These restrictions can only be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding under the Indenture. Except so long as the limitations contained in such covenants are effective, the Indenture will not contain any covenants or provisions that may afford holders of the Notes protection in the event of a highly leveraged transaction.

The Issuer's ability to repurchase Notes upon a Change of Control may be limited by a number of factors. The occurrence of some of the events that constitute a Change of Control would constitute a default under certain other Indebtedness of the Issuer or its Subsidiaries which, in the event of a Change of Control, could make it difficult for the Issuer to repurchase the Notes. Our future Indebtedness may contain prohibitions on the occurrence of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of their right to require the Issuer to repurchase Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on us. Finally, the Issuer's ability to pay cash to the holders of Notes following the occurrence of a Change of Control may be limited by our then existing financial resources. We cannot assure you that sufficient funds will be available when necessary to make any required repurchases. The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase Notes as a result of a Change of Control may be waived or modified with the written consent of the holders of a majority in principal amount of the Notes issued under the Indenture.

Certain Covenants

Restricted Payments

(a) The Issuer will not, and will not permit its Subsidiaries to, directly or indirectly, make any Restricted Payment; *provided*, *however*, that the Issuer or any Subsidiary may make a Restricted Payment if on the date thereof, and after giving pro forma effect to such proposed Restricted Payment:

(1) no Default or Event of Default will have occurred and be continuing or would occur as a consequence of such Restricted Payment; and

(2) the aggregate amount of all Restricted Payments declared or made after the Issue Date (including Restricted Payments permitted by clauses (b)(1), (b)(6), (b)(9) and (b)(10) below, but excluding all other Restricted Payments described in paragraph (b) below) does not exceed the sum of (without duplication):

(i) 50% of the Consolidated Net Income of the Issuer for the period from January 1, 2011, to the end of the Issuer's most recently ended fiscal quarter for which financial statements are available at the time of such proposed Restricted Payment (or, if such Consolidated Net Income shall be a negative number, minus 100% of such negative amount); *plus*

(ii) the aggregate net cash proceeds and the Fair Market Value of property or assets or marketable securities received by the Issuer after the Issue Date as capital contributions or from the issuance or sale (other than to any Subsidiary) of shares of the Issuer's Qualified Capital Stock or warrants, options or rights to purchase shares of the Issuer's Qualified Capital Stock (except, in each case to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock as set forth in clause (b)(5) or (b)(6) below) (excluding the net cash proceeds from the issuance of the Issuer's Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Issuer or any Subsidiary until and to the extent such borrowing is repaid); *plus*

(iii) the amount by which the Issuer's Indebtedness or Indebtedness of any Subsidiary is reduced on the Issuer's consolidated balance sheet after the Issue Date upon the conversion or exchange (other than by the Issuer or its Subsidiary) of such

Indebtedness into the Issuer's Qualified Capital Stock, together with the aggregate net cash proceeds and the Fair Market Value of property or assets or marketable securities received by the Issuer at the time of such conversion or exchange (excluding the net cash proceeds from the issuance of the Issuer's Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Issuer or any Subsidiary until and to the extent such borrowing is repaid); *plus*

(iv) the amount equal to the cash proceeds and the Fair Market Value of non-cash property or other assets received by the Issuer or any Subsidiary from repurchases, redemptions or other acquisitions or retirements of any Restricted Investment or realized by the Issuer or any Subsidiary upon the sale or other disposition of such Restricted Investments, repayments of loans or other cash advances to the Issuer or its Subsidiaries having similar effect.

(b) The foregoing limitations contained in paragraph (a) do not apply to the following Restricted Payments by the Issuer or any Subsidiary so long as (with respect to subparagraphs (3) to (10) below) no Default or Event of Default has occurred or is continuing:

(1) the payment of any dividend within 60 days after the date of its declaration or publication if at such date of declaration or publication, as the case may be, such payment would have been permitted by the provisions of this section "—Restricted Payments";

(2) cash payments in lieu of issuing fractional shares pursuant to the exchange or conversion of any exchangeable or convertible securities;

(3) the repurchase, redemption or other acquisition or retirement for value of any shares of the Issuer's Capital Stock or options, warrants or other rights to acquire such Capital Stock in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip), or out of the net cash proceeds of a substantially concurrent issuance and sale (other than to a Subsidiary of the Issuer) of, shares of the Issuer's Qualified Capital Stock or options, warrants or other rights to acquire such Qualified Capital Stock;

(4) the repurchase, redemption or other acquisition or retirement for value of any Qualified Capital Stock of the Issuer held by any current or former officer, director, employee or consultant of the Issuer or any of its Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Qualified Capital Stock does not exceed £15 million in any calendar year with unused amounts in any calendar year being carried over to succeeding calendar years;

(5) the declaration or payment of any dividend to all holders of Capital Stock of a Subsidiary of the Issuer on a *pro rata* basis or on a basis that results in the receipt by the Issuer or any of its Subsidiaries of dividends or distributions of greater value than the Issuer or such Subsidiary would receive on a *pro rata* basis;

(6) following a public equity offering that results in a listing of the Capital Stock of the Issuer (or any Parent Holdco) on a securities exchange, the payment of dividends up to 6% per annum of the net cash proceeds received by the Issuer or a Subsidiary in connection with or as a substantially concurrent contribution from any such public equity offering or any subsequent public equity offering of such Capital Stock;

(7) the repurchase of Capital Stock deemed to occur upon the exercise of stock options with respect to which payment of the cash exercise price has been forgiven if the cumulative aggregate value of such deemed repurchases does not exceed the cumulative aggregate amount of the exercise price of such options received;

(8) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Issuer or any Subsidiary of the Issuer issued on or after the Issue Date;

(9) other Restricted Payments at any time outstanding in an aggregate amount not to exceed £400.0 million since the Issue Date; and

(10) any Restricted Payment; *provided* that, after giving pro forma effect to any such Restricted Payment (and any related transactions), the Consolidated Leverage Ratio of the Issuer does not exceed 2.00 to 1.0.

(c) Upon the Notes achieving Investment Grade Status and upon notice by the Issuer to the Trustee by the delivery of an Officer's Certificate that the Notes have achieved Investment Grade Status, this covenant will permanently cease to be applicable to the Issuer and its Subsidiaries and will not be reinstated if the Notes cease to maintain Investment Grade Status.

Limitation on Liens

The Indenture provides that the Issuer may not, and may not permit any of its Subsidiaries to, directly or indirectly, create, Incur or suffer to exist any Lien (other than Permitted Liens) upon any of its or its Subsidiaries' Principal Manufacturing Property or upon the Capital Stock of any Manufacturing Subsidiary, whether such Principal Manufacturing Property or such Capital Stock is owned on the date of the Indenture or acquired after that date, securing any Indebtedness, unless contemporaneously with (or prior to) the Incurrence of such Lien, effective provision is made to secure the Indebtedness due under the Indenture and the Notes, equally and ratably with (or prior to in the case of Liens with respect to Subordinated Obligations) the Indebtedness secured by such Lien for so long as such Indebtedness is so secured. Any such Lien created in favor of the Notes will be automatically and unconditionally released and discharged upon the release and discharge of the initial Lien to which it relates.

Consolidation, Merger and Sales of Assets

(a) The Indenture provides that the Issuer and the Guarantors may not consolidate or merge with or into (whether or not the Issuer or such Guarantor is the Surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties and assets in one or more related transactions, to another Person unless:

(1) the Surviving Person is an entity organized and existing under the laws of Germany, the United Kingdom, or any other member state of the European Union, Luxembourg, Switzerland, the United States of America, or any State thereof or the District of Columbia, or the jurisdiction of formation of such Issuer or any Guarantor; or, if the Surviving Person is an entity organized and existing under the laws of any other jurisdiction, such Issuer delivers to the Trustee an Opinion of Counsel to the effect that the rights of the holders of the Notes, would not be affected adversely as a result of the law of the jurisdiction of organization of the Surviving Person, insofar as such law affects the ability of the Surviving Person to pay and perform its obligations and undertakings in connection with its Note Guarantee or the ability of the Surviving Person to obligate itself to pay and perform such obligations and undertakings or the ability of the holders to enforce such obligations and undertakings;

(2) the Surviving Person (if other than such Issuer or a Guarantor) shall expressly assume, (A) in a transaction or series of transactions involving such Issuer, by a supplemental indenture in a form satisfactory to the Trustee, all of the obligations of such Issuer under the relevant Indenture (including the obligation to pay Additional Amounts), or (B) in a transaction or series of transactions not involving the Issuer, by a Guarantee Agreement, in a form satisfactory to the Trustee, all of the obligations of such Guarantor under its Note Guarantee (including the obligation to pay Additional Amounts);

(3) at the time of and immediately after such transaction, no Default or Event of Default shall have occurred and be continuing; and

(4) the Issuer or such Guarantor delivers to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, transfer, assignment, sale, lease or other disposition and such supplemental indenture and Guarantee Agreement, if any, comply with the Indenture.

(b) The foregoing limitations contained in paragraph (a) do not apply to any consolidation or merger among Guarantors or among the Issuer and a Guarantor or if a Subsidiary that is not a Guarantor merges or consolidates with the Issuer or a Guarantor (the Issuer or the Guarantor, as applicable, being the surviving or succeeding entity) or sells, assigns, transfers, leases or otherwise disposes of all or substantially all of its properties and assets into the Issuer or a Guarantor.

Reports

For so long as any Notes are outstanding, the Issuer will provide the Trustee with:

(1) its annual financial statements and related notes thereto for the most recent two fiscal years prepared in accordance with Accounting Principles (or any other internationally generally acceptable accounting standards in the event the Issuer is required by applicable law to prepare its financial statements in accordance with such other standards or is permitted and elects to do so), together with an audit report thereon, together with a discussion of the material business developments, results of operations and financial condition, including a description of Indebtedness, for such fiscal years prepared in a manner substantially consistent with the corresponding disclosures in this Offering Memorandum within 120 days of the end of each fiscal year;

(2) quarterly financial information as of and for the period from the beginning of each year to the close of each quarterly period (other than the fourth quarter), together with comparable information for the corresponding period of the preceding year, and a summary "Operating and Financial Review and Prospects" section prepared in a manner substantially consistent with this Offering Memorandum, providing a brief discussion of the results of operations for the period within 60 days following the end of the fiscal quarter; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring of the Issuer and the Subsidiaries, taken as a whole, or any changes of the Chief Executive Officer or Chief Financial Officer at the Issuer or change in auditors of the Issuer or any other material event that the Issuer announces publicly, a report containing a description of such event.

Contemporaneously with the furnishing of each such report discussed above, the Issuer will also (a) file a press release with the appropriate internationally recognised wire services in connection with such report and (b) post such report on the Issuer's website.

In addition, so long as the Notes remain outstanding and during any period when the Issuer is not subject to Section 13 or 15(d) of the Exchange Act other than by virtue of the exemption therefrom pursuant to Rule 12g3-2(b), the Issuer will furnish to any holder or beneficial owner of Notes initially offered and sold in the United States to "qualified institutional buyers" as defined in Rule 144A under the US Securities Act of 1933 pursuant to such rule and any prospective purchaser in the United States designated by such holder or beneficial owner, upon request, any information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act of 1933.

So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will submit to the Luxembourg Stock Exchange notices, where appropriate, of general meetings to be held to deliberate on a planned amendment to the articles of association affecting the rights of the holders of the Notes and will publish promptly on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such publication is not practicable in a leading newspaper, in a leading English daily newspaper having general circulation in Europe all redemption and repayment notices together with a list of the numbers of the Notes drawn for redemption, and a full list of the Notes drawn but not presented for repayment, as well as the nominal amount of the Notes still outstanding.

Events of Default

The Indenture provides that any one or more of the following described events, which has occurred and is continuing, constitutes an "Event of Default" with respect to the Notes issued under such Indenture:

(1) failure for 30 days to pay interest on the Notes, including any Additional Amounts in respect thereof, when due; or

(2) failure to pay principal of or premium, if any, on the Notes when due, whether at maturity, upon redemption, by declaration or otherwise; or

(3) failure to observe or perform any other covenant contained in the Indenture for 60 days after notice is provided; or

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Subsidiaries), whether

such Indebtedness or Guarantee now exists or is Incurred after the Issue Date, if (A) such default results in the acceleration of such Indebtedness prior to its express maturity or will constitute a default in the payment of such Indebtedness and (B) the principal amount of any such Indebtedness that has been accelerated or not paid at maturity, when added to the aggregate principal amount of all other such Indebtedness, at such time, that has been accelerated or not paid at maturity, exceeds £150.0 million; or

(5) any final judgment or judgments (not covered by insurance) which can no longer be appealed for the payment of money in excess of £150.0 million shall be rendered against the Issuer thereunder or the Issuer or any of its Subsidiaries and shall not be discharged for any period of 60 consecutive days during which a stay of enforcement shall not be in effect; or

(6) any Note Guarantee shall cease to be in full force and effect in accordance with its terms for any reason except pursuant to the terms of the Indenture governing the release of Note Guarantees or the satisfaction in full of all the obligations thereunder or shall be declared invalid or unenforceable other than as contemplated by its terms, or any Guarantor shall repudiate, deny or disaffirm any of its obligations thereunder; or

(7) certain events in bankruptcy, insolvency or reorganization of the Issuer, the Guarantors or any of the Issuer's Significant Subsidiaries.

A default under paragraph (3) of this section will not constitute an Event of Default under the Indenture unless the Trustee or holders of 25% in principal amount of the outstanding Notes under the Indenture notify the Issuer of such default and such default is not cured within 60 days of such notice.

The Trustee or the holders of not less than 25% in aggregate outstanding principal amount of the Notes under the Indenture may declare the principal of and interest (including any Additional Amounts) on such Notes due and payable immediately on the occurrence of an Event of Default (other than an Event of Default described in clause (7) above). If an Event of Default described in clause (7) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders of Notes. The holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee and the Issuer may on behalf of all of the holders rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except non-payment of principal, interest or premium that has become due solely because of the acceleration) have been cured or waived. For information as to waiver of defaults, please see "—Amendments and Waivers".

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default shall occur and be continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any holders of Notes issued thereunder unless such holders shall have provided to the Trustee indemnity and/or security satisfactory to it. Subject to the provisions for the indemnification of the Trustee, the holders of a majority in aggregate principal amount of the Notes issued thereunder then outstanding will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee.

No holder of any Note will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless written notice of a continuing Event of Default shall have previously been given in accordance with the terms of the Indenture and reasonable indemnity shall have been offered to the Trustee to institute such proceeding as Trustee, the Trustee shall have failed to institute such proceeding within 60 days and the Trustee shall not have received from the holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture a direction inconsistent with such request within such 60-day period. However, such limitations do not apply to a suit instituted by a holder of a Note for enforcement of payment of the principal of and premium, if any, or interest on such Note on or after the respective due dates expressed in such Note.

The holders of a majority in aggregate outstanding principal amount of the Notes may, on behalf of all of the holders of the Notes, waive any existing default, except a default in the payment of principal, premium, if any, or interest or a default in respect of a covenant or provision that cannot be modified or amended without consent of the holders of 90% of the principal amount of the Notes outstanding. The Issuer is required to file annually with the Trustee a certificate as to whether or not the Issuer is in compliance with all the conditions and covenants under the applicable Indenture.

Amendments and Waivers

Subject to certain exceptions, the Indenture may be amended with the consent of the holders of a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any existing default or compliance with any provisions may be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes). However, without the consent of holders of at least 90% of the aggregate principal amount of the Notes then outstanding, no amendment or waiver may, among other things:

(1) reduce the percentage of principal amount of Notes whose holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any Note may be redeemed as described above under "—Optional Redemption";

(5) make any Note payable in money other than that stated in the Note;

(6) impair the right of any holder to institute suit for the enforcement of any payment on or with respect to such holder's Notes;

(7) change the obligation of the Issuer or any Guarantor to pay Additional Amounts;

(8) release any Guarantor from their Note Guarantee; or

(9) make any change in the preceding amendment and waiver provisions.

Without the consent of any holder, the Issuer and the Trustee may amend the Indenture to:

(1) cure any ambiguity, omission, defect or inconsistency;

(2) conform the text of the Indenture, the Note Guarantees or the Notes to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Note Guarantees, or the Notes;

(3) add Note Guarantees with respect to the Notes;

(4) secure the Notes;

(5) add to the covenants of such Issuer and the Guarantors for the benefit of the holders or surrender any right or power conferred upon the Issuer;

(6) evidence and provide the acceptance and appointment of a successor trustee;

(7) comply with the rules of any applicable securities depositary;

(8) issue Additional Notes in accordance with such Indenture; or

(9) make any change that does not adversely affect the rights of any holder in any material respect.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment or waiver to or under the Indenture. It is sufficient if such consent approves the substance of the proposed amendment or waiver. After an amendment, supplement or waiver under the Indenture becomes effective, the Issuer is required to mail to the holders a notice briefly describing such amendment, supplement or waiver. However, the failure to give such notice to all the holders, or any defect in the notice, will not impair or affect the validity of the amendment, supplement or waiver.

Defeasance

The Issuer may, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, at any time terminate all its obligations under the Notes issued by it and the Indenture ("legal defeasance"), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the Notes.

The Issuer may, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, at any time terminate its obligations under covenants described under "—Certain Covenants" (other than "—Certain Covenants—Consolidation, Merger and Sales of Assets"), the operation of the cross-default upon a payment default, cross-acceleration provisions, the bankruptcy provisions with respect to Subsidiaries and the judgment default provision described under "—Events of Default" above ("covenant defeasance").

The Issuer may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Issuer's Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option, payment of such Issuer's Notes may not be accelerated because of an Event of Default specified in paragraphs (3) (as it relates to such covenants terminated by covenant defeasance), (4), (5) or (7) (as it relates to Subsidiaries) under "—Events of Default" above or because of the failure of the Issuer to comply with paragraph (4) under "—Certain Covenants—Consolidation, Merger and Sales of Assets" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee (or another entity designated by the Trustee for such purposes) for the benefit of the holders euro or euro-denominated Designated Government Obligations for the payment of principal, premium, if any, and interest on the Notes of such Issuer to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(a) an Opinion of Counsel (subject to customary exceptions and exclusions) to the effect that US and non-US holders of such Notes will not recognize income, gain or loss for US federal income tax purposes as a result of such deposit and defeasance and will be subject to US federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the Internal Revenue Service or other change in applicable US federal income tax law;

(b) an Officer's Certificate and an Opinion of Counsel each stating that all conditions precedent relating to Legal Defeasance or Covenant Defeasance, as applicable, have been complied with; and

(c) all other documents or other information that the Trustee may reasonably require in connection with the Legal Defeasance or the Covenant Defeasance, as applicable.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all the Notes issued thereunder, when:

(1) either:

(a) all the Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or

(b) all the Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee (or another entity designated by the Trustee for such purposes) as trust funds in trust solely for the benefit of the holders, cash in euro or euro-denominated Designated Government Obligations, or a combination, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(3) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been complied with; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

No Personal Liability of Directors, Officers, Employees and Stockholders

No member of the Board of Directors, director, officer, employee, incorporator or stockholder of the Issuer or the Guarantors, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Note waives and releases all such liability and agrees not to enforce any claim in respect of the Notes, the Indenture or the Note Guarantees to the extent that it would give rise to such personal liability. The waiver and release are part of the consideration for issuance of the Notes and the Note Guarantees. Such waiver and release may not be effective to waive liabilities under the US federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Consent to Jurisdiction and Service of Process

The Indenture provides that the Issuer and each Guarantor irrevocably agree to accept notice and service of process in any suit, action or proceeding with respect to the Indentures and the Notes, as the case may be, brought in any US federal or state court located in the Borough of Manhattan in the City of New York and that the Issuer and each Guarantor submits to the jurisdiction thereof.

Concerning the Trustee

Citibank, N.A., London Branch, is the Trustee under the Indenture and has been appointed by the Issuer as Registrar with regard to the Notes. Citibank, N.A., is a company incorporated with limited liability in the United States of America under the laws of the City and State of New York on 14 June 1812 and reorganised as a national banking association formed under the laws of the United States of America on 17 July 1865 with Charter number 1461 and having its principal business office at 399 Park Avenue, New York, NY 10043, USA and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with company number FC001835 and branch number BR001018. The Trustee authenticates each Global Note and, as Registrar, is responsible for the transfer and registration of Notes exchanged in accordance with the Indenture. Upon the occurrence of an Event of Default as defined under the Indenture, the Trustee must notify the holders of the Notes issued thereunder of such default and thereafter the Trustee may pursue various actions and remedies on behalf of the holders of such Notes as set out in the Indenture and approved by the holders of the Notes. In its capacity as Trustee, the Trustee may sue on its own behalf the holders of the Notes. The Trustee will not be liable for any action it takes or omits to take in good faith which it believes, acting in good faith, to be authorised under the Indenture. The Trustee is further entitled to require and rely in good faith on an Officer's Certificate, Issuer Order (as applicable) or Opinion of Counsel before taking action. The Trustee is indemnified by the Issuer under the Indenture for any and all loss, damage, claim proceedings, demands, costs, expenses or liability including taxes incurred by the Trustee without negligence or willful misconduct on its part in connection with the acceptance of administration of the trust under the Indenture. The Trustee may resign at any time by notifying the Issuer in writing. The Trustee may be removed by the holders of a majority in principal amount of the Notes as the case may be, by notifying the Issuer and the Trustee in writing, and such majority holders may appoint a successor trustee with the Issuer's consent. In addition, the Issuer may remove the Trustee upon certain bankruptcy and similar events relating to the Trustee or if the Trustee becomes incapable of acting with respect to its duties under the Indenture.

Validity of Claims

The time of validity for a payment of interest, principal, the redemption price or another amount payable under the Indenture is six years from the date on which such payment is due.

Governing Law

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York. The Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New

York, except that certain matters concerning the limitations thereof will be construed in accordance with the laws of the United Kingdom.

Certain Definitions

As used in the Indenture (except as specifically noted below):

"Accounting Principles" means IFRS as adopted in the EU or, upon adoption thereof by the Issuer and notice to the Trustee, any other accounting standards which are generally acceptable in the jurisdiction of organization of the Issuer, approved by the relevant regulatory or other accounting bodies in that jurisdiction and internationally generally acceptable and as in effect from time to time.

"Affiliate" of any specified Person means:

(1) any other Person, directly or indirectly, controlling or controlled by; or

(2) under direct or indirect common control with such specified Person.

For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Board of Directors" means, with respect to the Issuer or any Guarantor, as the case may be, the Board of Directors (or other body performing functions similar to any of those performed by a Board of Directors) or any committee thereof duly authorised to act on behalf of such Board of Directors (or other body).

"Bund Rate" means, as selected by the Issuer, with respect to any redemption date, the rate per annum equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where:

(a) "Comparable German Bund Issue" means the German *Bundesanleihe* security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to 15 January 2024 and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to 15 January 2024; *provided,* that if the period from such redemption date to 15 January 2024, is less than one year, a fixed maturity of one year shall be used;

(b) "Comparable German Bund Price" means, with respect to any redemption date, the average of the Reference German Bund Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(c) "Reference German Bund Dealer" means any dealer of German *Bundesanleihe* securities appointed by the Issuer; and

(d) "Reference German Bund Dealer Quotations" means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany time on the third Business Day preceding such redemption date.

"Business Day" means any day other than:

(1) a Saturday or Sunday;

(2) a day on which banking institutions in London, New York City or the jurisdiction of organization of the office of the Paying Agent (other than the Trustee) are authorised or required by law or executive order to remain closed; or

(3) except for purposes of payment made on or in respect of the Notes by a Paying Agent other than the Trustee, a day on which the corporate trust office of the Trustee is closed for business.

"Capital Lease Obligations" means an obligation that is required to be classified and accounted for as a capital lease for financial reporting purposes in accordance with Accounting Principles, as in effect as of the Issue Date, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with such Accounting Principles; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"Captive Finance Company" means a Subsidiary of the Issuer which is incorporated for the primary purpose of, and primarily engages in, providing wholesale and/or retail finance (including, for the avoidance of doubt, retail leasing) for the Issuer or any of its Subsidiaries, the dealers, distributors or customers of the Issuer or any of its Subsidiaries and other activities or services reasonably relating thereto or in connection therewith.

"Change of Control" means the occurrence of one or more of the following events:

(1) so long as any portion of the Capital Stock of the Issuer is not listed on a securities exchange, if Tata Motors Limited (India) shall fail at any time to beneficially own and control more than 50% of the capital stock with ordinary voting power in the Issuer;

(2) if any portion of the Capital Stock of the Issuer is listed on a securities exchange, if Tata Motors Limited (India) shall fail at any time to beneficially own and control more than 30% of the capital stock with ordinary voting power in the Issuer;

(3) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Issuer to any Person or group of related Persons for purposes of Section 13(d) of the Exchange Act, together with any Affiliates thereof (whether or not otherwise in compliance with the provisions of the Indenture).

"Commodities Agreement" means any agreement or arrangement designed to protect the relevant Person against fluctuations in commodities prices.

"Consolidated EBITDA" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus* the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) provision for taxes based on income or profits of such Person and its Subsidiaries that are Subsidiaries for such period; *plus*

(2) the Consolidated Net Interest Expense of such Person and its Subsidiaries that are Subsidiaries for such period; *plus*

(3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including, without limitation, write-downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on such Person and its Subsidiaries, for such period) of such Person and its Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*

(4) any expenses, charges or other costs related to the issuance of any Capital Stock, acquisition, disposition, recapitalization or listing or the Incurrence of Indebtedness whether or not successful and, in each case, deducted in such period in computing Consolidated Net Income; *plus*

(5) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*

(6) any income or charge attributable to a post-employment benefit scheme other than the current service costs and any past service costs and curtailments and settlements attributable to the scheme; *minus*

(7) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (10) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with Accounting Principles, *provided* that to the extent any items set forth in clauses (1) through (7) above relate to any Captive Finance Company, they will not be deemed included for purposes of such clauses.

"Consolidated Leverage" means, with respect to any specified Person as of any date of determination, the sum of the total amount of Indebtedness of such Person and its Subsidiaries on a consolidated basis, and minus any Indebtedness of a Captive Finance Company that is not Guaranteed by the Issuer or a Subsidiary of the Issuer which is not a Captive Finance Company.

"Consolidated Leverage Ratio" means, with respect to any specified Person as of any date of determination, the ratio of (a) the Consolidated Leverage of such Person on such date to (b) the Consolidated EBITDA of such Person for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of determination. In the event that the specified Person or any of its Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Consolidated Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (for the purposes of this definition, the "Calculation Date"), then the Consolidated Leverage Ratio will be calculated giving pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Consolidated EBITDA for such period:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries acquired by the specified Person or any of its Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with Accounting Principles, and assets, operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) any Person that is a Subsidiary on the Calculation Date will be deemed to have been a Subsidiary at all times during such four-quarter period; and

(4) any Person that is not a Subsidiary on the Calculation Date will be deemed not to have been a Subsidiary at any time during such four-quarter period.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with Accounting Principles and without any reduction in respect of preferred stock dividends; *provided* that:

(1) the net income or loss of any Person that is not a Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Subsidiary of such Person;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (a)(2)(i) under the caption "—Certain Covenants—Restricted Payments", any net income or loss of any Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to

restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Subsidiary, directly or indirectly, to the Issuer (or any Guarantor that holds the Equity Interests of such Subsidiary, as applicable) by operation of the terms of such Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture and (c) contractual restrictions in effect on the Issue Date with respect to such Subsidiary and other restrictions with respect to such Subsidiary that, taken as a whole, are not materially less favorable to the Holders of the Notes than such restrictions in effect on the Issue Date, except that the Issuer's equity in the net income of any such Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or cash equivalents actually distributed or that could have been distributed by such Subsidiary during such period to the Issuer or another Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Subsidiary (other than any Guarantor), to the limitation contained in this clause);

(3) any net gain or loss realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any of its Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Issuer) will be excluded;

(4) any one time non-cash charges or any amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganization or restructuring involving the Issuer or its Subsidiaries will be excluded;

(5) the cumulative effect of a change in Accounting Principles will be excluded;

(6) any extraordinary, exceptional or nonrecurring gains or losses or any charges in respect of any restructuring, redundancy or severance (in each case as determined in good faith by the Issuer) will be excluded;

(7) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(8) any non-cash compensation charge or expenses arising from any grant of stock, stock options or other equity-based awards will be excluded;

(9) any goodwill or other intangible asset impairment charges will be excluded;

(10) all deferred financing costs written off and premium paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded;

(11) all foreign exchange gains and losses on Indebtedness denominated in currencies other than pounds sterling will be excluded; and

(12) all income of any Captive Finance Company shall be excluded except to the extent such income is distributed to the Issuer or any Subsidiary of the Issuer that is not a Captive Finance Company.

"Consolidated Net Interest Expense" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs, commissions, fees and expenses), non- cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark-to-market valuation of Hedging Obligations or other derivative instruments gains or losses attributable to the discounting of liabilities or provisions as required under Accounting Principles and the unwinding of the discount and expected return on assets relating to pension schemes, plans and similar pension arrangements), the interest component of deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges Incurred in respect of letter of credit or bankers' acceptance financings; *plus*

(2) the consolidated interest expense of such Person and its Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries; *plus*

(4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortization of fees) with respect to Indebtedness; *plus*

(5) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Subsidiary, other than dividends on Equity Interests payable to the Issuer or a Subsidiary, *minus*

(6) all interest expense (net of interest income) and related charges of a Captive Finance Company.

"Consolidated Tangible Assets" means, as of any date of determination, the total amount of all assets of the Issuer and its Subsidiaries, less the sum of the Issuer's consolidated assets that are properly classified as intangible assets, in each case determined on a consolidated basis in accordance with Accounting Principles and as of the end of the most recent fiscal quarter for which the Issuer's financial statements are available.

"Currency Agreement" means any foreign currency exchange contract, currency swap agreement or other similar agreement or arrangement.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default (as defined herein).

"Designated Government Obligations" means direct non-callable and non-redeemable obligations (in each case, with respect to the issuer thereof) of any member state of the European Union that is a member of the European Union as of the Issue Date or of the United States of America (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is secured by the full faith and credit of the applicable member state or of the United States of America, as the case may be.

"Disqualified Stock" means, with respect to any Person, any Capital Stock that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock; or

(3) is redeemable at the option of the holder thereof, in whole or in part,

in each case on or prior to the first anniversary of the Stated Maturity of the Notes; *provided*, *however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring on or prior to the first anniversary of the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the provisions described under "—Change of Control".

"Equity Interest" means Capital Stock and all warrants, options or other rights to acquire Capital Stock.

"Exchange Act" means the US Securities Exchange Act of 1934, as amended.

"Fair Market Value" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Chief Executive Officer, Chief Financial Officer or responsible accounting or financial officer of the Issuer.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such Person (whether arising by virtue of partnership arrangements, or by agreements to keep- well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, *however*, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning. The term "guarantor" shall mean any Person Guaranteeing any obligation.

"Guarantee Agreement" means, in the context of a consolidation, merger or sale of all or substantially all of the assets of a Guarantor, an agreement by which the Surviving Person from such a transaction expressly assumes all of the obligations of such Guarantor under its Note Guarantee.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Commodities Agreement or Currency Agreement.

"IFRS" means international financial reporting standards and interpretations issued by the International Accounting Standards Board and adopted by the European Union, as in effect from time to time.

"Incur" means issue, assume, guarantee, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary. The term "Incurrence" when used as a noun shall have a correlative meaning. The accretion of principal of a non-interest bearing or other discount security shall be deemed the Incurrence of Indebtedness. In connection with credit facilities, overdraft facilities, debt facilities and similar instruments or arrangements with banks, other institutions, funds or investors that provide for commitments or similar obligations to make loans or other advances, "Incur" means entering into the contractual commitment or agreement or similar obligation to make such loan or advance.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of (A) indebtedness of such Person for money borrowed and (B) obligations of such Person evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable;

(2) all Capital Lease Obligations of such Person;

(3) all obligations of such Person issued or assumed as the deferred purchase price of property or services, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business);

(4) all obligations of such Person for the reimbursement of any obligor on any letter of credit, bank guarantee, banker's acceptance or similar credit transaction (except to the extent such reimbursement obligation relates to trade debt in the ordinary course of business and such reimbursement obligation is paid within 90 days after payment of the trade debt);

(5) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any subsidiary of such Person, any Preferred Stock (but excluding, in each case, any accrued dividends);

(6) all obligations of the type referred to in paragraphs (1) through (5) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee; and

(7) all obligations of the type referred to in paragraphs (1) through (6) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such property or assets and the amount of the obligation so secured.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date. Notwithstanding anything to the contrary included herein, the term "Indebtedness" shall only include obligations that are accounted for as debt on the consolidated balance

sheet of the Issuer, prepared in accordance with Accounting Principles. Furthermore, for the avoidance of doubt, the following will not be treated as Indebtedness:

(1) Trade debt Incurred in the ordinary course of business;

(2) Any lease of property which would be considered an operating lease under the Accounting Principles as in effect on the Issue Date and any guarantee given by the Issuer or a Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Issuer or a Subsidiary under any operating lease;

(3) Indebtedness Incurred in respect of (i) workers' compensation claims, self-insurance obligations, social security or wage Taxes, pension fund obligations or contributions or similar claims, obligations or contributions, (ii) letters of credit, bank guarantees, banker's acceptances and similar credit transactions (except in relation to reimbursement obligations that would constitute Indebtedness under sub-paragraph (4) of the immediately preceding paragraph) and (iii) performance, surety and similar bonds and completion guarantees provided in the ordinary course of business for any reason whatsoever;

(4) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the disposition or acquisition of any business, assets or Capital Stock of a Subsidiary, *provided* that the maximum aggregate liability in respect of all such Indebtedness (other than in respect of tax and environmental indemnities) shall at no time exceed, in the case of a disposition, the gross proceeds actually received by the Issuer or its Subsidiaries in connection with such disposition and, in the case of an acquisition, the Fair Market Value of any business assets or Capital Stock acquired;

(5) Indebtedness Incurred in connection with repurchase obligations with respect to government securities in the ordinary course of business; and

(6) Obligations arising from the leasing of vehicles, parts and other assets in the ordinary course of business (including risk-sharing arrangements of any type whatsoever in relation to residual values of vehicles).

"Interest Rate Agreement" means any interest rate swap agreement, interest rate cap agreement or other similar financial agreement or arrangement.

"Investment Grade" means a rating of BBB− or higher by S&P and Baa3 or higher by Moody's or the equivalent of such ratings by S&P or Moody's and the equivalent rating category of any Rating Agencies substituted for S&P or Moody's.

"Investment Grade Status" means such time when the Notes have achieved an Investment Grade rating and no Event of Default has occurred and is continuing.

"Issue Date" means 17 January 2017.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"Manufacturing Subsidiary" means any Subsidiary (other than a Captive Finance Company) (A) substantially all the property of which is located within the United Kingdom and (B) which owns a Principal Manufacturing Property.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Note Guarantee" means the Guarantee by a Guarantor of the Issuer's obligations under the Notes.

"Officer's Certificate" means a certificate signed by one Responsible Officer of the Issuer or, if applicable, a Guarantor.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer, a Guarantor or the Trustee.

"Parent Holdco" means any Person (other than a natural person) which legally and beneficially owns more than 50% of the Voting Stock and/or Capital Stock of another Person, either directly or through one or more Subsidiaries.

"Permitted Liens" means, with respect to any Person:

(1) pledges or deposits by such Person under workmen's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits or cash or Designated Government Obligations to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import or customs duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(2) Liens imposed by law, including carriers', warehousemen's and mechanics' Liens, in each case for sums not yet due or being contested in good faith if a reserve or other appropriate provisions, if any, as are required by Accounting Principles have been made in respect thereof;

(3) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith provided appropriate reserves, if any, as are required by Accounting Principles have been made in respect thereof;

(4) Liens in favor of issuers of surety or performance bonds or letters of credit or bankers' acceptances issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(5) encumbrances, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or liens incidental to the conduct of the business of such Person or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(6) Liens securing Hedging Obligations;

(7) leases, subleases and licenses of real property which do not materially interfere with the ordinary conduct of the business of the Issuer or any Subsidiary and leases, subleases and licenses of other assets in the ordinary course of business;

(8) Liens for the purpose of securing the payment (or the refinancing of the payment) of all or a part of the purchase or construction price of, or Capital Lease Obligations with respect to, assets or property acquired, constructed or improved in the ordinary course of business; *provided* that:

   (a) the aggregate principal amount secured by such Liens does not exceed the cost of the assets or property so acquired, constructed or improved; and

   (b) such Liens are created within 180 days of construction or acquisition of such assets or property (or, upon a refinancing, replace Liens created within such period) and do not encumber any other assets or property of the Issuer or any Subsidiary other than such assets or property and assets affixed or appurtenant thereto;

(9) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary institution; *provided* that such deposit account is not intended by the Issuer or any Subsidiary to provide collateral to the depositary institution;

(10) Liens arising from United States Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer or any Subsidiary in the ordinary course of business;

(11) Liens existing on the Issue Date;

(12) Liens on property or shares of stock of a Person at the time such Person becomes a Subsidiary, *provided*, *however*, that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such other Person becoming a Subsidiary of the Issuer or the Guarantors;

(13) Liens on property at the time the Issuer or any Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Issuer or any Subsidiary, *provided*,

however, that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such acquisition;

(14) Liens securing Indebtedness or other obligations of the Issuer to a Subsidiary or of a Subsidiary owing to another Subsidiary;

(15) Liens securing the Notes and all other Indebtedness which by its terms must be secured if the Notes are secured;

(16) Liens securing Indebtedness Incurred to refinance Indebtedness that was previously secured;

(17) Liens arising by operation of law or by agreement to the same effect in the ordinary course of business;

(18) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(19) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(20) Liens on cash held by Subsidiaries of the Issuer or its Subsidiaries outside of the United Kingdom securing Indebtedness of the Issuer or its Subsidiaries;

(21) other Liens securing Indebtedness of the Issuer and its Subsidiaries (and, without duplication, guarantees of such Indebtedness by the Issuer or any Subsidiary), *provided* that the aggregate principal amount of such Indebtedness of the Issuer and its Subsidiaries (other than Indebtedness secured by Liens described elsewhere in this definition of Permitted Liens), measured as of the date of the creation of such Lien and the date of Incurrence of any such Indebtedness and after giving pro forma effect to the creation of such Lien, shall not exceed the greater of £1,700.0 million or 15.0% of the Issuer's Consolidated Tangible Assets;

(22) Liens in favor of the United Kingdom or any department, agency or instrumentality or political subdivision thereof, or in favour of any other country, or any political subdivision thereof, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Indebtedness Incurred or guaranteed and for the purpose of financing all or any part of the purchase price or the cost of construction or improvement of the property subject to the Liens (including, without limitation, Liens Incurred in connection with pollution control, industrial revenue or similar financing); and

(23) any extension, renewal, refinancing or replacement (including successive extensions, renewals, refinancings or replacements), in whole or in part, of any Lien described in the foregoing clauses (1) through (22); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, reasonable extensions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced, extended, renewed or replaced.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency, instrumentality or political subdivision thereof, or any other entity.

"Preferred Stock" as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other class of such corporation.

"Principal Manufacturing Property" means any manufacturing plant or manufacturing facility (including land, buildings and plant & machinery) located within the United Kingdom owned by the Issuer or any of its Subsidiaries (other than a Captive Finance Company), excluding any such plants or facilities with an aggregate net book value not to exceed 1.0% of Consolidated Tangible Assets of the Issuer, determined as of the date of such exclusion.

"Qualified Capital Stock" means any Capital Stock which is not Disqualified Stock.

"Rating Agencies" means:

(1) S&P; and

(2) Moody's; or

(3) if S&P or Moody's or both shall not make a rating of the Notes publicly available, despite the Issuer using its commercially reasonable efforts to obtain such a rating, a nationally recognized securities rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for S&P or Moody's or both, as the case may be.

"Refinance" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. "Refinanced" shall have a correlative meaning.

"Responsible Officer" means the chief executive officer, president, chief financial officer, senior vice president-finance, treasurer, assistant treasurer, managing director, management board member or director of a company.

"Restricted Investment" means the making of loans in cash or other cash distributions having similar economic effect by the Issuer or any Subsidiary of the Issuer to Tata Motors Limited (India) or any of its Affiliates (other than the Issuer, the Subsidiaries of the Issuer or any joint venture of the Issuer or of any such Subsidiary) to the extent that such loans or other cash distributions exceed the total amount of loans in cash or other cash distributions having similar economic effect made to the Issuer or a Subsidiary of the Issuer by Tata Motors Limited (India) or any of its Affiliates (other than the Issuer, the Subsidiaries of the Issuer or any joint venture of the Issuer or of any such Subsidiary); *provided*, *however*, that the transaction described in the preceding sentence will not be a Restricted Investment if the Person receiving the loan or such other distribution by the Issuer or a Subsidiary of the Issuer becomes a Subsidiary of the Issuer or such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Subsidiary of the Issuer.

"Restricted Payments" means any of the following:

(1) to declare or pay any dividend on or make any distribution (whether made in cash, securities or other property) with respect to any of the Capital Stock of the Issuer or any Subsidiary (including, without limitation, any payment in connection with any merger, consolidation, amalgamation or other combination involving the Issuer or any Subsidiary) (other than to the Issuer, or any Subsidiary of the Issuer) except for dividends or distributions payable solely in shares of the Issuer or Qualified Capital Stock of the Issuer or in options, warrants or other rights to acquire such shares or Qualified Capital Stock;

(2) to purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger, consolidation, amalgamation or other combination), directly or indirectly, any shares of the Issuer's Capital Stock or any Capital Stock of any Affiliate of the Issuer held by Persons other than the Issuer or its Subsidiaries (other than Capital Stock of any Subsidiary of the Issuer or any entity that becomes a Subsidiary of the Issuer as a result thereof) or any options, warrants or other rights to acquire such shares of Capital Stock; or

(3) any Restricted Investment.

If any Restricted Payment described above is not made in cash, the amount of the proposed Restricted Payment will be the Fair Market Value of the asset to be transferred as at the date of transfer.

"S&P" means Standard & Poor's Financial Services LLC and its successors.

"SEC" means the US Securities and Exchange Commission.

"Secured Indebtedness" means any Indebtedness secured by a Lien.

"Significant Subsidiary" means, with respect to any Person, any Subsidiary of such Person that satisfies the criteria for a "significant subsidiary" set forth in Rule 1.02 of Regulation S-X under the Exchange Act.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the

holder thereof upon the happening of any contingency unless such contingency has occurred), or if any such date is not a Business Day, on the next succeeding Business Day.

"Subordinated Obligation" means any Indebtedness of the Issuer or a Guarantor (whether outstanding on the Issue Date or thereafter Incurred) that is subordinate or junior in right of payment to the Notes or such Guarantor's Note Guarantee pursuant to a written agreement to that effect.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, association, partnership or other business entity of which more than 50% of the total voting power of shares of Voting Stock is at the time owned or controlled, directly or indirectly, by:

(1) such Person;

(2) such Person and one or more Subsidiaries of such Person; or

(3) one or more Subsidiaries of such Person.

Unless otherwise provided, all references to Subsidiaries shall be to Subsidiaries of the Issuer and the Guarantors.

"Surviving Person" means, with respect to any Person involved in any merger, consolidation or other business combination or the sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of such Person's assets, the Person formed by or surviving such transaction or the Person to which such disposition is made.

"Tax" means any tax, duty, levy, impost, assessment or other governmental charge, including penalties, interest and other liabilities related thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax. "Taxes" has a meaning correlative to the foregoing.

"Voting Stock" of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

BOOK-ENTRY; DELIVERY AND FORM

General

The Notes will be represented by one or more global notes in registered form without interest coupons attached (the "Global Notes"). The Global Notes will be deposited with a common depositary for, and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream Banking, *société anonyme*.

Ownership of interests in the Global Notes (the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream Banking, as applicable, or persons that hold interests through such participants. Euroclear and Clearstream Banking will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be held in definitive certificated form.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by Euroclear and Clearstream Banking and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream Banking or its nominee will be considered the sole holder of the Global Notes for all purposes under the Indenture governing the Notes. In addition, participants must rely on the procedures of Euroclear and/or Clearstream Banking, and indirect participants must rely on the procedures of Euroclear and Clearstream Banking and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture. Neither we nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream Banking will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream Banking, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream Banking, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream Banking, as applicable, will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate; *provided*, *however*, that no Book-Entry Interest of €100,000 principal amount or less for the Notes may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest) to the common depositary for Euroclear and Clearstream Banking or its nominee, which will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "Description of the Notes—Additional Amounts". If any such deduction or withholding is required to be made, then, to the extent described under "Description of the Notes—Additional Amounts" above, we will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes, e.g., the common depositary for Euroclear and/or Clearstream Banking or its nominee as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee or any of their respective agents has or will have any responsibility or liability for any aspect of the records of Euroclear or Clearstream Banking or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream Banking or any participant or indirect

participant relating to, or payments made on account of, a Book-Entry Interest, or Euroclear, Clearstream Banking or any participant or indirect participant.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interest in such Notes through Euroclear and/or Clearstream Banking in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream Banking have advised the Issuer that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the Book-Entry Interests are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream Banking will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Indenture, each of Euroclear and Clearstream Banking reserves the right to exchange the Global Notes for definitive registered notes in certificated form ("Definitive Registered Notes") and to distribute Definitive Registered Notes to its participants.

Transfers

Transfers between participants in Euroclear and Clearstream Banking will be effected in accordance with Euroclear and Clearstream Banking rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in jurisdictions that require physical delivery of securities or to pledge such Notes, such holder must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream Banking and in accordance with the procedures set out in the Indenture.

The Global Notes will have a legend to the effect set out under "Notice to Investors". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Notice to Investors".

Through and including the 40th day after the later of the commencement of the offering of the Notes and the closing of the offering (the "Distribution Compliance Period"), beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Notice to Investors" and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

After the expiration of the Distribution Compliance Period, beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note without compliance with these certification requirements.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the US Securities Act (if available).

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Notes.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

- if Euroclear or Clearstream Banking notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by us within 120 days; or
- if the owner of a Book-Entry Interest requests such an exchange in writing delivered through Euroclear or Clearstream Banking following an event of default under the Indenture.

In the case of the issue of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar or Transfer Agent. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; *provided* that no Definitive Registered Note in a denomination less than €100,000 will be issued. We will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

We will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, we are not required to register the transfer or exchange of any Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. We may require a holder to pay any taxes and fees required by law and permitted by the Indenture and the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the Registrar or at the office of the Transfer Agent, we will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgement of both to protect themselves, the Trustee or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by us in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. Please see "Notice to Investors".

So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, we will publish a notice of any issuance of Definitive Registered Notes in a newspaper having general circulation in Luxembourg (which we expect to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Information Concerning Euroclear and Clearstream Banking

Our understanding with respect to the organisation and operations of Euroclear and Clearstream Banking is as follows. Euroclear and Clearstream Banking hold securities for participating organisations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream Banking provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream Banking interface with domestic securities markets. Euroclear and Clearstream Banking participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear and Clearstream Banking is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with Euroclear or Clearstream Banking participant, either directly or indirectly.

Global Clearance and Settlement under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List and admitted for trading on the Euro MTF Market of the Luxembourg Stock Exchange and any permitted secondary market trading activity in

such Notes will, therefore, be required to be settled in immediately available funds. The Issuer expects that secondary trading in any certificated Notes will also be settled in immediately available funds.

Although Euroclear and Clearstream Banking are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear and Clearstream Banking, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Guarantors, the initial purchasers, the Trustee, the Registrar or any Paying Agent will have any responsibility for the performance by Euroclear, Clearstream Banking or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

TAXATION

Prospective purchasers of the Notes are advised to consult their own tax advisers as to the tax consequences, under the tax laws of the country of which they are resident, of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium, if any, on any sale or redemption of, the Notes or any interest therein.

References in this discussion to Notes acquired, owned, held or disposed of by noteholders include, except where otherwise expressly stated, the Book Entry Interests held by purchasers in the Notes in global form deposited with a custodian for, and registered in the name of a common depositary for Euroclear and/or Clearstream Banking or its nominee.

United Kingdom Taxation

The following is a general description of certain UK tax consequences relating to the Notes and is based on current UK tax law and HM Revenue & Customs ("HMRC") published practice, both of which may be subject to change, possibly with retrospective effect. It does not purport to be a complete analysis of all UK tax considerations relating to the Notes, does not purport to constitute legal or tax advice, relates only to persons who are the absolute beneficial owners of Notes and who hold Notes as a capital investment, and does not deal with certain classes of persons (such as brokers or dealers in securities and persons connected with the Issuer) to whom special rules may apply. If you are subject to tax in any jurisdiction other than the United Kingdom or if you are in any doubt as to your tax position, you should consult an appropriate professional adviser.

Interest on the Notes

Payment of interest on the Notes

Interest on the Notes will be payable without withholding or deduction for or on account of UK income tax provided the Notes are and remain listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "ITA"). The Luxembourg Stock Exchange is a recognised stock exchange for these purposes. Securities such as the Notes will be treated as listed on the Luxembourg Stock Exchange if they are included in the Official List of the Luxembourg Stock Exchange and are listed and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange.

Interest on the Notes may also be paid without withholding or deduction for or on account of UK income tax where the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) at the time the payment is made that (a) the person beneficially entitled to the interest is a UK resident company or a non UK resident company that carries on a trade in the United Kingdom through a permanent establishment and the payment is one that the non UK resident company is required to bring into account when calculating its profits subject to UK corporation tax or (b) the person to whom the payment is made is one of the further classes of bodies or persons, and meets any relevant conditions, set out in sections 935-937 of the ITA, *provided* that in either case HMRC has not given a direction, the effect of which is that the payment may not be made without that withholding or deduction.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of UK income tax at the basic rate (currently 20%), unless another relief or exemption applies (for instance, in connection with a direction by HMRC under an applicable double taxation treaty).

Holders of the Notes may wish to note that HMRC has power to obtain information (including, in certain cases, the name and address of the beneficial owner of the interest), including from any person in the United Kingdom who either pays certain amounts in respect of the Notes to, or receives certain amounts in respect of the Notes for the benefit of, an individual. Such information may, in certain circumstances, be exchanged by HMRC with the tax authorities of other jurisdictions.

Further UK tax issues

Interest on the Notes constitutes UK source income for tax purposes and, as such, may be subject to UK tax by way of assessment (including self-assessment) even where paid without withholding or deduction.

However, interest with a UK source received without withholding or deduction for or on account of UK income tax will not be chargeable to UK tax in the hands of a holder of Notes (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless (a) that holder of Notes is a company which carries on a trade in the United Kingdom through a permanent establishment in the United Kingdom or, if not such a company, carries on a trade, profession or vocation in the United Kingdom through a branch or agency, and (b) the interest is received in connection with, or the Notes are attributable to, that permanent establishment, branch or agency. There are exemptions for interest

received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such holders of Notes.

UK corporation tax payers

In general, holders of Notes which are within the charge to UK corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment. Holders of the Notes will be required to determine whether the income is to be treated as trading or non-trading based on the activities that they undertake.

Other UK tax payers

Taxation of chargeable gains

A disposal of Notes by an individual holder of Notes who is resident in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable may give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains. However, such a disposal would not give rise to a chargeable gain or allowable loss for the purposes of the UK taxation of chargeable gains if the Notes are deemed to be "deeply discounted securities" (please see "—Taxation of discount" below, which sets out certain other possible UK tax consequences of a disposal of a Note by a holder of Notes). In calculating any gain or loss on a disposal (including redemption) of a Note, sterling values are compared at acquisition and disposal. Accordingly, a taxable gain can arise even where the euro amount received on a disposal (including redemption) is the same as, or less than, the amount paid for the Note. Special rules may apply to individuals who have ceased to be resident in the United Kingdom and who dispose of their Notes before becoming once again resident in the United Kingdom.

Accrued income profits

On a disposal of Notes by a holder of Notes, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules relating to accrued income profits as set out in Part 12 of the ITA if that holder of Notes is resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable. Holders of Notes are advised to consult their own professional advisers for further information about the accrued income scheme in general.

Taxation of discount

Dependent on, among other things, the discount (if any) at which the Notes are issued, the Notes may be deemed to constitute "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005. If the Notes are deemed to constitute deeply discounted securities, individual holders of Notes who are resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable generally will be liable to UK income tax on any gain made on the sale or other disposal (including redemption) of the Notes. Holders of Notes are advised to consult their own professional advisers if they require any advice or further information relating to "deeply discounted securities".

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No UK stamp duty or SDRT is payable on issue of, or on a transfer of, or agreement to transfer, Notes.

United States Federal Income Taxation

General

The following summary describes certain US federal income tax consequences that may be relevant with respect to the acquisition, ownership and disposition of Notes by US Holders (as defined below) who purchase Notes in this offering at their "issue price" (i.e. the first price at which a substantial amount of Notes is sold for money to investors (not including bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers)). This summary only addresses US federal income tax considerations of US Holders that will hold the Notes as capital assets. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Notes. In particular, this summary does not address tax considerations applicable to US Holders that may be subject to special tax rules including, without limitation, the following: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in securities or currencies; (iv) tax-exempt entities; (v) persons who will hold Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" or as

part of a "synthetic security" or other integrated transaction for US federal income tax purposes; (vi) persons who have a "functional currency" other than the US dollar; (vii) regulated investment companies; and (viii) persons who have ceased to be US citizens or lawful permanent residents of the United States. Further, this summary does not address the Medicare tax on net investment income, alternative minimum tax consequences or US federal estate and gift tax consequences.

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code") and US Treasury regulations and judicial and administrative interpretations thereof, as of the date of this Offering Memorandum. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below.

For purposes of this summary, a "US Holder" is a beneficial owner of a Note that is, for US federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation, or other entity treated as a corporation, created or organised in or under the laws of the United States, any state thereof, or the District of Columbia; (iii) an estate, the income of which is subject to US federal income taxation regardless of its source; or (iv) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust or (2) the trust was in existence on 20 August 1996 and has properly elected to continue to be treated as a US person.

If any entity or arrangement treated as a partnership or other pass-through entity for US federal income tax purposes holds Notes, the tax treatment of a partner in the partnership or owner of the other pass-through entity will generally depend upon the status of the partner or owner and the activities of the entity or arrangement. A holder that is a partner in a partnership or owner of another pass-through entity that is considering holding Notes should consult its own tax adviser.

Each prospective investor should consult its own tax adviser with respect to the US federal (including income, estate and gift), state, local and foreign tax consequences of acquiring, owning and disposing of Notes. US Holders should also review the discussion under "—United Kingdom Taxation" for the United Kingdom tax consequences to a US Holder of the ownership of Notes.

Payments of stated interest

Stated interest paid on a Note will be taxable to a US Holder as ordinary interest income at the time it is received or accrued, depending on the US Holder's method of accounting for US federal income tax purposes. Interest received by a US Holder will be treated as foreign source income.

A US Holder who uses the cash method of accounting and who receives a payment of stated interest in euro (including a payment attributable to accrued but unpaid stated interest upon the sale, exchange, redemption, retirement or other disposition of a Note) will be required to include in income the US dollar value of the euro payment received (determined based on the spot rate on the date the payment is received), regardless of whether the payment is in fact converted to US dollars at that time. A cash basis US Holder will not realise foreign currency gain or loss on the receipt of stated interest income but may recognise foreign currency gain or loss attributable to the actual disposition of the euro received.

A US Holder who uses the accrual method of accounting will, unless the election described below is made, accrue euro denominated stated interest income in euro and translate that amount into US dollars based on the average spot rate of exchange in effect for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate for the partial period within the applicable taxable year. Alternatively, an accrual method US Holder may elect to translate stated interest income received in euro into US dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of such partial accrual period) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A US Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the Internal Revenue Service (the "IRS"). A US Holder that uses the accrual method will recognise foreign currency gain or loss with respect to accrued euro denominated stated interest income on the date the interest payment (or proceeds from a sale, exchange, redemption, retirement or other disposition attributable to accrued interest) is actually received. The amount of foreign currency gain or loss recognised will equal the difference between the US dollar value of the euro payment received (determined based on the spot rate on the date the payment is received) in respect of the accrual period and the US dollar value of stated interest income that has accrued during the accrual period (as determined above), regardless of whether the payment is in fact converted to US dollars. Foreign currency gain or loss generally will be treated, for US foreign tax credit purposes, as US source ordinary income or loss, and generally will not be treated as an adjustment to interest income or expense.

Disposition of a Note

Upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a US Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on such disposition (except to the extent any amount realised is attributable to accrued but unpaid stated interest, which is taxable as described under "—Payments of stated interest") and the US Holder's adjusted tax basis in the Note.

A US Holder's adjusted tax basis will generally be the US dollar value of the euro paid for the Notes, determined on the date the US Holder acquires the Note. If the Note is traded on an established securities market, a cash basis taxpayer (and if it elects, an accrual basis taxpayer) will determine the US dollar value of the cost of the Note at the spot rate on the settlement date of the purchase. The amount realised on the sale, exchange, redemption, retirement or other taxable disposition of a Note for an amount of foreign currency will generally be the US dollar value of such foreign currency based on the spot exchange rate on the date the Note is disposed of; provided, however, that if the Note is traded on an established securities market, a cash basis taxpayer (and if it elects, an accrual basis taxpayer) will determine the US dollar value of such foreign currency on the settlement date of the disposition. If an accrual method taxpayer makes the election described above, such election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS. If a Note is not traded on an established securities market (or, if a Note is so traded, but a US Holder is an accrual basis taxpayer that has not made the settlement date election), a US Holder will recognise foreign currency gain or loss (which is generally taxable as US source ordinary income or loss) to the extent that the US dollar value of the euro received (based on the spot rate on the settlement date) differs from the US dollar value of the amount realised.

Except as discussed below with respect to foreign currency gain or loss, any gain or loss realised by a US Holder on the disposition of a Note generally will be US source capital gain or loss and will be treated as long-term capital gain or loss if the Note has been held for more than one year at the time of the disposition of the Note. For certain non-corporate holders (including individuals), any such long-term capital gain is currently subject to US federal income tax at preferential rates. The deductibility of capital losses is subject to limitations.

Gain or loss realised upon the sale, exchange, retirement, redemption or other taxable disposition of a Note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss that will not be treated as interest income or expense. Gain or loss attributable to fluctuations in currency exchange rates generally will equal the difference between (i) the US dollar value of your purchase price for the Note, determined on the date the Note is retired or disposed of, and (ii) the US dollar value of your purchase price for the Note, determined on the date you acquired the Note (or, in each case, determined on the settlement date if the Notes are traded on an established securities market and the holder is either a cash basis or an electing accrual basis holder). Payments received that are attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest described above. Such foreign currency gain or loss will be recognized only to the extent of the total gain or loss realised by a US Holder on the sale, exchange, retirement, redemption or other disposition of the Note. As noted above, generally, such foreign currency gain or loss will be US source ordinary income or loss for US foreign tax credit purposes.

Exchange of foreign currencies

A US Holder's tax basis in any euro received as interest on or on the sale or other disposition of a Note will be the US dollar value of such euro at the spot rate in effect on the date of receipt of the euro. Any gain or loss recognised by a US Holder on a sale, exchange or other disposition of the euro will be ordinary income or loss and generally will be US source income or loss for US foreign tax credit purposes.

Tax return disclosure requirements

Certain US Treasury regulations meant to require the reporting of certain tax shelter transactions cover transactions generally not regarded as tax shelters, including certain foreign currency transactions giving rise to losses in excess of a certain minimum amount (e.g., US$50,000 in the case of an individual or trust), such as the receipt or accrual of interest or a sale, exchange, retirement or other taxable disposition of a foreign currency note or of foreign currency received in respect of a foreign currency note. Persons considering the purchase of the Notes should consult their own tax advisers to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes or the disposition of euro, including any requirement to file IRS Form 8886 (Reportable Transaction Statement).

Information with respect to foreign financial assets

Owners of "specified foreign financial assets" with an aggregate value in excess of US$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their US federal income tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are held for investment and not held in accounts

maintained by financial institutions: (i) stocks and securities issued by non-US persons; (ii) financial instruments and contracts that have non-US issuers or counterparties; and (iii) interests in foreign entities. The Notes may be subject to these rules. Persons required to file US tax returns are urged to consult their tax advisers regarding the application of these reporting requirements to their ownership of the Notes.

Backup withholding and information reporting

Backup withholding and information reporting requirements may apply to certain payments to US Holders of interest on the Notes and to the proceeds of a sale, exchange or other disposition (including a retirement or redemption) of a Note. Backup withholding (currently at a rate of 28%) may be required if the US Holder fails (i) to furnish the US Holder's taxpayer identification number, (ii) to certify that such US Holder is not subject to backup withholding or (iii) to otherwise comply with the applicable requirements of the backup withholding rules. Certain US Holders (including, among others, corporations) are not currently subject to the backup withholding and information reporting requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a US Holder generally may be claimed as a credit against such US Holder's US federal income tax liability and any excess may result in a refund, *provided* that the required information is timely furnished to the IRS.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the Purchase Agreement, dated as at 12 January 2017, the Initial Purchasers have severally agreed to purchase, and we have agreed to sell to the initial purchasers, the principal amount of the Notes.

The Purchase Agreement provides that the obligation of the initial purchasers to purchase the Notes is subject to approval of legal matters by counsel and to other conditions.

The Notes and the Note Guarantees have not been and will not be registered under the US Securities Act or qualified for sale under the securities laws of any state or jurisdiction outside the United States and may not be offered to, or for the account or benefit of, persons in the United States except in transactions exempt from the registration requirements of the US Securities Act. Please see "Notice to Investors".

We have been advised that the initial purchasers propose to resell the Notes at the offering price set out on the cover page of this Offering Memorandum within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and to non-US persons outside the United States in offshore transactions in reliance on Regulation S. After the initial offering, the offering price and other selling terms of the Notes may from time to time be varied by the initial purchasers without notice. To the extent certain of the initial purchasers are not US-registered broker-dealers and they intend to effect any sales of the Notes in the United States, they will do so through one or more US-registered broker-dealers permitted by the regulations of the Financial Industry Regulatory Authority, Inc.

In addition, until 40 days after the commencement of this offering, an offer or sale of Notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the US Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

In relation to each Relevant Member State, each initial purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant initial purchaser nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall result in a requirement for the publication by the Issuer, the Guarantors or the initial purchasers of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Notes to be offered so as to enable an investor to decide to purchase any Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC as amended (including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Each initial purchaser has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and

(b) it has complied and will comply with all applicable provisions of the FSMA with regard to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Buyers of the Notes sold by the initial purchasers may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the initial offering price set out on the cover of this Offering Memorandum.

The Notes will constitute a new class of securities with no established trading market. Application has been made to admit the Notes to the Official List of the Luxembourg Stock Exchange and be admitted to trading on the Euro MTF Market. However, we cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering.

The initial purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obliged to do so, and they may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Exchange Act, and may be limited. Accordingly, we cannot assure you that a liquid market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favourable.

In connection with the offering of the Notes,, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may conduct over-allotment, syndicate-covering transactions and stabilising transactions. However, stabilisation action may not necessarily occur Over-allotment involves sales of Notes in excess of the principal amount of Notes to be purchased by the initial purchasers in this offering, which creates a short position for the initial purchasers. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilising transactions consist of certain bids or purchases of Notes made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of Notes is made and, if begun, may cease at any time, but it must end no later than 30 days after the date on which the Issuer receives the proceeds of the issue, or no later than 60 days after the date of the allotment of the relevant Notes, whichever is the earlier. Please see “Stabilisation”.

In connection with this offering, the initial purchasers are not acting for anyone other than us and will not be responsible to anyone other than us for providing the protections afforded to their clients nor for providing advice in relation to this offering.

We have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the US Securities Act.

Certain of the initial purchasers or their affiliates are lenders to the Issuer and/or act or may act from time to time as coordinator, arranger or assume other roles under an unsecured term facility and certain other facilities detailed in “Description of Other Indebtedness”. The initial purchasers and their respective affiliates also perform, and may in the future perform, various financial advisory, investment banking and commercial banking services from time to time for us and our subsidiaries, joint ventures and associates. In addition, in the ordinary course of their business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer’s affiliates. Certain of the initial purchasers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such initial purchasers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The initial purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Note Guarantees have not been registered under the US Securities Act or any state securities laws and, unless so registered, they may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to "qualified institutional buyers" (as defined in Rule 144A under the US Securities Act) in reliance on Rule 144A under the US Securities Act and to persons outside the United States that are not, and are not acting for the account or benefit of, "U.S. persons" in offshore transactions (as defined in Regulation S under the US Securities Act) in reliance on Regulation S under the US Securities Act.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the initial purchasers as follows:

(1) It understands and acknowledges that the Notes and the Note Guarantees have not been registered under the US Securities Act or any applicable state securities law, are being offered for resale in transactions not requiring registration under the US Securities Act or any state securities law, including sales pursuant to Rule 144A under the US Securities Act, and may not be offered, sold or otherwise transferred in the United States or to, or for the account or benefit of, any "U.S. person" except in compliance with the registration requirements of the US Securities Act or any applicable state securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set out in paragraph (5) below.

(2) It is not an "affiliate" (as defined in Rule 144 under the US Securities Act) of the Issuer or acting on the Issuer's behalf and it is either:

(i) a QIB and is aware that any sale of Notes to it will be made in reliance on Rule 144A and the acquisition of Notes will be for its own account or for the account of another QIB; or

(ii) a person that is not, and is not acting for the account or benefit of, a "U.S. person" purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S under the US Securities Act.

(3) It acknowledges that neither we nor the initial purchasers, nor any person representing us or the initial purchasers, have made any representation to it with respect to the offering or sale of any Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the US Securities Act or any state securities laws, subject to any requirement of law that the disposal of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the US Securities Act.

(5) Each holder of Notes issued in reliance on Regulation S ("Regulation S Notes") agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes during the Distribution Compliance Period, only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the US Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A under the US Securities Act, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the US Securities Act, (iv) pursuant to offers and sales to persons that are not, and are not acting for the account or benefit of, "U.S. persons" and that occur outside the United States in compliance with Regulation S under the US Securities Act, (v) to an institutional accredited investor (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the US Securities Act) that is not a qualified institutional buyer and that is purchasing for its own account or for the account of another institutional accredited investor, in each case in a

minimum principal amount of Notes of €100,000, or (vi) pursuant to any other available exemption from the registration requirements of the US Securities Act, subject in each of the foregoing cases to any requirement of law that the disposal of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer pursuant to clause (iv), (v) or (vi) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them.

(6) Each holder of Notes issued in reliance on Rule 144A ("Rule 144A Notes") agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is one year after the later of the date of the Issue Date and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the US Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A under the US Securities Act, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the US Securities Act, (iv) pursuant to offers and sales to non-US persons that occur outside the United States in compliance with Regulation S under the US Securities Act, (v) to an institutional accredited investor (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the US Securities Act) that is not a qualified institutional buyer and that is purchasing for its own account or for the account of another institutional accredited investor, in each case in a minimum principal amount of Notes of €100,000, or (vi) pursuant to any other available exemption from the registration requirements of the US Securities Act, subject in each of the foregoing cases to any requirement of law that the disposal of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer pursuant to clause (iv), (v) or (vi) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them.

(7) Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, [in the case of a Rule 144A Note: PRIOR TO THE RESALE RESTRICTION TERMINATION DATE, WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [in the case of a Regulation S Note: DURING THE DISTRIBUTION COMPLIANCE PERIOD, WHICH IS THE 40-DAY PERIOD COMMENCING ON THE LATER OF THE DATE OF COMMENCEMENT OF THE DISTRIBUTION OF THE NOTES AND THE DATE OF THE ORIGINAL ISSUE OF THE NOTES] ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO PERSONS THAT ARE NOT, AND ARE NOT ACTING FOR THE ACCOUNT OR BENEFIT OF, "U.S. PERSONS" AND THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE U.S. SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF €100,000, FOR INVESTMENT

PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE U.S. SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSAL OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

(8) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(9) It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the US Securities Act.

(10) It acknowledges that the Transfer Agent will not be required to accept for registration of transfer any Notes except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set out therein have been complied with.

It acknowledges that we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the initial purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

LEGAL MATTERS

Certain legal matters with respect to the Notes and the Note Guarantees are being passed upon for us and the Guarantors by Shearman & Sterling (London) LLP, US counsel to the Issuer and the Guarantors, and by Hogan Lovells International LLP, English counsel to the Issuer and the Guarantors. Certain legal matters with respect to the offering of the Notes and the Note Guarantees will be passed upon for the initial purchasers by Sullivan & Cromwell LLP, US and English counsel to the initial purchasers.

INDEPENDENT AUDITORS

The consolidated financial statements of Jaguar Land Rover Automotive plc and its subsidiaries as at and for the year ended 31 March 2016 included in this Offering Memorandum have been audited by Deloitte LLP, independent auditors, as stated in their report appearing herein.

The consolidated financial statements of Jaguar Land Rover Automotive plc and its subsidiaries as at and for the year ended 31 March 2015, included in this Offering Memorandum, have been audited by Deloitte LLP, independent auditors, as stated in their report appearing herein.

The consolidated financial statements of Jaguar Land Rover Automotive plc and its subsidiaries as at and for the year ended 31 March 2014, included in this Offering Memorandum, have been audited by Deloitte LLP, independent auditors, as stated in their report appearing herein.

Deloitte LLP is a current member of the Institute of Chartered Accountants in England and Wales.

Deloitte LLP's reports, in accordance with guidance issued by the Institute of Chartered Accountants in England and Wales, include the following limitations: "This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than

the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed".

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

The Issuer and the Guarantors are incorporated in England and Wales. All of the directors and executive officers of the Issuer and the Guarantors reside outside the United States and a substantial part of their assets are located outside the United States. In addition, most of the assets of the Issuer and the Guarantors are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer and the Guarantors or any of their directors and executive officers, or to enforce against them judgments of US courts predicated upon civil liability provisions of the US federal or state securities laws.

If a judgment is obtained in a US court against the Issuer or the Guarantors, or any of their directors or executive officers, investors will need to enforce such judgment in jurisdictions where the relevant defendant has assets. Even though the enforceability of US court judgments outside the United States is described below for England and Wales, you should consult with your own advisers in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

The following summary with respect to the enforceability of certain US court judgments in England and Wales is based upon advice provided to us by US and English legal advisers. The United States and England and Wales currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon US federal securities laws, would not automatically be recognised or enforceable in England and Wales. In order to enforce any such US judgment in England and Wales, proceedings must first be initiated before a court of competent jurisdiction in England and Wales. In such an action, the courts of England and Wales would not generally reinvestigate the merits of the original matter decided by the US court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defence to it). Recognition and enforcement of a US judgment by the courts of England and Wales in such an action is conditional upon (among other things) the following:

- the US court having had jurisdiction over the original proceedings according to English conflicts of laws principles in England and Wales;
- the US judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a debt for a definite sum of money;
- the US judgment not contravening public policy in England and Wales;
- the US judgment not being for a sum payable in respect of tax, or other charges of a like nature in respect of a penalty or fine;
- the US judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the Protection of Trading Interests Act 1980;
- the US judgment not having been obtained by fraud or in breach of principles of natural justice in England and Wales;
- the US judgment is not given in proceedings brought in breach of an agreement for settlement of disputes;
- there not having been a prior inconsistent decision of the courts of England and Wales or a non-US court between the same parties; and
- the enforcement proceedings in England and Wales being commenced within six years from the date of the US judgment.

Subject to the foregoing, investors may be able to enforce in England and Wales judgments in civil and commercial matters that have been obtained from US federal or state courts. However, we cannot assure you that those judgments will be recognised or enforceable in England and Wales. In addition, it is questionable whether the courts of England and Wales would accept jurisdiction and impose civil liability if the original action was commenced in England and Wales, instead of the United States, and predicated solely upon US federal securities laws.

WHERE YOU CAN FIND MORE INFORMATION

Each purchaser of the Notes from the initial purchasers will be furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum acknowledges that:

- such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein (subject to confidentiality constraints);
- such person has not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with its investigation of the accuracy of such information or its investment decision; and
- except as provided above, no person has been authorised to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorised by us or the initial purchasers.

This Offering Memorandum contains summaries, believed to be accurate in all material respects, of certain terms of certain agreements, but reference is made to the actual agreements (copies of which will be made available upon request to us, subject to confidentiality constraints) for complete information with respect thereto, and all such summaries are qualified in their entirety by this reference. While any Notes remain outstanding, we will make available, upon request, to any holder and any prospective purchaser of Notes the information required pursuant to Rule 144A(d)(4) under the US Securities Act during any period in which we are not subject to Section 13 or 15(d) of the Exchange Act or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. Requests for such information and requests for the agreements summarised in this Offering Memorandum should be directed to Jaguar Land Rover Automotive plc, Abbey Road, Whitley, Coventry CV3 4LF, United Kingdom. Our website can be found at www.jaguarlandrover.com. Information contained on our website is not incorporated by reference into this Offering Memorandum and is not part of this Offering Memorandum.

LISTING AND GENERAL INFORMATION

1. The Issuer was incorporated in England and Wales on 18 January 2008. The service address of the directors of the Issuer is Abbey Road, Whitley, Coventry CV3 4LF, United Kingdom. The name of Jaguar Land Rover PLC was changed to Jaguar Land Rover Automotive plc on 28 December 2012. Jaguar Land Rover Limited is a limited liability company, incorporated under the laws of England and Wales on 14 December 1982. The service address of the directors of Jaguar Land Rover Limited is Abbey Road, Whitley, Coventry, CV3 4LF, United Kingdom. Jaguar Land Rover Holdings Limited (previously Land Rover) is a private limited company, incorporated under the laws of England and Wales on 16 June 2000. The service address of the directors of Jaguar Land Rover Holdings Limited is Abbey Road, Whitley, Coventry, CV3 4LF, United Kingdom.

2. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange require, copies of the following documents may be inspected and obtained at the specified office of the Luxembourg listing agent during normal business hours:

   - the organisational documents of the Issuer and the Guarantors;
   - this Offering Memorandum;
   - the Consolidated Financial Statements; and
   - the Indenture (which includes the form of the Notes and the Note Guarantees).

3. The Issuer and the Guarantors accept responsibility for the information contained in this Offering Memorandum. To the best of their knowledge, except as otherwise noted, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum.

4. Save as discussed in “Plan of Distribution”, so far as the Issuer is aware, no person involved in the issue has an interest material to the offering of the Notes.

5. Except as disclosed herein, there has been no material adverse change in our consolidated financial position or the financial position of each of the Guarantors since 30 September 2016, the date of the most recent unaudited financial statements included herein.

6. For so long as any Notes are outstanding, the Issuer will prepare interim financial statements for each of the first three quarters of each fiscal year.

7. Neither we nor any of our subsidiaries is a party to any litigation, administrative proceeding or arbitration that, in our judgement, is material in the context of the issue of the Notes, and, so far as we are aware, no such litigation, administrative proceeding or arbitration is pending or threatened, except as disclosed herein.

8. We have appointed Citibank, N.A., London Branch as our Paying Agent and Transfer Agent. We reserve the right to vary such appointment.

9. The statute of limitations applicable to payment of interest and repayment of principal under New York law is six years.

10. The Notes sold pursuant to Rule 144A have been accepted for clearance through Euroclear and Clearstream Banking under the common code 155134780 and the ISIN XS 1551347807**,** respectively. The Notes sold pursuant to Regulation S have been accepted for clearance through Euroclear and Clearstream Banking under the common code 155134739 and the ISIN XS 1551347393, respectively.

11. The issue of the Notes was authorised by resolutions of the board of directors of the Issuer dated 17 May 2016, and the Note Guarantees were authorised by the boards of directors of Jaguar Land Rover Limited at a meeting held on 11 November 2016 and Jaguar Land Rover Holdings Limited at a meeting held on 11 November 2016.

GLOSSARY OF SELECTED TERMS

The following terms used in this Offering Memorandum have the meanings assigned to them below:

Term	Meaning
"Automatic transmission"........	A device consisting of an arrangement of gears, brakes and clutches that automatically changes the speed ratio between the engine and the tyres of an automobile, freeing the driver of the automobile from having to shift gears manually.
"C segment"............................	The third smallest car segment in the European market.
"CCA"	Climate Change Agreements are voluntary agreements made by UK industry and the Environment Agency to reduce energy use and carbon CO_2 emissions.
"CO_2"......................................	Carbon dioxide.
"CKD"	Complete Knock Down; a complete kit containing all of the parts needed to assemble a vehicle. The parts are typically manufactured in one country or region, and then exported to another country or region for final assembly. CKD is a common practice within the automotive industry, the bus and heavy truck industry, and the rail vehicle industry.
"Convertible"...........................	A type of vehicle characterised by rear glass that does not articulate with the rear trunk, no fixed roof and two or more seats.
"Corporate Average Fuel Economy" or "CAFÉ"	Regulations in the United States to improve the average fuel economy of automobiles sold in the United States. Fuel economy standards under these regulations are written and enforced by NHTSA.
"Coupé"	A type of vehicle characterised by a typical silhouette with two elongated doors and rear glass that does not articulate with the trunk, but only with the glass frame.
"CRC Scheme"	Carbon Reduction Commitment Energy Efficiency Scheme is a mandatory reporting and pricing scheme to improve energy efficiency in large public and private organisations in the UK.
"Driveline"...............................	The parts of the powertrain excluding the engine and the transmission.
"Engine capacity"	The volume swept by all the pistons of an engine, within their bores, from the top to the bottom of their travel. Engine capacity is typically measured in litres and engines with greater capacities are usually more powerful.
"EU Emissions Trading Scheme"..............................	The largest multinational market-based emissions trading scheme, used to control pollution by providing economic incentives for achieving reductions in the emission of environmental pollutants.
"Euro 5"..................................	Part of a number of regulations introduced by the European Union stipulating common requirements for emissions from automobiles and their replacement parts. Euro 5 stipulates emission requirements for automobiles running diesel, petrol and natural gas engines. Effective from September 2009.
"Euro 6"..................................	Part of a number of regulations introduced by the European Union stipulating common requirements for emissions from automobiles and their replacement parts. Euro 6 requires all vehicles equipped with diesel engines to substantially reduce their emissions of nitrogen oxides. Effective from September 2014.
"Evaporative emissions"..........	Emissions that are generally composed of gasoline vapours that have escaped from storage tanks, fuel lines and fuel systems of vehicles.
"GT"	Grand tourer.
"GTDI"	Gasoline Turbocharged Direct Injection
"Hybrid"	A vehicle that uses two or more distinct power sources for propulsion.
"Infotainment"	Information-based media content or programming that also includes entertainment content.
"Lisbon Treaty"	Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007. Effective from 1 December 2009.
"mph"......................................	Miles per hour.
"Naturally aspirated engine"....	An engine that depends solely on atmospheric pressure to draw in air for internal combustion.
"NEDC"	The New European Driving Cycle, which is a driving cycle designed to assess the emission levels of car engines.
"Parasitic losses"	Non-engine energy losses, such as energy losses due to wind resistance, drivetrain friction, brake drag, ancillary systems losses and tyre rolling resistance.
"Powertrain"	A system of mechanical parts, which first produces energy and then converts the energy to movement. In the case of an automobile, the powertrain would comprise the automobile's engine, transmission, driveshaft, a mechanical component that transmits torque and rotation, and tyres.
"Premium cars"........................	Vehicles categorised as either premium or luxury based on price class.

"Real-world Driving Emissions monitoring" .... The process of measuring exhaust emissions on random cycles on the public roads rather than laboratory conditions.

"Supercharged engine" .... An engine that uses a supercharger, a device powered directly by the engine that compresses air flowing into the engine, to draw in more air for internal combustion. As a supercharger causes more air to enter the engine for combustion, a supercharged engine generally produces more power than the same engine without the charging.

"SUVs" .... Sport Utility Vehicles; a type of vehicle characterised by a formal Z box silhouette with a wheel base to overall height ratio greater than 60% and off road style elements.

"TDV6" .... Turbo Diesel V6 engine (currently 3.0L displacement).

"TDV8" .... Turbo Diesel V8 engine (currently 4.4L displacement).

"Turbocharged engine"............ An engine that depends on a turbocharger, a device powered by the flow of exhaust from the engine that compresses air flowing into the engine, to draw in more air for internal combustion. As a turbocharger causes more air to enter the engine for combustion, a turbocharged engine generally produces more power than the same engine without the charging.

"Tyre rolling resistance".......... The resistance that occurs when the tyre rolls at steady straight line velocity on a flat surface. The more rolling resistance a tyre has, the more power is required from the engine to move the vehicle.

"V6"... An engine with six cylinders arranged in pairs, driving a common crank, and forming a "V" shape when viewed end on.

"V8"... An engine with eight cylinders arranged in pairs, driving a common crank, and forming a "V" shape when viewed end on.

"VED Band A" .... Vehicle Excise Duty Band A is a CO_2 based band which provides vehicles tax exemption for vehicles where CO_2 emissions are below 100g/km.

JAGUAR LAND ROVER AUTOMOTIVE PLC

Index to the Consolidated Financial Statements

Audited consolidated financial statements of Jaguar Land Rover Automotive plc as at and for the year ended 31 March 2016 ....
Statement of Directors' Responsibilities ....
Independent auditors' report to the Members of Jaguar Land Rover Automotive plc ....
Consolidated Income Statement ....
Consolidated Statement of Comprehensive Income ....
Consolidated Balance Sheet ....
Consolidated Statement of Changes in Equity ....
Consolidated Cash Flow Statement ....
Notes ....
Audited consolidated financial statements of Jaguar Land Rover Automotive plc as at and for the year ended 31 March 2015 ....
Statement of Directors' Responsibilities ....
Independent auditors' report to the Members of Jaguar Land Rover Automotive plc ....
Consolidated Income Statement ....
Consolidated Statement of Comprehensive Income ....
Consolidated Balance Sheet ....
Consolidated Statement of Changes in Equity ....
Consolidated Cash Flow Statement ....
Notes ....
Audited consolidated financial statements of Jaguar Land Rover Automotive plc as at and for the year ended 31 March 2014 ....
Statement of Directors' Responsibilities ....
Independent auditors' report to the Members of Jaguar Land Rover Automotive plc ....
Consolidated Income Statement ....
Consolidated Statement of Comprehensive Income ....
Consolidated Balance Sheet ....
Consolidated Statement of Changes in Equity ....
Consolidated Cash Flow Statement ....
Notes ....
Unaudited condensed consolidated interim financial statements of Jaguar Land Rover Automotive plc as at and for the three months and six months ended 30 September 2016 ....
Condensed Consolidated Income Statement ....
Condensed Consolidated Statement of Comprehensive Income ....
Condensed Consolidated Balance Sheet ....
Condensed Consolidated Statement of Changes in Equity ....
Condensed Consolidated Cash Flow Statement ....
Notes ....

Jaguar Land Rover Automotive PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
Registered number: 06477691
For the year ended 31 March 2016

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

Properly select and apply accounting policies;

Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

Provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

Make an assessment of the Group's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 418 of the Companies Act, 2006 the following applies: so far as the directors are aware, there is no relevant audit information of which the Group's auditors are unaware; and the directors have taken necessary actions in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Acknowledgement

The directors wish to convey their appreciation to all employees for their continued commitment, effort and contribution in supporting the delivery of the Group's record performance. The directors would also like to extend thanks to all other key stakeholders for the continued support of the Group and their confidence in its management.

Directors' responsibility statement

The directors confirm to the best of our knowledge the financial statements, prepared in accordance with International Financial Reporting Standards as approved by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole.

By order of the Board,

Dr Ralf Speth,
Chief Executive Officer
Jaguar Land Rover Automotive plc

18 July 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAGUAR LAND ROVER AUTOMOTIVE PLC

We have audited the financial statements of Jaguar Land Rover Automotive plc for the year ended 31 March 2016 which comprise of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 56. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

The financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2016 and of the Group's profit for the year then ended;

The consolidated financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

The parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the Group financial statements, the Group in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Governance report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

Adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

The parent Company financial statements are not in agreement with the accounting records and returns; or

Certain disclosures of directors' remuneration specified by law are not made; or

We have not received all the information and explanations we require for our audit.

Richard Knights
(Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor Birmingham, UK
18 July 2016

Jaguar Land Rover Automotive PLC
Annual report and financial statements
Year ended 31 March 2016
CONSOLIDATED INCOME STATEMENT

Year ended 31 March (£ millions)	Note	2016	2015	2014
Revenue	**4**	**22,208**	**21,866**	**19,386**
Material cost of sales excluding exceptional item		(13,146)	(13,185)	(11,904)
Exceptional item	3	(157)	—	—
Material and other cost of sales	5	(13,303)	(13,185)	(11,904)
Employee cost	6	(2,321)	(1,977)	(1,654)
Other expenses	9	(4,674)	(4,109)	(3,717)
Development costs capitalised	10	1,242	1,158	1,030
Other income		128	143	153
Depreciation and amortisation		(1,418)	(1,051)	(875)
Foreign exchange (loss)/gain		(317)	(138)	236
Finance income	11	38	48	38
Finance expense (net)	11	(90)	(135)	(185)
Share of profit/(loss) of equity accounted investments	14	64	(6)	(7)
Profit before tax	**12**	**1,557**	**2,614**	**2,501**
Income tax excluding tax on exceptional item		(293)	(576)	(622)
Tax on exceptional item	3	48	—	—
Income tax expense	13	(245)	(576)	(622)
Profit for the year		**1,312**	**2,038**	**1,879**

Jaguar Land Rover Automotive PLC
Annual report and financial statements
Year ended 31 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March (£ millions)	Note	2016	2015	2014
Profit for the year		**1,312**	**2,038**	**1,879**
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	31	489	(355)	(135)
Income tax related to items that will not be reclassified	13, 19	(113)	71	(4)
		376	**(284)**	**(139)**
Items that may be reclassified subsequently to profit or loss:				
(Loss)/gain on effective cash flow hedges	34	(169)	(1,768)	1,041
Cash flow hedges reclassified to 'Foreign exchange (loss)/gain' in profit or loss	34	224	(44)	(112)
Currency translation differences		(1)	21	—
Income tax related to items that may be reclassified	13, 19	(18)	363	(194)
		36	**(1,428)**	**735**
Other comprehensive income/(expense) net of tax		**412**	**(1,712)**	**596**
Total comprehensive income attributable to shareholders		**1,724**	**326**	**2,475**

CONSOLIDATED BALANCE SHEET

As at (£ millions)	Note	2016	2015	2014
Non-current assets				
Investments	14	339	280	145
Other financial assets	15	185	49	473
Property, plant and equipment	16	5,175	4,474	3,184
Intangible assets	17	5,497	4,952	4,240
Other non-current assets	18	45	26	33
Deferred tax assets	19	354	372	284
Total non-current assets		**11,595**	**10,153**	**8,359**
Current assets				
Cash and cash equivalents	20	3,399	3,208	2,260
Short-term deposits		1,252	1,055	1,199
Trade receivables		1,078	1,112	831
Other financial assets	15	137	214	392
Inventories	22	2,685	2,416	2,174
Other current assets	18	411	396	355
Current tax assets		10	9	19
Total current assets		**8,972**	**8,410**	**7,230**
Total assets		**20,567**	**18,563**	**15,589**
Current liabilities				
Accounts payable	23	5,758	5,450	4,787
Short-term borrowings	24	116	156	167
Other financial liabilities	25	962	923	277
Provisions	26	555	485	395
Other current liabilities	27	427	374	395
Current tax liabilities		57	69	113
Total current liabilities		**7,875**	**7,457**	**6,134**
Non-current liabilities				
Long-term borrowings	24	2,373	2,381	1,843
Other financial liabilities	25	817	842	69
Provisions	26	733	639	582
Retirement benefit obligation	31	567	887	674
Other non-current liabilities	27	204	118	77
Deferred tax liabilities	19	384	199	346
Total non-current liabilities		**5,078**	**5,066**	**3,591**
Total liabilities		**12,953**	**12,523**	**9,725**
Equity attributable to shareholders				
Ordinary shares	28	1,501	1,501	1,501
Capital redemption reserve	28	167	167	167
Reserves	29	5,946	4,372	4,196
Equity attributable to shareholders		**7,614**	**6,040**	**5,864**
Total liabilities and equity		**20,567**	**18,563**	**15,589**

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 18 July 2016. They were signed on its behalf by:

Dr. Ralf Speth
Chief Executive Officer
Company registered number: 06477691

Jaguar Land Rover Automotive PLC
Annual report and financial statements
Year ended 31 March 2016
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(£ millions)	Ordinary share capital	Capital redemption reserve	Other reserves	Total equity
Balance at 1 April 2015	**1,501**	**167**	**4,372**	**6,040**
Profit for the year	—	—	1,312	1,312
Other comprehensive income for the year	—	—	412	412
Total comprehensive income	**—**	**—**	**1,724**	**1,724**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2016	**1,501**	**167**	**5,946**	**7,614**
Balance at 1 April 2014	**1,501**	**167**	**4,196**	**5,864**
Profit for the year	—	—	2,038	2,038
Other comprehensive expense for the year	—	—	(1,712)	(1,712)
Total comprehensive income	**—**	**—**	**326**	**326**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2015	**1,501**	**167**	**4,372**	**6,040**
Balance at 1 April 2013	**1,501**	**167**	**1,871**	**3,539**
Profit for the year	—	—	1,879	1,879
Other comprehensive income for the year	—	—	596	596
Total comprehensive income	**—**	**—**	**2,475**	**2,475**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2014	**1,501**	**167**	**4,196**	**5,864**

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March (£ millions)	Note	2016	2015	2014
Cash flows from operating activities				
Cash generated from operations	38	3,726	4,016	3,824
Income tax paid		(166)	(389)	(402)
Net cash generated from operating activities		**3,560**	**3,627**	**3,422**
Cash flows (used in)/from investing activities				
Investment in equity accounted investments		—	(124)	(92)
Investment in other restricted deposits		(30)	(12)	(13)
Redemption of other restricted deposits		27	19	146
Movements in other restricted deposits		(3)	7	133
Investment in short-term deposits		(4,147)	(2,807)	(2,729)
Redemption of short-term deposits		3,961	3,002	2,265
Movements in short-term deposits		(186)	195	(464)
Purchases of property, plant and equipment	38	(1,422)	(1,564)	(1,201)
Proceeds from sale of property, plant and equipment		—	3	4
Cash paid for intangible assets	38	(1,384)	(1,206)	(1,155)
Finance income received		40	48	39
Acquisition of subsidiary	36	(11)	—	—
Net cash used in investing activities		**(2,966)**	**(2,641)**	**(2,736)**
Cash flows (used in)/from financing activities				
Finance expenses and fees paid		(142)	(230)	(269)
Proceeds from issuance of short-term borrowings		551	592	526
Repayment of short-term borrowings		(599)	(623)	(683)
Proceeds from issuance of long-term borrowings		—	1,032	829
Repayment of long-term borrowings		(58)	(653)	(746)
Payments of lease obligations		(5)	(6)	(5)
Dividends paid		(150)	(150)	(150)
Net cash used in financing activities		**(403)**	**(38)**	**(498)**
Net increase in cash and cash equivalents*		**191**	**948**	**188**
Cash and cash equivalents at beginning of year	20	3,208	2,260	2,072
Cash and cash equivalents at end of year	**20**	**3,399**	**3,208**	**2,260**

* Included in 'Net increase in cash and cash equivalents' is an increase of £4 million (2015: increase of £52 million, 2014: decrease of £111 million) arising from the impact of foreign exchange rate changes on cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BACKGROUND AND OPERATIONS

Jaguar Land Rover Automotive PLC ('the Company') and its subsidiaries, (collectively referred to as 'the Group' or 'JLR'), designs, manufactures and sells a wide range of automotive vehicles. The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is Abbey Road, Whitley, Coventry, CV3 4LF, United Kingdom.

The Company is a subsidiary of Tata Motors Limited, India and acts as an intermediate holding company for the Jaguar Land Rover business. The principal activity during the year was the design, development, manufacture and marketing of high performance luxury saloons, specialist sports cars and four wheel drive off-road vehicles.

These consolidated financial statements have been prepared in Pound Sterling ('GBP') and rounded to the nearest million GBP (£ million) unless otherwise stated. Results for the year ended and as at 31 March 2014 have been disclosed solely for the information of the users.

2 ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

These consolidated and parent company financial statements have been prepared in accordance with International Financial Reporting Standards (referred to as 'IFRS') and IFRS Interpretation Committee ('IFRS IC') interpretations as adopted by the European Union ('EU') and the requirements of the United Kingdom Companies Act 2006 applicable to companies reporting under IFRS. In addition these consolidated financial statements also comply with IFRS as adopted by the International Accounting Standards Board ('IASB') as no differences exist between IFRS as adopted by the EU applied by the Group and IFRS issued by the IASB.

The Company has taken advantage of section 408 of the Companies Act 2006 and, therefore, the separate financial statements of the Company do not include the income statement or the statement of comprehensive income of the Company on a stand-alone basis.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

GOING CONCERN

The Directors have considered the financial position of the Group at 31 March 2016 (net assets of £7,614 million (2015: £6,040 million, 2014: £5,864 million)) and the projected cash flows and financial performance of the Group for at least 12 months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The Directors have taken actions to ensure that appropriate long-term cash resources are in place at the date of signing the accounts to fund Group operations. The Directors have reviewed the financial covenants linked to the borrowings in place and believe these will not be breached at any point and that all debt repayments will be met.

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

BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements include Jaguar Land Rover Automotive plc and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has power over the investee, is

exposed or has rights to variable return from its involvement with the investee and has the ability to use its power to affect its returns. In assessing control, potential voting rights that currently are exercisable are taken into account. All subsidiaries of the Group given in note 42 to the parent company financial statements are included in the consolidated financial statements.

Intercompany transactions and balances including unrealised profits are eliminated in full on consolidation.

Associates and joint ventures (equity accounted investments)

Associates are those entities in which the Group has significant influence, but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee and is presumed to exist when the Group holds between 20 and 50 per cent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for decisions about the relevant activities of the entity, being those activities that significantly affect the entity's returns.

Associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses, other comprehensive income and equity movements of equity accounted investments, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investment, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

When the Group transacts with an associate or joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in its associate or joint venture.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

(i) Note 16—Property, plant and equipment—the Group applies judgement in determining the estimate useful life of assets.

(ii) Note 17—Intangible assets—management applies significant judgement in establishing the applicable criteria for capitalisation of appropriate product development costs and impairment of indefinite life intangible assets. The key judgements in the impairment assessment include the determination of cash-generating units, value of cash flows and appropriateness of discount rates.

(iii) Note 19—Deferred tax—management applies judgement in establishing the timing of the recognition of deferred tax assets relating to historic losses, assessing the recoverability of those assets and estimating taxes ultimately payable on remittance of overseas earnings.

(iv) Note 26—Provision for product warranty—it is necessary for the Group to assess the provision for anticipated lifetime warranty and campaign costs. The valuation of warranty and campaign provisions requires a significant amount of judgement and the requirement to form appropriate assumptions around expected future costs.

(v) Note 31—Retirement benefit obligation—it is necessary for actuarial assumptions to be made, including discount and mortality rates and the long-term rate of return upon scheme assets. The Group engages a qualified actuary to assist with determining the assumptions to be made when evaluating these liabilities.

Note 34—Financial instruments—the Group enters into complex financial instruments and therefore appropriate accounting for these requires judgement around the valuations.

REVENUE RECOGNITION

Revenue comprises the amounts invoiced to customers outside the Group and is measured at fair value of the consideration received or receivable, net of discounts, sales incentives, customer bonuses and rebates granted, which can be identified at the point of sale. Revenue is presented net of excise duty where applicable and other indirect taxes.

Revenue is recognised when the risks and rewards of ownership have been transferred to the customer and the amount of revenue can be reliable measured with it being probable that future economic benefits will flow to the Group. The transfer of the significant risks and rewards are defined in the underlying agreements with the customer.

No sale is recognised where, following disposal of significant risks and rewards, the Group retains a significant financial interest. The Group's interest in these items is retained in inventory, with a creditor being recognised for the contracted buy-back price. Income under such agreements, measured as the difference between the initial sale price and the buyback price, is recognised on a straight-line basis over the term of the agreement. The corresponding costs are recognised over the term of the agreement based on the difference between the item's cost, including estimated costs of resale, and the expected net realisable value.

If a sale includes an agreement for subsequent servicing or maintenance, the fair value of that service is deferred and recognised as income over the relevant service period in proportion with the expected cost pattern of the agreement.

COST RECOGNITION

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

Expenditures are capitalised where appropriate in accordance with the policy for internally generated intangible assets and represent employee costs, stores and other manufacturing supplies, and other expenses incurred for product development undertaken by the Group.

GOVERNMENT GRANTS AND INCENTIVES

Government grants are recognised when there is reasonable assurance that the Group will comply with the relevant conditions and the grant will be received.

Government grants are recognised in the consolidated income statement on a systematic basis when the Group recognises, as expenses, the related costs that the grants are intended to compensate.

Government grants related to assets are deducted from the cost of the asset and amortised over the useful life of the asset. Government grants related to income are presented as an offset against the related expenditure and Government grants which are awarded as incentives with no ongoing performance obligations to the Group are recognised as other income in the period the grant is received.

Sales tax incentives received from governments are recognised in the consolidated income statement at the reduced tax rate and revenue is reported net of these sales tax incentives.

FOREIGN CURRENCY

The Company has a functional currency of GBP. The presentation currency of the consolidated financial statements is GBP.

The functional currency of the UK and non-UK selling operations is GBP being the primary economic environment that influences these operations. This is on the basis that management control is in the UK and that GBP is the currency that primarily determines sales prices and is the main currency for the retention of operating income.The functional currency of Chery Jaguar Land Rover Automotive Co. Ltd., the Group's principal joint venture, is Chinese Yuan ('CNY'). The functional currency of Jaguar Land Rover Slovakia s.r.o is Euro.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognised in the consolidated income statement as 'Foreign exchange (loss)/gain'.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (non-GBP functional currency) are translated at exchange rates prevailing on the balance sheet date. Income

and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

INCOME TAXES

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the consolidated income statement, except when related to items that are recognised outside of profit or loss (whether in other comprehensive income or directly in equity, whereby tax is also recognised outside of profit or loss), or where related to the initial accounting for a business combination. In the case of a business combination the tax effect is included in the accounting for the business combination.

Current income taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

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 unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the year 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 against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

EXCEPTIONAL ITEMS

Exceptional items by virtue of their nature, size or frequency are disclosed separately on the face of the consolidated income statement where this enhances understanding of the Group's performance.

PROPERTY, PLANT AND EQUIPMENT

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

Cost includes purchase price, non-recoverable 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.

Interest cost incurred for constructed assets is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset.

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

Class of property, plant and equipment	Estimated useful life (years)
Buildings	20 to 40
Plant and equipment	3 to 30
Computers	3 to 6
Vehicles	3 to 10
Furniture and fixtures	3 to 20

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Freehold land is measured at cost and is not depreciated. Heritage assets are not depreciated as they are considered to have a residual value in excess of cost. Residual values are re-assessed on an annual basis.

Depreciation is not recorded on assets under construction until construction and installation is complete and the asset is ready for its intended use. Assets under construction include capital prepayments.

INTANGIBLE ASSETS

Acquired intangible assets

Intangible assets purchased, including those acquired in business combinations, are measured at acquisition cost which is the fair value on the date of acquisition, where applicable, less accumulated amortisation and accumulated impairment, if any. Intangible assets with indefinite lives are reviewed annually to determine whether an indefinite-life assessment continues to be supportable. If not, the change in the useful-life assessment from indefinite to finite is made on a prospective basis.

For intangible assets with definite lives, amortisation is provided on a straight-line basis over the estimated useful lives of the acquired intangible assets as per the estimated amortisation periods below:

Class of intangible asset	Estimated amortisation period (years)
Patents and technological know-how	2 to 12
Customer-related—dealer network	20
Software	2 to 8
Intellectual property rights and other intangibles	Indefinite life

The amortisation for intangible assets with finite useful lives is reviewed at least at each year-end. Changes in expected useful lives are treated as changes in accounting estimates.

Capital-work-in-progress includes capital advances.

Customer related intangibles acquired in a business combination consist of dealer networks.

Intellectual property rights and other intangibles consist of brand names, which are considered to have indefinite lives due to the longevity of the brands.

Internally generated intangible assets

Research costs are charged to the consolidated income statement in the year in which they are incurred.

Product development costs incurred on new vehicle platforms, engines, transmission and new products are recognised as intangible assets, when feasibility has been established, the Group has committed technical, financial and other resources to complete the development and it is probable that the asset will generate future economic benefits.

The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for use.

Interest cost incurred is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings if no specific borrowings have been incurred for the asset.

Product development cost is amortised over a period of between two and ten years.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment loss.

Amortisation is not recorded on product development in progress until development is complete.

IMPAIRMENT

Property, plant and equipment and other intangible assets

At each balance sheet date, the Group assesses whether there is any indication that any property, plant and equipment and intangible assets may be impaired. If any such impairment indicator exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable

amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, or earlier, if there is an indication that the asset may be impaired.

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

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

An annual impairment review for heritage assets is performed and any impairment in the carrying value is recognised immediately in the consolidated income statement.

Equity accounted investments: joint ventures and associates

The requirements of IAS 39 *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

CASH AND CASH EQUIVALENTS

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

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials and consumables are ascertained on a first-in, first-out basis. Costs, including fixed and variable production overheads, are allocated to work-in-progress and finished goods determined on a full absorption cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

Inventories include vehicles sold subject to repurchase arrangements. These vehicles are carried at cost to the Group and are amortised in changes in stocks and work-in-progress to their residual values (i.e. estimated second hand sale value) over the term of the arrangement.

PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are held for product warranties, legal and product liabilities, residual risks and environmental risks as detailed in note 26 to the consolidated financial statements.

LONG-TERM INCENTIVE PLAN ('LTIP')

The Group operates a LTIP arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of phantom shares at grant date and the share price of Tata Motors Limited at the vesting date, subject to profitability and employment conditions. These are accounted for as cash-settled arrangements, whereby a liability is recognised at fair value at the date of grant, using a Black- Scholes model. At each balance sheet date until the liability is settled, the fair value of the liability is remeasured, with any changes in fair value recognised in the consolidated income statement.

LEASES

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the terms and substance of the lease arrangement.

Assets taken on finance lease

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

Assets taken on operating lease

Leases other than finance leases are operating leases, and the leased assets are not recognised on the Group's balance sheet. Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease in 'Other expenses'.

EMPLOYEE BENEFITS

Pension plans

The Group operates several defined benefit pension plans, which were previously contracted out of the second state pension scheme until 5 April 2015. The assets of the plans are held in separate trustee administered funds. The plans provide for a monthly pension after retirement based on salary and service as set out in the rules of each plan.

Contributions to the plans by the Group take into consideration the results of actuarial valuations. The plans with a surplus position at the balance sheet date have been limited to the maximum economic benefit available from unconditional rights to refund from the scheme or reduction in future contributions. Where the subsidiary Group is considered to have a contractual obligation to fund the pension plan above the accounting value of the liabilities, an onerous obligation is recognised.

The UK defined benefit schemes were closed to new joiners in April 2010.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the consolidated statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled.

Past service cost, including curtailment gains and losses, is generally recognised in profit or loss in the period of scheme amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability.

Defined benefit costs are split into three categories:

- Current service cost, past service cost and gains and losses on curtailments and settlements;
- Net interest cost; and
- Remeasurement.

The Group presents these defined benefit costs within 'Employee costs' in the consolidated income statement (see note 6).

A separate defined contribution plan is available to new employees of JLR. Costs in respect of this plan are charged to the consolidated income statement as incurred.

Post-retirement Medicare scheme

Under this unfunded scheme, employees of some subsidiaries receive medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Group as part of an Early Separation Scheme, on medical grounds or due to permanent disablement are also covered under the scheme. The applicable subsidiaries account for the liability for the post-retirement medical scheme based on an annual actuarial valuation.

Actuarial gains and losses

Actuarial gains and losses relating to retirement benefit plans are recognised in other comprehensive income in the year in which they arise. Actuarial gains and losses relating to long-term employee benefits are recognised in the consolidated income statement in the year in which they arise.

Measurement date

The measurement date of all retirement plans is 31 March.

FINANCIAL INSTRUMENTS

Classification, initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are classified into categories: financial assets at fair value through profit or loss (which can either be held for trading or designated as fair value options), held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. No financial instruments have been designated as fair value through profit or loss using the fair value option or have been classified as held to maturity.

Financial instruments are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

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

Financial assets and financial liabilities at fair value through profit or loss—held for trading: Derivatives, including embedded derivatives separated from the host contract, are classified into this category. Financial assets and liabilities are measured at fair value with changes in fair value recognised in the consolidated income statement with the exception of those derivatives which are designated as cash flow hedging instruments and for which hedge accounting is applied.

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

2 ACCOUNTING POLICIES

Available-for-sale financial assets: Available-for-sale financial assets are those non-derivative financial assets that are either designated as such upon initial recognition or are not classified in any of the other financial assets categories. Subsequently, these are measured at fair value and changes therein are recognised in other comprehensive income, net of applicable deferred income taxes, and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. The Group does not hold any available-for-sale financial assets.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost.

Embedded derivatives relating to prepayment options on senior notes are not considered as closely related and are separately accounted unless the exercise price of these options is approximately equal on each exercise date to the amortised cost of the senior notes.

Equity instruments

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

Other financial liabilities

These are measured at amortised cost using the effective interest method.

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Subsequent to initial recognition, the Group determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

Derecognition of financial assets and financial liabilities

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

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

When a financial instrument is derecognised, the cumulative gain or loss in equity (if any) is transferred to the consolidated income statement.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset, other than those at fair value through profit or loss, or a group of financial assets is impaired. A financial asset is considered to

be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Loans and receivables: Objective evidence of impairment includes default in payments with respect to amounts receivable from customers, significant financial difficulty of the customer or bankruptcy. Impairment loss in respect of loans and receivables is calculated as the difference between their carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Such impairment loss is recognised in the consolidated income statement. If the amount of an impairment loss decreases in a subsequent year, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal is recognised in the consolidated income statement.

Equity investments: A significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in profit and loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

Hedge accounting

The Group uses foreign currency forward contracts and options to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Group designates these forward contracts and options in a cash flow hedging relationships by applying hedge accounting principles under IAS 39.

These forward contracts and options are stated at fair value on the consolidated balance sheet at each reporting date. Changes in the fair value of these forward contracts and options that are designated and effective as hedges of future cash flows are recognised in other comprehensive income (net of tax), and any ineffective portion is recognised immediately in the consolidated income statement. Amounts accumulated in other comprehensive income are reclassified to the consolidated income statement in the periods in which the forecasted transactions affect profit or loss.

For options, the time value is not a designated component of the hedge, and therefore all changes in fair value related to the time value of the instrument are recognised immediately in the consolidated income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. For forecast transactions, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is retained there until the forecast transaction affects profit or loss.

If the forecast transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is immediately transferred to the consolidated income statement.

NEW ACCOUNTING PRONOUNCEMENTS

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

IAS 19 Employee Benefits was amended in November 2013 to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. The amendment did not have a material impact on the consolidated financial statements.

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

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

IFRS 11 Joint Arrangements addresses how a joint operator should account for the interest in a joint operation in which the activity of the joint operation constitutes a business. The amendment is effective for annual periods beginning

on or after 1 January 2016, with early adoption permitted. The amendment does not have any impact on the consolidated financial statements.

IAS 16 Property, Plant and Equipment has been amended to include 'bearer plants' whilst the produce growing on bearer plants remains within the scope of IAS 41. The amendment is effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendment does not have any impact on the consolidated financial statements.

IAS 1 Presentation of Financial Statements has been amended to support preparers in exercising their judgement in presenting their financial reports. This includes clarification that all information should have materiality considerations applied and additional examples on expected presentation of the financial statements. The amendment does not have any impact on the consolidated financial statements based upon the current disclosures given.

IAS 27 Separate Financial Statements has been amended to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. The amendment is effective for annual periods beginning on or after 1 January 2016 with early adoption permitted. This amendment does not have any impact on the consolidated financial statements.

In addition, as part of the IASB's Annual Improvements, a number of minor amendments have been made to standards in the 2012 - 2014 cycles. These amendments are effective for annual periods beginning on or after 1 July 2016, with early application permitted. These amendments do not have a material impact on the consolidated financial statements.

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

IFRS 10 and IAS 28 have been amended to clarify the treatment of the transfer of assets or sale of equity from an investor to its associate or joint venture. The mandatory effective date for these amendments has been deferred indefinitely by the IASB. These amendments are not expected to have a material impact on the consolidated financial statements.

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. This standard is effective for annual periods beginning on or after January 2016 subject to EU endorsement. The amendment does not have any impact the consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted subject to EU endorsement. The Group is assessing the impact of IFRS 15 and expects it to have a significant impact on the consolidated financial statements.

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. There is now a new expected credit losses model that replaces the incurred loss model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and the hedging instrument and for the "hedged ratio" to be the same as the one management actually use for the risk management process. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted subject to EU endorsement. The

Group is assessing the impact of IFRS 9, though expects it to have a significant impact on the consolidated financial statements.

The amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) relate to investment entities. The amendment is effective for annual periods beginning on or after 1 January 2016 and earlier application is permitted subject to EU endorsement. JLR, its subsidiaries and its parent do not meet the definition of an 'investment entity' and therefore the amendment is not applicable.

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to EU endorsement and the adoption of IFRS 15. The Group is assessing the impact of IFRS 16 and expects it to have a significant impact on the consolidated financial statements.

IAS 12 Income taxes has been amended to clarify the treatment of deferred tax on debt held at fair value and clarify details on recognition of deferred tax assets. The amendment is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. These amendments do not have any impact on the consolidated financial statements.

IAS 7 has been amended to require additional disclosure to help users evaluate changes in borrowings. The amendment is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement. The Group expects to include a net debt reconciliation within its disclosures following the adoption of this standard.

3 EXCEPTIONAL ITEM

The exceptional item of £157 million for the year ended 31 March 2016 relates to the full financial year impact of the explosion at the port of Tianjin (China) in August 2015. A provision of £245 million against the carrying value of inventory (finished goods) was recorded in the second quarter ended 30 September 2015, based on the Group's assessment of the physical condition of the vehicles involved. Subsequent to that, insurance proceeds of £55 million have been received, together with the conclusion of further assessments of the condition of the remaining vehicles, which had led to a reversal of £33 million of the initial provision.

The process for finalising ongoing insurance claims may take some months to conclude, so further insurance and other potential recoveries will only be recognised in future periods when received or confirmed as receivable.

Due to the size of the provision recorded, the charge together with the associated tax impact has been disclosed as an exceptional item. Any future recoveries will similarly be recognised as a reversal of that charge through exceptional items.

4 REVENUE

Year ended 31 March (£ millions)	2016	2015	2014
Sale of goods	22,208	21,866	19,386
Total revenues	**22,208**	**21,866**	**19,386**

5 MATERIAL AND OTHER COST OF SALES

Year ended 31 March (£ millions)	2016	2015	2014
Changes in inventories of finished goods and work in progress	(257)	(236)	(356)
Purchase of products for sale	876	864	715
Raw materials and consumables	12,684	12,557	11,545
Total material and other cost of sales	**13,303**	**13,185**	**11,904**

6 EMPLOYEE NUMBERS AND COSTS

Year ended 31 March (£ millions)	2016	2015	2014
Wages and salaries	1,738	1,500	1,230
Social security costs and benefits	274	240	192

Pension costs	309	237	232
Total employee costs	**2,321**	**1,977**	**1,654**

Average employee numbers year ended 31 March 2016	Non-agency	Agency	Total
Manufacturing	17,235	3,140	20,375
Research and development	6,060	3,115	9,175
Other	6,494	961	7,455
Total employee numbers	**29,789**	**7,216**	**37,005**

Average employee numbers year ended 31 March 2015	Non-agency	Agency	Total
Manufacturing	14,504	3,688	18,192
Research and development	5,185	2,716	7,901
Other	5,213	821	6,034
Total employee numbers	**24,902**	**7,225**	**32,127**

Average employee numbers year ended 31 March 2014	Non-agency	Agency	Total
Manufacturing	13,890	1,670	15,560
Research and development	4,307	1,916	6,223
Other	4,914	1,256	6,170
Total employee numbers	**23,111**	**4,842**	**27,953**

7 DIRECTORS' EMOLUMENTS

Year ended 31 March (£)	2016	2015	2014
Directors' emoluments	4,597,415	4,401,059	3,059,210

The aggregate of emoluments and amounts receivable under the long-term incentive plan ('LTIP') of the highest paid director was £3,709,433 (2015: £2,824,297, 2014: £2,433,578). In addition, for the highest paid director, pension benefits of £786,351 (2015: £1,475,732, 2014: £524,000) have accrued in the year. During the year, the highest paid director received £197,782 of LTIP awards (2015: no LTIP awards, 2014: no LTIP awards).

No directors received any LTIP cash payments during the years ended 31 March 2016, 2015 and 2014.

8 LONG-TERM INCENTIVE PLAN ('LTIP')

The Group operates a LTIP arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of phantom shares at grant date and the share price of Tata Motors Limited at the vesting date. The cash payment is dependent upon continued employment for the duration of the 3 year vesting period. The cash payment has no exercise price and therefore the weighted average exercise price in all cases is £nil.

Year ended 31 March (number)	2016	2015	2014
Outstanding at the beginning of the year	5,637,242	5,353,559	4,217,801
Granted during the year	2,317,710	2,315,618	1,956,741
Vested in the year	(1,690,151)	(1,654,917)	(778,599)
Forfeited in the year	(231,944)	(377,018)	(42,384)
Outstanding at the end of the year	**6,032,857**	**5,637,242**	**5,353,559**

The weighted average share price of the 1,690,151 phantom stock awards vested in the year was £5.84 (2015: £5.89, 2014: £4.45).

The weighted average remaining contractual life of the outstanding awards is 1.4 years (2015: 1.3 years, 2014: 1.3 years).

The amount charged in the year in relation to the long-term incentive plan was £3 million (2015: £16 million, 2014: £11 million).

The fair value of the balance sheet liability in respect of phantom stock awards outstanding at the year end was £16 million (2015: £23 million, 2014: £17 million).

The fair value of the awards was calculated using a Black-Scholes model at the grant date. The fair value is updated at each reporting date as the awards are accounted for as cash-settled under IFRS 2 *Share-based Payment*. The

inputs into the model are based on the Tata Motors Limited historic data and the risk-free rate is calculated on government bond rates. The inputs used are:

As at 31 March	2016	2015	2014
Risk-free rate (%)	0.51%	0.49%	0.91%
Dividend yield (%)	0.00%	0.39%	0.49%
Weighted average fair value per phantom share	£4.12	£6.14	£4.95

9 OTHER EXPENSES

Year ended 31 March (£ millions)	2016	2015	2014
Stores, spare parts and tools	150	123	114
Freight cost	858	673	610
Works, operations and other costs	2,065	1,808	1,538
Repairs	42	37	17
Power and fuel	61	57	62
Rent, rates and other taxes	50	57	41
Insurance	26	20	19
Write-down of intangible assets	28	—	—
Warranty	583	543	541
Publicity	811	791	775
Total other expenses	**4,674**	**4,109**	**3,717**

Included within warranty expenses for the year ended 31 March 2016 (2015, 2014:£nil) is a charge of £67 million for a passenger airbag campaign (see note 41).

10 RESEARCH AND DEVELOPMENT

Year ended 31 March (£ millions)	2016	2015	2014
Total research and development costs incurred	1,560	1,411	1,266
Research and development expensed	(318)	(253)	(236)
Development costs capitalised	**1,242**	**1,158**	**1,030**
Interest capitalised	73	114	102
Research and development expenditure credit	(88)	(69)	(45)
Total internally developed intangible additions	**1,227**	**1,203**	**1,087**

During the year ended 31 March 2014 legislation was enacted to allow UK companies to elect for the Research and Development Expenditure Credit (RDEC) on qualifying expenditure incurred since 1 April 2013, instead of the previous super-deduction rules. In the year ended 31 March 2016, as a result of this election, £66 million (2015: £66 million, 2014: £45 million) of the RDEC, the proportion relating to capitalised product development expenditure, has been offset against the cost of the respective assets. The remaining £38 million (2015: £30 million, 2014: £18 million) of the RDEC has been recognised as other income.

11 FINANCE INCOME AND EXPENSE

Year ended 31 March (£ millions)	2016	2015	2014
Finance income	38	48	38
Total finance income	**38**	**48**	**38**
Total interest expense on financial liabilities measured at amortised cost	(143)	(234)	(257)
Unwind of discount on provisions	(21)	(17)	6
Interest capitalised	74	116	113
Total interest expense	**(90)**	**(135)**	**(138)**
Embedded derivative value	—	—	(47)
Total finance expense (net)	**(90)**	**(135)**	**(185)**

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 4.6% (2015: 5.8%, 2014: 7.2%).

During the year ended 31 March 2016, the Group repaid one tranche of debt (see note 24) and as a result a redemption premium of £2 million was incurred.

During the year ended 31 March 2015, the Group repaid two tranches of debt (see note 24) and as a result a redemption premium of £77 million was incurred.

During the year ended 31 March 2014, the Group repaid two tranches of debt (see note 24) and as a result a redemption premium of £56 million was incurred and the fair value of the embedded derivatives was expensed in full.

12 PROFIT BEFORE TAX

Expense/(income) included in profit before tax for the year are the following:

Year ended 31 March (£ millions)	2016	2015	2014
Foreign exchange loss/(gain) on loans	54	178	(87)
Foreign exchange (gain)/loss on derivatives	(86)	166	(57)
Unrealised loss on commodities	59	30	7
Depreciation of property, plant and equipment	634	461	386
Amortisation of intangible assets (excluding internally generated development costs)	88	64	44
Amortisation of internally generated development costs	696	526	445
Operating lease rentals in respect of plant, property and equipment	57	48	42
Loss on disposal of property, plant, equipment and software	13	7	4
Auditor remuneration (see below)	5	4	4

During the year ended 31 March 2016, £101 million (2015: £132 million, 2014: £91 million) was received by a foreign subsidiary as an indirect tax incentive that requires the subsidiary to meet certain criteria relating to vehicle efficiency and investment in engineering and research and development. The incentive is provided as a partial offset to the higher sales taxes payable following implementation of new legislation in the year ended 31 March 2014. During the year ended 31 March 2016, £101 million (2015: £132 million, 2014: £88 million) has been recognised in revenue and £nil (2015: £nil, 2014: £3 million) has been deferred to offset against capital expenditure, when incurred.

During the year ended 31 March 2016, £62 million (2015: £54 million, 2014: £71 million) was received by a foreign subsidiary as an incentive for continuing trading in that country for the foreseeable future. As the receipt has no ongoing financial or operating conditions attached, the amount has been recognised as ‘Other Income’.

The following table sets out the auditor remuneration for the year (rounded to the nearest £0.1 million):

Year ended 31 March (£ millions)	2016	2015	2014
Fees payable to the Company’s auditor and its associates for the audit of the parent company and consolidated financial statements	0.1	0.1	0.1
Fees payable to the Company’s auditor and its associates for other services:			
– audit of the Company’s subsidiaries	3.5	3.3	2.9
Total audit fees	**3.6**	**3.4**	**3.0**
Audit-related assurance services	1.8	0.3	0.3
Other assurance services	0.1	0.7	0.5
Total non-audit fees	**1.9**	**1.0**	**0.8**
Total audit and related fees	**5.5**	**4.4**	**3.8**

Fees payable to Deloitte LLP and their associates for non-audit services to the Group are not required to be disclosed separately as these fees are disclosed on a consolidated basis.

13 TAXATION

Recognised in the consolidated income statement

Year ended 31 March (£ millions)	2016	2015	2014
Current tax expense			
Current year	180	350	348
Adjustments for prior years	(7)	15	9
Current tax expense	**173**	**365**	**357**
Deferred tax expense/(credit)			
Origination and reversal of temporary differences	163	294	330
Adjustments for prior years	(29)	(83)	(11)
Rate changes	(62)	—	(54)
Deferred tax expense	**72**	**211**	**265**
Total income tax expense	**245**	**576**	**622**

Prior year adjustments relate to differences between prior year estimates of tax position and current revised estimates or submitted tax computations.

Recognised in the consolidated statement of comprehensive income

Year ended 31 March (£ millions)	2016	2015	2014
Deferred tax expense/(credit) on actuarial gains on retirement benefits	97	(71)	(31)
Deferred tax expense/(credit) on change in fair value of cash flow hedges	11	(363)	214
Deferred tax expense on rate changes	23	—	15
	131	**(434)**	**198**
Total tax expense	**376**	**142**	**820**

Reconciliation of effective tax rate

Year ended 31 March (£ millions)	2016	2015	2014
Profit for the year	1,312	2,038	1,879
Total income tax expense	245	576	622
Profit before tax	**1,557**	**2,614**	**2,501**
Income tax expense using the tax rates applicable to individual entities of 20.9% (2015: 22.7%, 2014: 23.6%)	325	593	590
Impact of UK Patent Box claims	(29)	—	—
Non-deductible expenses	35	28	15
Unrecognised tax assets	12	—	—
Differences between current and deferred tax rates applicable	—	(18)	—
Changes in tax rates	(62)	—	(54)
Overseas unremitted earnings	13	40	71
Share of (profit)/loss of equity accounted investments	(13)	1	2
Over provided in prior years	(36)	(68)	(2)
Total income tax expense	**245**	**576**	**622**

Included within the line 'Over provided in prior years' for the year ended 31 March 2016 is £45 million relating to enhanced deductions under the UK Patent Box regime in respect of Fiscal 2014 and 2015.

Included within the line 'Over provided in prior years' for the year ended 31 March 2015 is a reversal of £62 million relating to withholding tax released as a result of changes in tax rates and laws expected to apply to the future repatriation of intercompany dividends.

The UK Finance Act 2015 was enacted during the year ended 31 March 2016 which included provisions for a reduction in the UK corporation tax rate from 20 per cent to 19 per cent with effect from 1 April 2017 and to 18 percent with effect from 1 April 2020. Accordingly, UK deferred tax has been provided at a blended rate of 18.1 per cent (2015:

20 per cent, 2014: 20 per cent), in recognising the applicable tax rate at the point when the timing difference is expected to reverse.

A further change to the UK corporation tax rate was announced in the Chancellor's Budget during the year ended 31 March 2016. The announcement included a reduction in the UK corporation tax rate to 17% from 1 April 2020. As the change to 17% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

14 INVESTMENTS

Investments consist of the following:

As at 31 March (£ millions)	2016	2015	2014
Equity accounted investments	339	280	145

The Group has the following investments at 31 March 2016:

Name of investment	Proportion of voting rights	Principal place of business and country of incorporation	Principal activity
Equity accounted investments			
Chery Jaguar Land Rover Automotive Co. Ltd.	50.0%	China	Manufacture and assembly of vehicles
Spark44 (JV) Limited	50.0%	England & Wales	Provision of advertising services
Jaguar Cars Finance Limited	49.9%	England & Wales	Non-trading
Trading investments			
Jaguar Land Rover Schweiz AG	10.0%	Switzerland	Sale of automotive vehicles and parts

Except for Spark44 (JV) Limited, the proportion of voting rights disclosed in the table above is the same as the interest in the ordinary share capital.

Chery Jaguar Land Rover Automotive Co. Ltd. is a limited liability company, whose legal form confirms separation between the parties to the joint arrangement. There is no contractual arrangement or any other facts or circumstances that indicate that the parties to the joint control of the arrangement have rights to the assets or obligations for the liabilities relating to the arrangement. Accordingly, Chery Jaguar Land Rover Automotive Co. Ltd. is classified as a joint venture.

During the year ended 31 March 2013, the Company invested a 50 percent stake in Chery Jaguar Land Rover Auto Sales Co. Ltd. (change of name from Suzhou Chery Jaguar Land Rover Trading Co. Ltd.) for £1 million and a 50 percent stake in Chery Jaguar Land Rover Automotive Co. Ltd. for £70 million. During the year ended 31 March 2014, Chery Jaguar Land Rover Auto Sales Co. Ltd., previously a direct joint venture of the Group, was acquired in full by Chery Jaguar Land Rover Automotive Co. Ltd. Therefore, the results shown of Chery Jaguar Land Rover Automotive Co. Ltd. are the consolidated results for that entity, which includes the results of Chery Jaguar Land Rover Auto Sales Co. Ltd.

During the year ended 31 March 2015, the Group increased its investment in Chery Jaguar Land Rover Automotive Co. Ltd. by £124 million (2014: £92 million). No further increases to the investment were made during the year ended 31 March 2016.

The following table sets out the summarised financial information of the Group's individually material joint venture, Chery Jaguar Land Rover Automotive Co. Ltd:

As at 31 March (£ million)	2016	2015	2014
Current assets	698	520	170
Current liabilities	(614)	(347)	(67)
Non-current assets	814	585	236
Non-current liabilities	(216)	(193)	(65)
Equity attributable to shareholders	**682**	**565**	**274**
Revenue	**1,106**	**158**	**—**

Profit/(loss) for the year	124	(13)	(16)
Total comprehensive income/(expense)	**124**	**(13)**	**(16)**

Included within the summarised financial information above are the following amounts:

As at 31 March (£ million)	2016	2015	2014
Cash and cash equivalents	450	295	122
Other current assets	248	225	48
Current financial liabilities (excluding trade and other payables and provisions)	(35)	(56)	—
Non-current financial liabilities (excluding trade and other payables and provisions)	(216)	(193)	(65)
Depreciation and amortisation	(58)	(16)	(1)
Interest income	8	8	2
Interest expense	(10)	(3)	(1)
Income tax (expense)/credit	(44)	6	13

Spark44 (JV) Limited's total ordinary share capital is divided into A and B ordinary shares with each class having 50% voting rights and interest in returns (of which the Group holds 100% of the B shares). However, the Group has an interest in 58% of the allotted ordinary share capital, but only 50% of the voting rights and interest in returns, since a number of A ordinary shares are held in trust. Therefore, Spark44 (JV) Limited is considered a joint venture.

The Group has no additional rights or influence over Jaguar Cars Finance Limited other than the voting rights attached to the ordinary share capital.

The following table sets out the summarised financial information in aggregate for the share of investments in equity accounted investments that are not individually material:

As at 31 March (£ million)	2016	2015	2014
Group's share of profit for the year	2	1	1
Group's share of other comprehensive income	—	—	—
Group's share of total comprehensive income	**2**	**1**	**1**
Carrying amount of the Group's interest	**5**	**3**	**2**

The following reconciles the carrying amount of the Group's interests in equity accounted investments:

As at 31 March (£ million)	2016	2015	2014
Net assets of material joint venture	**682**	**565**	**274**
Share of net assets of:			
Material joint venture	341	282	137
Individually immaterial joint ventures	5	3	2
Foreign exchange differences	—	—	6
Other	(7)	(5)	—
Carrying amount of the Group's interests in equity accounted investments	**339**	**280**	**145**

As at 31 March 2016, an adjustment of £7 million (2015: £5 million, 2014: £nil) has been made to derecognise profit that has not yet been realised on goods sold by the Group to Chery Jaguar Land Rover Automotive Co. Ltd.

The following reconciles the Group's share of total comprehensive income of equity accounted investments:

As at 31 March (£ million)	2016	2015	2014
Profit/(loss) of material joint venture	**124**	**(13)**	**(16)**
Share of profit/(loss) of:			
Material joint venture	62	(7)	(8)
Individually immaterial joint ventures	2	1	1
Share of profit/(loss) of equity accounted investments	**64**	**(6)**	**(7)**
Currency translation differences	(3)	21	—
Share of total comprehensive income/(expense) of equity accounted investments	**61**	**15**	**(7)**

The Group's share of capital commitments of its joint ventures at 31 March 2016 is £102 million (2015: £19 million, 2014: £116 million), purchase commitments of its joint ventures at 31 March 2016 is £36 million (2015, 2014: £nil) and commitments relating to the Group's interests in its joint ventures are disclosed in note 32. There are no contingent liabilities relating to the Group's interests in its joint ventures.

The information above reflects the amounts presented in the financial statements of the equity accounted investments adjusted for differences in accounting policies between the Group and its equity accounted investments. All joint ventures are accounted for using the equity method and are private companies and there are no quoted market prices available for their shares.

The Group has no additional rights or influence over Jaguar Land Rover Schweiz AG other than the voting rights attached to the ordinary share capital. During the year ended 31 March 2016 a dividend of £0.5 million (2015, 2014: £nil) was received from Jaguar Land Rover Schweiz AG. No dividend was received in the year ended 31 March 2016 (2015, 2014: no dividend) from any other trading investments or equity accounted investments. Trading investments are held at cost of £0.3 million (2015: £0.3 million, 2014: £0.3 million).

15 OTHER FINANCIAL ASSETS

As at 31 March (£ millions)	2016	2015	2014
Non-current			
Restricted cash held as security	21	18	25
Derivative financial instruments	154	22	436
Other	10	9	12
Total non-current other financial assets	**185**	**49**	**473**
Current			
Advances and other receivables recoverable in cash	8	19	22
Derivative financial instruments	73	176	361
Accrued income	12	5	—
Other	44	14	9
Total current other financial assets	**137**	**214**	**392**

As at 31 March 2016, £nil (2015: £16 million, 2014: £23 million) of the non-current restricted cash is held as security in relation to vehicles ultimately sold on lease, pledged until the leases reach their respective conclusion.

16 PROPERTY, PLANT AND EQUIPMENT

(£ millions)	Land and buildings	Plant and equipment	Vehicles	Computers	Fixtures & fittings	Leased assets	Heritage vehicles	Under construction	Total
Cost									
Balance at 1 April 2013	382	2,499	4	14	30	43	—	316	3,288
Additions	3	422	1	3	19	—	—	786	1,234
Transfers	152	245	—	—	—	—	—	(397)	—
Disposals	(3)	(17)	(1)	—	(1)	—	—	—	(22)
Reclassification from intangible assets	—	—	—	8	—	—	—	—	8
Balance at 31 March 2014	**534**	**3,149**	**4**	**25**	**48**	**43**	**—**	**705**	**4,508**
Additions	3	579	2	21	18	—	52	1,082	1,757
Transfers	277	733	—	—	—	—	—	(1,010)	—
Disposals	(10)	(50)	—	(2)	(1)	—	—	—	(63)
Balance at 31 March 2015	**804**	**4,411**	**6**	**44**	**65**	**43**	**52**	**777**	**6,202**
Additions	40	589	1	33	22	3	—	659	1,347
Transfers	218	707	—	—	—	—	—	(925)	—
Disposals	(2)	(46)	—	(1)	(3)	—	—	—	(52)
Balance at 31 March 2016	**1,060**	**5,661**	**7**	**76**	**84**	**46**	**52**	**511**	**7,497**
Depreciation									
Balance at 1 April 2013	56	859	1	4	13	20	—	—	953
Depreciation charge for the period	16	359	1	2	3	5	—	—	386
Disposals	(2)	(12)	(1)	—	(1)	—	—	—	(16)
Reclassification from intangible assets	—	—	—	1	—	—	—	—	1
Balance at 31 March 2014	**70**	**1,206**	**1**	**7**	**15**	**25**	**—**	**—**	**1,324**
Depreciation charge for the period	20	422	—	5	9	5	—	—	461
Disposals	(10)	(46)	—	—	(1)	—	—	—	(57)
Balance at 31 March 2015	**80**	**1,582**	**1**	**12**	**23**	**30**	**—**	**—**	**1,728**
Depreciation charge for the period	31	580	1	7	10	5	—	—	634
Disposals	(1)	(36)	—	—	(3)	—	—	—	(40)
Balance at 31 March 2016	**110**	**2,126**	**2**	**19**	**30**	**35**	**—**	**—**	**2,322**
Net book value									
At 31 March 2014	464	1,943	3	18	33	18	—	705	3,184
At 31 March 2015	724	2,829	5	32	42	13	52	777	4,474
At 31 March 2016	**950**	**3,535**	**5**	**57**	**54**	**11**	**52**	**511**	**5,175**

17 INTANGIBLE ASSETS

(£ millions)	Software	Patents and technological know-how	Customer related	Intellectual property rights and other intangibles	Product development in progress	Capitalised product development	Total
Cost							
Balance at 1 April 2013	247	147	89	618	1,263	1,978	4,342
Other additions—externally purchased	127	—	—	—	—	—	127
Other additions—internally developed	—	—	—	—	1,087	—	1,087
Capitalised product development—internally developed	—	—	—	—	(583)	583	—
Disposals	(3)	—	—	—	—	(146)	(149)
Reclassification to tangible assets	(8)	—	—	—	—	—	(8)
Balance at 31 March 2014	**363**	**147**	**89**	**618**	**1,767**	**2,415**	**5,399**
Other additions—externally purchased	103	—	—	1	—	—	104
Other additions—internally developed	—	—	—	—	1,203	—	1,203
Capitalised product development—internally developed	—	—	—	—	(1,388)	1,388	—
Disposals	(8)	—	(28)	—	—	(159)	(195)

Balance at 31 March 2015	**458**	**147**	**61**	**619**	**1,582**	**3,644**	**6,511**
Other additions—externally purchased	131	—	—	—	—	—	131
Other additions—internally developed	—	—	—	—	1,227	—	1,227
Capitalised product development—internally developed	—	—	—	—	(1,242)	1,242	—
Disposals	(10)	—	—	—	—	(361)	(371)
Asset write-downs	—	—	—	—	(28)	—	(28)
Balance at 31 March 2016	**579**	**147**	**61**	**619**	**1,539**	**4,525**	**7,470**
Amortisation and impairment							
Balance at 1 April 2013	73	70	43	—	—	634	820
Amortisation for the year	26	15	3	—	—	445	489
Disposals	(3)	—	—	—	—	(146)	(149)
Reclassification to tangible assets	(1)	—	—	—	—	—	(1)
Balance at 31 March 2014	**95**	**85**	**46**	**—**	**—**	**933**	**1,159**
Amortisation for the year	47	14	3	—	—	526	590
Disposals	(3)	—	(28)	—	—	(159)	(190)
Balance at 31 March 2015	**139**	**99**	**21**	**—**	**—**	**1,300**	**1,559**
Amortisation for the year	71	14	3	—	—	696	784
Disposals	(9)	—	—	—	—	(361)	(370)
Balance at 31 March 2016	**201**	**113**	**24**	**—**	**—**	**1,635**	**1,973**
Net book value							
At 31 March 2014	268	62	43	618	1,767	1,482	4,240
At 31 March 2015	319	48	40	619	1,582	2,344	4,952
At 31 March 2016	**378**	**34**	**37**	**619**	**1,539**	**2,890**	**5,497**

Following a review of all product development in progress, £28 million of costs were identified as written-down and these have been recognised as an expense within 'Other expenses' the year ended 31 March 2016 (2015, 2014: £nil).

17 INTANGIBLE ASSETS

IMPAIRMENT TESTING

The Directors are of the view that the operations of the Group represent a single cash-generating unit. The intellectual property rights are deemed to have an indefinite useful life on the basis of the expected longevity of the brand names.

For the periods presented, the recoverable amount of the cash-generating unit has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

As at 31 March	2016	2015	2014
Period on which management approved forecasts are based	5 years	5 years	5 years
Growth rate applied beyond approved forecast period	2.1%	2.2%	0%
Pre-tax discount rate	11.2%	11.2%	10.9%

The growth rates used in the value in use calculation reflect those inherent within the Board's latest business plan which is primarily a function of the Group's cycle plan assumptions, past performance and management's expectation of future market developments through to 2021/22. The cash flows are then extrapolated into perpetuity assuming a growth rate of 2.1 per cent (2015: 2.2 per cent, 2014: nil per cent).

No reasonably possible change in any of the key assumptions would cause the recoverable amount to be less than the carrying value of the assets of the cash-generating unit.

18 OTHER ASSETS

As at 31 March (£ millions)	2016	2015	2014
Current			
Recoverable VAT	218	221	237
Prepaid expenses	111	106	70
Other	82	69	48
Total current other assets	**411**	**396**	**355**
Non-current			
Prepaid expenses	42	23	31
Other	3	3	2
Total non-current other assets	**45**	**26**	**33**

19 DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax asset and liability for the year ended 31 March 2016 are as follows:

(£ millions)	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Foreign exchange	Closing balance
Deferred tax assets					
Property, plant & equipment	8	13	—	—	21
Provisions, allowances for doubtful receivables	227	(3)	—	—	224
Derivative financial instruments	261	(3)	(18)	—	240
Retirement benefits	187	36	(113)	—	110
Unrealised profit in inventory	146	(19)	—	—	127
Tax loss	220	(45)	—	—	175
Other	35	15	—	—	50
Total deferred tax asset	**1,084**	**(6)**	**(131)**	**—**	**947**
Deferred tax liabilities					
Property, plant & equipment	—	—	—	—	—
Intangible assets	852	94	—	—	946

Derivative financial instruments	—	—	—	—	—
Overseas unremitted earnings	59	(28)*	—	—	31
Total deferred tax liability	**911**	**66**	**—**	**—**	**977**
Presented as deferred tax asset**	372				354
Presented as deferred tax liability**	(199)				(384)

* Included within £28 million is a reversal of £39 million relating to withholding tax incurred on intercompany dividends paid in the year.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent they relate to the same taxation authority and are expected to be settled on a net basis.

At 31 March 2016 the Group had unused tax losses and other temporary differences amounting to £76 million (2015: £nil, 2014: £nil) for which no deferred tax asset has been recognised based upon the forecast profitability of the companies in which the deferred tax assets arise. As at 31 March 2016, £6 million (2015: £nil, 2014: £nil) of those tax losses expire after 8 years and the remaining balance is not expected to expire.

At 31 March 2016, the Group had temporary differences relating to undistributed profits of equity accounted investees amounting to £37 million (2015: £nil, 2014: £nil) for which no deferred tax liability has been recognised as it is not expected to reverse in the foreseeable future.

All deferred tax assets and deferred tax liabilities at 31 March 2016, 31 March 2015 and 31 March 2014 are presented as non-current.

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

(£ millions)	**Opening balance**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Foreign exchange**	**Closing balance**
Deferred tax assets					
Property, plant & equipment	74	(66)	—	—	8
Provisions, allowances for doubtful receivables	190	25	—	12	227
Derivative financial instruments	—	31	230	—	261
Retirement benefits	135	(19)	71	—	187
Unrealised profit in inventory	138	8	—	—	146
Tax loss	375	(155)	—	—	220
Other	15	20	—	—	35
Total deferred tax asset	**927**	**(156)**	**301**	**12**	**1,084**
Deferred tax liabilities					
Property, plant & equipment	2	(2)	—	—	—
Intangible assets	713	139	—	—	852
Derivative financial instruments	133	—	(133)	—	—
Overseas unremitted earnings	141	(82)*	—	—	59
Total deferred tax liability	**989**	**55**	**(133)**	**—**	**911**
Presented as deferred tax asset**	284				372
Presented as deferred tax liability**	(346)				(199)

* Included within £82 million is a reversal of £59 million relating to withholding tax incurred on intercompany dividends paid in the year, and £62 million relating to withholding tax released as a result of changes in tax rates and laws expected to apply to future repatriation of intercompany dividends.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent they relate to the same taxation authority and are expected to be settled on a net basis.

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

(£ millions)	**Opening balance**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Foreign exchange**	**Closing balance**
Deferred tax assets					
Property, plant & equipment	145	(71)	—	—	74
Provisions, allowances for doubtful receivables	182	29	—	(21)	190
Derivative financial instruments	61	—	(61)	—	—
Retirement benefits	164	(25)	(4)	—	135

Unrealised profit in inventory	76	62	—	—	138
Tax loss	556	(181)	—	—	375
Other	2	13	—	—	15
Total deferred tax asset	**1,186**	**(173)**	**(65)**	**(21)**	**927**
Deferred tax liabilities					
Property, plant & equipment	2	—	—	—	2
Intangible assets	676	37	—	—	713
Derivative financial instruments	—	—	133	—	133
Overseas unremitted earnings	86	55*	—	—	141
Total deferred tax liability	**764**	**92**	**133**	**—**	**989**
Presented as deferred tax asset**	508				284
Presented as deferred tax liability**	(86)				(346)

* Included within £55 million is a reversal of £5 million relating to withholding tax incurred on intercompany dividends paid in the year.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent they relate to the same taxation authority and are expected to be settled on a net basis.

20 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

As at 31 March (£ millions)	2016	2015	2014
Cash and cash equivalents	3,399	3,208	2,260

Included within the cash and cash equivalents balance of £3,399 million (2015: £3,208 million, 2014: £2,260 million) are amounts of £12 million (2015: £nil, 2014: £nil) which are not considered to be available for use by the Group at the balance sheet date. £7 million (2015: £nil, 2014: £nil) relates to amounts held by solicitors to settle a capital commitment and £5 million (2015: £nil, 2014: £nil) relates to amounts that are required by local legislation to be held for use on specific marketing activities.

21 ALLOWANCES FOR TRADE AND OTHER RECEIVABLES

Changes in the allowances for trade and other receivables are as follows:

Year ended 31 March (£ millions)	2016	2015	2014
At beginning of year	11	8	10
Change in allowance during the year	49	3	(1)
Written off	—	—	(1)
At end of year	**60**	**11**	**8**

22 INVENTORIES

As at 31 March (£ millions)	2016	2015	2014
Raw materials and consumables	92	80	75
Work-in-progress	379	298	211
Finished goods	2,214	2,038	1,888
Total inventories	**2,685**	**2,416**	**2,174**

Inventories of finished goods include £250 million (2015: £187 million, 2014: £174 million), relating to vehicles sold to rental car companies, fleet customers and others with guaranteed repurchase arrangements.

Cost of inventories (including cost of purchased products) recognised as an expense during the year amounted to £15,437 million (2015: £15,041 million, 2014: £13,421 million).

During the year, the Group recorded an inventory write-down expense of £230 million (2015: £40 million, 2014: £24 million). The write-down is included in material and other cost of sales. No previous write-downs have been reversed in any period.

23 ACCOUNTS PAYABLE

As at 31 March (£ millions)	2016	2015	2014

Trade payables	3,899	3,483	3,154
Liabilities to employees	153	185	148
Liabilities for expenses	1,357	1,298	1,244
Capital creditors	349	484	241
Total accounts payable	**5,758**	**5,450**	**4,787**

24 INTEREST BEARING LOANS AND BORROWINGS

As at 31 March (£ millions)	2016	2015	2014
Short-term borrowings			
Bank loans	116	156	167
Short-term borrowings	**116**	**156**	**167**
Long-term borrowings			
EURO MTF listed debt	2,373	2,381	1,843
Long-term borrowings	**2,373**	**2,381**	**1,843**
Finance lease obligations (see note 34)	11	13	18
Total debt	**2,500**	**2,550**	**2,028**

EURO MTF LISTED DEBT

The bonds are listed on the EURO MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

Details of the tranches of the bonds outstanding at 31 March 2016 are as follows:

- $84 million Senior Notes due 2021 at a coupon of 8.125 per cent per annum—issued May 2011
- $500 million Senior Notes due 2023 at a coupon of 5.625 per cent per annum—issued January 2013
- $700 million Senior Notes due 2018 at a coupon of 4.125 per cent per annum—issued December 2013
- £400 million Senior Notes due 2022 at a coupon of 5.000 per cent per annum—issued January 2014
- $500 million Senior Notes due 2019 at a coupon of 4.250 per cent per annum—issued October 2014
- £400 million Senior Notes due 2023 at a coupon of 3.875 per cent per annum—issued February 2015
- $500 million Senior Notes due 2020 at a coupon of 3.500 per cent per annum—issued March 2015

Details of the tranches of the bonds repaid in the year ended 31 March 2016 are as follows:

- £58 million Senior Notes due 2020 at a coupon of 8.250 per cent per annum—issued March 2012

In May 2016, the Group repaid early the remaining $84 million Senior Notes due 2021 for a redemption premium of £2 million.

Details of the tranches of the bonds repaid in the year ended 31 March 2015 are as follows:

- $326 million Senior Notes due 2021 at a coupon of 8.125 per cent per annum—issued May 2011
- £442 million Senior Notes due 2020 at a coupon of 8.250 per cent per annum—issued March 2012

Details of the tranches of the bonds repaid in the year ended 31 March 2014 are as follows:

- £500 million Senior Notes due 2018 at a coupon of 8.125 per cent per annum—issued May 2011
- $410 million Senior Notes due 2018 at a coupon of 7.75 per cent per annum—issued May 2011

The contractual cash flows of interest bearing debt and borrowings (excluding finance leases) as of 31 March 2016 are set out below, including estimated interest payments and assumes the debt will be repaid at the maturity date.

As at 31 March (£ millions)	2016	2015	2014
Due in			
1 year or less	233	279	296
2nd and 3rd years	717	240	254
4th and 5th years	857	1,403	666
More than 5 years	1,292	1,336	1,666
Total contractual cash flows	**3,099**	**3,258**	**2,882**

UNDRAWN FACILITIES

As at 31 March 2016, the Group has a fully undrawn revolving credit facility of £1,870 million. This facility is available in full until 2020. As at 31 March 2015 and 2014 the Group had a fully undrawn revolving credit facility of £1,485 million and £1,290 million respectively in a facility split into three and five year tranches available until 2016 and 2018.

25 OTHER FINANCIAL LIABILITIES

As at 31 March (£ millions)	2016	2015	2014
Current			
Finance lease obligations	5	4	5
Interest accrued	25	25	24
Derivative financial instruments	666	697	65
Liability for vehicles sold under a repurchase arrangement	266	197	183
Total current other financial liabilities	**962**	**923**	**277**
Non-current			
Finance lease obligations	6	9	13
Derivative financial instruments	809	832	55
Other payables	2	1	1
Total non-current other financial liabilities	**817**	**842**	**69**

26 PROVISIONS

As at 31 March (£ millions)	2016	2015	2014
Current			
Product warranty	441	426	343
Legal and product liability	99	50	49
Provisions for residual risk	6	4	2
Provision for environmental liability	8	5	—
Other employee benefits obligations	1	—	1
Total current provisions	**555**	**485**	**395**
Non-current			
Product warranty	688	585	538
Provision for residual risk	13	16	13
Provision for environmental liability	23	26	21
Other employee benefits obligations	9	12	10
Total non-current provisions	**733**	**639**	**582**

Year ended 31 March 2016 (£ millions)	Product warranty	Legal and product liability	Residual risk	Environmental liability	Total
Opening balance	1,011	50	20	31	1,112
Provisions made during the year	578	67	4	1	650
Provisions used during the year	(480)	(17)	(6)	(1)	(504)
Impact of discounting	21	—	—	—	21
Foreign currency translation	(1)	(1)	1	—	(1)
Closing balance	**1,129**	**99**	**19**	**31**	**1,278**

26 PROVISIONS

PRODUCT WARRANTY PROVISION

The Group offers warranty cover in respect of manufacturing defects, which become apparent one to five years after purchase, dependent on the market in which the purchase occurred. The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures. The discount on the warranty provision is calculated using a risk-free discount rate as the risks specific to the liability, such as inflation, are included in the base calculation. The timing of outflows will vary as and when a warranty claim will arise, being typically up to five years.

LEGAL AND PRODUCT LIABILITY PROVISION

A legal and product liability provision is maintained in respect of compliance with regulations and known litigations which impact the Group. The provision primarily relates to motor accident claims, consumer complaints, dealer terminations, employment cases, personal injury claims and compliance with regulations.

RESIDUAL RISK PROVISION

In certain markets, the Group is responsible for the residual risk arising on vehicles sold by dealers on leasing arrangements. The provision is based on the latest available market expectations of future residual value trends. The timing of the outflows will be at the end of the lease arrangements—being typically up to three years.

ENVIRONMENTAL RISK PROVISION

This provision relates to various environmental remediation costs such as asbestos removal and land clean up. The timing of when these costs will be incurred is not known with certainty.

27 OTHER LIABILITIES

As at 31 March (£ millions)	2016	2015	2014
Current			
Liabilities for advances received	139	183	253
Deferred revenue	93	54	19
VAT	131	88	85
Others	64	49	38
Total current other liabilities	**427**	**374**	**395**
Non-current			
Deferred revenue	170	96	63
Others	34	22	14
Total non-current other liabilities	**204**	**118**	**77**

28 CAPITAL AND RESERVES

As at 31 March (£ millions)	2016	2015	2014
Authorised, called up and fully paid			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
Total capital	**1,501**	**1,501**	**1,501**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The capital redemption reserve of £167 million (2015, 2014: £167 million) was created in March 2011 on the cancellation of share capital.

29 OTHER RESERVES

The movement of other reserves is as follows:

(£ millions)	Translation reserve	Hedging reserve	Retained earnings	Total other reserves
Balance at 1 April 2015	(362)	(910)	5,644	4,372
Profit for the year	—	—	1,312	1,312
Remeasurement of defined benefit obligation	—	—	489	489
Loss on effective cash flow hedges	—	(169)	—	(169)
Currency translation differences	(1)	—	—	(1)
Income tax related to items recognised in other comprehensive income	—	27	(113)	(86)
Cash flow hedges reclassified to 'Foreign exchange (loss)/gain' in profit or loss	—	224	—	224
Income tax related to items reclassified to profit or loss	—	(45)	—	(45)
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2016	**(363)**	**(873)**	**7,182**	**5,946**

(£ millions)	Translation reserve	Hedging reserve	Retained earnings	Total other reserves
Balance at 1 April 2014	(383)	539	4,040	4,196
Profit for the year	—	—	2,038	2,038
Remeasurement of defined benefit obligation	—	—	(355)	(355)
Loss on effective cash flow hedges	—	(1,768)	—	(1,768)
Currency translation differences	21	—	—	21
Income tax related to items recognised in other comprehensive income	—	354	71	425
Cash flow hedges reclassified to 'Foreign exchange (loss)/gain' in profit or loss	—	(44)	—	(44)
Income tax related to items reclassified to profit or loss	—	9	—	9
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2015	**(362)**	**(910)**	**5,644**	**4,372**
Balance at 1 April 2013	(383)	(196)	2,450	1,871
Profit for the year	—	—	1,879	1,879
Remeasurement of defined benefit obligation	—	—	(135)	(135)
Gain on effective cash flow hedges	—	1,041	—	1,041
Income tax related to items recognised in other comprehensive income	—	(220)	(4)	(224)
Cash flow hedges reclassified to 'Foreign exchange (loss)/gain' in profit or loss	—	(112)	—	(112)
Income tax related to items reclassified to profit or loss	—	26	—	26
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2014	**(383)**	**539**	**4,040**	**4,196**

30 DIVIDENDS

Year ended 31 March (£ millions)	2016	2015	2014
Dividend proposed for the previous year paid during the year of £0.10 (2015: £0.10, 2014: £0.10) per ordinary share	150	150	150
Amounts recognised as distributions to equity holders during the year	**150**	**150**	**150**
Proposed dividend for the year of £0.10 (2015: £0.10, 2014: £0.10) per ordinary share	150	150	150

In May 2016, the Company proposed an ordinary dividend of £150 million to its immediate parent TML Holdings Pte. Ltd (Singapore). This amount was paid in full in June 2016.

31 EMPLOYEE BENEFITS

The Group operates defined benefit schemes for qualifying employees of certain of its subsidiaries. The UK defined benefit schemes are administered by a trustee that is legally separated from the Company. The trustee of the pension schemes is required by law to act in the interest of the fund and of all relevant stakeholders in the schemes, is responsible for the investment policy with regard to the assets of the schemes and all other governance matters. The

board of the trustee must be composed of representatives of the Company and scheme participants in accordance with each scheme's regulations.

Under the schemes, the employees are entitled to post-retirement benefits based on their length of service and salary.

Through its defined benefit pension schemes the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if scheme assets under perform these corporate bonds, this will create or increase a deficit. The defined benefit schemes hold a significant proportion of equity type assets, which are expected to outperform corporate bonds in the long-term although introducing volatility and risk in the short-term.

As the schemes mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Group believes that due to the long-term nature of the scheme liabilities and the strength of the supporting Group, a level of continuing equity type investments is an appropriate element of the Group's long-term strategy to manage the schemes efficiently.

Changes in bond yields

A decrease in corporate bond yields will increase scheme liabilities, although this is expected to be partially offset by an increase in the value of the schemes' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the scheme against extreme inflation). The schemes hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the scheme's liabilities. This is particularly significant in the UK defined benefit schemes, where inflationary increases result in higher sensitivity to changes in life expectancy.

The following tables set out the disclosures pertaining to the retirement benefit amounts recognised in the financial statements:

Change in present value of defined benefit obligation

Year ended 31 March (£ millions)	2016	2015	2014
Defined benefit obligation at beginning of year	7,883	6,053	6,021
Current service cost	224	168	176
Interest expense	263	274	262
Actuarial (gains)/losses arising from:			
Changes in demographic assumptions	(36)	(20)	(39)
Changes in financial assumptions	(569)	1,454	(243)
Experience adjustments	63	101	8
Past service cost	—	1	6
Exchange differences on foreign schemes	3	—	(2)
Member contributions	2	2	1
Benefits paid	(165)	(149)	(137)
Other adjustments	—	(1)	—
Defined benefit obligation at end of year	**7,668**	**7,883**	**6,053**

Change in fair value of scheme assets

Year ended 31 March (£ millions)	2016	2015	2014
Fair value of plan assets at beginning of year	6,997	5,382	5,365
Interest income	233	246	237
Remeasurement (loss)/gain on the return of plan assets, excluding amounts included in interest income	(52)	1,178	(407)
Administrative expenses	(8)	(8)	(8)
Exchange differences on foreign schemes	1	1	(2)
Employer contributions	95	346	333
Member contributions	2	2	1
Benefits paid	(165)	(149)	(137)
Other adjustments	—	(1)	—
Fair value of scheme assets at end of year	**7,103**	**6,997**	**5,382**

The actual return on scheme assets for the year was £181 million (2015: return of £1,424 million, 2014: loss of £170 million).

Amounts recognised in the consolidated income statement consist of:

Year ended 31 March (£ millions)	2016	2015	2014
Current service cost	224	168	176
Past service cost	—	1	6
Administrative expenses	8	8	8
Net interest cost (including onerous obligations)	30	28	25
Components of defined benefit cost recognised in the consolidated income statement	**262**	**205**	**215**

Amounts recognised in the consolidated statement of comprehensive income consists of:

Year ended 31 March (£ millions)	2016	2015	2014
Actuarial gains/(losses) arising from:			
Changes in demographic assumptions	36	20	39
Changes in financial assumptions	569	(1,454)	243
Experience adjustments	(63)	(101)	(8)
Remeasurement (loss)/gain on the return of scheme assets, excluding amounts included in interest income	(52)	1,178	(407)
Change in restriction of pension asset recognised (as per IFRIC 14)	1	2	(2)
Change in onerous obligation, excluding amounts included in interest expense	(2)	—	—
Remeasurement gain/(loss) on defined benefit obligation	**489**	**(355)**	**(135)**

Amounts recognised in the consolidated balance sheet consist of:

As at 31 March (£ millions)	2016	2015	2014
Present value of unfunded defined benefit obligations	(1)	(1)	(1)
Present value of funded defined benefit obligations	(7,667)	(7,882)	(6,052)
Fair value of scheme assets	7,103	6,997	5,382
Restriction of pension asset recognised (as per IFRIC 14) and onerous obligations	(2)	(1)	(3)
Net retirement benefit obligation	**(567)**	**(887)**	**(674)**
Presented as non-current liability	(567)	(887)	(674)

The most recent actuarial valuations of scheme assets and the present value of the defined benefit liability for accounting purposes were carried out at 31 March 2016 by a qualified independent actuary. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used in accounting for the pension schemes are set out below:

Year ended 31 March (%)	2016	2015	2014
Discount rate	3.6	3.4	4.6
Expected rate of increase in compensation level of covered employees	3.5	3.6	3.9
Inflation increase	3.0	3.1	3.4

For the valuation at 31 March 2016, the mortality assumptions used are the SAPS base table, in particular S2NxA tables and the Light table for members of the Jaguar Executive Pension Plan. A scaling factor of 120% for males and 110% for females has been used for the Jaguar Pension Plan, 115% for males and 105% for females for the Land Rover Pension Scheme, and 95% for males and 85% for females for Jaguar Executive Pension Plan.

For the valuation at 31 March 2015 and 2014, the mortality assumptions used are the SAPS base table, in particular S1NxA tables and the Light table for members of the Jaguar Executive Pension Plan. A scaling factor of 115% has been used for the Jaguar Pension Plan, 110% for the Land Rover Pension Scheme, and 105% for males and 90% for females for Jaguar Executive Pension Plan.

There is an allowance for future improvements in line with the CMI (2014) projections (2015: CMI (2014) projections, 2014: CMI (2013) projections) and an allowance for long-term improvements of 1.25% per annum.

The assumed life expectations on retirement at age 65 are:

At 31 March (years)	2016	2015	2014
Retiring today:			
Males	21.5	21.4	20.0
Females	24.4	23.9	24.5
Retiring in 20 years:			
Males	23.2	23.1	23.8
Females	26.2	25.8	26.4

The sensitivity analyses below are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous periods.

Assumption	Change in assumption	Impact on scheme liabilities	Impact on service cost
Discount rate	Increase/decrease by 0.25%	Decrease/increase by £419 million	Decrease/increase by £13 million
Inflation rate	Increase/decrease by 0.25%	Increase/decrease by £373 million	Increase/decrease by £13 million
Mortality	Increase/decrease by 1 year	Increase/decrease by £207 million	Increase/decrease by £5 million

31 EMPLOYEE BENEFITS

The fair value of scheme assets is represented by the following major categories

As at 31 March (£ millions)	2016				2015				2014			
	Quoted*	**Unquoted**	**Total**	**%**	**Quoted***	**Unquoted**	**Total**	**%**	**Quoted***	**Unquoted**	**Total**	**%**
Equity instruments												
Information technology	125	—	125	2%	118	—	118	1%	73	—	73	1%
Energy	53	—	53	1%	70	—	70	1%	61	—	61	1%
Manufacturing	98	—	98	1%	96	—	96	1%	67	—	67	1%
Financials	178	—	178	3%	184	—	184	3%	128	—	128	3%
Other	437	—	437	6%	417	—	417	6%	281	—	281	5%
	891	**—**	**891**	**13%**	**885**	**—**	**885**	**12%**	**610**	**—**	**610**	**11%**
Debt instruments												
Government	2,590	—	2,590	36%	2,699	12	2,711	39%	2,119	—	2,119	40%
Corporate Bonds (investment grade)	158	1,461	1,619	23%	38	1,198	1,236	18%	1,167	—	1,167	22%
Corporate bonds (Non investment grade)	165	280	445	6%	54	476	530	7%	—	280	280	5%
	2,913	**1,741**	**4,654**	**65%**	**2,791**	**1,686**	**4,477**	**64%**	**3,286**	**280**	**3,566**	**67%**
Property funds												
UK	67	115	182	3%	131	113	244	3%	—	173	173	3%
Other	76	48	124	2%	52	17	69	1%	—	63	63	1%
	143	**163**	**306**	**5%**	**183**	**130**	**313**	**4%**	**—**	**236**	**236**	**4%**
Cash and cash equivalents	**170**	**—**	**170**	**2%**	**130**	**—**	**130**	**2%**	**360**	**—**	**360**	**7%**
Other												
Hedge Funds	—	373	373	5%	—	392	392	6%	—	308	308	6%
Private Markets	—	80	80	1%	—	56	56	1%	—	78	78	1%
Alternatives	347	88	435	6%	170	146	316	5%	—	220	220	4%
	347	**541**	**888**	**12%**	**170**	**594**	**764**	**12%**	**—**	**606**	**606**	**11%**
Derivatives												
Foreign exchange contracts	—	(9)	(9)	—	—	(13)	(13)	—	—	4	4	—
Interest Rate and Inflation	—	203	203	3%	—	441	441	6%	—	—	—	—
	—	**194**	**194**	**3%**	**—**	**428**	**428**	**6%**	**—**	**4**	**4**	**—**
Total	**4,464**	**2,639**	**7,103**	**100%**	**4,159**	**2,838**	**6,997**	**100%**	**4,256**	**1,126**	**5,382**	**100%**

* Quoted prices for identical assets or liabilities in active markets.

31 EMPLOYEE BENEFITS

As at 31 March 2016 the schemes held Gilt Repos, the net value of these transactions is included in the value of Interest Rate and Inflation derivatives. The value of the funding obligation for the Repo transactions is £373 million at 31 March 2016. The schemes did not have any Gilt repos at 31 March 2015 or 31 March 2014.

The split of level 1 assets is 63% (2015: 59%, 2014: 79%), level 2 assets 31% (2015: 37%, 2014: 20%) and level 3 assets 6% (2015: 4%, 2014: 1%).

JLR has agreed updated contributions towards the UK defined benefit schemes following the 5 April 2015 valuation. It is intended to eliminate the pension scheme funding deficits over the 10 years following the valuation date. The current agreed contribution rate for defined benefit accrual is 31% of pensionable salaries in the UK. Deficit contribution levels remain in line with prior expectation for 2016-18 and then increase to £58 million per annum to March 2025.

The average duration of the benefit obligation at 31 March 2016 is 20.5 years (2015: 23.5 years, 2014: 22.5 years).

The expected net periodic pension cost for the year ended 31 March 2017 is £224 million. In addition to advanced contributions of £69 million paid in March 2016 the group expects to pay £219 million to its defined benefit schemes in the year ended 31 March 2017.

DEFINED CONTRIBUTION FUND

The Group's contribution to defined contribution plans for the year ended 31 March 2016 was £47 million (2015: £33 million, 2014: £23 million).

32 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group faces claims and assertions by various parties. The Group assesses such claims and assertions and monitors the legal environment on an on-going basis, with the assistance of external legal counsel wherever necessary. The Group 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 Group 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.

The following is a description of claims and contingencies where a potential loss is possible, but not probable. Management believes that none of the contingencies described below, either individually or in aggregate, would have a material adverse effect on the Group's financial condition, results of operations or cash flows.

LITIGATION AND PRODUCT RELATED MATTERS

The Group is involved in legal proceedings, both as plaintiff and as defendant. There are claims and potential claims as at 31 March 2016 of £6 million (2015: £11 million, 2014: £27 million) against the Group which management has not recognised as they are not considered probable. These claims and potential claims pertain to motor accident claims, consumer complaints, employment and dealership arrangements, replacement of parts of vehicles and/or compensation for deficiency in the services by the Group or its dealers.

As disclosed in note 41 (Subsequent events), the Group has provided for the estimated cost of repair following the passenger safety airbag issue in the United States. The Group recognises that there is a potential risk of further recalls in the future, however, the Group is unable at this point in time to reliably estimate the amount and timing of any potential future costs associated with this warranty issue.

OTHER TAXES AND DUES

During the year ended 31 March 2015 the Group's Brazilian subsidiary has received a demand for 167 million Brazilian Real (£32 million at 31 March 2016 exchange rates) in relation to additional indirect taxes (PIS and COFINS)

claimed as being due on local vehicle and parts sales made in 2010. The matter is currently being contested before the Brazilian appellate authorities. Professional legal opinions obtained in Brazil fully support that the basis of the tax authority's assertion is incorrect and, as a result, the likelihood of any settlement ultimately having to be made is considered remote. Accordingly no provision has been recognised in the financial statements and the matter is disclosed here purely for the purposes of completeness.

The Group had no other significant tax matters in dispute as at 31 March 2016, 2015 or 2014 where a potential loss was considered possible.

COMMITMENTS

The Group has entered into various contracts with vendors and contractors for the acquisition of plant and machinery, equipment and various civil contracts of capital nature aggregating to £797 million (2015: £814 million, 2014: £940 million) and £12 million (2015: £nil, 2014: £nil) relating to the acquisition of intangible assets.

The Group has entered into various contracts with vendors and contractors which include obligations aggregating to £1,836 million (2015: £642 million, 2014: £717 million) to purchase minimum or fixed quantities of material and other procurement commitments.

Commitments and contingencies also includes other contingent liabilities of £28 million (2015: £2 million, 2014: £nil).

Inventory of £nil (2015: £nil, 2014: £nil) and trade receivables with a carrying amount of £116 million (2015: £156 million, 2014: £167 million) and property, plant and equipment with a carrying amount of £nil (2015: £nil, 2014: £nil) and restricted cash with a carrying amount of £nil (2015: £nil, 2014: £nil) are pledged as collateral/security against the borrowings and commitments.

There are guarantees provided in the ordinary course of business of £nil (2015: £nil, 2014: £nil).

Commitments related to leases are set out in note 35.

Stipulated within the joint venture agreement for Chery Jaguar Land Rover Automotive Co. Ltd. is a commitment for the Group to contribute a total of CNY 3,500 million of capital, of which CNY 2,875 million has been contributed as at 31 March 2016. The outstanding commitment of CNY 625 million translates to £67 million at year-end exchange rates.

33 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to ensure the going concern operation of its entities and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to meet shareholder expectations.

The Group's policy is to borrow primarily through capital market debt issues to meet anticipated funding requirements and maintain sufficient liquidity. The Group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required. Surplus cash in subsidiaries is pooled (where practicable) and invested to satisfy security, liquidity and yield requirements.

The capital structure is governed according to Group policies approved by the Board and is monitored by various metrics such as debt to Adjusted EBITDA and Adjusted EBITDA to interest ratios, as per the debt covenants and rating agency guidance. Funding requirements are reviewed periodically with any debt issuances and capital distributions approved by the Board.

The following table summarises the capital of the Group:

As at 31 March (£ millions)	2016	2015	2014
Short-term debt	121	160	172
Long-term debt	2,379	2,390	1,856
Total debt*	**2,500**	**2,550**	**2,028**
Equity	7,614	6,040	5,864
Total capital	**10,114**	**8,590**	**7,892**

* Total debt includes finance lease obligations of £11 million (2015: £13 million, 2014: £18 million).

34 FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the Group 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 recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the consolidated financial statements.

(A) FINANCIAL ASSETS AND LIABILITIES

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2016:

Financial assets

(£ millions)	Loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	3,399	—	—	3,399	3,399
Short-term deposits	1,252	—	—	1,252	1,252
Trade receivables	1,078	—	—	1,078	1,078
Other financial assets—current	64	54	19	137	137
Other financial assets—non-current	31	143	11	185	185
Total financial assets	**5,824**	**197**	**30**	**6,051**	**6,051**

Financial liabilities

(£ millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Accounts payable	5,758	—	—	5,758	5,758
Short-term borrowings	116	—	—	116	116
Long-term borrowings	2,373	—	—	2,373	2,398
Other financial liabilities—current	296	563	103	962	962
Other financial liabilities—non-current	8	752	57	817	817
Total financial liabilities	**8,551**	**1,315**	**160**	**10,026**	**10,051**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2015:

Financial assets

(£ millions)	Loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	3,208	—	—	3,208	3,208
Short-term deposits	1,055	—	—	1,055	1,055
Trade receivables	1,112	—	—	1,112	1,112
Other financial assets—current	38	175	1	214	214
Other financial assets—non-current	27	20	2	49	49
Total financial assets	**5,440**	**195**	**3**	**5,638**	**5,638**

Financial liabilities

(£ millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value

Accounts payable	5,450	—	—	5,450	5,450
Short-term borrowings	156	—	—	156	156
Long-term borrowings	2,381	—	—	2,381	2,459
Other financial liabilities—current	226	669	28	923	923
Other financial liabilities—non-current	10	789	43	842	842
Total financial liabilities	**8,223**	**1,458**	**71**	**9,752**	**9,830**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2014:

Financial assets

(£ millions)	Loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	2,260	—	—	2,260	2,260
Short-term deposits	1,199	—	—	1,199	1,199
Trade receivables	831	—	—	831	831
Other financial assets—current	31	349	12	392	392
Other financial assets—non-current	37	415	21	473	473
Total financial assets	**4,358**	**764**	**33**	**5,155**	**5,155**

Financial liabilities

(£ millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Accounts payable	4,787	—	—	4,787	4,787
Short-term borrowings	167	—	—	167	167
Long-term borrowings	1,843	—	—	1,843	1,982
Other financial liabilities—current	212	54	11	277	277
Other financial liabilities—non-current	14	37	18	69	69
Total financial liabilities	**7,023**	**91**	**29**	**7,143**	**7,282**

OFFSETTING

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivative financial assets and financial liabilities are subject to master netting arrangements whereby in the case of insolvency, derivative financial assets and financial liabilities can be settled on a net basis.

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2016:

£ millions	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Gross amount not offset in the balance sheet	Cash collateral (received) / pledged	Net amount after offsetting
Financial assets						
Derivative financial assets	227	—	227	(227)	—	—
Cash and cash equivalents	3,507	(108)	3,399	—	—	3,399
	3,734	**(108)**	**3,626**	**(227)**	**—**	**3,399**
Financial liabilities						
Derivative financial liabilities	1,475	—	1,475	(227)	—	1,248
Short-term borrowings	224	(108)	116	—	—	116
	1,699	**(108)**	**1,591**	**(227)**	**—**	**1,364**

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2015:

€ millions	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Gross amount not offset in the balance sheet	Cash collateral (received) / pledged	Net amount after offsetting
Financial assets						
Derivative financial assets	198	—*	198	(198)	—	—
Cash and cash equivalents	3,301	(93)	3,208	—	—	3,208
	3,499	**(93)**	**3,406**	**(198)**	**—**	**3,208**
Financial liabilities						
Derivative financial liabilities	1,529	—*	1,529	(198)	—	1,331
Short-term borrowings	249	(93)	156	—	—	156
	1,778	**(93)**	**1,685**	**(198)**	**—**	**1,487**

* Comparatives have been revised for the amendment made in the current year to exclude the impact of CVA.

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2014:

£ millions	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Gross amount not offset in the balance sheet	Cash collateral (received) / pledged	Net amount after offsetting
Financial assets						
Derivative financial assets	797	—*	797	(120)	—	677
Cash and cash equivalents	2,282	(22)	2,260	—	—	2,260
	3,079	**(22)**	**3,057**	**(120)**	**—**	**2,937**
Financial liabilities						
Derivative financial liabilities	120	—*	120	(120)	—	—
Short-term borrowings	189	(22)	167	—	—	167
	309	**(22)**	**287**	**(120)**	**—**	**167**

* Comparatives have been revised for the amendment made in the current year to exclude the impact of CVA.

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels.

- Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

- Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on

assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There has been no change in the valuation techniques adopted or any transfers between fair value levels.

34 FINANCIAL INSTRUMENTS

The financial instruments that are measured subsequent to initial recognition at fair value are classified as Level 2 fair value measurements, as defined by IFRS 13, being those derived from inputs other than quoted prices that are observable. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Fair value of forward derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves from Reuters. Commodity swap contracts are similarly fair valued by discounting expected future contractual cash flows. Option contracts on foreign currency are entered into on a zero cost collar basis and fair value estimates are calculated from standard Black-Scholes options pricing methodology, using prevailing market interest rates and volatilities.

Additionally, a Credit Valuation Adjustment (CVA) / Debit Value Adjustment (DVA) is taken on derivative financial assets and liabilities and is calculated by discounting the fair value gain or loss on the financial derivative using credit default swap (CDS) prices quoted for the counterparty or Jaguar Land Rover respectively. CDS prices are obtained from Bloomberg.

The long-term unsecured listed bonds are held at amortised cost. Their fair value for disclosure purposes is determined using Level 1 valuation techniques, based on the closing price at 31 March 2016 on the EURO MTF market.

Fair values of cash and cash equivalents, short-term deposits, trade receivables and payables, short-term borrowings and other financial assets and liabilities (current and non-current excluding derivatives) are assumed to approximate to cost due to the short-term maturing of the instruments and as the impact of discounting is not significant.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Group could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2016, 31 March 2015 and 31 March 2014 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

(B) FINANCIAL RISK MANAGEMENT

As discussed in the Strategic report under the section ‘Our Risks’, the Group is exposed to foreign currency exchange rate, commodity price, interest rate, liquidity and credit risks. The Group has a risk management framework in place which monitors all of these risks.

(C) FOREIGN CURRENCY EXCHANGE RATE RISK

The fluctuation in foreign currency exchange rates may have a potential impact on the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated cash flow statement, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Chinese Yuan and Euro against the functional currency of the Company and its subsidiaries.

Hedge accounting exposures

The Group uses foreign currency contracts to hedge its risk associated with foreign currency fluctuations relating to highly probable forecast transactions. The fair value of such contracts designated in the hedge relationship as of 31 March 2016 was a net liability of £1,118 million (2015: net liability of £1,263 million, 2014: net asset of £673 million).

Cash flow hedges are expected to be recognised in profit or loss during the years ending 31 March 2017 to 2021. The Group also has a number of foreign currency options which are entered into as an economic hedge of the financial

risks of the Group. The time value of options is excluded from the hedge relationship and thus the change in time value is recognised immediately in the consolidated income statement.

Changes in the fair value of foreign currency contracts, to the extent determined to be an effective hedge, are recognised in the statement of other comprehensive income and the ineffective portion of the fair value change is recognised in the income statement. Accordingly, the fair value change of net loss of £169 million (2015: loss of £1,768 million, 2014: gain of £1,041 million) was recognised in other comprehensive income. The loss due to hedge ineffectiveness where forecast transactions are no longer expected to occur was £2 million (2015: loss of £5 million, 2014: gain of £5 million) which has been recognised in 'Foreign exchange (loss)/gain' in the consolidated income statement. The gain on derivative contracts not eligible for hedging was £88 million (2015: loss of £161 million, 2014: gain of £57 million) which has been recognised in 'Foreign exchange (loss)/gain' in the consolidated income statement.

A 10% depreciation/appreciation of the foreign currency underlying such contracts would have resulted in an approximate additional (loss)/gain of (£1,824) million / £1,690 million (2015: £1,251 million / (£1,382) million, 2014: £734 million / (£893) million) in equity and a gain/(loss) of £60 million / £54 million (2015: £165 million / (£91) million, 2014: £51 million / (£31) million) in the consolidated income statement.

In addition to using derivative contracts to economically hedge future purchases in US Dollars, the Group issues bonds denominated in US Dollars to give a degree of natural hedging of future sales revenues.

Balance sheet exposures

The Group is also exposed to fluctuations in exchange rates which impact the valuation of foreign currency denominated assets and liabilities of its National Sales Companies and also foreign currency denominated balances on the Group's balance sheet at each reporting period end.

The following table sets forth information relating to foreign currency exposure as of 31 March 2016:

As at 31 March 2016 (£ millions)	US Dollar	Chinese Yuan	Euro	*Others	Total
Financial assets	664	666	621	384	2,335
Financial liabilities	(2,367)	(571)	(1,670)	(326)	(4,934)
Net exposure asset/(liability)	**(1,703)**	**95**	**(1,049)**	**58**	**(2,599)**

A 10 per cent appreciation/depreciation of the US Dollar, Chinese Yuan and Euro would result in an increase/decrease in the Group's net profit before tax and total equity by approximately £170 million, £10 million and £105 million respectively for the year ended 31 March 2016.

The following table sets forth information relating to foreign currency exposure as of 31 March 2015:

As at 31 March 2015 (£ millions)	US Dollar	Chinese Yuan	Euro	*Others	Total
Financial assets	727	742	483	312	2,264
Financial liabilities	(2,139)	(756)	(1,098)	(182)	(4,175)
Net exposure asset/(liability)	**(1,412)**	**(14)**	**(615)**	**130**	**(1,911)**

A 10 per cent appreciation/depreciation of the US Dollar, Chinese Yuan and Euro would result in an increase/decrease in the Group's net profit before tax and total equity by approximately £141 million, £1 million and £62 million respectively for the year ended 31 March 2015.

The following table sets forth information relating to foreign currency exposure as of 31 March 2014:

As at 31 March 2014 (£ millions)	US Dollar	Chinese Yuan	Euro	*Others	Total
Financial assets	463	840	296	335	1,934
Financial liabilities	(1,594)	(715)	(1,322)	(285)	(3,916)
Net exposure asset/(liability)	**(1,131)**	**125**	**(1,026)**	**50**	**(1,982)**

* Others include Japanese Yen, Russian Rouble, Singapore Dollar, Swiss Franc, Australian Dollar, South African Rand, Thai Baht, Korean Won etc.

A 10 per cent appreciation/depreciation of the US Dollar, Chinese Yuan and Euro would result in an increase/decrease in the Group's net profit before tax and total equity by approximately £113 million, £13 million and £103 million respectively for the year ended 31 March 2014.

(D) COMMODITY PRICE RISK

The Group is exposed to commodity price risk arising from the purchase of certain raw materials such as aluminium, copper, platinum and palladium. This risk is mitigated through the use of derivative contracts and fixed price contracts with suppliers. The derivative contracts do not qualify for hedge accounting as the commodity exposure does not meet the hedge accounting requirements of IAS 39.

The total fair value loss on commodities of £113 million (2015: loss of £38 million, 2014: loss of £18 million) has been recognised in other income in the consolidated income statement. The losses reported do not reflect the purchasing benefits received by the Group (which are included within material and other cost of sales).

A 10% appreciation/depreciation of all commodity prices underlying such contracts would have resulted in a gain/loss of £52 million (2015: £52 million, 2014: £36 million).

(E) INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will lead to changes in interest income and expense for the Group.

In addition to issuing long-term fixed-rate bonds, the Group has other facilities in place which are primarily used to finance working capital that are subject to variable interest rates. When undertaking a new debt issuance the Board will consider the fixed/floating interest rate mix of the Group, the outlook for future interest rates and the appetite for certainty of funding costs.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the average debt outstanding during the year.

As of 31 March 2016 net financial liabilities of £116 million (2015: £156 million, 2014: £167 million) were subject to the variable interest rate. An increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £1 million (2015: £2 million, 2014: £2 million) in the consolidated income statement and £nil (2015, 2014: £nil) in equity.

(F) LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's policy on liquidity risk is to maintain sufficient liquidity in the form of cash and undrawn borrowing facilities to meet the Group's operating requirements with an appropriate level of headroom.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at 31 March 2016 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long-term borrowings	2,373	2,935	107	107	1,429	1,292
Short-term borrowings	116	116	116	—	—	—
Finance lease obligations	11	14	5	2	3	4
Other financial liabilities	293	316	276	12	28	—
Accounts payable	5,758	5,758	5,758	—	—	—
Derivative financial instruments	1,475	1,882	725	698	459	—
Total contractual maturities	**10,026**	**11,021**	**6,987**	**819**	**1,919**	**1,296**

As at 31 March 2015 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long-term borrowings	2,381	3,066	111	110	1,510	1,335

Short-term borrowings	156	156	156	—	—	—
Finance lease obligations	13	15	6	5	4	—
Other financial liabilities	223	235	210	12	13	—
Accounts payable	5,450	5,450	5,450	—	—	—
Derivative financial instruments	1,529	1,903	753	616	534	—
Total contractual maturities	**9,752**	**10,825**	**6,686**	**743**	**2,061**	**1,335**

As at 31 March 2014 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long-term borrowings	1,843	2,667	117	116	768	1,666
Short-term borrowings	167	167	167	—	—	—
Finance lease obligations	18	20	6	6	8	—
Other financial liabilities	208	231	195	13	23	—
Accounts payable	4,787	4,787	4,787	—	—	—
Derivative financial instruments	120	130	71	48	11	—
Total contractual maturities	**7,143**	**8,002**	**5,343**	**183**	**810**	**1,666**

(G) CREDIT RISK

The majority of the Group's credit risk pertains to the risk of financial loss arising from counterparty default on cash investments.

All Group cash is invested according to strict credit criteria and actively monitored by Group Treasury in conjunction with the current market valuation of derivative contracts. To support this, the Board has implemented an investment policy which places limits on the maximum cash investment that can be made with any single counterparty depending on their published external credit rating.

To a lesser extent the Group has an exposure to counterparties on trade receivables. The Group will seek to mitigate credit risk on sales to third parties through the use of payment at the point of delivery, credit insurance and letters of credit from banks which meet internal rating criteria.

None of the financial instruments of the Group result in material concentrations of credit risks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

Financial assets

None of the Group's cash equivalents, including term deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2016 (2015, 2014: no indications) that defaults in payment obligations will occur.

Trade and other receivables past due and impaired are set out below:

As at 31 March (£ millions)	2016 Gross	2016 Impairment	2015 Gross	2015 Impairment	2014 Gross	2014 Impairment
Not yet due	967	—	1,070	—	795	2
Overdue < 3 months	145	31	56	—	52	—
Overdue >3<6 months	22	22	4	2	4	—
Overdue >6 months	12	7	12	9	10	6
Total	**1,146**	**60**	**1,142**	**11**	**861**	**8**

Included within trade receivables is £116 million (2015: £156 million, 2014: £167 million) of receivables which are part of a debt factoring arrangement. These assets do not qualify for derecognition due to the recourse arrangements in place. The related liability of £116 million (2015: £156 million, 2014: £167 million) is in short-term borrowings. Both the asset and associated liability are stated at fair value.

35 LEASES

LEASES AS LESSEE

Non-cancellable finance lease rentals are payable as follows:

As at 31 March (£ millions)	2016	2015	2014
Less than one year	5	4	5
Between one and five years	5	9	13
More than five years	4	—	—
Total lease payments	**14**	**13**	**18**
Less future finance charges	(3)	—	—
Present value of lease obligations	**11**	**13**	**18**

The above leases relate to amounts payable under the minimum lease payments on plant and machinery. The Group leased certain of its manufacturing equipment under finance leases that mature between 2016 and 2030. The Group has options to purchase certain equipment for a nominal amount at the end of lease term.

Non-cancellable operating lease rentals are payable as follows:

As at 31 March (£ millions)	2016	2015	2014
Less than one year	49	47	26
Between one and five years	72	60	39
More than five years	33	26	18
Total lease payments	**154**	**133**	**83**

The Group leases a number of properties, plant and machinery, IT hardware and software under operating leases.

LEASES AS LESSOR

The future minimum lease receipts under non-cancellable operating leases are as follows:

As at 31 March (£ millions)	2016	2015	2014
Less than one year	2	2	4
Between one and five years	1	—	—
More than five years	10	—	—
Total lease receipts	**13**	**2**	**4**

The above leases relate to amounts receivable in respect of land and buildings and fleet car sales. The average lease life is less than one year.

36 ACQUISITION OF SUBSIDIARY

On 16 April 2015, the Group acquired 100% of the share capital of Silkplan Limited, obtaining control of Silkplan Limited. The amounts recognised in respect of the assets acquired are set out in the table below.

(£ millions)	
Recognised amounts of assets acquired	
Property, plant and equipment	11
Total identifiable assets	**11**
Total consideration	**11**
Satisfied by:	
Cash	11
Total consideration transferred and cash outflow arising on acquisition	**11**

No goodwill arose on the acquisition. The Company contributed £nil revenue and £nil to the Group's profit for the period between the date of acquisition and the balance sheet date.

37 SEGMENT REPORTING

Operating segments are defined as components of the Group about which separate financial information is available that is evaluated regularly by the chief operating decision-maker, or decision-making Group, in deciding how to allocate resources and in assessing performance.

The Group operates in the automotive segment. The automotive segment includes all activities relating to development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts and accessories from which the Group derives its revenues. The Group has only one operating segment, so no separate segment report is given.

The geographic spread of sales and non-current assets is as disclosed below:

(£ millions)	UK	US	China	Rest of Europe	Rest of World	Total
31 March 2016						
Revenue	4,529	4,344	4,930	4,109	4,296	22,208
Non-current assets	10,475	18	16	26	137	10,672
31 March 2015						
Revenue	3,564	3,112	7,595	3,200	4,395	21,866
Non-current assets	9,357	16	11	10	32	9,426
31 March 2014						
Revenue	2,989	2,683	6,687	2,978	4,049	19,386
Non-current assets	7,376	13	8	10	17	7,424

In the table above, non-current assets comprise of property, plant and equipment and intangible assets.

38 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(A) RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

Year ended 31 March (£ millions)	2016	2015	2014
Profit for the year	**1,312**	**2,038**	**1,879**
Adjustments for:			
Depreciation and amortisation	1,418	1,051	875
Write-down of intangible assets	28	—	—
Loss on sale of assets	13	7	4
Foreign exchange loss/(gain) on loans	54	178	(87)
Income tax expense	245	576	622
Loss on embedded derivative	—	—	47
Finance expense (net)	90	135	138
Finance income	(38)	(48)	(38)
Foreign exchange (gain)/loss on derivatives	(86)	166	(57)
Foreign exchange (gain)/loss on short-term deposits	(11)	(51)	41
Unrealised loss on commodities	59	30	6
Share of (profit)/loss of equity accounted investments	(64)	6	7
Exceptional item	157	—	—
Other non-cash adjustments	2	5	—
Cash flows from operating activities before changes in assets and liabilities	**3,179**	**4,093**	**3,437**
Trade receivables	34	(281)	96
Other financial assets*	(12)	(4)	12
Other current assets	30	26	121
Inventories	(451)	(242)	(379)
Other non-current assets	(18)	(15)	(24)
Accounts payable	443	418	534
Other current liabilities	52	(21)	(86)
Other financial liabilities*	71	13	(4)
Other non-current liabilities and retirement benefit obligation	255	(102)	(63)
Provisions	143	131	180
Cash generated from operations	**3,726**	**4,016**	**3,824**

* Comparatives have been revised for the amendment made in the current year to separately disclose 'Unrealised loss on commodities', which has resulted in a reclassification of amount from 'Other financial assets' and 'Other financial liabilities'. . There is no impact on 'Cash generated from operations' as previously reported for the year ended 31 March 2015 or 31 March 2014.

(B) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES

Purchases of property, plant and equipment and cash paid for intangible assets are presented net of £33 million (2015: £14 million, 2014: £7 million) of capital government grants received.

39 RELATED PARTY TRANSACTIONS

The Group's related parties principally consist of Tata Sons Limited, subsidiaries, associates and joint ventures of Tata Sons Limited which includes Tata Motors Limited (the ultimate parent company), subsidiaries, associates and joint ventures of Tata Motors Limited. The Group routinely enters into transactions with these related parties in the ordinary course of business including transactions for the sale and purchase of products with its associates and joint ventures. Transactions and balances with the Group's own subsidiaries are eliminated on consolidation.

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements. All related party transactions are conducted under normal terms of business. The amounts outstanding are unsecured and will be settled in cash.

(£ millions)	With joint ventures of the Group	With Tata Sons Limited and its subsidiaries and joint ventures	With immediate or ultimate parent and its subsidiaries and joint ventures
31 March 2016			
Sale of products	315	2	48
Purchase of goods	—	—	118
Purchase of property, plant and equipment	—	6	—
Services received	85	146	103
Services rendered	64	—	2
Trade and other receivables	71	1	28
Accounts payable	2	7	36
31 March 2015			
Sale of products	149	—	65
Purchase of goods	—	—	51
Services received	9	141	105
Services rendered	23	—	3
Trade and other receivables	47	—	27
Accounts payable	—	27	38
31 March 2014			
Sale of products	—	—	55
Services received	38	73	85
Services rendered	26	—	—
Trade and other receivables	15	—	15
Accounts payable	—	5	1

The 2015 and 2014 comparatives for transactions with joint ventures have been restated in order to fully reflect transactions between all of the Group's joint venture interests.

Compensation of key management personnel

Year ended 31 March (£ millions)	2016	2015	2014
Short-term benefits	16	17	18
Post-employment benefits	1	2	1
Share-based payments	2	7	3
Compensation for loss of office	—	1	—
Total compensation of key management personnel	**19**	**27**	**22**

In addition to the compensation noted above, a loan of £0.7 million was granted to a member of key management personnel in the year ended 31 March 2014. This loan is for a term of eight years and is interest bearing at the HMRC official rate.

Refer to note 31 for information on transactions with post-employment benefit plans.

40 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Holdings Pte. Ltd. (Singapore) and ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai—400001, India.

41 SUBSEQUENT EVENTS

In May 2016, the Company proposed an ordinary dividend of £150 million to its immediate parent TML Holdings Pte. Ltd (Singapore). This amount was paid in full in June 2016.

In May 2016, the Group repaid early the remaining $84 million Senior Notes due 2021 for a redemption premium of £2 million (see note 24).

In May 2016, a passenger airbag safety recall was announced in the United States by National Highway Traffic System Administration (NHTSA) in respect of airbags from a supplier (Takata). Certain front-passenger airbags from Takata are installed in vehicles sold by the Group. The Group has considered this to be an adjusting Post Balance Sheet event and has recognised an additional provision of £67 million for the estimated cost of repairs in the Consolidated Income Statement for the year ended 31 March 2016. The provision is expected to be utilised between 1-4 years.

41 SUBSEQUENT EVENTS

PARENT COMPANY BALANCE SHEET

As at 31 March (£ millions)	Note	2016	2015	2014
Non-current assets				
Investments	42	1,655	1,655	1,655
Other financial assets	43	2,392	2,404	1,868
Other non-current assets	44	6	5	6
Deferred tax assets	45	1	8	8
Total non-current assets		**4,054**	**4,072**	**3,537**
Current assets				
Cash and cash equivalents	46	—	—	1
Other financial assets	43	211	66	61
Other current assets	44	2	3	2
Total current assets		**213**	**69**	**64**
Total assets		**4,267**	**4,141**	**3,601**
Current liabilities				
Other financial liabilities	48	26	31	28
Deferred finance income		2	3	2
Current income tax liabilities		5	12	12
Total current liabilities		**33**	**46**	**42**
Non-current liabilities				
Long-term borrowings	47	2,373	2,381	1,843
Deferred finance income		25	28	31
Total non-current liabilities		**2,398**	**2,409**	**1,874**
Total liabilities		**2,431**	**2,455**	**1,916**
Equity attributable to equity holders of the parent				
Ordinary shares	49	1,501	1,501	1,501
Capital redemption reserve	49	167	167	167
Retained earnings		168	18	17
Equity attributable to equity holders of the parent		**1,836**	**1,686**	**1,685**
Total liabilities and equity		**4,267**	**4,141**	**3,601**

These parent company financial statements were approved by the Board of Directors and authorised for issue on 18 July 2016. They were signed on its behalf by:

Dr Ralf Speth
Chief Executive Officer
Company registered number: 06477691

41 SUBSEQUENT EVENTS

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(£ millions)	Ordinary share capital	Capital redemption reserve	Profit and loss reserve	Total equity
Balance at 1 April 2015	1,501	167	18	1,686
Profit for the year	—	—	300	300
Total comprehensive income	**—**	**—**	**300**	**300**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2016	**1,501**	**167**	**168**	**1,836**
Balance at 1 April 2014	1,501	167	17	1,685
Profit for the year	—	—	151	151
Total comprehensive income	**—**	**—**	**151**	**151**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2015	**1,501**	**167**	**18**	**1,686**
	—	—	—	—
Balance at 1 April 2013	1,501	167	48	1,716
Profit for the year	—	—	119	119
Total comprehensive income	**—**	**—**	**119**	**119**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2014	**1,501**	**167**	**17**	**1,685**

41 SUBSEQUENT EVENTS

PARENT COMPANY CASH FLOW STATEMENT

Year ended 31 March (£ millions)	2016	2015	2014
Cash flows used in operating activities			
Profit for the year	300	151	119
Adjustments for:			
Foreign exchange loss on loans	—	—	1
Loss on embedded derivatives	—	—	47
Income tax credit	—	—	(8)
Dividends received	(300)	(150)	(150)
Finance income	(136)	(227)	(285)
Finance expense	135	225	236
Cash flows used in operating activities before changes in assets and liabilities	**(1)**	**(1)**	**(40)**
Other financial assets	62	(383)	(19)
Other current liabilities	(3)	2	2
Net cash from/(used in) operating activities	**58**	**(382)**	**(57)**
Cash flows from investing activities			
Finance income received	133	222	303
Dividends received	150	150	150
Net cash from investing activities	**283**	**372**	**453**
Cash flows from/(used in) financing activities			
Finance expenses and fees paid	(133)	(220)	(329)
Proceeds from issuance of long-term borrowings	—	1,032	829
Repayment of long-term borrowings	(58)	(653)	(746)
Repayment of short-term borrowings	—	—	—
Dividends paid	(150)	(150)	(150)
Net cash (used in)/from financing activities	**(341)**	**9**	**(396)**
Net decrease in cash and cash equivalents	**—**	**(1)**	**—**
Cash and cash equivalents at beginning of year	—	1	1
Cash and cash equivalents at end of year	**—**	**—**	**1**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

42 INVESTMENTS

Investments consist of the following:

(£ millions)	2016	2015	2014
Cost of unquoted equity investments at beginning and end of year	1,655	1,655	1,655

The Company has not made any investments or disposals of investments in the year.

Subsidiary undertaking	Principal place of business and country of incorporation	Principal activity
Jaguar Land Rover Holdings Limited	England and Wales	Holding company

The Company has the following 100% direct interest in the ordinary shares of a subsidiary undertaking:

The shareholding above is recorded at acquisition value in the Company's accounts. Details of the indirect subsidiary undertakings are as follows, each being a 100% indirect interest in the ordinary share capital of the Jaguar Land Rover Holdings Limited:

Name of company	Principal place of business and country of incorporation	Principal activity
Jaguar Land Rover Limited	England and Wales	Manufacture and sale of motor vehicles
Jaguar Land Rover North America, LLC	USA	Distribution and sales
Jaguar Land Rover Deutschland GmbH	Germany	Distribution and sales
Jaguar Land Rover Belux NV	Belgium	Distribution and sales
Jaguar Land Rover Austria GmbH	Austria	Distribution and sales
Jaguar Land Rover Italia SpA	Italy	Distribution and sales
Jaguar Land Rover Australia (Pty) Limited	Australia	Distribution and sales
Jaguar Land Rover Espana SL	Spain	Distribution and sales
Jaguar Land Rover Nederland BV	Holland	Distribution and sales
Jaguar Land Rover Portugal Veiculos e Pecas, Lda.	Portugal	Distribution and sales
Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd	China	Distribution and sales
Shanghai Jaguar Land Rover Automotive Service Co. Ltd	China	Distribution and sales
Jaguar Land Rover Japan Limited	Japan	Distribution and sales
Jaguar Land Rover Korea Co. Limited	Korea	Distribution and sales
Jaguar Land Rover Canada ULC	Canada	Distribution and sales
Jaguar Land Rover France SAS	France	Distribution and sales
Jaguar e Land Rover Brasil Indústria e Comércio de Veículos LTDA (change of name from Jaguar e Land Rover Brasil Importacao e Comercia de Veiculos Ltda)	Brazil	Distribution and sales
Jaguar Land Rover Limited Liability Company (Russia)	Russia	Distribution and sales
Jaguar Land Rover (South Africa) Holdings Limited	England and Wales	Holding company
Jaguar Land Rover (South Africa) (Pty) Ltd	South Africa	Distribution and sales
Jaguar Land Rover India Limited	India	Distribution and sales
Daimler Transport Vehicles Limited	England and Wales	Dormant
S S Cars Limited	England and Wales	Dormant
The Lanchester Motor Company Limited	England and Wales	Dormant
The Daimler Motor Company Limited	England and Wales	Dormant
The Jaguar Collection Limited	England and Wales	Dormant
Jaguar Land Rover Pension Trustees Limited	England and Wales	Dormant
JLR Nominee Company Limited	England and Wales	Dormant
Jaguar Cars Limited	England and Wales	Dormant
Land Rover Exports Limited	England and Wales	Dormant
Land Rover Ireland Limited	Ireland	Non-trading
Jaguar Cars South Africa (Pty) Ltd	South Africa	Dormant
Jaguar Daimler Heritage Trust Limited	England and Wales	Non-trading
Silkplan Limited	England and Wales	Non-trading
Jaguar Land Rover Slovakia s.r.o.	Slovakia	Manufacturing

Jaguar Land Rover Singapore Pte. Ltd	Singapore	Distribution and sales
Jaguar Racing Limited	England and Wales	Race team management
InMotion Ventures Limited	England and Wales	Distribution and sales

Details of the indirect holdings in equity accounted investments are given in note 14 to the consolidated financial statements.

43 OTHER FINANCIAL ASSETS

As at 31 March (£ millions)	2016	2015	2014
Non-current			
Receivables from subsidiaries	2,392	2,404	1,868
Current			
Receivables from subsidiaries	211	66	61

44 OTHER ASSETS

As at 31 March (£ millions)	2016	2015	2014
Non-current			
Prepaid expenses..	6	5	6
Current			
Prepaid expenses..	2	3	2

45 DEFERRED TAX ASSETS AND LIABILITIES

As at 31 March 2016 the Company has recognised a deferred tax asset of £1 million (2015: £8 million, 2014: £8 million) in relation to tax losses.

46 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

As at 31 March (£ millions)	2016	2015	2014
Cash and cash equivalents	—	—	1

47 INTEREST BEARING LOANS AND BORROWINGS

As at 31 March (£ millions)	2016	2015	2014
EURO MTF listed debt..	2,373	2,381	1,843
Long-term borrowings	**2,373**	**2,381**	**1,843**

EURO MTF LISTED DEBT

The bonds are listed on the EURO MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

Details of the tranches of the bonds outstanding at 31 March 2016 are as follows:

- $84 million Senior Notes due 2021 at a coupon of 8.125 per cent per annum—issued May 2011
- $500 million Senior Notes due 2023 at a coupon of 5.625 per cent per annum—issued January 2013
- $700 million Senior Notes due 2018 at a coupon of 4.125 per cent per annum—issued December 2013
- £400 million Senior Notes due 2022 at a coupon of 5.000 per cent per annum—issued January 2014
- $500 million Senior Notes due 2019 at a coupon of 4.250 per cent per annum—issued October 2014
- £400 million Senior Notes due 2023 at a coupon of 3.875 per cent per annum—issued February 2015
- $500 million Senior Notes due 2020 at a coupon of 3.500 per man per annum—issued March 2015

Details of the tranches of the bonds repaid in the year ended 31 March 2016 are as follows:

- £58 million Senior Notes due 2020 at a coupon of 8.250 per cent per annum—issued March 2012

In May 2016, the Group repaid early the remaining $84 million Senior Notes due 2021 for a redemption premium of £2 million.

Details of the tranches of the bonds repaid in the year ended 31 March 2015 are as follows:

- $326 million Senior Notes due 2021 at a coupon of 8.125 per cent per annum—issued May 2011

- £442 million Senior Notes due 2020 at a coupon of 8.250 per cent per annum—issued March 2012

Details of the tranches of the bonds repaid in the year ended 31 March 2014 are as follows:

- £500 million Senior Notes due 2018 at a coupon of 8.125 per cent per annum—issued May 2011

- $410 million Senior Notes due 2018 at a coupon of 7.75 per cent per annum—issued May 2011

The contractual cash flows of interest bearing borrowings as of 31 March 2016 is set out below, including estimated interest payments and assumes the debt will be repaid at the maturity date.

As at 31 March (£ millions)	2016	2015	2014
Due in			
1 year or less	117	123	117
2nd and 3rd years	717	240	231
4th and 5th years	857	1,403	653
More than 5 years	1,292	1,336	1,666
Total contractual cash flows	**2,983**	**3,102**	**2,667**

48 OTHER FINANCIAL LIABILITIES

As at 31 March (£ millions)	2016	2015	2014
Current			
Interest payable	22	24	23
Other	4	7	5
Total current other financial liabilities	**26**	**31**	**28**

49 CAPITAL AND RESERVES

As at 31 March (£ millions)	2016	2015	2014
Authorised, called up and fully paid			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
Total capital	**1,501**	**1,501**	**1,501**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The capital redemption reserve of £167 million (2015, 2014: £167 million) was created in March 2011 on the cancellation of share capital.

50 DIVIDENDS

Year ended 31 March (£ millions)	2016	2015	2014
Dividend proposed for the previous year paid during the year of £0.10 (2015: £0.10, 2014: £0.10) per ordinary share	150	150	150
Amounts recognised as distributions to equity holders during the year	**150**	**150**	**150**
Proposed dividend for the year of £0.10 (2015: £0.10, 2014: £0.10) per ordinary share	150	150	150

In May 2016, the Company proposed an ordinary dividend of £150 million to its immediate parent TML Holdings Pte. Ltd (Singapore). This amount was paid in full in June 2016.

During the year ended 31 March 2016, the Company identified that, whilst the Company had profits available to pay the dividends, prior to the approval of distributions made in respect of the financial years ended 31 March 2012 - 31 March 2015, the Company did not comply with the requirement under section 836 and 838 of the Companies Act 2006 to deliver interim accounts to the registrar of companies. Corrective action was taken in March 2016 to regularise matters by ratifying the distribution made for each of the respective years and releasing the Company and the directors from any liabilities connected with those distributions.

51 COMMITMENTS AND CONTINGENCIES

The Company does not have any commitments or contingencies at 31 March 2016, 2015 or 2014.

52 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure the going concern operation of its subsidiary undertakings and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to meet shareholder expectations.

The Company's policy is to borrow primarily through capital market debt issues to meet anticipated funding requirements and maintain sufficient liquidity. The Company also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required. Surplus cash in subsidiaries is pooled (where practicable) and invested to satisfy security, liquidity and yield requirements.

The capital structure is governed according to Company policies approved by the Board and is monitored by various metrics such as debt to Adjusted EBITDA and Adjusted EBITDA to interest ratios, as per the debt covenants and rating agency guidance. Funding requirements are reviewed periodically with any debt issuances and capital distributions approved by the Board.

As at 31 March (£ millions)	2016	2015	2014
Long-term borrowings	2,373	2,381	1,843
Total debt	**2,373**	**2,381**	**1,843**
Equity	1,836	1,686	1,685

Total capital	**4,209**	**4,067**	**3,528**

53 FINANCIAL INSTRUMENTS

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

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

(A) FINANCIAL ASSETS AND LIABILITIES

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2016:

Financial assets

(£ millions)	Loans and receivables	Fair value through profit and loss	Total carrying value	Total fair value
Other financial assets—current	211	—	211	211
Other financial assets—non-current	2,392	—	2,392	2,392
Total financial assets	2,603	—	2,603	2,603

Financial liabilities

(£ millions)	Other financial liabilities	Fair value through profit and loss	Total carrying value	Total fair value
Other financial liabilities—current	26	—	26	26
Long-term borrowings	2,373	—	2,373	2,398
Total financial liabilities	2,399	—	2,399	2,424

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

Financial assets

(£ millions)	Loans and receivables	Fair value through profit and loss	Total carrying value	Total fair value
Other financial assets—current	66	—	66	66
Other financial assets—non-current	2,404	—	2,404	2,404
Total financial assets	2,470	—	2,470	2,470

Financial liabilities

(£ millions)	Other financial liabilities	Fair value through profit and loss	Total carrying value	Total fair value
Other financial liabilities—current	31	—	31	31
Long-term borrowings	2,381	—	2,381	2,459
Total financial liabilities	2,412	—	2,412	2,490

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

Financial assets

(£ millions)	Loans and receivables	Fair value through profit and loss	Total carrying value	Total fair value

Cash and cash equivalents	1	—	1	1
Other financial assets—current	61	—	61	61
Other financial assets—non-current	1,868	—	1,868	1,868
Total financial assets	1,930	—	1,930	1,930

Financial liabilities

(£ millions)	Other financial liabilities	Fair value through profit and loss	Total carrying value	Total fair value
Other financial liabilities—current	28	—	28	28
Long-term borrowings	1,843	—	1,843	1,982
Total financial liabilities	1,871	—	1,871	2,010

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels.

- Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The long-term unsecured listed bonds are held at amortised cost. Their fair value (disclosed above) is determined using Level 1 valuation techniques, based on the closing price at 31 March 2016 on the EURO MTF market. There has been no change in the valuation techniques adopted or any transfers between fair value levels.

Fair values of cash and cash equivalents, short-term deposits, trade receivables and payables, short-term borrowings and other financial assets and liabilities (current and non-current excluding derivatives) are assumed to approximate to cost due to the short-term maturing of the instruments and as the impact of discounting is not significant.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2016, 31 March 2015 and 31 March 2014 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

(B) FINANCIAL RISK MANAGEMENT

As discussed in the Strategic report under the section ‘Our Risks’, the Company is exposed to foreign currency exchange rate, commodity price, interest rate, liquidity and credit risks. The Company has a risk management framework in place which monitors all of these risks.

(C) FOREIGN CURRENCY EXCHANGE RATE RISK

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

As at 31 March 2016, 31 March 2015 and 31 March 2014, there are no designated cash flow hedges.

The Company’s operations are subject to risks arising from fluctuations in exchange rates. The risks primarily relate to fluctuations in the GBP:US Dollar rate as the Company has US Dollar assets and liabilities and a GBP

functional currency. The following analysis has been calculated based on the gross exposure as of the Balance sheet date which could affect the income statement.

The following table sets forth information relating to foreign currency exposure as at 31 March 2016:

(£ millions)	US Dollar
Financial assets	1,610
Financial liabilities	(1,609)
Net exposure asset	**1**

A 10 per cent appreciation/depreciation of the US Dollar would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil.

The following table sets forth information relating to foreign currency exposure as at 31 March 2015:

(£ millions)	US Dollar
Financial assets	1,565
Financial liabilities	(1,564)
Net exposure asset	**1**

A 10 per cent appreciation/depreciation of the US Dollar would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil.

The following table sets forth information relating to foreign currency exposure as at 31 March 2014:

(£ millions)	US Dollar
Financial assets	1,078
Financial liabilities	(1,066)
Net exposure asset	**12**

A 10 per cent appreciation/depreciation of the US Dollar would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £1 million.

(D) INTEREST RATE RISK

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates.

The Company is presently funded with long-term fixed interest rate bonds. The Company is subject to variable interest rates on certain other debt obligations.

As of 31 March 2016 net financial assets of £34 million (2015: £34 million, 2014: £25 million) were subject to the variable interest rate. An increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £nil (2015: £nil, 2014: £nil).

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year-end balances are not necessarily representative of the average debt outstanding during the year.

(E) LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's policy on liquidity risk is to ensure that sufficient borrowing facilities are available to fund ongoing operations without the need to carry significant net debt over the medium term. The quantum of committed borrowing facilities available to the Company is reviewed regularly and is designed to exceed forecast peak gross debt levels.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at 31 March 2016 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long-term borrowings	2,373	2,935	107	107	1,429	1,292
Other financial liabilities	26	52	14	10	28	—
Total contractual maturities	**2,399**	**2,987**	**121**	**117**	**1,457**	**1,292**

As at 31 March 2015 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long-term borrowings	2,381	3,066	111	110	1,510	1,335
Other financial liabilities	31	44	20	11	13	—
Total contractual maturities	**2,412**	**3,110**	**131**	**121**	**1,523**	**1,335**

As at 31 March 2014 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long-term borrowings	1,843	2,667	117	116	768	1,666
Other financial liabilities	28	5	5	—	—	—
Total contractual maturities	**1,871**	**2,672**	**122**	**116**	**768**	**1,666**

(F) CREDIT RISK

Financial instruments that are subject to concentrations of credit risk consist of loans to subsidiaries, based in a variety of geographies and markets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

Financial assets

None of the Company's cash equivalents or other financial receivables, including time deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2016 (2015, 2014: no indications) that defaults in payment obligations will occur.

54 RELATED PARTY TRANSACTIONS

The %'s related parties principally consist of Tata Sons Limited, subsidiaries, associates and joint ventures of Tata Sons Limited which includes Tata Motors Limited (the ultimate parent company), subsidiaries, associates and joint ventures of Tata Motors Limited. The Company routinely enters into transactions with these related parties in the ordinary course of business.

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements:

(£ millions)	With subsidiaries	With immediate parent
31 March 2016		
Loans to subsidiaries	2,603	—
31 March 2015		
Loans to subsidiaries	2,470	—
31 March 2014		
Loans to subsidiaries	1,929	—

Compensation of key management personnel

Year ended 31 March (£ millions)	2016	2015	2014
Short-term benefits	4	3	2
Post-employment benefits	1	2	1
Total compensation of key management personnel	**5**	**5**	**3**

Apart from the directors, the Company did not have any employees and had no employee costs in the years ended 31 March 2016, 2015 and 2014.

55 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Holdings Pte Ltd. (Singapore) and ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai—400001, India.

56 SUBSEQUENT EVENTS

In May 2016, the Company proposed an ordinary dividend of £150 million to its immediate parent TML Holdings Pte. Ltd (Singapore). This amount was paid in full in June 2016.

In May 2016, the Company repaid early the remaining $84 million Senior Notes due 2021 for a redemption premium of £2 million (see note 24).

Jaguar Land Rover Automotive plc
(formerly Jaguar Land Rover PLC)

Audited consolidated financial statements
Registered number 06477691
Year ended 31 March 2015

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 418 of the Companies Act, 2006 the following applies: so far as the directors are aware, there is no relevant audit information of which the Group's auditors are unaware; and the directors have taken necessary actions in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Acknowledgement

The directors wish to convey their appreciation to all employees for their continued commitment, effort and contribution in supporting the delivery of the Group's record performance. The directors would also like to extend thanks to all other key stakeholders for the continued support of the Company and their confidence in its management.

Directors' responsibility statement

The directors confirm to the best of our knowledge the financial statements, prepared in accordance with International Financial Reporting Standards as approved by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.

By order of the Board,

Dr Ralf Speth,
Director
Jaguar Land Rover Automotive plc

28 July 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAGUAR LAND ROVER AUTOMOTIVE PLC

We have audited the financial statements of Jaguar Land Rover Automotive plc for the year ended 31 March 2015 which comprise of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 53. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2015 and of the Group's profit for the year then ended;

- The Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- The parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the Group financial statements, the Group in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Governance report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent Company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Richard Knights
Senior statutory auditor for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor Birmingham, UK
28 July 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March	Note	2015	2014	2013
		£m	£m	£m
Revenue	3	**21,866**	**19,386**	**15,784**
Material and other cost of sales	4	(13,185)	(11,904)	(9,904)
Employee cost	5	(1,977)	(1,654)	(1,334)
Other expenses	8	(4,109)	(3,717)	(3,075)
Development costs capitalised	9	1,158	1,030	860
Other income		143	153	70
Depreciation and amortisation		(1,051)	(875)	(622)
Foreign exchange (loss)/gain		(138)	236	(109)
Finance income	10	48	38	34
Finance expense (net)	10	(135)	(185)	(18)
Share of loss from equity accounted investees	13	(6)	(7)	(12)
Profit before tax	11	**2,614**	**2,501**	**1,674**
Income tax expense	12	(576)	(622)	(460)
Profit for the year		**2,038**	**1,879**	**1,214**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March	Note	2015	2014	2013
		£m	£m	£m
Profit for the year		**2,038**	**1,879**	**1,214**
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	30	(355)	(135)	(346)
Income tax related to items that will not be reclassified	12, 18	71	(4)	73
		(284)	**(139)**	**(273)**
Items that may be reclassified subsequently to profit or loss:				
(Loss)/gain on effective cash flow hedges	28	(1,768)	1,041	(288)
Cash flow hedges reclassified to foreign exchange (gain)/loss in profit or loss	28	(44)	(112)	59
Currency translation differences	28	21	—	—
Income tax related to items that may be reclassified	12, 18	363	(194)	53
		(1,428)	**735**	**(176)**
Other comprehensive (expense)/income net of tax		**(1,712)**	**596**	**(449)**
Total comprehensive income attributable to shareholders		**326**	**2,475**	**765**

CONSOLIDATED BALANCE SHEET

As at 31 March	Note	2015	2014	2013
		£m	£m	£m
Non-current assets				
Equity accounted investees	13	280	145	60
Other financial assets	14	49	473	195
Property, plant and equipment	15	4,474	3,184	2,335
Intangible assets	16	4,952	4,240	3,522
Other non-current assets	17	26	33	8
Deferred tax assets	18	372	284	508
Total non-current assets		**10,153**	**8,359**	**6,628**
Current assets				
Cash and cash equivalents	19	3,208	2,260	2,072
Short-term deposits		1,055	1,199	775
Trade receivables		1,112	831	927
Other financial assets	14	214	392	176
Inventories	21	2,416	2,174	1,795
Other current assets	17	396	355	434
Current tax assets		9	19	30
Total current assets		**8,410**	**7,230**	**6,209**
Total assets		**18,563**	**15,589**	**12,837**
Current liabilities				
Accounts payable	22	5,450	4,787	4,227
Short-term borrowings	23	156	167	328
Other financial liabilities	24	923	277	433
Provisions	25	485	395	335
Other current liabilities	26	374	395	482
Current tax liabilities		69	113	192
Total current liabilities		**7,457**	**6,134**	**5,997**
Non-current liabilities				
Long-term borrowings	23	2,381	1,843	1,839
Other financial liabilities	24	842	69	227
Provisions	25	639	582	468
Retirement benefit obligation	30	887	674	657
Other non-current liabilities	26	118	77	24
Deferred tax liabilities	18	199	346	86
Total non-current liabilities		**5,066**	**3,591**	**3,301**
Total liabilities		**12,523**	**9,725**	**9,298**
Equity attributable to shareholders				
Ordinary shares	27	1,501	1,501	1,501
Capital redemption reserve	27	167	167	167
Reserves	28	4,372	4,196	1,871
Equity attributable to shareholders		**6,040**	**5,864**	**3,539**
Total liabilities and equity		**18,563**	**15,589**	**12,837**

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 28 July 2015. They were signed on its behalf by:

Dr Ralf Speth
Chief Executive Officer
Company registered number: 06477691

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital	Capital redemption reserve	Other reserves	Total equity
	£m	£m	£m	£m
Balance at 1 April 2014	**1,501**	**167**	**4,196**	**5,864**
Profit for the year	—	—	2,038	2,038
Other comprehensive expense for the year	—	—	(1,712)	(1,712)
Total comprehensive income	**—**	**—**	**326**	**326**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2015	**1,501**	**167**	**4,372**	**6,040**
Balance at 1 April 2013	**1,501**	**167**	**1,871**	**3,539**
Profit for the year	—	—	1,879	1,879
Other comprehensive income for the year	—	—	596	596
Total comprehensive income	**—**	**—**	**2,475**	**2,475**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2014	**1,501**	**167**	**4,196**	**5,864**
Balance at 1 April 2012	**1,501**	**167**	**1,256**	**2,924**
Profit for the year	—	—	1,214	1,214
Other comprehensive expense for the year	—	—	(449)	(449)
Total comprehensive income	**—**	**—**	**765**	**765**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2013	**1,501**	**167**	**1,871**	**3,539**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March	2015	2014	2013
	£m	£m	£m
Cash flows from operating activities			
Profit for the year	**2,038**	**1,879**	**1,214**
Adjustments for:			
Depreciation and amortisation	1,051	875	622
Loss on sale of assets	7	4	2
Foreign exchange loss/(gain) on loans	178	(87)	37
Income tax expense	576	622	460
Loss/(gain) on embedded derivative	—	47	(47)
Finance expense (net)	135	138	18
Finance income	(48)	(38)	(34)
Foreign exchange loss/(gain) on derivatives	166	(57)	11
Foreign exchange (gain)/loss on short-term deposits	(51)	41	—
Share of loss from equity accounted investees	6	7	12
Other non-cash adjustments	5	—	—
Cash flows from operating activities before changes in assets and liabilities	**4,063**	**3,431**	**2,295**
Trade receivables	(281)	96	(265)
Finance receivables	—	—	1
Other financial assets	—	10	(243)
Other current assets	26	121	23
Inventories	(242)	(379)	(284)
Other non-current assets	(15)	(24)	1
Accounts payable	418	534	797
Other current liabilities	(21)	(86)	(77)
Other financial liabilities	39	4	245
Other non-current liabilities and retirement benefit obligation	(102)	(63)	15
Provisions	131	180	169
Cash generated from operations	**4,016**	**3,824**	**2,677**
Income tax paid	(389)	(402)	(248)
Net cash generated from operating activities	**3,627**	**3,422**	**2,429**
Cash flows used in investing activities			
Investment in equity accounted investees	(124)	(92)	(71)
Movements in other restricted deposits	7	133	54
Investment in short-term deposits	(2,807)	(2,729)	(1,400)
Redemption of short-term deposits	3,002	2,265	625
Movements in short-term deposits	195	(464)	(775)
Purchases of property, plant and equipment	(1,564)	(1,201)	(891)
Proceeds from sale of property, plant and equipment	3	4	3
Cash paid for intangible assets	(1,206)	(1,155)	(958)
Finance income received	48	39	29
Net cash used in investing activities	**(2,641)**	**(2,736)**	**(2,609)**
Cash flows from/(used in) financing activities			
Finance expenses and fees paid	(230)	(269)	(179)
Proceeds from issuance of short-term borrowings	—	1	88
Repayment of short-term borrowings	(31)	(158)	(250)
Proceeds from issuance of long-term borrowings	1,032	829	317
Repayment of long-term borrowings	(653)	(746)	—
Payments of lease obligations	(6)	(5)	(4)
Dividends paid	(150)	(150)	(150)
Net cash used in financing activities	**(38)**	**(498)**	**(178)**
Net change in cash and cash equivalents	**948**	**188**	**(358)**
Cash and cash equivalents at beginning of year	2,260	2,072	2,430
Cash and cash equivalents at end of year	**3,208**	**2,260**	**2,072**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BACKGROUND AND OPERATIONS

Jaguar Land Rover Automotive PLC ("the Company") and its subsidiaries, (collectively referred to as "the Group" or "JLR"), designs, manufactures and sells a wide range of automotive vehicles. The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is Abbey Road, Whitley, Coventry, CV3 4LF, United Kingdom.

The Company is a subsidiary of Tata Motors Limited, India ("TATA Motors") and acts as an intermediate holding company for the Jaguar Land Rover business. The principal activity during the year was the design, development, manufacture and marketing of high-performance luxury saloons, specialist sports cars and four-wheel-drive off-road vehicles.

These consolidated financial statements have been prepared in Pound Sterling ("GBP") and rounded to the nearest million GBP (£ million) unless otherwise stated. Results for the year ended and as at 31 March 2013 have been disclosed solely for the information of the users.

2 ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (referred to as "IFRS") and IFRS Interpretation Committee ("IFRS IC") interpretations as adopted by the European Union ("EU") and the requirements of the United Kingdom Companies Act 2006 applicable to companies reporting under IFRS. In addition these consolidated financial statements also comply with IFRS as adopted by the International Accounting Standards Board ("IASB") as no differences exist between IFRS as adopted by the EU applied by the Group and IFRS issued by the IASB.

The Company has taken advantage of s.408 of the Companies Act 2006 and therefore the separate financial statements of the Company do not include the income statement or the statement of comprehensive income of the Company on a stand-alone basis.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Going concern

The directors have considered the financial position of the Group at 31 March 2015 (net assets of £6,040 million (2014: £5,864 million, 2013: £3,539 million)) and the projected cash flows and financial performance of the Group for at least 12 months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The directors have taken actions to ensure that appropriate long-term cash resources are in place at the date of signing the accounts to fund Group operations. The directors have reviewed the financial covenants linked to the borrowings in place and believe these will not be breached at any point and that all debt repayments will be met.

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

Basis of consolidation

Subsidiaries

The consolidated financial statements include Jaguar Land Rover Automotive plc and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has power over the investee, is exposed or has rights to variable return from its involvement with the investee and has the ability to use its power to

affect its returns. In assessing control, potential voting rights that currently are exercisable are taken into account. All subsidiaries of the Group given in note 39 are included in the consolidated financial statements.

Inter-company transactions and balances including unrealised profits are eliminated in full on consolidation.

Associates and joint ventures (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee and is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for decisions about the relevant activities of the entity, being those activities that significantly affect the entity's returns.

Associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses, other comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

When the Group transacts with an associate or joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in its associate or joint venture.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

(i) Note 15—Property, plant and equipment—the Group applies judgement in determining the estimate useful life of assets.

(ii) Note 16—Intangible assets—management applies significant judgement in establishing the applicable criteria for capitalisation of appropriate product development costs and impairment of indefinite life intangible assets. The key judgements in the impairment assessment include the determination of Cash Generating Units, value of cash flows and appropriateness of discount rates.

(iii) Note 18—Deferred tax—management applies judgement in establishing the timing of the recognition of deferred tax assets relating to historic losses and assessing its recoverability and estimating taxes ultimately payable on remittance of overseas earnings.

(iv) Note 25—Provision for product warranty—it is necessary for the Group to assess the provision for anticipated lifetime warranty and campaign costs. The valuation of warranty and campaign provisions requires a significant amount of judgement and the requirement to form appropriate assumptions around expected future costs.

(v) Note 30—Retirement benefit obligation—it is necessary for actuarial assumptions to be made, including discount and mortality rates and the long-term rate of return upon scheme assets. The Group engages a qualified actuary to assist with determining the assumptions to be made when evaluating these liabilities.

(vi) Note 33—Financial instruments—the Group enters into complex financial instruments and therefore appropriate accounting for these requires judgement around the valuations. Embedded derivatives relating to prepayment options on senior notes are not considered as closely related and are separately accounted unless the exercise price of these options is approximately equal on each exercise date to the amortised cost of the senior notes.

Revenue recognition

Revenue comprises the amounts invoiced to customers outside the Group and is measured at fair value of the consideration received or receivable, net of discounts, sales incentives, customer bonuses and rebates granted, which can be identified at the point of sale. Revenue is presented net of excise duty where applicable and other indirect taxes.

Revenue is recognised when the risks and rewards of ownership have been transferred to the customer and the amount of revenue can be reliable measured with it being probable that future economic benefits will flow to the Group. The transfer of the significant risks and rewards are defined in the underlying agreements with the customer.

No sale is recognised where, following disposal of significant risks and rewards, the Group retains a significant financial interest. The Group's interest in these items is retained in inventory, with a creditor being recognised for the contracted buy-back price. Income under such agreements, measured as the difference between the initial sale price and the buyback price, is recognised on a straight-line basis over the term of the agreement. The corresponding costs are recognised over the term of the agreement based on the difference between the item's cost, including estimated costs of resale, and the expected net realisable value.

If a sale includes an agreement for subsequent servicing or maintenance, the fair value of that service is deferred and recognised as income over the relevant service period in proportion with the expected cost pattern of the agreement.

Cost recognition

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

Expenditures are capitalised where appropriate in accordance with the policy for internally generated intangible assets and represent employee costs, stores and other manufacturing supplies, and other expenses incurred for product development undertaken by the Group.

Government grants and incentives

Government grants are recognised when there is reasonable assurance that the Group will comply with the relevant conditions and the grant will be received.

Government grants are recognised in the consolidated income statement on a systematic basis when the Group recognises, as expenses, the related costs that the grants are intended to compensate.

Government grants related to assets are deducted from the cost of the asset and amortised over the useful life of the asset. Government grants related to income are presented as an offset against the related expenditure and Government grants which are awarded as incentives with no ongoing performance obligations to the Group are recognised as other income in the period the grant is received.

Sales tax incentives received from governments are recognised in the income statement at the reduced tax rate and revenue is reported net of these sales tax incentives.

Foreign currency

The Company has a functional currency of GBP. The presentation currency of the consolidated financial statements is GBP.

The functional currency of the UK and non-UK selling operations is GBP being the primary economic environment that influences these operations. This is on the basis that management control is in the UK and that GBP is the currency that primarily determines sales prices and is the main currency for the retention of operating income. The functional currency of the Chery Jaguar Land Rover Automotive Company Ltd., the Group's principal joint venture, is Chinese Yuan ("CNY").

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognised in the consolidated income statement as Foreign exchange gain/(loss).

Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the consolidated income statement, except when related to items that are recognised outside of profit or loss (whether in other comprehensive income or directly in equity, whereby tax is also recognised outside of profit or loss), or where related to the initial accounting for a business combination. In the case of a business combination the tax effect is included in the accounting for the business combination.

Current income taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

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 unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the year 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 against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

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

Freehold land is measured at cost and is not depreciated. Heritage assets are not depreciated as they are considered to have a residual value in excess of cost. Residual values are re-assessed on an annual basis. Annual impairment reviews for land and heritage assets are performed and any impairment in the carrying value is recognised immediately in the income statement.

Cost includes purchase price, non-recoverable 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.

Interest cost incurred for constructed assets is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset.

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

Class of property, plant and equipment	Estimated useful life (years)
Buildings	20 to 40
Plant and equipment	3 to 30
Computers	3 to 6
Vehicles	3 to 10
Furniture and fixtures	3 to 20

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Depreciation is not recorded on assets under construction until construction and installation is complete and the asset is ready for its intended use. Assets under construction include capital prepayments.

Intangible assets

Acquired intangible assets

Intangible assets purchased, including those acquired in business combinations, are measured at acquisition cost which is the fair value on the date of acquisition, where applicable, less accumulated amortisation and accumulated impairment, if any. Intangible assets with indefinite lives are reviewed annually to determine whether indefinite-life assessment continues to be supportable. If not, the change in the useful-life assessment from indefinite to finite is made on a prospective basis.

For intangible assets with definite lives, amortisation is provided on a straight-line basis over the estimated useful lives of the acquired intangible assets as per the estimated amortisation periods below:

Class of intangible asset	Estimated amortisation period (years)
Patents and technological know-how	2 to 12
Customer-related—dealer network	20
Software	2 to 8
Intellectual property rights and other intangibles	Indefinite life

The amortisation for intangible assets with finite useful lives is reviewed at least at each year end. Changes in expected useful lives are treated as changes in accounting estimates.

Capital-work-in-progress includes capital advances.

Customer-related intangibles acquired in a business combination consist of dealer networks.

Intellectual property rights and other intangibles consist of brand names, which are considered to have indefinite lives due to the longevity of the brands.

Internally generated intangible assets

Research costs are charged to the consolidated income statement in the year in which they are incurred.

Product development costs incurred on new vehicle platforms, engines, transmission and new products are recognised as intangible assets, when feasibility has been established, the Group has committed technical, financial and other resources to complete the development and it is probable that the asset will generate probable future economic benefits.

The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for use.

Interest cost incurred is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings if no specific borrowings have been incurred for the asset.

Product development cost is amortised over a period of between two and 10 years.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment loss.

Impairment

Property, plant and equipment and other intangible assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, or earlier, if there is an indication that the asset may be impaired.

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

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

Equity accounted investees: joint ventures and associates

The requirements of IAS 39 Financial Instruments: Recognition and Measurement are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Cash and cash equivalents

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

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials and consumables are ascertained on a first-in first-out basis. Costs, including fixed and variable production overheads, are allocated to work-in-progress and finished goods determined on a full absorption cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

Inventories include vehicles sold subject to repurchase arrangements. These vehicles are carried at cost to the Group and are amortised in changes in stocks and work in progress to their residual values (i.e. estimated second-hand sale value) over the term of the arrangement.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a risk-free rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are held for product warranties, legal and product liabilities, residual risks and environmental risks as detailed in note 25 to the consolidated financial statements.

Product warranty

The Group offers warranty cover in respect of manufacturing defects, which become apparent within one to five years after purchase, dependent on the market in which the purchase occurred. The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures. The discount on the warranty provision is calculated using a risk-free discount rate as the risks specific to the liability, such as inflation, are included in the base calculation. The timing of outflows will vary as and when a warranty claim will arise, being typically up to five years.

Long-Term Incentive Plan (LTIP)

The Group operates an LTIP arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of phantom shares at grant date and the share price of Tata Motors Limited at the vesting date, subject to profitability and employment conditions. These are accounted for as cash settled arrangements, whereby a liability is recognised at fair value at the date of grant, using a Black Scholes model. At each balance sheet date until the liability is settled, the fair value of the liability is remeasured, with any changes in fair value recognised in the income statement.

Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the terms and substance of the lease arrangement.

Assets taken on finance lease

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

Assets taken on operating lease

Leases other than finance leases are operating leases, and the leased assets are not recognised on the Group's balance sheet. Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease in Other expenses.

Employee benefits

Pension plans

The Group operates several defined benefit pension plans, which are contracted out of the second state pension scheme. The assets of the plans are held in separate trustee administered funds. The plans provide for monthly pension after retirement as per salary drawn and service year as set out in the rules of each plan.

Contributions to the plans by the Group take into consideration the results of actuarial valuations. The plans with a surplus position at the balance sheet date have been limited to the maximum economic benefit available from unconditional rights to refund from the scheme or reduction in future contributions. Where the subsidiary group is considered to have a contractual obligation to fund the pension plan above the accounting value of the liabilities, an onerous obligation is recognised.

The UK defined benefit schemes were closed to new joiners in April 2010.

A separate defined contribution plan is available to new employees of Jaguar Land Rover. Costs in respect of this plan are charged to the income statement as incurred.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled.

Past service cost, including curtailment gains and losses, is generally recognised in profit or loss in the period of scheme amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability.

Defined benefit costs are split into three categories:

- Current service cost, past-service cost and gains and losses on curtailments and settlements;

- Net interest cost; and

- Remeasurement.

The Group presents these defined benefit costs within Employee costs in the consolidated income statement (see note 5).

2 ACCOUNTING POLICIES

Post-retirement Medicare scheme

Under this unfunded scheme, employees of some subsidiaries receive medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Group as part of an Early Separation Scheme, on medical grounds or due to permanent disablement are also covered under the scheme. The applicable subsidiaries account for the liability for the post-retirement medical scheme based on an annual actuarial valuation.

Actuarial gains and losses

Actuarial gains and losses relating to retirement benefit plans are recognised in other comprehensive income in the year in which they arise. Actuarial gains and losses relating to long-term employee benefits are recognised in the consolidated income statement in the year in which they arise.

Measurement date

The measurement date of all retirement plans is 31 March.

Financial instruments

Classification, initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are classified into categories: financial assets at fair value through profit or loss (which can either be held for trading or designated as fair value options), held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. No financial instruments have been designated as fair value through profit or loss using the fair value option or have been classified as held to maturity.

Financial instruments are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

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

Financial assets and financial liabilities at fair value through profit or loss—held for trading: Derivatives, including embedded derivatives separated from the host contract, are classified into this category. Financial assets and liabilities are measured at fair value with changes in fair value recognised in the consolidated income statement with the exception of those derivatives which are designated as cash flow hedging instruments and for which hedge accounting is applied.

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

Available-for-sale financial assets: Available-for-sale financial assets are those non-derivative financial assets that are either designated as such upon initial recognition or are not classified in any of the other financial assets categories. Subsequently, these are measured at fair value and changes therein are recognised in other comprehensive income, net of applicable deferred income taxes, and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. The Group does not hold any available-for-sale financial assets.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost.

Equity instruments

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

Other financial liabilities

These are measured at amortised cost using the effective interest method.

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Subsequent to initial recognition, the Group determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

Derecognition of financial assets and financial liabilities

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

Financial liabilities are de-recognised when they are extinguished, that is when the obligation is discharged, cancelled or has expired.

When a financial instrument is de-recognised, the cumulative gain or loss in equity is transferred to the consolidated income statement.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset, other than those at fair value through profit or loss, or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Loans and receivables: Objective evidence of impairment includes default in payments with respect to amounts receivable from customers. Impairment loss in respect of loans and receivables is calculated as the difference between their carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Such impairment loss is recognised in the consolidated income statement. If the amount of an impairment loss decreases in a subsequent year, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal is recognised in the consolidated income statement.

Equity investments: A significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in profit and loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

Hedge accounting

The Group uses foreign currency forward contracts and options to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Group designates these forward contracts and options in a cash flow hedging relationships by applying the hedge accounting principles.

These forward contracts and options are stated at fair value on the consolidated balance sheet at each reporting date. Changes in the fair value of these forward contracts and options that are designated and effective as hedges of future cash flows are recognised in other comprehensive income (net of tax), and any ineffective portion is recognised immediately in the consolidated income statement. Amounts accumulated in other comprehensive income are reclassified to the consolidated income statement in the periods in which the forecasted transactions affect profit or loss.

For options, the time value is not a designated component of the hedge, and therefore all changes in fair value related to the time value of the instrument are recognised immediately in the consolidated income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecast transactions, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is retained there until the forecast transaction affects profit or loss.

If the forecast transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is immediately transferred to the consolidated income statement.

New accounting pronouncements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 REVENUE

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Sale of goods	21,866	19,386	15,784
Total revenues	**21,866**	**19,386**	**15,784**

4 MATERIAL AND OTHER COST OF SALES

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Changes in inventories of finished goods and work in progress	(236)	(356)	(309)
Purchase of products for sale	864	715	549
Raw materials and consumables	12,557	11,545	9,664
Total material and other cost of sales	**13,185**	**11,904**	**9,904**

5 EMPLOYEE NUMBERS AND COSTS

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Wages and salaries	1,500	1,230	1,020

Social security costs and benefits	240	192	152
Pension costs	237	232	162
Total employee costs	**1,977**	**1,654**	**1,334**

Average employee numbers year ended 31 March 2015	Non-agency	Agency	Total
Manufacturing	14,504	3,688	18,192
Research and development	5,185	2,716	7,901
Other	5,213	821	6,034
Total employee numbers	**24,902**	**7,225**	**32,127**

Average employee numbers year ended 31 March 2014	Non-agency	Agency	Total
Manufacturing	13,890	1,670	15,560
Research and development	4,307	1,916	6,223
Other	4,914	1,256	6,170
Total employee numbers	**23,111**	**4,842**	**27,953**

Average employee numbers year ended 31 March 2013	Non-agency	Agency	Total
Manufacturing	9,801	4,310	14,111
Research and development	3,940	1,665	5,605
Other	4,091	1,106	5,197
Total employee numbers	**17,832**	**7,081**	**24,913**

6 DIRECTORS' EMOLUMENTS

Year ended 31 March	2015	2014	2013
	£	£	£
Directors' emoluments	4,401,059	3,059,210	2,097,405

The aggregate of emoluments and amounts receivable under the Long-Term Incentive Plan (LTIP) of the highest paid director was £2,824,297 (2014: £2,433,578, 2013: £1,905,298). In addition, for the highest paid director, pension benefits of £1,475,732 (2014: £524,000, 2013: £836,000) have accrued in the year. During the year, the highest paid director did not receive any LTIP awards.

No directors received any LTIP cash payments during the years ended 31 March 2013, 2014 and 2015.

7 LONG-TERM INCENTIVE PLAN (LTIP)

The Group operates a LTIP arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of phantom shares at grant date and the share price of Tata Motors Limited at the vesting date. The cash payment is dependent on the achievement of internal profitability targets over the three-year vesting period and continued employment at the end of the vesting period. The cash payment has no exercise price and therefore the weighted average exercise price in all cases is £nil.

Year ended 31 March	2015	2014	2013
Outstanding at the beginning of the year	5,353,559	4,217,801	2,934,435
Granted during the year	2,315,618	1,956,741	1,935,130
Vested in the year	(1,654,917)	(778,599)	(491,029)
Forfeited in the year	(377,018)	(42,384)	(160,735)
Outstanding at the end of the year	**5,637,242**	**5,353,559**	**4,217,801**

The weighted average share price of the 1,654,917 phantom stock awards vesting in the year was £5.89 (2014: £4.45, 2013: £4.18).

The weighted average remaining contractual life of the outstanding awards is 1.3 years (2014: 1.3 years, 2013: 1.5 years).

The amount charged in the year in relation to the Long-Term Incentive Plan was £16 million (2014: £11 million, 2013: £5 million).

The fair value of the balance sheet liability in respect of phantom stock awards outstanding at the year end was £23 million (2014: £17 million, 2013: £10 million).

The fair value of the awards was calculated using a Black Scholes model at the grant date. The fair value is updated at each reporting date as the awards are accounted for as cash settled under IFRS 2 Share-based Payment. The inputs into the model are based on the Tata Motors Limited historic data and the risk-free rate is calculated on government bond rates. The inputs used are:

As at 31 March	2015	2014	2013
Risk-free rate (%)	0.49	0.91	0.26
Dividend yield (%)	0.39	0.49	1.57
Weighted average fair value per phantom share	£6.14	£4.95	£3.74

8 OTHER EXPENSES

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Stores, spare parts and tools	123	114	81
Freight cost	673	610	437
Works, operations and other costs	1,808	1,538	1,303
Repairs	37	17	11
Power and fuel	57	62	57
Rent, rates and other taxes	57	41	33
Insurance	20	19	16
Warranty	543	541	462
Publicity	791	775	675
Total other expenses	**4,109**	**3,717**	**3,075**

9 RESEARCH AND DEVELOPMENT

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Total research and development costs incurred	1,411	1,266	1,058
Research and development expensed	(253)	(236)	(198)
Development costs capitalised	**1,158**	**1,030**	**860**
Interest capitalised	114	102	110
Research and development expenditure credit	(69)	(45)	—
Total internally developed intangible additions	**1,203**	**1,087**	**970**

During the year ended 31 March 2014 legislation was enacted to allow UK companies to elect for the Research and Development Expenditure Credit (RDEC) on qualifying expenditure incurred since 1 April 2013, instead of the previous super-deduction rules. In the year ended 31 March 2015, as a result of this election, £66 million (2014: £45 million) of the RDEC, the proportion relating to capitalised product development expenditure, has been offset against the cost of the respective assets. The remaining £30 million (2014: £18 million) of the RDEC has been recognised as other income.

10 FINANCE INCOME AND EXPENSE

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Finance income	48	38	34
Total finance income	**48**	**38**	**34**
Total interest expense on financial liabilities measured at amortised cost	(234)	(257)	(176)
Unwind of discount on provisions	(17)	6	1
Interest capitalised	116	113	110
Total interest expense	**(135)**	**(138)**	**(65)**
Embedded derivative value	—	(47)	47
Total finance expense (net)	**(135)**	**(185)**	**(18)**

10 FINANCE INCOME AND EXPENSE

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 5.8 percent (2014: 7.2 percent, 2013: 8.0 percent).

During the year ended 31 March 2015, the Group tendered two tranches of debt (see note 23) and as a result a redemption premium of £77 million was incurred.

During the year ended 31 March 2014, the Group repaid two tranches of debt (see note 23) and as a result a redemption premium of £56 million was incurred and the fair value of the embedded derivatives was expensed in full.

11 PROFIT BEFORE TAX

Expense/(income) included in profit before tax for the year are the following:

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Foreign exchange loss/(gain) on loans	178	(87)	37
Foreign exchange loss/(gain) on derivatives	166	(57)	11
Unrealised loss/(gain) on commodities	30	7	(1)
Depreciation of property, plant and equipment	461	386	274
Amortisation of intangible assets (excluding internally generated development costs)	64	44	52
Amortisation of internally generated development costs	526	445	296
Operating lease rentals in respect of plant, property and equipment	48	42	26
Loss on disposal of property, plant, equipment and software	7	4	2
Auditor remuneration (see below)	4	4	3

During the year ended 31 March 2015, £132 million (2014: £91 million) was received by a foreign subsidiary as an indirect tax incentive that requires the subsidiary to meet certain criteria relating to vehicle efficiency and investment in engineering and research and development. The incentive is provided as a partial offset to the higher sales taxes payable following implementation of new legislation in the year ended 31 March 2014. £132 million (2014: £88 million) has been recognised in revenue and £nil (2014: £3 million) has been deferred to offset against capital expenditure, when incurred.

The following table sets out the auditor remuneration for the year (rounded to the nearest £0.1 million):

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Fees payable to the Company's auditor for the audit of the Company's annual accounts	0.1	0.1	0.1
Fees payable to the Company's auditor and their associates for other services to the Group—audit of the Company's subsidiaries	3.3	2.9	2.7
Total audit fees	**3.4**	**3.0**	**2.8**
Audit related assurance services	0.3	0.3	0.2
Other assurance services	0.7	0.5	0.3
Total non-audit fees	**1.0**	**0.8**	**0.5**
Total audit and related fees	**4.4**	**3.8**	**3.3**

Fees payable to Deloitte LLP and their associates for non-audit services to the Group are not required to be disclosed separately as these fees are disclosed on a consolidated basis.

12 TAXATION

Recognised in the income statement

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Current tax expense			
Current year	350	348	306
Adjustments for prior years	15	9	(20)
Current tax expense	**365**	**357**	**286**

Deferred tax expense/(credit)			
Origination and reversal of temporary differences	294	330	138
Adjustments for prior years	(83)	(11)	28
Rate change	—	(54)	8
Deferred tax expense	**211**	**265**	**174**
Total income tax expense	**576**	**622**	**460**

Prior year adjustments relate to differences between prior year estimates of tax position and current revised estimates or submission of tax computations.

Recognised in the statement of comprehensive income

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Deferred tax credit on actuarial gains on retirement benefits	(71)	(31)	(80)
Deferred tax (credit)/expense on change in fair value of cash flow hedges	(363)	214	(53)
Deferred tax expense on rate change	—	15	7
	(434)	**198**	**(126)**
Total tax expense	**142**	**820**	**334**

Reconciliation of effective tax rate

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Profit for the year	2,038	1,879	1,214
Total income tax expense	576	622	460
Profit before tax	**2,614**	**2,501**	**1,674**
Income tax expense using the tax rates applicable to individual entities of 22.7% (2014: 23.6%, 2013: 24.2%)	593	590	405
Enhanced deductions for research and development	—	—	(33)
Non-deductible expenses	28	15	11
Differences between current and deferred tax rates applicable	(18)	—	—
Changes in tax rate	—	(54)	8
Overseas unremitted earnings	40	71	57
Share of loss from joint ventures	1	2	3
(Over)/under provided in prior years	(68)	(2)	9
Total income tax expense	**576**	**622**	**460**

Included within the line (Over)/under provided in prior years for March 2015 is a reversal of £62 million relating to withholding tax released as a result of changes in tax rates and laws expected to apply to the future repatriation of inter-company dividends.

The UK Finance Act 2013 was enacted during the year ended 31 March 2014 which included provisions for a reduction in the UK corporation tax rate from 23 percent to 21 percent with effect from 1 April 2014 and to 20 percent with effect from 1 April 2015. Accordingly, UK deferred tax has been provided at 20 percent (2014: 20 percent, 2013: 23 percent), as the majority of the temporary differences are expected to reverse at that rate.

13 INVESTMENTS

Investments consist of the following:

As at 31 March	2015	2014	2013
	£m	£m	£m
Equity accounted investees	280	145	60

The Group has the following investments at 31 March 2015:

Name of investment	Proportion of voting rights	Principal place of business and country of incorporation	Principal activity
Trading investments			

Jaguar Land Rover Schweiz AG.....................	10.0%	Switzerland	Sale of automotive vehicles and parts
Equity accounted investments			
Jaguar Cars Finance Limited	49.9%	England & Wales	Non-trading
Spark44 (JV) Limited	50.0%	England & Wales	Provision of advertising services
Chery Jaguar Land Rover Automotive Company Ltd.	50.0%	China	Manufacture and assembly of vehicles

Except for Spark44 (JV) Limited, the proportion of voting rights disclosed in the table above is the same as the interest in the ordinary share capital. The Group has an interest in 55.2 percent of the total ordinary share capital of Spark44 (JV) Limited, however this share capital is divided into A and B ordinary shares (the Group holds 100 percent of the B shares), with each class of share having the same voting rights and interest in returns and therefore Spark44 (JV) Limited is considered a joint venture.

Chery Jaguar Land Rover Automotive Company Ltd. is a limited liability company, whose legal form confirms separation between the parties to the joint arrangement. There is no contractual arrangement or any other facts or circumstances that indicate that the parties to the joint venture have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, Chery Jaguar Land Rover Automotive Company Ltd. is classified as a joint venture.

During the year ended 31 March 2013, the Company invested a 50 percent stake in Suzhou Chery Jaguar Land Rover Trading Co. Limited for £1 million and a 50 percent stake in Chery Jaguar Land Rover Automotive Company Ltd. for £70 million. During the year ended 31 March 2014, Suzhou Chery Jaguar Land Rover Trading Co. Limited, previously a direct joint venture of the Group, was acquired in full by Chery Jaguar Land Rover Automotive Company Ltd. Therefore, the results shown of Chery Jaguar Land Rover Automotive Company Ltd. are the consolidated results for that entity, which includes the results of Suzhou Chery Jaguar Land Rover Trading Co. Limited. In the year ended 31 March 2015, the Group has increased its investment in Chery Jaguar Land Rover Automotive Company Ltd. by £124 million (2014: £92 million).

No dividend was received in the year (2014, 2013: no dividend) from any of the trading investments or equity accounted investments. Trading investments are held at cost of £270,000 (2014: £270,000, 2013: £270,000). All joint ventures are accounted for using the equity method and are private companies and there are no quoted market prices available for their shares.

The following table sets out the summarised financial information in aggregate for the share of investments in equity accounted investees that are not individually material:

As at 31 March	**2015**	**2014**	**2013**
	£m	**£m**	**£m**
Group's share of profit/(loss) for the year	1	1	(2)
Group's share of other comprehensive income...	—	—	—
Group's share of total comprehensive income/(expense)	**1**	**1**	**(2)**
Carrying amount of the Group's interest	**3**	**2**	**(1)**

The following table sets out the summarised financial information of the Group's individually material joint venture, Chery Jaguar Land Rover Automotive Company Ltd.

As at 31 March	**2015**	**2014**	**2013**
	£m	**£m**	**£m**
Current assets..	520	170	136
Current liabilities	(347)	(67)	(27)
Non-current assets	585	236	19
Non-current liabilities...	(193)	(65)	—
Equity attributable to shareholders	**565**	**274**	**128**
Revenue...	**158**	**—**	**—**
Loss for the year	(13)	(16)	(20)
Other comprehensive income	—	—	—
Total comprehensive loss...	**(13)**	**(16)**	**(20)**

Included within the summarised financial information above are the following amounts:

As at 31 March	2015	2014	2013
	£m	£m	£m
Cash and cash equivalents	295	122	131
Other current assets	225	48	5
Current financial liabilities (excluding trade and other payables and provisions)	—	—	—
Non-current financial liabilities (excluding trade and other payables and provisions)	(193)	(65)	—
Depreciation and amortisation	(16)	(1)	—
Interest income	8	2	—
Interest expense	(3)	(1)	—
Income tax credit	6	13	—

13 INVESTMENTS

The following reconciles the carrying amount of the Group's interests in equity accounted investees:

As at 31 March	2015	2014	2013
	£m	£m	£m
Net assets of material joint venture	**565**	**274**	**128**
Share of net assets of:			
Material joint venture	282	137	64
Individually immaterial joint ventures	3	2	(1)
Foreign exchange differences	—	6	(3)
Other	(5)	—	—
Carrying amount of the Group's interests in equity accounted investments	**280**	**145**	**60**

As at 31 March 2015, an adjustment of £5 million (2014: £nil, 2013: £nil) has been made to de-recognise profit that has not yet been realised on goods sold by the Group to Chery Jaguar Land Rover Automotive Company Ltd.

The following reconciles the Group's share of total comprehensive income from equity accounted investees:

As at 31 March	2015	2014	2013
	£m	£m	£m
Loss of material joint venture	**(13)**	**(16)**	**(20)**
Share of (loss)/income of:			
Material joint venture	(7)	(8)	(10)
Individually immaterial joint ventures	1	1	(2)
Share of equity accounted investments	**(6)**	**(7)**	**(12)**
Currency translation differences	21	—	—
Share of total comprehensive income/(expense) from equity accounted investments	**15**	**(7)**	**(12)**

There are no contingent liabilities or commitments relating to the Group's interest in its associates.

The Group's share of capital commitments of its joint ventures at 31 March 2015 is £19 million (2014: £116 million, 2013: £nil) and commitments relating to the Group's interests in its joint ventures are disclosed in note 31. There are no contingent liabilities relating to the Group's interests in its joint ventures.

The information above reflects the amounts presented in the financial statements of the equity accounted investees adjusted for differences in accounting policies between the Group and its equity accounted investees.

14 OTHER FINANCIAL ASSETS

As at 31 March	2015	2014	2013
	£m	£m	£m
Non-current			
Restricted cash held as security	18	25	49
Derivative financial instruments	22	436	122
Other	9	12	24
Total non-current other financial assets	**49**	**473**	**195**
Current			
Advances and other receivables recoverable in cash	19	22	24
Derivative financial instruments	176	361	31
Restricted cash held as security	—	—	110
Accrued income	5	—	—
Other	14	9	11
Total current other financial assets	**214**	**392**	**176**

£16 million (2014: £23 million, 2013: £47 million) of the non-current restricted cash is held as security in relation to vehicles ultimately sold on lease, pledged until the leases reach their respective conclusion.

£nil (2014: £nil, 2013: £110 million) of the current restricted cash is held as security in relation to bank loans, pledged until the loans reach their respective conclusion.

15 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment	Vehicles	Computers	Fixtures & fittings	Leased assets	Heritage vehicles	Under construction	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cost									
Balance at 1 April 2012	365	1,741	20	14	22	35	—	137	2,334
Additions	2	596	4	1	12	8	—	420	1,043
Transfers	29	212	—	—	—	—	—	(241)	—
Disposals	(14)	(50)	(20)	(1)	(4)	—	—	—	(89)
Balance at 31 March 2013	**382**	**2,499**	**4**	**14**	**30**	**43**	**—**	**316**	**3,288**
Additions	3	422	1	3	19	—	—	786	1,234
Transfers	152	245	—	—	—	—	—	(397)	—
Disposals	(3)	(17)	(1)	—	(1)	—	—	—	(22)
Reclassification from intangible assets	—	—	—	8	—	—	—	—	8
Balance at 31 March 2014	**534**	**3,149**	**4**	**25**	**48**	**43**	**—**	**705**	**4,508**
Additions	3	579	2	21	18	—	52	1,082	1,757
Transfers	277	733	—	—	—	—	—	(1,010)	—
Disposals	(10)	(50)	—	(2)	(1)	—	—	—	(63)
Balance at 31 March 2015	**804**	**4,411**	**6**	**44**	**65**	**43**	**52**	**777**	**6,202**
Depreciation									
Balance at 1 April 2012	58	652	5	3	15	15	—	—	748
Depreciation charge for the period	11	253	2	1	2	5	—	—	274
Disposals	(13)	(46)	(6)	—	(4)	—	—	—	(69)
Balance at 31 March 2013	**56**	**859**	**1**	**4**	**13**	**20**	**—**	**—**	**953**
Depreciation charge for the period	16	359	1	2	3	5	—	—	386
Disposals	(2)	(12)	(1)	—	(1)	—	—	—	(16)
Reclassification from intangible assets	—	—	—	1	—	—	—	—	1
Balance at 31 March 2014	**70**	**1,206**	**1**	**7**	**15**	**25**	**—**	**—**	**1,324**
Depreciation charge for the period	20	422	—	5	9	5	—	—	461
Disposals	(10)	(46)	—	—	(1)	—	—	—	(57)
Balance at 31 March 2015	**80**	**1,582**	**1**	**12**	**23**	**30**	**—**	**—**	**1,728**
Net book value									
At 31 March 2013	326	1,640	3	10	17	23	—	316	2,335
At 31 March 2014	464	1,943	3	18	33	18	—	705	3,184
At 31 March 2015	**724**	**2,829**	**5**	**32**	**42**	**13**	**52**	**777**	**4,474**

16 INTANGIBLE ASSETS

	Software	Patents and technological know-how	Customer-related	Intellectual property rights and other intangibles	Product development in progress	Capitalised product development	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
Balance at 1 April 2012	183	147	89	618	1,292	979	3,308
Other additions—externally purchased	99	—	—	—	—	—	99
Other additions—internally developed	—	—	—	—	970	—	970
Capitalised product development—internally developed	—	—	—	—	(999)	999	—
Disposals	(35)	—	—	—	—	—	(35)
Balance at 31 March 2013	**247**	**147**	**89**	**618**	**1,263**	**1,978**	**4,342**
Other additions—externally purchased	127	—	—	—	—	—	127
Other additions—internally developed	—	—	—	—	1,087	—	1,087
Capitalised product development—internally developed	—	—	—	—	(583)	583	—
Disposals	(3)	—	—	—	—	(146)	(149)
Reclassification to tangible assets	(8)	—	—	—	—	—	(8)
Balance at 31 March 2014	**363**	**147**	**89**	**618**	**1,767**	**2,415**	**5,399**
Other additions—externally purchased	103	—	—	1	—	—	104

Other additions—internally developed	—	—	—	—	1,203	—	1,203
Capitalised product development—internally developed	—	—	—	—	(1,388)	1,388	—
Disposals	(8)	—	(28)	—	—	(159)	(195)
Balance at 31 March 2015	**458**	**147**	**61**	**619**	**1,582**	**3,644**	**6,511**
Amortisation and impairment							
Balance at 1 April 2012	75	54	40	—	—	338	507
Amortisation for the year	33	16	3	—	—	296	348
Disposals	(35)	—	—	—	—	—	(35)
Balance at 31 March 2013	**73**	**70**	**43**	**—**	**—**	**634**	**820**
Amortisation for the year	26	15	3	—	—	445	489
Disposals	(3)	—	—	—	—	(146)	(149)
Reclassification to tangible assets	(1)	—	—	—	—	—	(1)
Balance at 31 March 2014	**95**	**85**	**46**	**—**	**—**	**933**	**1,159**
Amortisation for the year	47	14	3	—	—	526	590
Disposals	(3)	—	(28)	—	—	(159)	(190)
Balance at 31 March 2015	**139**	**99**	**21**	**—**	**—**	**1,300**	**1,559**
Net book value							
At 31 March 2013	174	77	46	618	1,263	1,344	3,522
At 31 March 2014	268	62	43	618	1,767	1,482	4,240
At 31 March 2015	**319**	**48**	**40**	**619**	**1,582**	**2,344**	**4,952**

Impairment testing

The directors are of the view that the operations of the Group represent a single cash generating unit. The intellectual property rights are deemed to have an indefinite useful life on the basis of the expected longevity of the brand names.

16 INTANGIBLE ASSETS

The recoverable amount of the cash generating unit has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

As at 31 March	2015	2014	2013
Period on which management approved forecasts are based	5 years	5 years	5 years
Growth rate applied beyond approved forecast period	2.2%	0%	0%
Pre-tax discount rate	11.2%	10.9%	10.2%

The growth rates used in the value in use calculation reflect those inherent within the Board's business plan which is primarily a function of the Group's cycle plan assumptions, past performance and management's expectation of future market developments, approved by the Board through to 2019/20. The cash flows are then extrapolated into perpetuity assuming a growth rate of 2.2 percent (2014: nil percent, 2013: nil percent).

No reasonably possible change in any of the key assumptions would cause the recoverable amount calculated above to be less than the carrying value of the assets of the cash generating unit.

17 OTHER ASSETS

As at 31 March	2015	2014	2013
	£m	£m	£m
Current			
Recoverable VAT	221	237	378
Prepaid expenses	106	70	56
Other	69	48	—
Total current other assets	**396**	**355**	**434**
Non-current			
Prepaid expenses	23	31	5
Other	3	2	3
Total non-current other assets	**26**	**33**	**8**

18 DEFERRED TAX ASSETS AND LIABILITIES

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

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Foreign exchange	Closing balance
	£m	£m	£m	£m	£m
Deferred tax assets					
Property, plant & equipment	74	(66)	—	—	8
Provisions, allowances for doubtful receivables	190	25	—	12	227
Derivative financial instruments	—	31	230	—	261
Retirement benefits	135	(19)	71	—	187
Unrealised profit in inventory	138	8	—	—	146
Tax loss	375	(155)	—	—	220
Other	15	20	—	—	35
Total deferred tax asset	**927**	**(156)**	**301**	**12**	**1,084**
Deferred tax liabilities					
Property, plant & equipment	2	(2)	—	—	—
Intangible assets	713	139	—	—	852
Derivative financial instruments	133	—	(133)	—	—
Overseas unremitted earnings	141	(82)*	—	—	59
Total deferred tax liability	**989**	**55**	**(133)**	**—**	**911**
Presented as deferred tax asset**	284				372
Presented as deferred tax liability**	(346)				(199)

* Included within £82 million is a reversal of £59 million relating to withholding tax incurred on inter-company dividends paid in the year, and £62 million relating to withholding tax released as a result of changes in tax rates and laws expected to apply to future repatriation of inter-company dividends.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent they relate to the same taxation authority and are expected to be settled on a net basis.

The Group continues to recognise all deferred tax assets at 31 March 2015 in view of the continued profitability of the companies in which the deferred tax assets arise.

All deferred tax assets and deferred tax liabilities at 31 March 2015 are non-current.

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

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Foreign exchange	Closing balance
	£m	£m	£m	£m	£m
Deferred tax assets					
Property, plant & equipment	145	(71)	—	—	74
Provisions, allowances for doubtful receivables	182	29	—	(21)	190
Derivative financial instruments	61	—	(61)	—	—
Retirement benefits	164	(25)	(4)	—	135
Unrealised profit in inventory	76	62	—	—	138
Tax loss	556	(181)	—	—	375
Other	2	13	—	—	15
Total deferred tax asset	**1,186**	**(173)**	**(65)**	**(21)**	**927**
Deferred tax liabilities					
Property, plant & equipment	2	—	—	—	2
Intangible assets	676	37	—	—	713
Derivative financial instruments	—	—	133	—	133
Overseas unremitted earnings	86	55*	—	—	141
Total deferred tax liability	**764**	**92**	**133**	**—**	**989**
Presented as deferred tax asset**	508				284
Presented as deferred tax liability**	(86)				(346)

* Included within £55 million is a reversal of £5 million relating to withholding tax incurred on inter-company dividends paid in the year.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent they relate to the same taxation authority and are expected to be settled on a net basis.

The Group continued to recognise all deferred tax assets at 31 March 2014 in view of the continued profitability of the companies in which the deferred tax assets arise.

All deferred tax assets and deferred tax liabilities at 31 March 2014 are non-current.

Significant components of deferred tax asset and liability for the year ended 31 March 2013 are as follows:

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Foreign exchange	Closing balance
	£m	£m	£m	£m	£m
Deferred tax assets					
Property, plant & equipment	145	—	—	—	145
Provisions, allowances for doubtful receivables	136	49	—	(3)	182
Derivative financial instruments	19	(8)	50	—	61
Retirement benefits	100	(9)	73	—	164
Unrealised profit in inventory	77	(1)	—	—	76
Tax loss	614	(58)	—	—	556
Other	—	2	—	—	2
Total deferred tax asset	1,091	(25)	123	(3)	1,186
Deferred tax liabilities					
Property, plant & equipment	5	(3)	—	—	2
Intangible assets	544	132	—	—	676
Derivative financial instruments	4	(1)	(3)	—	—
Overseas unremitted earnings	65	21*	—	—	86
Total deferred tax liability	618	149	(3)	—	764

Presented as deferred tax asset**	474	508
Presented as deferred tax liability**	(1)	(86)

* Included within £21 million is a reversal of £39 million relating to withholding tax incurred on inter-company dividends paid in the year.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent they relate to the same taxation authority and are expected to be settled on a net basis.

The Group continued to recognise all deferred tax assets at 31 March 2013 in view of the continued profitability of the companies in which the deferred tax assets arise.

All deferred tax assets and deferred tax liabilities at 31 March 2013 are non-current.

19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

As at 31 March	2015	2014	2013
	£m	£m	£m
Cash and cash equivalents	3,208	2,260	2,072

At 31 March 2015 and 31 March 2014 all cash held by the Group can be utilised across the Group's manufacturing and sales operations. The restrictions on cash reported in the year ended 31 March 2013 of £524 million related to amounts held in China which could not be utilised by other Group companies due to the exchange controls in place. In the year ended 31 March 2014, these exchange controls were relaxed by the Chinese authorities to allow the lending of surplus cash held in China if certain criteria are met.

20 ALLOWANCES FOR TRADE AND OTHER RECEIVABLES

Changes in the allowances for trade and other receivables are as follows:

Year ended 31 March	2015	2014	2013
	£m	£m	£m
At beginning of year	8	10	13
Change in allowance during the year	3	(1)	(1)
Written off	—	(1)	(2)
At end of year	**11**	**8**	**10**

21 INVENTORIES

As at 31 March	2015	2014	2013
	£m	£m	£m
Raw materials and consumables	80	75	52
Work in progress	298	211	197
Finished goods	2,038	1,888	1,546
Total inventories	**2,416**	**2,174**	**1,795**

Inventories of finished goods include £187 million (2014: £174 million, 2013: £171 million), relating to vehicles sold to rental car companies, fleet customers and others with guaranteed repurchase arrangements.

Cost of inventories (including cost of purchased products) recognised as an expense during the year amounted to £15,041 million (2014: £13,421 million, 2013: £11,151 million).

During the year, the Group recorded inventory write-down expense of £40 million (2014: £24 million, 2013: £33 million). The write-down is included in material and other cost of sales. No previous write-downs have been reversed in any period.

22 ACCOUNTS PAYABLE

As at 31 March	2015	2014	2013
	£m	£m	£m
Trade payables	3,483	3,154	2,628
Liabilities to employees	185	148	106

Liabilities for expenses	1,298	1,244	1,277
Capital creditors	484	241	216
Total accounts payable	**5,450**	**4,787**	**4,227**

23 INTEREST BEARING LOANS AND BORROWINGS

As at 31 March	2015	2014	2013
	£m	£m	£m
Short-term borrowings			
Bank loans	156	167	328
Short-term borrowings	**156**	**167**	**328**
Long-term borrowings			
EURO MTF listed debt	2,381	1,843	1,839
Long-term borrowings	**2,381**	**1,843**	**1,839**
Finance lease obligations (see note 34)	13	18	23
Total debt	**2,550**	**2,028**	**2,190**

EURO MTF listed debt

The bonds are listed on the EURO MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

Details of the tranches of the bonds outstanding at 31 March 2015 are as follows:

- $84 million Senior Notes due 2021 at a coupon of 8.125 percent per annum—issued May 2011;
- £58 million Senior Notes due 2020 at a coupon of 8.250 percent per annum—issued March 2012;
- $500 million Senior Notes due 2023 at a coupon of 5.625 percent per annum—issued January 2013;
- $700 million Senior Notes due 2018 at a coupon of 4.125 percent per annum—issued December 2013;
- £400 million Senior Notes due 2022 at a coupon of 5.000 percent per annum—issued January 2014;
- $500 million Senior Notes due 2019 at a coupon of 4.250 percent per annum—issued October 2014;
- £400 million Senior Notes due 2023 at a coupon of 3.875 percent per annum—issued February 2015;
- $500 million Senior Notes due 2020 at a coupon of 3.500 percent per annum—issued March 2015.

The bond funds raised during the year were used to repay both long-term and short-term debt and provide additional cash facilities for the Group.

Details of the tranches of the bonds repaid in the year ended 31 March 2015 are as follows:

- $326 million Senior Notes due 2021 at a coupon of 8.125 percent per annum—issued May 2011;
- £442 million Senior Notes due 2020 at a coupon of 8.250 percent per annum—issued March 2012.

Details of the tranches of the bonds repaid in the year ended 31 March 2014 are as follows:

- £500 million Senior Notes due 2018 at a coupon of 8.125 percent per annum—issued May 2011;
- $410 million Senior Notes due 2018 at a coupon of 7.75 percent per annum—issued May 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 INTEREST BEARING LOANS AND BORROWINGS

The contractual cash flows of interest bearing debt and borrowings as of 31 March 2015 are set out below, including estimated interest payments and assumes the debt will be repaid at the maturity date.

As at 31 March	2015	2014	2013
	£m	£m	£m
Due in			
1 year or less	279	296	483
2nd and 3rd years	240	254	296
4th and 5th years	1,403	666	288
More than 5 years	1,336	1,666	2,152
Total contractual cash flows	**3,258**	**2,882**	**3,219**

Undrawn facilities

As at 31 March 2015 the Group has a fully undrawn revolving credit facility of £1,485 million. This facility is split into three- and five-year tranches which are available until 2016 and 2018 respectively.

24 OTHER FINANCIAL LIABILITIES

As at 31 March	2015	2014	2013
	£m	£m	£m
Current			
Finance lease obligations	4	5	5
Interest accrued	25	24	39
Derivative financial instruments	697	65	206
Liability for vehicles sold under a repurchase arrangement	197	183	183
Total current other financial liabilities	**923**	**277**	**433**
Non-current			
Finance lease obligations	9	13	18
Derivative financial instruments	832	55	208
Other payables	1	1	1
Total non-current other financial liabilities	**842**	**69**	**227**

25 PROVISIONS

As at 31 March	2015	2014	2013
	£m	£m	£m
Current			
Product warranty	426	343	317
Legal and product liability	50	49	16
Provisions for residual risk	4	2	2
Provision for environmental liability	5	—	—
Other employee benefits obligations	—	1	—
Total current provisions	**485**	**395**	**335**
Non-current			
Product warranty	585	538	426
Provision for residual risk	16	13	13
Provision for environmental liability	26	21	22
Other employee benefits obligations	12	10	7
Total non-current provisions	**639**	**582**	**468**

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Product warranty			
Opening balance	881	743	569
Provision made during the year	562	541	462
Provision used during the year	(430)	(397)	(284)

Impact of discounting	17	(6)	(1)
Foreign currency translation	(19)	—	(3)
Closing balance	**1,011**	**881**	**743**
Legal and product liability			
Opening balance	49	16	16
Provision made during the year	18	41	6
Provision used during the year	(17)	(5)	(7)
Foreign currency translation	—	(3)	1
Closing balance	**50**	**49**	**16**
Residual risk			
Opening balance	15	15	16
Provision made during the year	5	2	—
Provision used during the year	—	—	(1)
Foreign currency translation	—	(2)	—
Closing balance	**20**	**15**	**15**
Environmental liability			
Opening balance	21	22	20
Provision made during the year	10	—	3
Provision used during the year	—	(1)	(1)
Closing balance	**31**	**21**	**22**

Product warranty provision

The Group offers warranty cover in respect of manufacturing defects, which become apparent within one to five years after purchase, dependent on the market in which the purchase occurred. The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures. The discount on the warranty provision is calculated using a risk-free discount rate as the risks specific to the liability, such as inflation, are included in the base calculation. The timing of outflows will vary as and when a warranty claim will arise, being typically up to five years.

Legal and product liability provision

A legal and product liability provision is maintained in respect of known litigation which impacts the Group, but for which the amount and timing are uncertain. The provision primarily relates to motor accident claims, consumer complaints, dealer terminations, employment cases and personal injury claims.

Residual risk provision

In certain markets, the Group is responsible for the residual risk arising on vehicles sold by dealers on a leasing arrangement. The provision is based on the latest available market expectations of future residual value trends that may change over time. The timing of the outflows will be at the end of the lease arrangements—being typically up to three years.

Environmental risk provision

This provision relates to various environmental remediation costs such as asbestos removal and land clean up. The timing of when these costs will be incurred is not known with certainty.

26 OTHER LIABILITIES

As at 31 March	2015	2014	2013
	£m	£m	£m
Current			
Liabilities for advances received	183	253	180
Deferred revenue	54	19	5
VAT	88	85	261
Others	49	38	36
Total current other liabilities	**374**	**395**	**482**
Non-current			
Deferred revenue	96	63	13

Others	22	14	11
Total non-current other liabilities	**118**	**77**	**24**

27 CAPITAL AND RESERVES

As at 31 March	2015	2014	2013
	£m	£m	£m
Allotted, called up and fully paid			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
Total capital	**1,501**	**1,501**	**1,501**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The capital redemption reserve of £167 million (2014, 2013: £167 million) was created in March 2011 on the cancellation of share capital.

28 OTHER RESERVES

The movement of other reserves is as follows:

	Translation reserve	Hedging reserve	Retained earnings	Total other reserves
	£m	£m	£m	£m
Balance at 1 April 2014	(383)	539	4,040	4,196
Profit for the year	—	—	2,038	2,038
Remeasurement of defined benefit obligation	—	—	(355)	(355)
Loss on effective cash flow hedges	—	(1,768)	—	(1,768)
Currency translation differences	21	—	—	21
Income tax related to items recognised in other comprehensive income	—	354	71	425
Cash flow hedges reclassified to foreign exchange in profit or loss	—	(44)	—	(44)
Income tax related to items reclassified to profit or loss	—	9	—	9
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2015	**(362)**	**(910)**	**5,644**	**4,372**

	Translation reserve	Hedging reserve	Retained earnings	Total other reserves
	£m	£m	£m	£m
Balance at 1 April 2013	(383)	(196)	2,450	1,871
Profit for the year	—	—	1,879	1,879
Remeasurement of defined benefit obligation	—	—	(135)	(135)
Gain on effective cash flow hedges	—	1,041	—	1,041
Income tax related to items recognised in other comprehensive income	—	(220)	(4)	(224)
Cash flow hedges reclassified to foreign exchange in profit or loss	—	(112)	—	(112)
Income tax related to items reclassified to profit or loss	—	26	—	26
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2014	**(383)**	**539**	**4,040**	**4,196**
Balance at 1 April 2012	(383)	(20)	1,659	1,256
Profit for the year	—	—	1,214	1,214
Remeasurement of defined benefit obligation	—	—	(346)	(346)
Loss on effective cash flow hedges	—	(288)	—	(288)
Income tax related to items recognised in other comprehensive income	—	66	73	139
Cash flow hedges reclassified to foreign exchange in profit or loss	—	59	—	59
Income tax related to items reclassified to profit or loss	—	(13)	—	(13)
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2013	**(383)**	**(196)**	**2,450**	**1,871**

29 DIVIDENDS

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Dividend proposed for the previous year paid during the year of £0.10 (2014: £0.10, 2013: £nil) per ordinary share	150	150	—
Dividend for the year paid during the year of £nil (2014: £nil, 2013: £0.10) per ordinary share	—	—	150
Amounts recognised as distributions to equity holders during the year	**150**	**150**	**150**
Proposed dividend for the year of £0.10 (2014: £0.10, 2013: £0.10) per ordinary share	150	150	150

The proposed dividend for the year ended 31 March 2015 was paid in full in June 2015. Preference shares of £157 million were repaid in the year ended 31 March 2013, along with preference share dividends of £14 million.

30 EMPLOYEE BENEFITS

The Group operates defined benefit schemes for qualifying employees of certain of its subsidiaries. The defined benefit schemes are administered by a separate fund that is legally separated from the Company. The trustee of the pension schemes is required by law to act in the interest of the fund and of all relevant stakeholders in the scheme, is responsible for the investment policy with regard to the assets of the schemes and all other governance matters. The board of the trustee must be composed of representatives of the Company and scheme participants in accordance with each scheme's regulations.

Under the schemes, the employees are entitled to post-retirement benefits based on their length of service and salary.

Through its defined benefit pension schemes the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The scheme liabilities are calculated using a discount rate set with references to corporate bond yields; if scheme assets under perform these corporate bonds, this will create or increase a deficit. The defined benefit schemes hold a significant proportion of equity type assets, which are expected to outperform corporate bonds in the long term although introducing volatility and risk in the short term.

As the schemes mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Group believes that due to the long-term nature of the scheme liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Group's long-term strategy to manage the schemes efficiently.

Changes in bond yields

A decrease in corporate bond yields will increase scheme liabilities, although this is expected to be partially offset by an increase in the value of the schemes' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the scheme against extreme inflation). The schemes hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the scheme's liabilities. This is particularly significant in the UK defined benefit schemes, where inflationary increases result in higher sensitivity to changes in life expectancy.

The following tables set out the disclosures pertaining to the retirement benefit amounts recognised in the financial statements:

Change in present value of defined benefit obligation

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Defined benefit obligation at beginning of year	6,053	6,021	4,916
Current service cost	168	176	123
Interest expense	274	262	247
Actuarial (gains)/losses arising from:			
Changes in demographic assumptions	(20)	(39)	(115)
Changes in financial assumptions	1,454	(243)	951

Experience adjustments	101	8	15
Past service cost	1	6	6
Exchange differences on foreign schemes	—	(2)	1
Member contributions	2	1	7
Benefits paid	(149)	(137)	(129)
Other adjustments	(1)	—	(1)
Defined benefit obligation at end of year	**7,883**	**6,053**	**6,021**

Change in fair value of scheme assets

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Fair value of plan assets at beginning of year	5,382	5,365	4,707
Interest income	246	237	238
Remeasurement gain/(loss) on the return of plan assets, excluding amounts included in interest income	1,178	(407)	384
Administrative expenses	(8)	(8)	(10)
Exchange differences on foreign schemes	1	(2)	1
Employer contributions	346	333	168
Member contributions	2	1	7
Benefits paid	(149)	(137)	(129)
Other adjustments	(1)	—	(1)
Fair value of scheme assets at end of year	**6,997**	**5,382**	**5,365**

The actual return on scheme assets for the year was £1,424 million (2014: loss of £170 million, 2013: return of £622 million).

Amounts recognised in the consolidated income statement consist of:

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Current service cost	168	176	123
Past service cost	1	6	6
Administrative expenses	8	8	10
Net interest cost (including onerous obligations)	28	25	15
Components of defined benefit cost recognised in the consolidated income statement	**205**	**215**	**154**

Amounts recognised in the consolidated statement of comprehensive income consists of:

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Actuarial (gains)/losses arising from:			
Changes in demographic assumptions	20	39	115
Changes in financial assumptions	(1,454)	243	(951)
Experience adjustments	(101)	(8)	(15)
Remeasurement gain/(loss) on the return of scheme assets, excluding amounts included in interest income	1,178	(407)	384
Change in restriction of pension asset recognised (as per IFRIC 14)	2	(2)	27
Change in onerous obligation, excluding amounts included in interest expense	—	—	94
Remeasurement loss on defined benefit obligation	**(355)**	**(135)**	**(346)**

Amounts recognised in the consolidated balance sheet consist of:

As at 31 March	2015	2014	2013
	£m	£m	£m
Present value of unfunded defined benefit obligations	(1)	(1)	(1)
Present value of funded defined benefit obligations	(7,882)	(6,052)	(6,020)
Fair value of scheme assets	6,997	5,382	5,365
Restriction of pension asset recognised (as per IFRIC 14)	(1)	(3)	(1)
Net retirement benefit obligation	**(887)**	**(674)**	**(657)**
Presented as non-current liability	(887)	(674)	(657)

The most recent actuarial valuations of scheme assets and the present value of the defined benefit liability for accounting purposes were carried out at 31 March 2015 by a qualified independent actuary. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used in accounting for the pension schemes are set out below:

Year ended 31 March	2015	2014	2013
	%	%	%
Discount rate	3.4	4.6	4.4
Expected rate of increase in compensation level of covered employees	3.6	3.9	3.9
Inflation increase	3.1	3.4	3.4

For the valuation at 31 March 2015, 2014 and 2013, the mortality assumptions used are the SAPS base table, in particular S1NxA tables and the Light table for members of the Jaguar Executive Pension Plan. A scaling factor of 115 percent has been used for the Jaguar Pension Plan, 110 percent for the Land Rover Pension Scheme, and 105 percent for males and 90 percent for females for Jaguar Executive Pension Plan. There is an allowance for future improvements in line with the CMI (2014) projections (2014: CMI (2013) projections, 2013: CMI (2012) projections) and an allowance for long-term improvements of 1.25 percent per annum.

The assumed life expectations on retirement at age 65 are:

As at 31 March	2015	2014	2013
	years	years	years
Retiring today:			
Males	21.4	20.0	22.2
Females	23.9	24.5	24.6
Retiring in 20 years:			
Males	23.1	23.8	23.9
Females	25.8	26.4	26.6

The below sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous periods.

Assumption	Change in assumption	Impact on scheme liabilities	Impact on service cost
Discount rate	Increase/decrease by 0.25%	Decrease/increase by £482 million	Decrease/increase by £17 million
Inflation rate	Increase/decrease by 0.25%	Increase/decrease by £432 million	Increase/decrease by £16 million
Mortality	Increase/decrease by 1 year	Increase/decrease by £212 million	Increase/decrease by £6 million

The fair value of scheme assets is represented by the following major categories:

	2015				2014				2013			
As at 31 March	Quoted *	Unquoted	Total	%	Quoted *	Unquoted	Total	%	Quoted *	Unquoted	Total	%
	£m	£m	£m		£m	£m	£m		£m	£m	£m	
Equity instruments												
Information technology	118	—	118	1%	73	—	73	1%	119	—	119	2%
Energy	70	—	70	1%	61	—	61	1%	100	—	100	2%
Manufacturing	96	—	96	1%	67	—	67	1%	109	—	109	2%
Financials	184	—	184	3%	128	—	128	3%	203	—	203	4%
Other	417	—	417	6%	281	—	281	5%	464	—	464	9%
	885	**—**	**885**	**12%**	**610**	**—**	**610**	**11%**	**995**	**—**	**995**	**19%**
Debt instruments												
Government	2,699	12	2,711	39%	2,119	—	2,119	40%	2,106	—	2,106	39%

Corporate Bonds (investment grade)	38	1,198	1,236	18%	1,167	—	1,167	22%	1,128	—	1,128	21%
Corporate bonds (Non investment grade)	54	476	530	7%	—	280	280	5%	—	202	202	4%
	2,791	**1,686**	**4,477**	**64%**	**3,286**	**280**	**3,566**	**67%**	**3,234**	**202**	**3,436**	**64%**
Property funds												
UK	131	113	244	3%	—	173	173	3%	—	128	128	2%
Other	52	17	69	1%	—	63	63	1%	—	59	59	1%
	183	**130**	**313**	**4%**	**—**	**236**	**236**	**4%**	**—**	**187**	**187**	**3%**
Cash and cash equivalents	**130**	**—**	**130**	**2%**	**360**	**—**	**360**	**7%**	**204**	**—**	**204**	**4%**
Other												
Hedge Funds	—	392	6%	—	308	308	6%	—	317	317	6%	
Private Markets	—	56	1%	—	78	78	1%	—	50	50	1%	
Alternatives	170	146	316	5%	—	220	220	4%	—	203	203	4%
	170	**594**	**764**	**12%**	**—**	**606**	**606**	**11%**	**—**	**570**	**570**	**11%**
Derivatives												
Foreign exchange contracts	—	(13)	(13)	—	—	4	4	—	—	(27)	(27)	(1%)
Interest Rate and Inflation	—	441	441	6%	—	—	—	—	—	—	—	—
	—	428	428	6%	—	4	4	—	—	(27)	(27)	(1%)
Total	**4,159**	**2,838**	**6,997**	**100%**	**4,256**	**1,126**	**5,382**	**100%**	**4,433**	**932**	**5,365**	**100%**

* Quoted prices for identical assets or liabilities in active markets.

The split of level 1 assets is 59 percent (2014: 79 percent, 2013: 82 percent), level 2 assets 37 percent (2014: 20 percent, 2013: 17 percent) and level 3 assets 4 percent (2014: 1 percent, 2013: 1 percent).

The Group has agreed that it will aim to eliminate the pension scheme funding deficits over the next seven years. Funding levels are monitored on an annual basis and the current agreed contribution rate is 22.3 percent of pensionable salaries in the UK. The next triennial valuation is due to be completed by 5 June 2016 and will reflect the position as at 5 April 2015. The Group considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

The average duration of the benefit obligation at 31 March 2015 is 23.5 years (2014: 22.5 years, 2013: 22.5 years).

The expected net periodic pension cost for the year ended 31 March 2016 is £260 million. The Group expects to contribute £9 million to its schemes in the year ended 31 March 2016.

Defined contribution fund

The Group’s contribution to defined contribution plans for the year ended 31 March 2015 was £33 million (2014: £23 million, 2013: £12 million).

31 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group faces claims and assertions by various parties. The Group assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel wherever necessary. The Group 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 Group 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.

The following is a description of claims and assertions where a potential loss is possible, but not probable. Management believes that none of the contingencies described below, either individually or in aggregate, would have a material adverse effect on the Group’s financial condition, results of operations or cash flows.

Litigation

The Group is involved in legal proceedings, both as plaintiff and as defendant, and there are claims as at 31 March 2015 of £11 million (2014: £27 million, 2013: £16 million) against the Group which management has not recognised as they are not considered probable. The majority of these claims pertain to motor accident claims and consumer complaints. Some of the cases also relate to the replacement of parts of vehicles and/or compensation for deficiency in the services by the Group or its dealers.

Other taxes and dues

The Group had no significant tax matters in dispute at 31 March 2015 (31 March 2014: £nil, 31 March 2013: £nil) where a potential loss was considered possible.

During the year the Group's Brazilian subsidiary has received a demand for £35 million in relation to additional indirect taxes (PIS and COFINS) claimed as being due on local vehicle and parts sales made in 2010. The matter is currently being contested before the Brazilian appellate authorities. Professional legal opinions obtained in Brazil fully support that the basis of the tax authority's assertion is incorrect and, as a result, the likelihood of any settlement ultimately having to be made is considered remote.

31 COMMITMENTS AND CONTINGENCIES

Commitments

The Group has entered into various contracts with vendors and contractors for the acquisition of plant and machinery, equipment and various civil contracts of capital nature aggregating to £814 million (2014: £940 million, 2013: £288 million).

The Group has entered into various contracts with vendors and contractors which include obligations aggregating to £642 million (2014: £717 million, 2013: £887 million) to purchase minimum or fixed quantities of material and other procurement commitments.

Commitments related to leases are set out in note 34.

Inventory of £nil (2014: £nil, 2013: £nil) and trade receivables with a carrying amount of £156 million (2014: £167 million, 2013: £242 million) and property, plant and equipment with a carrying amount of £nil (2014: £nil, 2013: £nil) and restricted cash with a carrying amount of £nil (2014: £nil, 2013: £110 million) are pledged as collateral/security against the borrowings and commitments.

There are guarantees provided in the ordinary course of business of £nil.

Stipulated within the joint venture agreement for Chery Jaguar Land Rover Automotive Company Ltd. is a commitment for the Group to contribute a total of CNY 3,500 million of capital, of which CNY 2,875 million has been contributed as at 31 March 2015. The outstanding commitment of CNY 625 million translates to £57 million at year-end exchange rates.

32 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to ensure the going concern operation of its entities and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to meet shareholder expectations.

The Group's policy is to borrow primarily through capital market debt issues to meet anticipated funding requirements and maintain sufficient liquidity. The Group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required. Surplus cash in subsidiaries is pooled (where practicable) and invested to satisfy security, liquidity and yield requirements.

The capital structure is governed according to Group policies approved by the Board and is monitored by various metrics such as debt to Adjusted EBITDA and Adjusted EBITDA to interest ratios, as per the debt covenants and rating agency guidance. Funding requirements are reviewed periodically with any debt issuances and capital distributions approved by the Board.

The following table summarises the capital of the Group:

As at 31 March	2015	2014	2013
	£m	£m	£m
Short-term debt	160	172	333
Long-term debt	2,390	1,856	1,857
Total debt*	**2,550**	**2,028**	**2,190**
Equity	6,040	5,864	3,539
Total capital	**8,590**	**7,892**	**5,729**

* Total debt includes finance lease obligations of £13 million (2014: £18 million, 2013: £23 million).

33 FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the Group 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 recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the consolidated financial statements.

(A) Financial assets and liabilities

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2015:

Financial assets

	Loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
	£m	£m	£m	£m	£m
Cash and cash equivalents	3,208	—	—	3,208	3,208
Short-term deposits	1,055	—	—	1,055	1,055
Trade receivables	1,112	—	—	1,112	1,112
Other financial assets—current	38	175	1	214	214
Other financial assets—non-current	27	20	2	49	49
Total financial assets	**5,440**	**195**	**3**	**5,638**	**5,638**

Financial liabilities

	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
	£m	£m	£m	£m	£m
Accounts payable	5,450	—	—	5,450	5,450
Short-term borrowings	156	—	—	156	156
Long-term borrowings	2,381	—	—	2,381	2,459
Other financial liabilities—current	226	669	28	923	923
Other financial liabilities—non-current	10	789	43	842	842
Total financial liabilities	**8,223**	**1,458**	**71**	**9,752**	**9,830**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2014:

Financial assets

	Loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
	£m	£m	£m	£m	£m
Cash and cash equivalents	2,260	—	—	2,260	2,260
Short-term deposits	1,199	—	—	1,199	1,199
Trade receivables	831	—	—	831	831
Other financial assets—current	31	349	12	392	392
Other financial assets—non-current	37	415	21	473	473
Total financial assets	**4,358**	**764**	**33**	**5,155**	**5,155**

Financial liabilities

	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
	£m	£m	£m	£m	£m
Accounts payable	4,787	—	—	4,787	4,787
Short-term borrowings	167	—	—	167	167
Long-term borrowings	1,843	—	—	1,843	1,982
Other financial liabilities—current	212	54	11	277	277

Other financial liabilities—non-current	14	37	18	69	69
Total financial liabilities	**7,023**	**91**	**29**	**7,143**	**7,282**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2013:

Financial assets

	Loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
	£m	£m	£m	£m	£m
Cash and cash equivalents	2,072	—	—	2,072	2,072
Short-term deposits	775	—	—	775	775
Trade receivables	927	—	—	927	927
Other financial assets—current	145	30	1	176	176
Other financial assets—non-current	73	51	71	195	195
Total financial assets	**3,992**	**81**	**72**	**4,145**	**4,145**

Financial liabilities

	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
	£m	£m	£m	£m	£m
Accounts payable	4,227	—	—	4,227	4,227
Short-term borrowings	328	—	—	328	328
Long-term borrowings	1,839	—	—	1,839	2,058
Other financial liabilities—current	227	179	27	433	433
Other financial liabilities—non-current	19	156	52	227	227
Total financial liabilities	**6,640**	**335**	**79**	**7,054**	**7,273**

Offsetting

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivative financial assets and financial liabilities are subject to master netting arrangements whereby in the case of insolvency, derivative financial assets and financial liabilities can be settled on a net basis.

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2015:

	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Gross amount not offset in the balance sheet	Cash collateral (received)/ pledged	Net amount after offsetting
	£m	£m	£m	£m	£m	£m
Financial assets						
Derivative financial assets	817	(619)	198	(198)	—	—
Cash and cash equivalents	3,301	(93)	3,208	—	—	3,208
	4,118	**(712)**	**3,406**	**(198)**	**—**	**3,208**
Financial liabilities						
Derivative financial liabilities	2,148	(619)	1,529	(198)	—	1,331
Short-term borrowings	249	(93)	156	—	—	156
	2,397	**(712)**	**1,685**	**(198)**	**—**	**1,487**

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2014:

	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Gross amount not offset in the balance sheet	Cash collateral (received)/ pledged	Net amount after offsetting
	£m	£m	£m	£m	£m	£m
Financial assets						
Derivative financial assets .	855	(58)	797	(120)	—	677
Cash and cash equivalents .	2,282	(22)	2,260	—	—	2,260
	3,137	**(80)**	**3,057**	**(120)**	**—**	**2,937**
Financial liabilities						
Derivative financial liabilities	178	(58)	120	(120)	—	—
Short-term borrowings.......	189	(22)	167	—	—	167
	367	**(80)**	**287**	**(120)**	**—**	**167**

33 FINANCIAL INSTRUMENTS

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2013:

	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Gross amount not offset in the balance sheet	Cash collateral (received)/ pledged	Net amount after offsetting
	£m	£m	£m	£m	£m	£m
Financial assets						
Derivative financial assets	164	(11)	153	(105)	—	48
	164	**(11)**	**153**	**(105)**	**—**	**48**
Financial liabilities						
Derivative financial liabilities	425	(11)	414	(105)	—	309
	425	**(11)**	**414**	**(105)**	**—**	**309**

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels.

- Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There has been no change in the valuation techniques adopted or any transfers between fair value levels.

The financial instruments that are measured subsequent to initial recognition at fair value are classified as Level 2 fair value measurements, as defined by IFRS 13, being those derived from inputs other than quoted prices that are observable. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Fair value of forward derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves from Reuters. Commodity swap contracts are similarly fair valued by discounting expected future contractual cash flows. Option contracts on foreign currency are entered into on a zero cost collar basis and fair value estimates are calculated from standard Black Scholes options pricing methodology, using prevailing market interest rates and volatilities.

Additionally, a Credit Valuation Adjustment (CVA) is taken on derivative financial assets and liabilities and is calculated by discounting the fair value gain or loss on the financial derivative using credit default swap (CDS) prices quoted for the counterparty or Jaguar Land Rover respectively. CDS prices are obtained from Bloomberg.

The long-term unsecured listed bonds are held at amortised cost. Its fair value for disclosure purposes is determined using Level 1 valuation techniques, based on the closing price at 31 March 2015 on the EURO MTF market.

Fair values of cash and cash equivalents, short-term deposits, trade receivables and payables, short-term borrowings and other financial assets and liabilities (current and non-current excluding derivatives) are assumed to approximate to cost due to the short-term maturing of the instruments and as the impact of discounting is not significant.

At 31 March 2015, the fair value of prepayment options of £nil (2014: £nil, 2013: £47 million) related to the GBP 500 million and USD 410 million senior notes due 2018 which were bifurcated but were repaid early in the year ended 31 March 2014. The fair value represents the difference in the traded market price of the bonds and the expected

price the bonds would trade at if they did not contain any prepayment features. The expected price is based on market inputs including credit spreads and interest rates.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Group could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2015, 31 March 2014 and 31 March 2013 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year end.

(B) Financial risk management

As discussed in the Management report under the section Business Risks and Mitigating factors, the Group is exposed to foreign currency exchange rate, commodity price, interest rate, liquidity and credit risks. The Group has a risk management framework in place which monitors all of these risks.

(C) Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Chinese Yuan and Euro against the functional currency of the Company and its subsidiaries.

The Group uses foreign currency contracts to hedge its risk associated with foreign currency fluctuations relating to highly probable forecast transactions. The fair value of such contracts as of 31 March 2015 was a net liability of £1,263 million (2014: net asset of £673 million, 2013: net liability of £254 million).

Cash flow hedges are expected to be recognised in profit or loss during the years ending 31 March 2016 to 2020. The Group also has a number of foreign currency options which are entered into as an economic hedge of the financial risks of the Group. The time value of options is excluded from the hedge relationship and thus the change in time value is recognised immediately in the income statement.

Changes in the fair value of foreign currency contracts to the extent determined to be an effective hedge are recognised in the statement of other comprehensive income and the ineffective portion of the fair value change is recognised in the income statement. Accordingly, the fair value change of net loss of £1,768 million (2014: gain of £1,041 million, 2013: loss of £288 million) was recognised in other comprehensive income. The loss due to hedge ineffectiveness where forecast transactions are no longer expected to occur was £5 million (2014: gain of £5 million, 2013: loss of £1 million) which has been recognised in foreign exchange gain/(loss) in the consolidated income statement. The loss on derivative contracts not eligible for hedging was £161 million (2014: gain of £57 million, 2013: loss of £11 million) which has been recognised in foreign exchange (loss)/gain in the consolidated income statement.

A 10 percent depreciation/appreciation of the foreign currency underlying such contracts would have resulted in an approximate additional gain/(loss) of £1,251 million/(£1,382) million (2014: £734 million/(£893) million, 2013: £612 million/(£831) million) in equity and a gain/(loss) of £165 million/(£91) million (2014: £51 million/(£31) million, 2013: £35 million/£28 million) in the consolidated income statement.

In addition to using derivative contracts to economically hedge future purchases in US Dollars, the Group issues bonds denominated in US Dollars to give a degree of natural hedging of future sales revenues.

The following table sets forth information relating to foreign currency exposure as of 31 March 2015:

As at 31 March 2015	US Dollar	Chinese Yuan	Euro	*Others	Total
	£m	£m	£m	£m	£m
Financial assets	727	742	483	312	2,264
Financial liabilities	(2,139)	(756)	(1,098)	(182)	(4,175)
Net exposure asset/(liability)	**(1,412)**	**(14)**	**(615)**	**130**	**(1,911)**

A 10 percent appreciation/depreciation of the US Dollar, Chinese Yuan and Euro would result in an increase/decrease in the Group's net profit before tax and total equity by approximately £141 million, £1 million and £62 million respectively for the year ended 31 March 2015.

The following table sets forth information relating to foreign currency exposure as of 31 March 2014:

As at 31 March 2014	US Dollar	Chinese Yuan	Euro	*Others	Total
	£m	£m	£m	£m	£m
Financial assets	463	840	296	335	1,934
Financial liabilities	(1,594)	(715)	(1,322)	(285)	(3,915)
Net exposure asset/(liability)	**(1,131)**	**125**	**(1,026)**	**50**	**(1,981)**

A 10 percent appreciation/depreciation of the US Dollar, Chinese Yuan and Euro would result in an increase/decrease in the Group's net profit before tax and total equity by approximately £113 million, £13 million and £103 million respectively for the year ended 31 March 2014.

The following table sets forth information relating to foreign currency exposure as of 31 March 2013:

As at 31 March 2013	US Dollar	Chinese Yuan	Euro	*Others	Total
	£m	£m	£m	£m	£m
Financial assets	332	667	259	393	1,651
Financial liabilities	(1,266)	(659)	(1,113)	(328)	(3,366)
Net exposure asset/(liability)	**(934)**	**8**	**(854)**	**65**	**(1,715)**

* Others include Japanese Yen, Russian Rouble, Singapore Dollar, Swiss Franc, Australian Dollar, South African Rand, Thai Baht, Korean Won etc.

A 10 percent appreciation/depreciation of the US Dollar, Chinese Yuan and Euro would result in an increase/decrease in the Group's net profit before tax and total equity by approximately £93 million, £1 million and £85 million respectively for the year ended 31 March 2013.

(D) Commodity price risk

The Group is exposed to commodity price risk arising from the purchase of certain raw materials. This risk is mitigated through the use of derivative contracts and fixed price contracts with suppliers. The derivative contracts do not qualify for hedge accounting as the commodity exposure does not meet the hedge accounting requirements of IAS39.

The total loss on commodities of £38 million (2014: loss of £18 million, 2013: loss of £10 million) has been recognised in other income in the consolidated income statement.

A 10 percent depreciation/appreciation of all commodity prices underlying such contracts would have resulted in a gain/(loss) of £52 million (2014: £36 million, 2013: £17 million).

(E) Interest rate risk

Interest rate risk is the risk that changes in market interest rates will lead to changes in interest income and expense for the Group.

In addition to issuing long-term fixed-rate bonds, the Group has other facilities in place which are primarily used to finance working capital that are subject to variable interest rates. When undertaking a new debt issuance the Board will consider the fixed/floating interest rate mix of the Group, the outlook for future interest rates and the appetite for certainty of funding costs.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year-end balances are not necessarily representative of the average debt outstanding during the year.

As of 31 March 2015 net financial liabilities of £156 million (2014: £167 million, 2013: £220 million) were subject to the variable interest rate. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £2 million (2014: £2 million, 2013: £2 million) in the consolidated income statement.

The Group is also exposed to interest rate risk with regard to the reported fair value of the prepayment options. At 31 March 2015, had interest rates been 25 basis points higher/lower with all other variables constant, consolidated profit for the year would be £nil lower/£nil higher (2014: £nil lower/£nil higher, 2013: £9 million lower/£9 million higher), mainly as a result of higher/lower finance expense.

(F) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's policy on liquidity risk is to maintain sufficient liquidity in the form of cash and undrawn borrowing facilities to meet the Group's operating requirements with an appropriate level of headroom.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at 31 March 2015	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Financial liabilities						
Long-term borrowings	2,381	3,066	111	110	1,510	1,335
Short-term borrowings	156	156	156	—	—	—
Finance lease obligations	13	15	6	5	4	—
Other financial liabilities	223	235	210	12	13	—
Accounts payable	5,450	5,450	5,450	—	—	—
Derivative financial instruments	1,529	1,903	753	616	534	—
Total contractual maturities	**9,752**	**10,825**	**6,686**	**743**	**2,061**	**1,335**

33 FINANCIAL INSTRUMENTS

As at 31 March 2014	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Financial liabilities						
Long-term borrowings	1,843	2,667	117	116	768	1,666
Short-term borrowings	167	167	167	—	—	—
Finance lease obligations	18	20	6	6	8	—
Other financial liabilities	208	231	195	13	23	—
Accounts payable	4,787	4,787	4,787	—	—	—
Derivative financial instruments	120	130	71	48	11	—
Total contractual maturities	**7,143**	**8,002**	**5,343**	**183**	**810**	**1,666**

As at 31 March 2013	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Financial liabilities						
Long-term borrowings	1,839	2,868	143	143	430	2,152
Short-term borrowings	328	331	331	—	—	—
Finance lease obligations	23	28	6	6	14	2
Other financial liabilities	223	243	231	8	4	—
Accounts payable	4,227	4,227	4,227	—	—	—
Derivative financial instruments	414	414	206	119	89	—
Total contractual maturities	**7,054**	**8,111**	**5,144**	**276**	**537**	**2,154**

(G) Credit risk

The majority of the Group's credit risk pertains to the risk of financial loss arising from counterparty default on cash investments.

All Group cash is invested according to strict credit criteria and actively monitored by Group Treasury in conjunction with the current market valuation of derivative contracts. To support this, the Board has implemented an investment policy which places limits on the maximum cash investment that can be made with any single counterparty depending on their published external credit rating.

To a lesser extent the Group has an exposure to counterparties on trade receivables. The Group will seek to mitigate credit risk on sales to third parties through the use of payment at the point of delivery, credit insurance and letters of credit from banks which meet internal rating criteria.

None of the financial instruments of the Group result in material concentrations of credit risks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

Financial assets

None of the Group's cash equivalents, including term deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2015 (2014, 2013: no indications) that defaults in payment obligations will occur.

Trade and other receivables past due and impaired are set out below:

As at 31 March	2015 Gross	2015 Impairment	2014 Gross	2014 Impairment	2013 Gross	2013 Impairment
	£m	£m	£m	£m	£m	£m
Not yet due	1,070	—	795	2	837	—
Overdue < 3 months	56	—	52	—	95	1
Overdue >3<6 months	4	2	4	—	19	2
Overdue >6 months	12	9	10	6	11	7

Total	1,142	11	861	8	962	10

Included within trade receivables is £156 million (2014: £167 million, 2013: £242 million) of receivables which are part of a debt factoring arrangement. These assets do not qualify for derecognition due to the recourse arrangements in place. The related liability of £156 million (2014: £167 million, 2013: £242 million) is in short-term borrowings. Both the asset and associated liability are stated at fair value.

34 LEASES

Leases as lessee

Non-cancellable finance lease rentals are payable as follows:

As at 31 March	2015	2014	2013
	£m	£m	£m
Less than one year	4	5	5
Between one and five years	9	13	16
More than five years	—	—	2
Total lease payments	**13**	**18**	**23**

The above leases relate to amounts payable under the minimum lease payments on plant and machinery. The Group leased certain of its manufacturing equipment under finance lease. The average lease term is eight years. The Group has options to purchase certain equipment for a nominal amount at the end of lease term.

Non-cancellable operating lease rentals are payable as follows:

As at 31 March	2015	2014	2013
	£m	£m	£m
Less than one year	47	26	8
Between one and five years	60	39	16
More than five years	26	18	10
Total lease payments	**133**	**83**	**34**

The Group leases a number of properties and plant and machinery under operating leases.

Leases as lessor

The future minimum lease receipts under non-cancellable operating leases are as follows:

As at 31 March	2015	2014	2013
	£m	£m	£m
Less than one year	2	4	4
Between one and five years	—	—	—
More than five years	—	—	—
Total lease receipts	**2**	**4**	**4**

The above leases relate to amounts receivable in respect of land and buildings and fleet car sales. The average lease life is less than one year.

35 SEGMENT REPORTING

Operating segments are defined as components of the Group about which separate financial information is available that is evaluated regularly by the chief operating decision-maker, or decision-making group, in deciding how to allocate resources and in assessing performance.

The Group operates in the automotive segment. The automotive segment includes all activities relating to development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts and accessories from which the Group derives its revenues. The Group has only one operating segment, so no separate segment report is given.

The geographic spread of sales and non-current assets is as disclosed below:

	UK	US	China	Rest of Europe	Rest of World	Total
	£m	£m	£m	£m	£m	£m
31 March 2015						
Revenue	3,564	3,112	7,595	3,200	4,395	21,866
Non-current assets	9,357	16	11	10	32	9,426
31 March 2014						
Revenue	2,989	2,683	6,687	2,978	4,049	19,386
Non-current assets	7,376	13	8	10	17	7,424
31 March 2013						
Revenue	2,606	2,137	5,161	2,514	3,366	15,784
Non-current assets	5,814	14	4	10	15	5,857

In the table above, non-current assets excludes equity accounted investees, financial assets, pension assets and deferred tax assets.

36 RELATED PARTY TRANSACTIONS

The Group's related parties principally consist of Tata Sons Limited, subsidiaries, associates and joint ventures of Tata Sons Limited which includes Tata Motors Limited (the ultimate parent Company), subsidiaries, associates and joint ventures of Tata Motors Limited. The Group routinely enters into transactions with these related parties in the ordinary course of business including transactions for sale and purchase of products with its associates and joint ventures. Transactions and balances with the Group's own subsidiaries are eliminated on consolidation.

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements.

	With joint ventures of the Group	With Tata Sons Limited and its subsidiaries and joint ventures	With immediate or ultimate parent and its subsidiaries and joint ventures
	£m	£m	£m
31 March 2015			
Sale of products	149	—	65
Purchase of goods	—	—	51
Services received	9	141	105
Services rendered	23	—	3
Trade and other receivables	47	—	27
Accounts payable	—	27	38
31 March 2014			
Sale of products	—	—	55
Services received	9	73	85
Services rendered	26	—	—
Trade and other receivables	15	—	15
Accounts payable	—	5	1
31 March 2013			
Sale of products	—	—	52
Services received	—	21	85
Services rendered	9	—	—
Trade and other receivables	8	—	—
Accounts payable	—	27	2
Loans given	8	—	—

Compensation of key management personnel

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Short-term benefits	24	21	12
Post-employment benefits	2	1	—
Compensation for loss of office	1	—	—
Total compensation of key management personnel	**27**	**22**	**12**

In addition to the compensation noted above, a loan of £0.7 million was granted to a member of key management personnel in the year ended 31 March 2014. This loan is for a term of eight years and is interest bearing at the HMRC official rate.

Refer to note 30 for information on transactions with post-employment benefit plans.

37 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Holdings Pte. Ltd. (Singapore) and ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai—400001, India.

38 SUBSEQUENT EVENTS

In May 2015, the Company proposed an ordinary dividend of £150 million to its immediate parent TML Holdings Pte. Ltd. (Singapore). This amount was paid in full in June 2015.

PARENT COMPANY BALANCE SHEET

As at 31 March	Note	2015	2014	2013
		£m	£m	£m
Non-current assets				
Investments	1	1,655	1,655	1,655
Other financial assets	2	2,404	1,868	1,954
Other non-current assets	3	5	6	4
Deferred tax assets	4	8	8	—
Total non-current assets		**4,072**	**3,537**	**3,613**
Current assets				
Cash and cash equivalents	5	—	1	1
Other financial assets	2	66	61	73
Other current assets	3	3	2	5
Total current assets		**69**	**64**	**79**
Total assets		**4,141**	**3,601**	**3,692**
Current liabilities				
Other financial liabilities	7	31	28	39
Deferred finance income		3	2	5
Current income tax liabilities		12	12	11
Total current liabilities		**46**	**42**	**55**
Non-current liabilities				
Long-term borrowings	6	2,381	1,843	1,839
Other financial liabilities	7	—	—	47
Deferred finance income		28	31	35
Total non-current liabilities		**2,409**	**1,874**	**1,921**
Total liabilities		**2,455**	**1,916**	**1,976**
Equity attributable to equity holders of the parent				
Ordinary shares	8	1,501	1,501	1,501
Capital redemption reserve	8	167	167	167
Retained earnings		18	17	48
Equity attributable to equity holders of the parent		**1,686**	**1,685**	**1,716**
Total liabilities and equity		**4,141**	**3,601**	**3,692**

These parent Company financial statements were approved by the Board of Directors and authorised for issue on 28 July 2015. They were signed on its behalf by:

Dr Ralf Speth

Chief Executive Officer
Company registered number: 06477691

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital	Capital redemption reserve	Profit and loss reserve	Total equity
	£m	£m	£m	£m
Balance at 1 April 2014	**1,501**	**167**	**17**	**1,685**
Profit for the year	—	—	151	151
Total comprehensive income	—	—	151	151
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2015	**1,501**	**167**	**18**	**1,686**
Balance at 1 April 2013	**1,501**	**167**	**48**	**1,716**
Profit for the year	—	—	119	119
Total comprehensive income	**—**	**—**	**119**	**119**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2014	**1,501**	**167**	**17**	**1,685**
Balance at 1 April 2012	**1,501**	**167**	**22**	**1,690**
Profit for the year	—	—	176	176
Total comprehensive income	**—**	**—**	**176**	**176**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2013	**1,501**	**167**	**48**	**1,716**

PARENT COMPANY CASH FLOW STATEMENT

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Cash flows used in operating activities			
Profit for the year	151	119	26
Adjustments for:			
Foreign exchange loss/(gain) on loans	—	1	(8)
Loss/(gain) on embedded derivatives	—	47	(47)
Income tax (credit)/expense	—	(8)	12
Dividends received	(150)	(150)	—
Finance income	(227)	(285)	(135)
Finance expense	225	236	135
Cash flows used in operating activities before changes in assets and liabilities	**(1)**	**(40)**	**(17)**
Other financial assets	(383)	(19)	195
Other current liabilities	2	2	(1)
Net cash used in operating activities	**(382)**	**(57)**	**177**
Cash flows from investing activities			
Finance income received	222	303	121
Dividends received	150	150	150
Net cash from investing activities	**372**	**453**	**271**
Cash flows from/(used in) financing activities			
Finance expenses and fees paid	(220)	(329)	(141)
Proceeds from issuance of long-term borrowings	1,032	829	—
Repayment of long-term borrowings	(653)	(746)	—
Repayment of short-term borrowings	—	—	(157)
Dividends paid	(150)	(150)	(150)
Net cash from/(used in) financing activities	**9**	**(396)**	**(448)**
Net change in cash and cash equivalents	**(1)**	**—**	**—**
Cash and cash equivalents at beginning of year	1	1	1
Cash and cash equivalents at end of year	**—**	**1**	**1**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1 INVESTMENTS

Investments consist of the following:

	2015	2014	2013
	£m	£m	£m
Cost of unquoted equity investments at beginning and end of year	1,655	1,655	1,655

The Company has not made any investments or disposals of investments in the year.

The Company has the following 100 percent direct interest in the ordinary shares of a subsidiary undertaking:

Subsidiary undertaking	Principal place of business and country of incorporation	Principal activity
Jaguar Land Rover Holdings Limited	England and Wales	Holding company

The shareholding above is recorded at acquisition value in the Company's accounts. Details of the indirect subsidiary undertakings are as follows, each being a 100 percent indirect interest in the ordinary share capital of the Jaguar Land Rover Holdings Limited:

Name of company	Principal place of business and country of incorporation	Principal activity
Jaguar Land Rover Limited	England and Wales	Manufacture and sale of motor vehicles
Jaguar e Land Rover Brazil Importacao e Comercio de Veiculos Ltda	Brazil	Distribution and sales
Jaguar Land Rover (South Africa) (Pty) Ltd	South Africa	Distribution and sales
Jaguar Land Rover Australia Pty Limited	Australia	Distribution and sales
Jaguar Land Rover Austria GmbH	Austria	Distribution and sales
Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd	China	Distribution and sales
Shanghai Jaguar Land Rover Automotive Service Co. Ltd	China	Distribution and sales
Jaguar Land Rover Belux N.V.	Belgium	Distribution and sales
Jaguar Land Rover Canada, ULC	Canada	Distribution and sales
Jaguar Land Rover Deutschland GmbH	Germany	Distribution and sales
Jaguar Land Rover Espana SL	Spain	Distribution and sales
Jaguar Land Rover France SAS	France	Distribution and sales
Jaguar Land Rover India Limited	India	Distribution and sales
Jaguar Land Rover Italia SpA	Italy	Distribution and sales
Jaguar Land Rover Japan Limited	Japan	Distribution and sales
Jaguar Land Rover Korea Company Limited	Korea	Distribution and sales
Jaguar Land Rover Nederland BV	Holland	Distribution and sales
Jaguar Land Rover North America, LLC	USA	Distribution and sales
Jaguar Land Rover Portugal-Veiculos e Pecas, Lda	Portugal	Distribution and sales
Limited Liability Company "Jaguar Land Rover" (Russia)	Russia	Distribution and sales

Name of company	Principal place of business and country of incorporation	Principal activity
Jaguar Land Rover (South Africa) Holdings Ltd	England and Wales	Holding company
JLR Nominee Company Limited	England and Wales	Non-trading
Land Rover Ireland Limited	Ireland	Non-trading
JDHT Limited	England and Wales	Non-trading
Daimler Transport Vehicles Limited	England and Wales	Dormant
Jaguar Cars (South Africa) (Pty) Ltd	South Africa	Dormant
Jaguar Cars Limited	England and Wales	Dormant
Land Rover Exports Limited	England and Wales	Dormant
S S Cars Limited	England and Wales	Dormant
The Daimler Motor Company Limited	England and Wales	Dormant
The Jaguar Collection Limited	England and Wales	Dormant
The Lanchester Motor Company Limited	England and Wales	Dormant
Jaguar Land Rover Pension Trustee Limited	England and Wales	Pension trustee

Details of the indirect holdings in equity accounted investees are given in note 13 to the consolidated financial statements.

2 OTHER FINANCIAL ASSETS

As at 31 March	2015	2014	2013
	£m	£m	£m
Non-current			
Receivables from subsidiaries	2,404	1,868	1,954
Current			
Receivables from subsidiaries	66	61	73

3 OTHER ASSETS

As at 31 March	2015	2014	2013
	£m	£m	£m
Non-current			
Prepaid expenses	5	6	4
Current			
Prepaid expenses	3	2	5

4 DEFERRED TAX ASSETS AND LIABILITIES

As at 31 March 2015 the Company has recognised a deferred tax asset of £8 million (2014: £8 million) in relation to tax losses. The Company had no deferred tax assets or liabilities either recognised or unrecognised at 31 March 2013.

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

As at 31 March	2015	2014	2013
	£m	£m	£m
Cash and cash equivalents	**—**	**1**	**1**

6 INTEREST BEARING LOANS AND BORROWINGS

As at 31 March	2015	2014	2013
	£m	£m	£m
EURO MTF listed debt	2,381	1,843	1,839
Long-term borrowings	**2,381**	**1,843**	**1,839**

EURO MTF listed debt

The bonds are listed on the EURO MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

Details of the tranches of the bonds outstanding at 31 March 2015 are as follows:

- $84 million Senior Notes due 2021 at a coupon of 8.125 percent per annum—issued May 2011;
- £58 million Senior Notes due 2020 at a coupon of 8.250 percent per annum—issued March 2012;
- $500 million Senior Notes due 2023 at a coupon of 5.625 percent per annum—issued January 2013;
- $700 million Senior Notes due 2018 at a coupon of 4.125 percent per annum—issued December 2013;
- £400 million Senior Notes due 2022 at a coupon of 5.000 percent per annum—issued January 2014;
- $500 million Senior Notes due 2019 at a coupon of 4.250 percent per annum—issued October 2014;
- £400 million Senior Notes due 2023 at a coupon of 3.875 percent per annum—issued February 2015;

- $500 million Senior Notes due 2020 at a coupon of 3.500 percent per annum—issued March 2015.

The bond funds raised during the year were used to repay both long-term and short-term debt and provide additional cash facilities for the Company.

Details of the tranches of the bonds repaid in the year ended 31 March 2015 are as follows:

- $326 million Senior Notes due 2021 at a coupon of 8.125 percent per annum—issued May 2011;

- £442 million Senior Notes due 2020 at a coupon of 8.250 percent per annum—issued March 2012.

Details of the tranches of the bonds repaid in the year ended 31 March 2014 are as follows:

- £500 million Senior Notes due 2018 at a coupon of 8.125 percent per annum—issued May 2011;

- $410 million Senior Notes due 2018 at a coupon of 7.75 percent per annum—issued May 2011.

The contractual cash flows of interest bearing borrowings as of 31 March 2015 is set out below, including estimated interest payments and assumes the debt will be repaid at the maturity date.

As at 31 March	2015	2014	2013
	£m	£m	£m
Due in			
1 year or less	123	117	143
2nd and 3rd years	240	231	287
4th and 5th years	1,403	653	287
More than 5 years	1,336	1,666	2,151
Total contractual cash flows	**3,102**	**2,667**	**2,868**

7 OTHER FINANCIAL LIABILITIES

As at 31 March	2015	2014	2013
	£m	£m	£m
Current			
Interest payable	24	23	36
Other	7	5	3
Total current other financial liabilities	**31**	**28**	**39**
Non-current			
Derivative financial instruments	—	—	47
Total non-current other financial liabilities	**—**	**—**	**47**

8 CAPITAL AND RESERVES

As at 31 March	2015	2014	2013
	£m	£m	£m
Allotted, called up and fully paid			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
Total capital	**1,501**	**1,501**	**1,501**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The capital redemption reserve of £167 million (2014, 2013: £167 million) was created in March 2011 on the cancellation of share capital.

9 DIVIDENDS

Year ended 31 March	2015	2014	2013
	£m	£m	£m
Dividend proposed for the previous year paid during the year of £0.10 (2014: £nil, 2013: £nil) per ordinary share	150	150	—
Dividend for the year paid during the year of £nil (2014: £nil, 2013: £0.10) per ordinary share	—	—	150
Amounts recognised as distributions to equity holders during the year	**150**	**150**	**150**
Proposed dividend for the year of £0.10 (2014: £0.10, 2013: £0.10) per ordinary share	150	150	150

The proposed dividend for the year ended 31 March 2015 was paid in full in June 2015. Preference shares of £157 million were repaid in the year ended 31 March 2013, along with preference share dividends of £14 million.

10 COMMITMENTS AND CONTINGENCIES

The Company does not have any commitments or contingencies at 31 March 2015, 2014 or 2013.

11 CAPITAL MANAGEMENT

The Company’s objectives when managing capital are to ensure the going concern operation of its entities and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to meet shareholder expectations.

The Company’s policy is to borrow primarily through capital market debt issues to meet anticipated funding requirements and maintain sufficient liquidity. The Company also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required. Surplus cash in subsidiaries is pooled (where practicable) and invested to satisfy security, liquidity and yield requirements.

The capital structure is governed according to Company policies approved by the Board and is monitored by various metrics such as debt to Adjusted EBITDA and Adjusted EBITDA to interest ratios, as per the debt covenants and rating agency guidance. Funding requirements are reviewed periodically with any debt issuances and capital distributions approved by the Board.

As at 31 March	2015	2014	2013
	£m	£m	£m
Long-term borrowings	2,381	1,843	1,839
Total debt	**2,381**	**1,843**	**1,839**
Equity	1,686	1,685	1,716
Total capital	**4,067**	**3,528**	**3,555**

12 FINANCIAL INSTRUMENTS

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

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

(A) Financial assets and liabilities

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

Financial assets

	Loans and receivables	Fair value through profit and loss	Total carrying value	Total fair value

	£m	£m	£m	£m
Other financial assets—current	66	—	66	66
Other financial assets—non-current	2,404	—	2,404	2,404
Total financial assets	**2,470**	**—**	**2,470**	**2,470**

Financial liabilities

	Other financial liabilities	Fair value through profit and loss	Total carrying value	Total fair value
	£m	£m	£m	£m
Other financial liabilities—current	31	—	31	31
Long-term borrowings	2,381	—	2,381	2,459
Total financial liabilities	**2,412**	**—**	**2,412**	**2,490**

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

Financial assets

	Loans and receivables	Fair value through profit and loss	Total carrying value	Total fair value
	£m	£m	£m	£m
Cash and cash equivalents	1	—	1	1
Other financial assets—current	61	—	61	61
Other financial assets—non-current	1,868	—	1,868	1,868
Total financial assets	**1,930**	**—**	**1,930**	**1,930**

Financial liabilities

	Other financial liabilities	Fair value through profit and loss	Total carrying value	Total fair value
	£m	£m	£m	£m
Other financial liabilities—current	28	—	28	28
Long-term borrowings	1,843	—	1,843	1,982
Total financial liabilities	**1,871**	**—**	**1,871**	**2,010**

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2013:

Financial assets

	Loans and receivables	Fair value through profit and loss	Total carrying value	Total fair value
	£m	£m	£m	£m
Cash and cash equivalents	1	—	1	1
Other financial assets—current	73	—	73	73
Other financial assets—non-current	1,907	47	1,954	1,954
Total financial assets	**1,981**	**47**	**2,028**	**2,028**

Financial liabilities

	Other financial liabilities	Fair value through profit and loss	Total carrying value	Total fair value
	£m	£m	£m	£m
Other financial liabilities—current	39	—	39	39
Other financial liabilities—non-current	—	47	47	47
Long-term borrowings	1,839	—	1,839	2,058
Total financial liabilities	1,878	47	1,925	2,144

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels.

- Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

- Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The long-term unsecured listed bonds are held at amortised cost. Its fair value (disclosed above) is determined using Level 1 valuation techniques, based on the closing price at 31 March 2015 on the EURO MTF market. There has been no change in the valuation techniques adopted or any transfers between fair value levels.

Fair values of cash and cash equivalents, short-term deposits, trade receivables and payables, short-term borrowings and other financial assets and liabilities (current and non-current excluding derivatives) are assumed to approximate to cost due to the short-term maturing of the instruments and as the impact of discounting is not significant.

At 31 March 2015, the fair value of prepayment options of £nil (2014: £nil, 2013: £47 million) related to the GBP 500 million and USD 410 million senior notes due 2018 which were bifurcated but were repaid early in the year ended 31 March 2014. The fair value represents the difference in the traded market price of the bonds and the expected price the bonds would trade at if they did not contain any prepayment features. The expected price is based on market inputs including credit spreads and interest rates.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Group could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2015, 31 March 2014 and 31 March 2013 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year end.

(B) Financial risk management

As discussed in the Management report under the section Business Risks and Mitigating factors, the Group is exposed to foreign currency exchange rate, commodity price, interest rate, liquidity and credit risks. The Group has a risk management framework in place which monitors all of these risks.

(C) Foreign currency exchange rate risk

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

As at 31 March 2015, 31 March 2014 and 31 March 2013, there are no designated cash flow hedges.

The Company's operations are subject to risks arising from fluctuations in exchange rates. The risks primarily relate to fluctuations in the GBP:US Dollar rate as the Company has US Dollar assets and liabilities and a GBP functional currency. The following analysis has been calculated based on the gross exposure as of the balance sheet date which could affect the income statement.

The following table sets forth information relating to foreign currency exposure as at 31 March 2015:

	US Dollar
	£m
Financial assets	1,565
Financial liabilities	(1,564)

Net exposure asset	**1**

A 10 percent appreciation/depreciation of the US Dollar would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil.

The following table sets forth information relating to foreign currency exposure as at 31 March 2014:

	US Dollar
	£m
Financial assets	1,078
Financial liabilities	(1,066)
Net exposure asset	**12**

A 10 percent appreciation/depreciation of the US Dollar would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £1 million.

The following table sets forth information relating to foreign currency exposure as at 31 March 2013:

	US Dollar
	£m
Financial assets	891
Financial liabilities	(888)
Net exposure asset	**3**

A 10 percent appreciation/depreciation of the US Dollar would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil.

(D) Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates.

The Company is presently funded with long-term fixed interest rate bonds. The Company is subject to variable interest rates on certain other debt obligations.

As of 31 March 2015 net financial assets of £34 million (2014: £25 million, 2013: £18 million) were subject to the variable interest rate. An increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £nil (2014: £nil, 2013: £nil).

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the average debt outstanding during the year.

(E) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's policy on liquidity risk is to ensure that sufficient borrowing facilities are available to fund ongoing operations without the need to carry significant net debt over the medium term. The quantum of committed borrowing facilities available to the Company is reviewed regularly and is designed to exceed forecast peak gross debt levels.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at 31 March 2015	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Financial liabilities						
Long-term borrowings	2,381	3,066	111	110	1,510	1,335
Other financial liabilities	31	44	20	11	13	—
Total contractual maturities	**2,412**	**3,110**	**131**	**121**	**1,523**	**1,335**

As at 31 March 2014	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Financial liabilities						
Long-term borrowings	1,843	2,667	117	116	768	1,666
Other financial liabilities	28	5	5	—	—	—
Total contractual maturities	**1,871**	**2,672**	**122**	**116**	**768**	**1,666**

As at 31 March 2013	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Financial liabilities						
Long-term borrowings	1,839	2,868	143	143	430	2,152
Other financial liabilities	39	39	39	—	—	—
Derivative financial instruments	47	47	—	—	47	—
Total contractual maturities	**1,925**	**2,954**	**182**	**143**	**477**	**2,152**

(F) Credit risk

Financial instruments that are subject to concentrations of credit risk consist of loans to subsidiaries, based in a variety of geographies and markets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

Financial assets

None of the Company's cash equivalents or other financial receivables, including time deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2015 (2014, 2013: no indications) that defaults in payment obligations will occur.

13 RELATED PARTY TRANSACTIONS

The Company's related parties principally consist of Tata Sons Limited, subsidiaries, associates and joint ventures of Tata Sons Limited which includes Tata Motors Limited (the ultimate parent Company), subsidiaries, associates and joint ventures of Tata Motors Limited. The Company routinely enters into transactions with these related parties in the ordinary course of business.

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements:

	With subsidiaries	With immediate parent
	£m	£m
31 March 2015		
Loans to subsidiaries	2,470	—
31 March 2014		
Loans to subsidiaries	1,929	—
31 March 2013		
Loans to subsidiaries	2,027	—

There was no compensation paid by the Company to the directors or to key management personnel.

Apart from the directors, the Company did not have any employees and had no employee costs in the years ended 31 March 2015, 2014 and 2013.

14 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Holdings Pte. Ltd. (Singapore) and ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai—400001, India.

15 SUBSEQUENT EVENTS

In May 2015, the Company proposed an ordinary dividend of £150 million to its immediate parent, TML Holdings Pte. Ltd. (Singapore). This amount was paid in full in June 2015.

Jaguar Land Rover Automotive plc
(formerly Jaguar Land Rover PLC)

Audited consolidated financial statements
Registered number 06477691
Year ended 31 March 2014

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm to the best of our knowledge the financial statements, prepared in accordance with International Financial Reporting Standards as approved by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.

By order of the Board

Dr Ralf Speth, Director
Jaguar Land Rover Automotive plc

28 July 2014

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of Jaguar Land Rover Automotive plc for the year ended 31 March 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 53. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2014 and of the Group's profit for the year then ended;

- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the Group financial statements, the Group in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB). In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Richard Knights

Senior statutory auditor for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Birmingham, United Kingdom

28 July 2014

CONSOLIDATED INCOME STATEMENT

Year ended 31 March (£ millions)	Note	2014	2013 (restated)	2012 (restated)
Revenue	**3**	**19,386**	**15,784**	**13,512**
Material and other cost of sales	4	(11,904)	(9,904)	(8,733)
Employee cost	5	(1,654)	(1,334)	(1,039)
Other expenses	8	(3,717)	(3,075)	(2,529)
Development costs capitalised	9	1,030	860	751
Other income		153	70	37
Depreciation and amortisation		(875)	(622)	(465)
Foreign exchange gain / (loss)		236	(109)	14
Finance income	10	38	34	16
Finance expense (net)	10	(185)	(18)	(85)
Share of loss from joint ventures	13	(7)	(12)	—
Profit before tax	**11**	**2,501**	**1,674**	**1,479**
Income tax expense	12	(622)	(460)	(19)
Profit for the year		**1,879**	**1,214**	**1,460**

The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and related notes (where relevant) have been restated for the comparative prior years presented following the adoption of IAS 19 *Employee Benefits* (2011) in the year as detailed in note 2 to the consolidated financial statements. The adoption of this revised standard had no impact on the consolidated balance sheet in any of the years presented.

Jaguar Land Rover Automotive PLC
Annual report and financial statements
Year ended 31 March 2014
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March (£ millions)	Note	2014	2013 (restated)	2012 (restated)
Profit for the year		**1,879**	**1,214**	**1,460**
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	30	(135)	(346)	(122)
Income tax related to items that will not be reclassified	18	(4)	73	152
		(139)	**(273)**	**30**
Items that may be reclassified subsequently to profit or loss:				
Gain / (loss) on effective cash flow hedges		1,041	(288)	(36)
Cash flow hedges reclassified to foreign exchange (gain) / loss in profit or loss		(112)	59	(20)
Income tax related to items that may be reclassified	18	(194)	53	14
		735	**(176)**	**(42)**
Other comprehensive income / (expense) net of tax		**596**	**(449)**	**(12)**
Total comprehensive income attributable to shareholders		**2,475**	**765**	**1,448**

Jaguar Land Rover Automotive PLC
Annual report and financial statements
Year ended 31 March 2014
CONSOLIDATED BALANCE SHEET

As at 31 March (£ millions)	Note	2014	2013	2012
Non-current assets				
Equity accounted investees	13	145	60	1
Other financial assets	14	473	195	107
Property, plant and equipment	15	3,184	2,335	1,586
Intangible assets	16	4,240	3,522	2,801
Pension asset	30	—	—	2
Other non-current assets	17	33	8	11
Deferred tax assets	18	284	508	474
Total non-current assets		**8,359**	**6,628**	**4,982**
Current assets				
Cash and cash equivalents	19	2,260	2,072	2,430
Short term deposits		1,199	775	—
Trade receivables		831	927	662
Other financial assets	14	392	176	183
Inventories	21	2,174	1,795	1,497
Other current assets	17	355	434	457
Current tax assets		19	30	6
Total current assets		**7,230**	**6,209**	**5,235**
Total assets		**15,589**	**12,837**	**10,217**
Current liabilities				
Accounts payable	22	4,787	4,227	3,285
Short term borrowings and current portion of long term debt	23	167	328	490
Other financial liabilities	24	277	433	313
Provisions	25	395	335	279
Other current liabilities	26	395	482	559
Current tax liabilities		113	192	115
Total current liabilities		**6,134**	**5,997**	**5,041**
Non-current liabilities				
Long term debt	23	1,843	1,839	1,484
Other financial liabilities	24	69	227	73
Provisions	25	582	468	344
Retirement benefit obligation	30	674	657	327
Other non-current liabilities	26	77	24	5
Non-current tax liabilities		—	—	18
Deferred tax liabilities	18	346	86	1
Total non-current liabilities		**3,591**	**3,301**	**2,252**
Total liabilities		**9,725**	**9,298**	**7,293**
Equity attributable to shareholders				
Ordinary share capital	27	1,501	1,501	1,501
Capital redemption reserve		167	167	167
Other reserves	28	4,196	1,871	1,256
Equity attributable to shareholders		**5,864**	**3,539**	**2,924**
Total liabilities and equity		**15,589**	**12,837**	**10,217**

These consolidated financial statements were approved by the board of directors and authorised for issue on 28 July 2014. They were signed on its behalf by:

Dr Ralf Speth
Chief Executive Officer
Company registered number: 06477691

Jaguar Land Rover Automotive PLC
Annual report and financial statements
Year ended 31 March 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(£ millions)	Ordinary share capital	Capital redemption reserve	Other reserves	Total equity
Balance at 1 April 2013	**1,501**	**167**	**1,871**	**3,539**
Profit for the year	—	—	1,879	1,879
Other comprehensive income for the year	—	—	596	596
Total comprehensive income	**—**	**—**	**2,475**	**2,475**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2014	**1,501**	**167**	**4,196**	**5,864**
Balance at 1 April 2012	**1,501**	**167**	**1,256**	**2,924**
Profit for the year (restated)	—	—	1,214	1,214
Other comprehensive loss for the year (restated)	—	—	(449)	(449)
Total comprehensive income	**—**	**—**	**765**	**765**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2013	**1,501**	**167**	**1,871**	**3,539**
Balance at 1 April 2011	**1,501**	**167**	**(192)**	**1,476**
Profit for the year (restated)	—	—	1,460	1,460
Other comprehensive loss for the year (restated)	—	—	(12)	(12)
Total comprehensive income	**—**	**—**	**1,448**	**1,448**
Balance at 31 March 2012	**1,501**	**167**	**1,256**	**2,924**

Jaguar Land Rover Automotive PLC
Annual report and financial statements
Year ended 31 March 2014
CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Cash flows from operating activities			
Profit for the year	**1,879**	**1,214**	**1,460**
Adjustments for:			
Depreciation and amortisation	875	622	466
Loss on sale of assets	4	2	8
Foreign exchange (gain) / loss on loans	(87)	37	10
Income tax expense	622	460	19
Loss / (gain) on embedded derivative	47	(47)	—
Finance expense (net)	138	18	85
Finance income	(38)	(34)	(16)
Foreign exchange (gain) / loss on derivatives	(57)	11	59
Foreign exchange loss on short term deposits	41	—	—
Share of loss from joint ventures	7	12	—
Cash flows from operating activities before changes in assets and liabilities	**3,431**	**2,295**	**2,091**
Trade receivables	96	(265)	(95)
Finance receivables	—	1	—
Other financial assets	10	(243)	10
Other current assets	121	23	(159)
Inventories	(379)	(284)	(341)
Other non-current assets	(24)	1	(4)
Accounts payable	534	797	893
Other current liabilities	(86)	(77)	199
Other financial liabilities	4	245	55
Other non-current liabilities and retirement benefit obligation	(63)	15	33
Provisions	180	169	(31)
Cash generated from operations	**3,824**	**2,677**	**2,651**
Income tax paid	(402)	(248)	(151)
Net cash generated from operating activities	**3,422**	**2,429**	**2,500**
Cash flows used in investing activities			
Investment in joint ventures	(92)	(71)	(1)
Movements in other restricted deposits	133	54	(147)
Investment in short term deposits	(464)	(775)	—
Purchases of property, plant and equipment	(1,201)	(891)	(596)
Proceeds from sale of property, plant and equipment	4	3	—
Cash paid for intangible assets	(1,155)	(958)	(814)
Finance income received	39	29	16
Net cash used in investing activities	**(2,736)**	**(2,609)**	**(1,542)**
Cash flows from financing activities			
Finance expenses and fees paid	(269)	(179)	(128)
Proceeds from issuance of short term debt	1	88	105
Repayment of short term debt	(158)	(250)	(655)
Proceeds from issuance of long term debt	829	317	1,500
Repayment of long term debt	(746)	—	(374)
Payments of lease obligations	(5)	(4)	(4)
Dividends paid	(150)	(150)	—
Net cash (used in) / generated from financing activities	**(498)**	**(178)**	**444**
Net change in cash and cash equivalents	**188**	**(358)**	**1,402**
Cash and cash equivalents at beginning of year	2,072	2,430	1,028
Cash and cash equivalents at end of year	**2,260**	**2,072**	**2,430**

NOTES TO THE FINANCIAL STATEMENTS

1 BACKGROUND AND OPERATIONS

Jaguar Land Rover Automotive PLC ("the company") and its subsidiaries, (collectively referred to as "the group" or "JLR"), designs, manufactures and sells a wide range of automotive vehicles. In December 2012 the company name was changed from Jaguar Land Rover PLC to Jaguar Land Rover Automotive PLC.

The company is a public limited company incorporated and domiciled in the UK and has its registered office at Whitley, Coventry, England.

The company is a subsidiary of Tata Motors Limited, India ("TATA Motors") and acts as an intermediate holding company for the Jaguar Land Rover business. The principal activity during the year was the design, development, manufacture and marketing of high performance luxury saloons, specialist sports cars and four wheel drive off-road vehicles.

These consolidated financial statements have been prepared in GBP and rounded to the nearest million GBP (£ million) unless otherwise stated. Results for the year ending and as at 31 March 2012 have been disclosed solely for the information of the users.

2 ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (referred to as "IFRS") as adopted by the European Union. There is no difference between these accounts and the accounts for the group prepared under IFRS as adopted by the International Accounting Standards Board ("IASB").

The company has taken advantage of s.408 of the Companies Act 2006 and therefore the separate financial statements of the company do not include the income statement or the statement of comprehensive income of the company on a stand-alone basis.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

GOING CONCERN

The directors have considered the financial position of the group at 31 March 2014 (net assets of £5,864 million (2013: £3,539 million, 2012: £2,924 million)) and the projected cash flows and financial performance of the group for at least 12 months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The directors have taken actions to ensure that appropriate long term cash resources are in place at the date of signing the accounts to fund group operations. The directors have reviewed the financial covenants linked to the borrowings in place and believe these will not be breached at any point and that all debt repayments will be met.

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

BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements include Jaguar Land Rover Automotive PLC and its subsidiaries. Subsidiaries are entities controlled by the company. Control exists when the company has power over the investee, is exposed or has rights to variable return from its involvement with the investee and has the ability to use its power to affect its returns. In assessing control, potential voting rights that currently are exercisable are taken into account. All subsidiaries of the company given in note 39 are included in the consolidated financial statements.

Inter-company transactions and balances including unrealised profits are eliminated in full on consolidation.

Associates and joint ventures (equity accounted investees)

Associates are those entities in which the group has significant influence, but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee and is presumed to exist when the group holds between 20 and 50 per cent of the voting power of another entity. Joint ventures are those entities over whose activities the group has joint control, established by contractual agreement and requiring unanimous consent for decisions about the relevant activities of the entity, being those activities that significantly affect the entity's returns.

Associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the group's share of the income and expenses, other comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the group has an obligation or has made payments on behalf of the investee.

When the group transacts with an associate or joint venture of the group, profits and losses are eliminated to the extent of the group's interest in its associate or joint venture.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in conformity with IFRS 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 consolidated financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and future periods affected.

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

(i) Note 15—Property, plant and equipment—the group applies judgement in determining the estimate useful life of assets.

(ii) Note 16—Intangible assets—management applies significant judgement in establishing the applicable criteria for capitalisation of appropriate product development costs and impairment of indefinite life intangible assets. The key inputs to this assessment include the determination of Cash Generating Units, value of cash flows and appropriateness of discount rates.

(iii) Note 18—Deferred tax—management applies judgement in establishing the timing of the recognition of deferred tax assets relating to historic losses and assessing its recoverability and estimating taxes ultimately payable on remittance of overseas earnings.

(iv) Note 25—Provision for product warranty—it is necessary for group to assess the provision for anticipated lifetime warranty and campaign costs. The valuation of warranty and campaign provisions

requires a significant amount of judgement and the requirement to form appropriate assumptions around expected future costs.

(v) Note 30—Retirement benefit obligation—it is necessary for actuarial assumptions to be made, including discount and mortality rates and the long-term rate of return upon scheme assets. The group engages a qualified actuary to assist with determining the assumptions to be made when evaluating these liabilities.

(vi) Note 33—Financial instruments—the group enters into complex financial instruments and therefore appropriate accounting for these requires judgement around the valuations. Embedded derivatives relating to prepayment options on senior notes are not considered as closely related and are separately accounted unless the exercise price of these options is approximately equal on each exercise date to the amortised cost of the senior notes.

REVENUE RECOGNITION

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

Sale of products

The group recognises revenues on the sale of products, net of discounts, sales incentives, customer bonuses and rebates granted, when products are delivered to dealers or when delivered to a carrier for export sales, which is when title and risks and rewards of ownership pass to the customer. Sale of products is presented net of excise duty where applicable and other indirect taxes.

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

If the sale of products includes a determinable amount for subsequent services (multiple—component contracts), the related revenues are deferred and recognised as income over the relevant service period. Amounts are normally recognised as income by reference to the pattern of related expenditure.

COST RECOGNITION

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

Expenditures are capitalised where appropriate in accordance with the policy for internally generated intangible assets and represent employee costs, stores and other manufacturing supplies, and other expenses incurred for product development undertaken by the group.

CASH AND CASH EQUIVALENTS

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

PROVISIONS

A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a risk-free rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are held for product warranties, legal and product liabilities, residual risks and environmental risks as detailed in note 25 to the consolidated financial statements. The most significant is product warranty.

Product warranty

The group offers warranty cover in respect of manufacturing defects, which become apparent within one to five years after purchase, dependent on the market in which the purchase occurred. The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures. The discount on the warranty provision is calculated using a risk-free discount rate as the risks specific to the liability, such as inflation, are included in the base calculation. The timing of outflows will vary as and when a warranty claim will arise, being typically up to five years.

FOREIGN CURRENCY

The company has a functional currency of GBP. The presentation currency of the consolidated financial statements is GBP.

The functional currency of the UK and non-UK selling operations is GBP being the primary economic environment that influences these operations. This is on the basis that management control is in the UK and that GBP is the currency that primarily determines sales prices and is the main currency for the retention of operating income.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognised in the consolidated income statement.

INCOME TAXES

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

Current income taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

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 unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the year 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 against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials and consumables are ascertained on a first-in first-out basis. Costs, including fixed and variable production overheads, are allocated to work-in-progress and finished goods determined on a full absorption cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

Inventories include vehicles sold subject to repurchase arrangements. These vehicles are carried at cost to the group and are amortised in changes in stocks and work in progress to their residual values (i.e. estimated second hand sale value) over the term of the arrangement.

PROPERTY, PLANT AND EQUIPMENT

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

Freehold land is measured at cost and is not depreciated.

Cost includes purchase price, non-recoverable 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.

Interest cost incurred for constructed assets is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset.

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

Class of property, plant and equipment	Estimated useful life (years)
Buildings	20 to 40
Plant and equipment	3 to 30
Computers	3 to 6
Vehicles	3 to 10
Furniture and fixtures	3 to 20

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Depreciation is not recorded on assets under construction until construction and installation is complete and the asset is ready for its intended use. Assets under construction includes capital prepayments.

INTANGIBLE ASSETS

Acquired intangible assets

Intangible assets purchased including those acquired in business combination, are measured at cost or fair value as of the date of acquisition, where applicable, less accumulated amortisation and accumulated impairment, if any. Intangible assets with indefinite lives are reviewed annually to determine whether indefinite-life assessment continues to be supportable. If not, the change in the useful-life assessment from indefinite to finite is made on a prospective basis.

For intangible assets with definite lives, amortisation is provided on a straight-line basis over the estimated useful lives of the acquired intangible assets as per details below:

Class of intangible asset	Estimated amortisation period (years)
Patents and technological know-how	2 to 12
Customer related—Dealer network	20
Software	2 to 8
Intellectual property rights and other intangibles	Indefinite life

The amortisation for intangible assets with finite useful lives is reviewed at least at each year-end. Changes in expected useful lives are treated as changes in accounting estimates.

Capital-work-in-progress includes capital advances.

Customer related intangibles acquired in a business combination consist of order backlogs and dealer networks.

Intellectual property rights and other intangibles consists of brand names, which are considered to have indefinite lives due to the longevity of the brands.

Internally generated intangible assets

Research costs are charged to the consolidated income statement in the year in which they are incurred.

Product development costs incurred on new vehicle platforms, engines, transmission and new products are recognised as intangible assets, when feasibility has been established, the group has committed technical, financial and other resources to complete the development and it is probable that asset will generate probable future economic benefits.

The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for use.

Interest cost incurred is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings if no specific borrowings have been incurred for the asset.

Product development cost is amortised over a period of between 2 and 10 years.

2 ACCOUNTING POLICIES

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment loss.

IMPAIRMENT

Property, plant and equipment and other intangible assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, or earlier, if there is an indication that the asset may be impaired.

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

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

Equity accounted investees: joint ventures and associates

The requirements of IAS 39 *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

GOVERNMENT GRANTS AND INCENTIVES

Government grants are recognised when there is reasonable assurance that the group will comply with the relevant conditions and the grant will be received.

Government grants are recognised in the consolidated income statement on a systematic basis when the group recognises, as expenses, the related costs that the grants are intended to compensate.

Government grants related to assets are deducted from the cost of the asset and amortised over the useful life of the asset. Government grants related to income are presented as an offset against the related expenditure and Government grants which are awarded as incentives with no ongoing performance obligations to the group are recognised as other income in the period the grant is received.

Sales tax incentives received from governments are recognised in the income statement at the reduced tax rate and revenue is reported net of these sales tax incentives.

LEASES

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Assets taken on finance lease

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

Assets taken on operating lease

Leases other than finance leases are operating leases, and the leased assets are not recognised on the group's balance sheet. Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease.

EMPLOYEE BENEFITS

Pension plans

The group operates several defined benefit pension plans, which are contracted out of the second state pension scheme. The assets of the plans are held in separate trustee administered funds. The plans provide for monthly pension after retirement as per salary drawn and service year as set out in the rules of each plan.

Contributions to the plans by the group take into consideration the results of actuarial valuations. The plans with a surplus position at the balance sheet date have been limited to the maximum economic benefit available from unconditional rights to refund from the scheme or reduction in future contributions. Where the subsidiary group is considered to have a contractual obligation to fund the pension plan above the accounting value of the liabilities, an onerous obligation is recognised.

The UK defined benefit schemes were closed to new joiners in April 2010.

A separate defined contribution plan is available to new employees of JLR. Costs in respect of this plan are charged to the income statement as incurred.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled.

Past service cost, including curtailment gains and losses, is generally recognised in profit or loss in the period of scheme amendment. Net interest is calculated by applying a discount rate to the net defined benefit liability.

Defined benefit costs are split into three categories:

- current service cost, past-service cost and gains and losses on curtailments and settlements;
- net interest cost; and
- remeasurement.

The Group presents the first two components of defined benefit costs within Employee costs in its consolidated income statement (see note 5). Net interest cost is recognised within finance costs (see note 10).

Post-retirement Medicare scheme

Under this unfunded scheme, employees of some subsidiaries receive medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the group as part of an Early Separation Scheme, on medical grounds or due to permanent

disablement are also covered under the scheme. The applicable subsidiaries account for the liability for the post-retirement medical scheme based on an annual actuarial valuation.

Actuarial gains and losses

Actuarial gains and losses relating to retirement benefit plans are recognised in other comprehensive income in the year in which they arise. Actuarial gains and losses relating to long-term employee benefits are recognised in the consolidated income statement in the year in which they arise.

Measurement date

The measurement date of retirement plans is 31 March.

LONG TERM INCENTIVE PLAN (LTIP)

The group operates an LTIP arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of phantom shares at grant date and the share price of Tata Motors Limited at the vesting date, subject to profitability and employment conditions. These are accounted for as cash settled arrangements, whereby a liability is recognised at fair value at the date of grant, using a Black Scholes model. At each balance sheet date until the liability is settled, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

FINANCIAL INSTRUMENTS

Classification, initial recognition and measurement

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

Financial instruments are recognised on the balance sheet when the group becomes a party to the contractual provisions of the instrument.

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

Financial assets and financial liabilities at fair value through profit or loss: Derivatives, including embedded derivatives separated from the host contract, unless they are designated as hedging instruments, for which hedge accounting is applied, are classified into this category. Financial assets and liabilities are measured at fair value with changes in fair value recognised in the consolidated income statement.

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

Available-for-sale financial assets: Available-for-sale financial assets are those non-derivative financial assets that are either designated as such upon initial recognition or are not classified in any of the other financial assets categories. Subsequently, these are measured at fair value and changes therein, other than impairment losses which are recognised directly in other comprehensive income, net of applicable deferred income taxes. The group does not hold any available-for-sale financial assets.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost.

Equity instruments

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

Other financial liabilities

These are measured at amortised cost using the effective interest method.

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Subsequent to initial recognition, the group determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

Derecognition of financial assets and financial liabilities

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

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

When a financial instrument is derecognised, the cumulative gain or loss in equity is transferred to the consolidated income statement.

Impairment of financial assets

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

Loans and receivables: Objective evidence of impairment includes default in payments with respect to amounts receivable from customers. Impairment loss in respect of loans and receivables is calculated as the difference between their carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Such impairment loss is recognised in the consolidated income statement. If the amount of an impairment loss decreases in a subsequent year, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal is recognised in the consolidated income statement.

Equity investments: Impairment loss on equity investments carried at cost is recognised in the consolidated income statement and is not reversed.

Hedge accounting

The group uses foreign currency forward contracts and options to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The group designates these forward contracts and options in a cash flow hedging relationship by applying the hedge accounting principles.

These forward contracts and options are stated at fair value on the consolidated balance sheet at each reporting date. Changes in the fair value of these forward contracts and options that are designated and effective as hedges of future cash flows are recognised in other comprehensive income (net of tax), and the ineffective portion is recognised immediately in the consolidated income statement. Amounts accumulated in equity are reclassified to the consolidated income statement in the periods in which the forecasted transactions occurs.

For options, the time value is not considered part of the hedge, and this is treated as an ineffective hedge portion and recognised immediately in the consolidated income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained there until the forecast transaction occurs.

If the forecast transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is immediately transferred to the consolidated income statement for the year.

NEW ACCOUNTING PRONOUNCEMENTS

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

IAS 1 *Presentation of Financial Statements* was amended in June 2011 to revise the way other comprehensive income is presented. In particular, it requires entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently and requires tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items. The amendment is effective for annual periods beginning on or after 1 July 2012, with early adoption permitted. The amendments have been applied retrospectively and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 did not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

IAS 19 *Employee Benefits* (2011) was amended in June 2011 to include revised requirements for pensions and other post-retirement benefits, termination benefits and other changes. The key amendments include: requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19); Introducing enhanced disclosures about defined benefit plans; Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits; Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features; Incorporating other matters submitted to the IFRS Interpretations Committee. The standard is effective for annual periods beginning on or after 1 January 2013, with early application permitted.

An amendment to IAS 27 *Separate Financial Statements* (2011) was issued in May 2011. This now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 *Consolidated and Separate Financial Statements*. Requirements for consolidated financial statements are now contained in IFRS 10 *Consolidated Financial Statements*. The standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IAS 39 *Financial Instruments*. The standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements. The amendment is effective for annual periods beginning on or after 1 January 2013, with early application permitted.

IAS 28 *Investments in Associates and Joint Ventures* (2011) was issued in May 2011. This standard supersedes IAS 28 *Investments in Associates* and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. The standard is effective for annual periods beginning on or after 1 January 2013, with early adoption permitted.

IAS 36 *Impairment of Assets* was amended in May 2013 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendment is effective for annual periods beginning on or after 1 January 2014, with early adoption permitted.

2 ACCOUNTING POLICIES

IFRS 7 *Financial Instruments: Disclosures* was amended in December 2011 to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 *Financial Instruments: Presentation* to be disclosed. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The amendments are effective for annual periods beginning on or after 1 January 2013, with early application permitted.

IFRS 10 *Consolidated Financial Statements* establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. Under IFRS 10, control is the single basis for consolidation, irrespective of the nature of the investee; this standard therefore eliminates the risks-and-rewards approach that was used for certain special purpose entities. IFRS 10 identifies the three elements of control as power over the investee, exposure, or rights, to variable returns from involvement with the investee and the ability to use power over the investee to affect the amount of the investor's returns. An investor must possess all three elements to conclude that it controls an investee. The assessment of control is based on all facts and circumstances, and the conclusion is reassessed if there are changes to at least one of the three elements. The standard is effective for annual periods beginning on or after 1 January 2013, with early adoption permitted. The group has reviewed its control assessments for its investees in accordance with IFRS 10 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees held during the period or comparative periods covered by these financial statements.

IFRS 11 *Joint Arrangements*, issued in May 2011 and amended in June 2012 for transition guidance, classifies joint arrangements as either joint operations (combining the existing concepts of jointly controlled assets and jointly controlled operations) or joint ventures (equivalent to the existing concept of a jointly controlled entity). A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires the use of the equity method of accounting for interests in joint ventures thereby eliminating the proportionate consolidation method. The standard is effective for annual periods beginning on or after 1 January 2013, with early adoption permitted.

IFRS 12 *Disclosure of Interests in Other Entities* applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The standard, issued in May 2011 and amended in June 2012 for transition guidance, requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. The standard is effective for annual periods beginning on or after 1 January 2013, with early adoption permitted.

IFRS 13 *Fair Value Measurement* defines 'fair value' and sets out in a single standard a framework for measuring fair value and requires disclosures about fair value measurements. It seeks to increase consistency and comparability in fair value measurements and related disclosures through a fair value hierarchy. IFRS 13 was issued in May 2011 and is applicable prospectively from the beginning of the annual period in which the standard is adopted. The standard is effective for annual periods beginning on or after 1 January 2013, with early adoption permitted.

In addition, as part of the IASB's Annual Improvements, a number of minor amendments have been made to standards in the 2009 - 2011 cycle. These amendments are effective for annual periods beginning on or after 1 January 2013, with early application permitted.

Of the above standards, revisions and amendments to standards and interpretations, only the adoption of IAS 19 *Employee Benefits* (2011) has had an impact on the results of the group. However, this does not impact the net assets or total comprehensive income of the group in any period. The adjustment is for an element of the defined benefit cost being transferred between other comprehensive income and profit or loss. The comparatives included in these financial statements have been restated on a retrospective basis for the impact of the adoption of the revised IAS 19.

The impact of the retrospective restatement for IAS 19 on the components of total comprehensive income is as follows:

As at 31 March (£ millions)	**2013**	**2012**

Impact on the consolidated income statement		
Increase in employee cost	(1)	(28)
Decrease in income tax expense	—	7
Decrease in profit for the year	**(1)**	**(21)**
Impact on the consolidated statement of comprehensive income		
Decrease in remeasurement of defined benefit obligation	1	28
Decrease in income tax related to items that will not be reclassified	—	(7)
Increase in total other comprehensive income net of tax	**1**	**21**

In addition to the above restatement, the adoption of IAS 1, IAS 19, IFRS 7, IFRS 12 and IFRS 13 has resulted in changes to the presentation and disclosure included in the financial statements. The adoption of the other standards, revisions and amendments to standards and interpretations in the current year has not had any impact on the financial statements.

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

In October 2012, amendments were made to IAS 27 *Separate Financial Statements*, IFRS 10 *Consolidated Financial Statements* and IFRS 12 *Disclosure of Interests in Other Entities* to: provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* or IAS 39 *Financial Instruments: Recognition and Measurement*; require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries; and require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements. These amendments are effective for periods beginning on or after 1 January 2014, with early adoption permitted.

IAS 32 *Financial Instruments: Presentation* was amended in December 2011 to clarify certain aspects because of diversity in application of the requirements on offsetting. The amendments focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realisation and settlement; the offsetting of collateral amounts; and the unit of account for applying the offsetting requirements. The amendment is effective for annual periods beginning on or after 1 January 2014, with early adoption permitted.

IAS 39 *Financial Instruments: Recognition and Measurement* was amended in June 2013 to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. The amendment is effective for annual periods beginning on or after 1 January 2014, with early adoption permitted.

IFRS15 *Revenue from contracts* with customers was issued in May 2014.The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

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

IFRS11 *Joint Arrangements* addresses how a joint operator should account for the interest in a joint operation in which the activity of the joint operation constitutes a business. The amendment is effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

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

In November 2013, IAS 19 *Employee Benefits* was amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in

which the related service is rendered. The amendment is effective for annual periods beginning on or after 1 July 2014, with early adoption permitted.

IFRS 9 *Financial Instruments* (2009) was issued by IASB in November 2009 as the first step in its project to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety. This new standard introduces new requirements for classifying and measuring financial assets, requiring certain debt instruments to be measured at amortised cost, allowing certain equity instruments to be designated as fair value through other comprehensive income and requiring all other instruments to be measured at fair value through profit or loss. In October 2010, IFRS 9 *Financial Instruments* (2010) was issued, incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39. In November 2013, IFRS 9 *Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)* (2013) was issued. This revised standard introduces a new chapter on hedge accounting and permits any entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9. It also removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application. At its November 2013 meeting, the IASB tentatively decided that the mandatory effective date of IFRS 9 will be no earlier than annual periods beginning on or after 1 January 2018.

IFRIC 21 *Levies* was issued in May 2013 to provide guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early adoption permitted.

In addition, as part of the IASB's Annual Improvements, a number of minor amendments have been made to standards in the 2010 - 2012 and 2011 - 2013 cycles. These amendments are effective for annual periods beginning on or after 1 July 2014, with early application permitted.

3 REVENUE

Year ended 31 March (£ millions)	2014	2013	2012
Sale of goods	19,386	15,784	13,512
Total revenues	**19,386**	**15,784**	**13,512**

4 MATERIAL AND OTHER COST OF SALES

Year ended 31 March (£ millions)	2014	2013	2012
Changes in inventories of finished goods and work in progress	(356)	(309)	(317)
Purchase of products for sale	715	549	505
Raw materials and consumables	11,545	9,664	8,545
Total material and other cost of sales	**11,904**	**9,904**	**8,733**

5 EMPLOYEE NUMBERS AND COSTS

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Wages and salaries	1,230	1,020	777
Social security costs and benefits	192	152	107
Pension costs	232	162	155
Total employee costs	**1,654**	**1,334**	**1,039**

Average employee numbers year ended 31 March 2014	Non-agency	Agency	Total
Manufacturing	13,890	1,670	15,560
Research and development	4,307	1,916	6,223
Other	4,914	1,256	6,170
Total employee numbers	**23,111**	**4,842**	**27,953**

Average employee numbers year ended 31 March 2013	Non-agency	Agency	Total
Manufacturing	9,801	4,310	14,111
Research and development	3,940	1,665	5,605

Other	4,091	1,106	5,197
Total employee numbers	**17,832**	**7,081**	**24,913**

Average employee numbers year ended 31 March 2012	Non-agency	Agency	Total
Manufacturing	8,702	2,899	11,601
Research and development	3,548	1,231	4,779
Other	3,596	911	4,507
Total employee numbers	**15,846**	**5,041**	**20,887**

6 DIRECTORS' EMOLUMENTS

Year ended 31 March (£)	2014	2013	2012
Directors' emoluments	3,059,210	2,097,405	7,875,898

The aggregate of emoluments and amounts receivable under the long term incentive plan (LTIP) of the highest paid director was £2,433,578 (2013: £1,905,298, 2012: £2,739,517). In addition, for the highest paid director, pension benefits of £524,000 (2013: £836,000, 2012: £836,000) have been accrued and cumulatively are subject to remuneration committee approval. During the year, the highest paid director did not receive any LTIP awards.

No directors received any LTIP cash payments during the years ended 31 March 2012, 2013 and 2014.

7 LONG TERM INCENTIVE PLAN (LTIP)

The group operates a LTIP arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of phantom shares at grant date and the share price of Tata Motors Limited at the vesting date. The cash payment is dependent on the achievement of internal profitability targets over the 3 year vesting period and continued employment at the end of the vesting period. The cash payment has no exercise price and therefore the weighted average exercise price in all cases is £nil.

Year ended 31 March (number)	2014	2013	2012
Outstanding at the beginning of the year	4,217,801	2,934,435	351,392
Granted during the year	1,956,741	1,935,130	327,318
Vested in the year	(778,599)	(491,029)	(91,823)
Forfeited in the year	(42,384)	(160,735)	—
Outstanding at the end of the year	**5,353,559**	**4,217,801**	**586,887**
Outstanding at 31 March 2012 post 5:1 share split			**2,934,435**

During the year ended 31 March 2012, following the granting and vesting of the awards in the table above, Tata Motors Limited performed a 5:1 share split. The actual number of phantom stock awards outstanding at 31 March 2012 was therefore 2,934,435.

The weighted average share price of the 778,599 phantom stock awards vesting in the year was £4.45 (2013: £4.18, 2012: £12.75).

The weighted average remaining contractual life of the outstanding awards is 1.3 years (2013: 1.5 years, 2012: 1.6 years).

The amount charged in the year in relation to the long term incentive plan was £11 million (2013: £5 million, 2012: £4 million).

The fair value of the balance sheet liability in respect of phantom stock awards outstanding at the year end was £17 million (2013: £10 million, 2012: £6 million).

The fair value of the awards was calculated using a Black Scholes model at the grant date. The fair value is updated at each reporting date as the awards are accounted for as cash settled under IFRS 2. The inputs into the model are based on the Tata Motors Limited historic data and the risk-free rate is calculated on government bond rates. The inputs used are:

As at 31 March	2014	2013	2012
Risk-free rate (%)	0.91	0.26	0.49
Dividend yield (%)	0.49	1.57	1.44

Weighted average fair value per phantom share	£4.95	£3.74	£4.08

8 OTHER EXPENSES

Year ended 31 March (£ millions)	2014	2013	2012
Stores, spare parts and tools	114	81	57
Freight cost	610	437	342
Works, operations and other costs	1,538	1,303	1,075
Repairs	17	11	11
Power and fuel	62	57	49
Rent, rates and other taxes	41	33	27
Insurance	19	16	19
Warranty	541	462	372
Publicity	775	675	577
Total other expenses	**3,717**	**3,075**	**2,529**

9 RESEARCH AND DEVELOPMENT

Year ended 31 March (£ millions)	2014	2013	2012
Total research and development costs incurred	1,266	1,058	900
Research and development expensed	(236)	(198)	(149)
Development costs capitalised	**1,030**	**860**	**751**
Interest capitalised	102	110	74
Research and development expenditure credit	(45)	—	—
Total internally developed intangible additions	**1,087**	**970**	**825**

During the year legislation was enacted to allow UK companies to elect for the Research and Development Expenditure Credit (RDEC) on qualifying expenditure incurred since 1 April 2013, instead of the existing super-deduction rules. As a result of this election £45 million of the RDEC, the proportion relating to capitalised product development expenditure, has been offset against the cost of the respective assets. The remaining £18 million of the RDEC has been recognised as other income.

10 FINANCE INCOME AND EXPENSE

Year ended 31 March (£ millions)	2014	2013	2012
Finance income	38	34	16
Total finance income	**38**	**34**	**16**
Total interest expense on financial liabilities measured at amortised cost	(257)	(176)	(166)
Unwind of discount on provisions	6	1	7
Interest capitalised	113	110	74
Total interest expense	**(138)**	**(65)**	**(85)**
Embedded derivative value	(47)	47	—
Total finance expense (net)	**(185)**	**(18)**	**(85)**

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 7.2% (2013: 8.0%, 2012: 7.9%). During the year ended 31 March 2014 the group repaid two tranches of debt (see note 23) and as a result a redemption premium of £53 million was incurred and the fair value of the embedded derivatives was expensed in full.

11 PROFIT BEFORE TAX

Expense / (income) included in profit before tax for the year are the following:

Year ended 31 March (£ millions)	2014	2013	2012
Foreign exchange (gain) / loss on loans	(87)	37	10
Foreign exchange (gain) / loss on derivatives	(57)	11	59
Unrealised loss / (gain) on commodities	7	(1)	15
Depreciation of property, plant and equipment	386	274	234
Amortisation of intangible assets (excluding internally generated development costs)	44	52	48

Amortisation of internally generated development costs	445	296	183
Research and development expense	236	198	149
Operating lease rentals in respect of plant, property and equipment	42	26	19
Loss on disposal of property, plant, equipment and software	4	2	8
Auditor remuneration (see below)	4	3	4

During the year ended 31 March 2014, £91 million was received by a foreign subsidiary as an indirect tax incentive that requires the subsidiary to meet certain criteria relating to vehicle efficiency and investment in engineering and research and development. The incentive is provided as a partial offset to the higher sales taxes payable following implementation of new legislation. £88 million has been recognised in revenue and £3 million has been deferred to offset against capital expenditure, when incurred.

The following table sets out the auditor remuneration for the year (rounded to the nearest £0.1 million):

Year ended 31 March (£ millions)	2014	2013	2012
Fees payable to the company's auditor for the audit of the company's annual accounts	0.1	0.1	0.1
Fees payable to the company's auditor and their associates for other services to the group—audit of the company's subsidiaries	2.9	2.7	2.4
Total audit fees	**3.0**	**2.8**	**2.5**
Audit related assurance services	0.3	0.2	0.3
Other assurance services	0.5	0.3	0.8
Total non-audit fees	**0.8**	**0.5**	**1.1**
Total audit and related fees	**3.8**	**3.3**	**3.6**

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed separately as these fees are disclosed on a consolidated basis.

12 TAXATION

Recognised in the income statement

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Current tax expense			
Current year	348	306	207
Adjustments for prior years	9	(20)	9
Current tax expense	**357**	**286**	**216**
Deferred tax expense / (credit)			
Origination and reversal of temporary differences	330	138	(186)
Adjustments for prior years	(11)	28	(11)
Rate change	(54)	8	—
Deferred tax expense / (credit)	**265**	**174**	**(197)**
Total income tax expense	**622**	**460**	**19**

Recognised in the statement of comprehensive income

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Deferred tax credit on actuarial gains on retirement benefits	(31)	(80)	(152)
Deferred tax expense / (credit) on change in fair value of cash flow hedges	214	(53)	(14)
Deferred tax expense on rate change	15	7	—
	198	**(126)**	**(166)**
Total tax expense / (credit)	**820**	**334**	**(147)**

Prior year adjustments relate to differences between prior year estimates of tax position and current revised estimates or submission of tax computations.

Reconciliation of effective tax rate

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)

Profit for the year	1,879	1,214	1,460
Total income tax expense	622	460	19
Profit before tax	**2,501**	**1,674**	**1,479**
Income tax expense using the tax rates applicable to individual entities of 2014: 23.6% (2013: 24.2%, 2012: 26.4%)	590	405	391
Enhanced deductions for research and development	—	(33)	(38)
Non-deductible expenses	15	11	6
Recognition of previously unrecognised deferred tax assets	—	—	(382)
Changes in tax rate	(54)	8	—
Overseas unremitted earnings	71	57	44
Share of loss from joint ventures	2	3	—
(Over) / under provided in prior years	(2)	9	(2)
Total income tax expense	**622**	**460**	**19**

The UK Finance Act 2013 was enacted during the year which included provisions for a reduction in the UK corporation tax rate from 23% to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015. Accordingly, UK deferred tax has been provided at 20% (2013: 23%; 2012: 24%), as the majority of the temporary differences are expected to reverse at that rate.

13 INVESTMENTS

Investments consist of the following:

As at 31 March (£ millions)	2014	2013	2012
Equity accounted investees	145	60	1

13 INVESTMENTS

During the year ended 31 March 2013, the company invested a 50% stake in Suzhou Chery Jaguar Land Rover Trading Co. Limited for £1 million and a 50% stake in Chery Jaguar Land Rover Automotive Co. Limited for £70 million. During the current year, Suzhou Chery Jaguar Land Rover Trading Co. Limited, previously a direct joint venture of the group, was acquired in full by Chery Jaguar Land Rover Automotive Co. Limited. Therefore, the results shown of Chery Jaguar Land Rover Automotive Co. Limited are the consolidated results for that entity in the current year, which includes the results of Suzhou Chery Jaguar Land Rover Trading Co. Limited. The group has increased its investment in Chery Jaguar Land Rover Automotive Co. Limited by £92 million during the year ended 31 March 2014.

No dividend was received in the year (2013, 2012: no dividend) from any of the joint ventures or associates. All joint ventures and associates are accounted for using the equity method and are private companies and there are no quoted market prices available for their shares.

The group has the following investments at 31 March 2014:

Name of investment	Proportion of voting rights	Principal place of business and country of incorporation	Principal activity
Jaguar Land Rover Schweiz AG	10.0%	Switzerland	Sale of automotive vehicles and parts
Jaguar Cars Finance Limited	49.9%	England & Wales	Non-trading
Spark44 (JV) Limited	50.0%	England & Wales	Provision of advertising services
Chery Jaguar Land Rover Automotive Co. Limited	50.0%	China	Manufacture and assembly of vehicles

Except for Spark44 (JV) Limited, the proportion of voting rights disclosed in the table above is the same as the interest in the ordinary share capital. The group has an interest in 55.2% of the total ordinary share capital of Spark44 (JV) Limited, however this share capital is divided into A and B ordinary shares (the group holds 100% of the B shares), with each class of share having the same voting rights and interest in returns and therefore Spark44 (JV) Limited is considered a joint venture.

Chery Jaguar Land Rover Automotive Co. Limited is a limited liability company, whose legal form confirms separation between the parties to the joint arrangement. There is no contractual arrangement or any other facts or circumstances that indicate that the parties to the joint venture have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, Chery Jaguar Land Rover Automotive Co. Limited is classified as a joint venture.

The following table sets out the summarised financial information in aggregate for the share of investments in joint ventures and associates that are not individually material:

As at 31 March (£ million)	2014	2013	2012
Group's share of profit / (loss) for the year	1	(2)	—
Group's share of other comprehensive income	—	—	—
Group's share of total comprehensive income / (loss)	**1**	**(2)**	**—**
Carrying amount of the group's interest	**2**	**(1)**	**1**

The following table sets out the summarised financial information of the group's individually material joint venture, Chery Jaguar Land Rover Automotive Co. Limited:

As at 31 March (£ million)	2014	2013
Current assets	170	136
Current liabilities	(67)	(27)
Non-current assets	236	19
Non-current liabilities	(65)	—
Equity attributable to shareholders	**274**	**128**
Revenue	**—**	**—**
Loss for the year	(16)	(20)
Other comprehensive income	—	—

Total comprehensive loss	**(16)**	**(20)**

Included within the summarised financial information above are the following amounts:

As at 31 March (£ million)	2014	2013
Cash and cash equivalents	122	131
Other current assets	48	5
Current financial liabilities (excluding trade and other payables and provisions)	—	—
Non-current financial liabilities (excluding trade and other payables and provisions)	(65)	—
Depreciation and amortisation	(1)	—
Interest income	2	—
Interest expense	(1)	—
Income tax credit	13	—

The following reconciles the carrying amount of the group's interests in joint ventures and associates:

As at 31 March (£ million)	2014	2013	2012
Net assets of material joint venture	**274**	**128**	**—**
Share of net assets of:			
Material joint venture	137	64	—
Individually immaterial joint ventures	2	(1)	1
Individually immaterial associates	—	—	—
Foreign exchange differences	6	(3)	—
Carrying amount of the group's interests in joint ventures and associates	**145**	**60**	**1**

The following reconciles the group's share of total comprehensive income from joint ventures and associates:

As at 31 March (£ million)	2014	2013	2012
Total comprehensive loss of material joint venture	**(16)**	**(20)**	**—**
Share of total comprehensive (loss) / income of:			
Material joint venture	(8)	(10)	—
Individually immaterial joint ventures	1	(2)	—
Individually immaterial associates	—	—	—
Share of total comprehensive loss from joint ventures and associates	**(7)**	**(12)**	**—**

There are no contingent liabilities or commitments relating to the group's interest in its associates. The group's share of capital commitments of its joint ventures at 31 March 2014 is £116 million (2013: £nil, 2012:£nil) and commitments relating to the group's interests in its joint ventures are disclosed in note 31. There are no contingent liabilities relating to the group's interests in its joint ventures.

The information above reflects the amounts presented in the financial statements of the associates and joint ventures adjusted for differences in accounting policies between the group and its associates and joint ventures.

14 OTHER FINANCIAL ASSETS

As at 31 March (£ millions)	2014	2013	2012
Non-current			
Restricted cash held as security	25	49	81
Derivative financial instruments	436	122	23
Other	12	24	3
Total non-current other financial assets	**473**	**195**	**107**
Current			
Advances and other receivables recoverable in cash	22	24	1
Derivative financial instruments	361	31	48
Restricted cash held as security	—	110	131
Other	9	11	3
Total current other financial assets	**392**	**176**	**183**

£23 million (2013: £47 million, 2012: £77 million) of the non-current restricted cash is held as security in relation to vehicles ultimately sold on lease, pledged until the leases reach their respective conclusion.

£nil (2013: £110 million, 2012: £131 million) of the current restricted cash is held as security in relation to bank loans, pledged until the loans reach their respective conclusion.

15 PROPERTY, PLANT AND EQUIPMENT

(£ millions)	Land and buildings	Plant and equipment	Vehicles	Computers	Fixtures & fittings	Leased assets	Under construction	Total
Cost								
Balance at 1 April 2011	337	1,265	10	11	17	35	83	1,758
Additions	30	491	14	3	6	—	54	598
Disposals	(2)	(15)	(4)	—	(1)	—	—	(22)
Balance at 31 March 2012	**365**	**1,741**	**20**	**14**	**22**	**35**	**137**	**2,334**
Additions	31	808	4	1	12	8	179	1,043
Disposals	(14)	(50)	(20)	(1)	(4)	—	—	(89)
Balance at 31 March 2013	**382**	**2,499**	**4**	**14**	**30**	**43**	**316**	**3,288**
Additions	155	667	1	3	19	—	389	1,234
Disposals	(3)	(17)	(1)	—	(1)	—	—	(22)
Reclassification from intangible assets	—	—	—	8	—	—	—	8
Balance at 31 March 2014	**534**	**3,149**	**4**	**25**	**48**	**43**	**705**	**4,508**
Depreciation								
Balance at 1 April 2011	49	451	3	2	12	11	—	528
Depreciation charge for the period	9	212	4	1	4	4	—	234
Disposals	—	(11)	(2)	—	(1)	—	—	(14)
Balance at 31 March 2012	**58**	**652**	**5**	**3**	**15**	**15**	**—**	**748**
Depreciation charge for the period	11	253	2	1	2	5	—	274
Disposals	(13)	(46)	(6)	—	(4)	—	—	(69)
Balance at 31 March 2013	**56**	**859**	**1**	**4**	**13**	**20**	**—**	**953**
Depreciation charge for the period	16	359	1	2	3	5	—	386
Disposals	(2)	(12)	(1)	—	(1)	—	—	(16)
Reclassification from intangible assets	—	—	—	1	—	—	—	1
Balance at 31 March 2014	**70**	**1,206**	**1**	**7**	**15**	**25**	**—**	**1,324**
Net book value								
At 31 March 2012	307	1,089	15	11	7	20	137	1,586
At 31 March 2013	326	1,640	3	10	17	23	316	2,335
At 31 March 2014	**464**	**1,943**	**3**	**18**	**33**	**18**	**705**	**3,184**

Under construction additions are shown net of additions to Land and buildings of £152 million (2013: £29 million, 2012: £29 million) and additions to Plant and equipment of £245 million (2013: £212 million, 2012: £165 million).

16 INTANGIBLE ASSETS

(£ millions)	Software	Patents and technological know-how	Customer related	Intellectual property rights and other intangibles	Product development in progress	Capitalised product development	Total
Cost							
Balance at 1 April 2011	121	147	89	618	947	499	2,421

Other additions—externally purchased	63	—	—	—	—	—	63
Other additions—internally developed	—	—	—	—	825	—	825
Capitalised product development—internally developed	—	—	—	—	(480)	480	—
Disposals	(1)	—	—	—	—	—	(1)
Balance at 31 March 2012	**183**	**147**	**89**	**618**	**1,292**	**979**	**3,308**
Other additions—externally purchased	99	—	—	—	—	—	99
Other additions—internally developed	—	—	—	—	970	—	970
Capitalised product development—internally developed	—	—	—	—	(999)	999	—
Disposals	(35)	—	—	—	—	—	(35)
Balance at 31 March 2013	**247**	**147**	**89**	**618**	**1,263**	**1,978**	**4,342**
Other additions—externally purchased	127	—	—	—	—	—	127
Other additions—internally developed	—	—	—	—	1,087	—	1,087
Capitalised product development—internally developed	—	—	—	—	(583)	583	—
Disposals	(3)	—	—	—	—	(146)	(149)
Reclassification to tangible assets	(8)	—	—	—	—	—	(8)
Balance at 31 March 2014	**363**	**147**	**89**	**618**	**1,767**	**2,415**	**5,399**
Amortisation and impairment							
Balance at 1 April 2011	43	42	37	—	—	155	277
Amortisation for the year	33	12	3	—	—	183	231
Disposals	(1)	—	—	—	—	—	(1)
Balance at 31 March 2012	**75**	**54**	**40**	**—**	**—**	**338**	**507**
Amortisation for the year	33	16	3	—	—	296	348
Disposals	(35)	—	—	—	—	—	(35)
Balance at 31 March 2013	**73**	**70**	**43**	**—**	**—**	**634**	**820**
Amortisation for the year	26	15	3	—	—	445	489
Disposals	(3)	—	—	—	—	(146)	(149)
Reclassification to tangible assets	(1)	—	—	—	—	—	(1)
Balance at 31 March 2014	**95**	**85**	**46**	**—**	**—**	**933**	**1,159**
Net book value							
At 31 March 2012	108	93	49	618	1,292	641	2,801
At 31 March 2013	174	77	46	618	1,263	1,344	3,522
At 31 March 2014	**268**	**62**	**43**	**618**	**1,767**	**1,482**	**4,240**

IMPAIRMENT TESTING

The directors are of the view that the operations of the group represent a single cash generating unit. The intellectual property rights are deemed to have an indefinite useful life on the basis of the expected longevity of the brand names.

The recoverable amount of the cash generating unit has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

As at 31 March	2014	2013	2012
Period on which management approved forecasts are based	5 years	5 years	4 years
Growth rate applied beyond approved forecast period	0%	0%	0%
Pre-tax discount rate	10.9%	10.2%	10.8%

The growth rates used in the value in use calculation reflect those inherent within the Board's business plan which is primarily a function of the group's cycle plan assumptions, past performance and management's expectation of

future market developments, approved by the Board through to 2018/9. The cash flows are then extrapolated into perpetuity assuming a zero growth rate.

No reasonably possible change in any of the key assumptions would cause the recoverable amount calculated above to be less than the carrying value of the assets of the cash generating unit.

17 OTHER ASSETS

As at 31 March (£ millions)	2014	2013	2012
Current			
Recoverable VAT	237	378	409
Prepaid expenses	70	56	48
Other	48	—	—
Total current other assets	**355**	**434**	**457**
Non-current			
Prepaid expenses	31	5	9
Other	2	3	2
Total non-current other assets	**33**	**8**	**11**

18 DEFERRED TAX ASSETS AND LIABILITIES

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

(£ millions)	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Foreign exchange	Closing balance
Deferred tax assets					
Property, plant & equipment	145	(71)	—	—	74
Expenses deductible in future years:					
Provisions, allowances for doubtful receivables	182	29	—	(21)	190
Derivative financial instruments	61	—	(61)	—	—
Retirement benefits	164	(25)	(4)	—	135
Unrealised profit in inventory	76	62	—	—	138
Tax loss	556	(181)	—	—	375
Other	2	13	—	—	15
Total deferred tax asset	**1,186**	**(173)**	**(65)**	**(21)**	**927**
Deferred tax liabilities					
Property, plant & equipment	2	—	—	—	2
Intangible assets	676	37	—	—	713
Derivative financial instruments	—	—	133	—	133
Overseas unremitted earnings	86	55*	—	—	141
Total deferred tax liability	**764**	**92**	**133**	**—**	**989**
Presented as deferred tax asset**	508				284
Presented as deferred tax liability**	(86)				(346)

* Included within £55 million is a reversal of £5 million relating to withholding tax incurred on inter-company dividends paid in the year.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent they relate to the same taxation authority and are expected to be settled on a net basis.

The group continues to recognise all deferred tax assets at 31 March 2014 in view of the continued profitability of the companies in which the deferred tax assets arise.

All deferred tax assets and deferred tax liabilities at 31 March 2014 are non-current.

Significant components of deferred tax asset and liability for the year ended 31 March 2013 are as follows:

(£ millions)	Opening balance	Recognised in profit or loss (restated)	Recognised in other comprehensive income (restated)	Foreign exchange	Closing balance
Deferred tax assets					
Property, plant & equipment	145	—	—	—	145
Expenses deductible in future years:					
Provisions, allowances for doubtful receivables	136	49	—	(3)	182
Derivative financial instruments	19	(8)	50	—	61
Retirement benefits	100	(9)	73	—	164
Unrealised profit in inventory	77	(1)	—	—	76
Tax loss	614	(58)	—	—	556
Other	—	2	—	—	2
Total deferred tax asset	**1,091**	**(25)**	**123**	**(3)**	**1,186**
Deferred tax liabilities					
Property, plant & equipment	5	(3)	—	—	2
Intangible assets	544	132	—	—	676
Derivative financial instruments	4	(1)	(3)	—	—
Overseas unremitted earnings	65	21*	—	—	86
Total deferred tax liability	**618**	**149**	**(3)**	**—**	**764**
Presented as deferred tax asset**	474				508

Presented as deferred tax liability**	(1)	(86)

* Included within £21 million is a reversal of £39 million relating to withholding tax incurred on inter-company dividends paid in the year.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent they relate to the same taxation authority and are expected to be settled on a net basis.

The group continued to recognise all deferred tax assets at 31 March 2013 in view of the continued profitability of the companies in which the deferred tax assets arise.

All deferred tax assets and deferred tax liabilities at 31 March 2013 are non-current.

Significant components of deferred tax asset and liability for the year ended 31 March 2012 are as follows:

(£ millions)	Opening balance	Recognised in profit or loss (restated)	Recognised in other comprehensive income (restated)	Foreign exchange	Closing balance
Deferred tax assets					
Property, plant & equipment	224	(79)	—	—	145
Expenses deductible in future years:					
Provisions, allowances for doubtful receivables	105	31	—	—	136
Derivative financial instruments	—	10	9	—	19
Retirement benefits	49	(101)	152	—	100
Unrealised profit in inventory	43	34	—	—	77
Tax loss	—	614	—	—	614
Total deferred tax asset	**421**	**509**	**161**	**—**	**1,091**
Deferred tax liabilities					
Property, plant & equipment	2	3	—	—	5
Intangible assets	275	269	—	—	544
Derivative financial instruments	12	(3)	(5)	—	4
Overseas unremitted earnings	22	43*	—	—	65
Total deferred tax liability	**311**	**312**	**(5)**	**—**	**618**
Presented as deferred tax asset**	112				474
Presented as deferred tax liability**	(2)				(1)

* Included within £43 million is a reversal of £4 million relating to withholding tax incurred on inter-company dividends paid in the year.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent they relate to the same taxation authority and are expected to be settled on a net basis.

At 31 March 2012, the group recognised all previously unrecognised unused tax losses and other temporary differences in the JLR business in the UK (£505 million) in light of the planned consolidation of the UK manufacturing business in the year ending 31 March 2013 and business forecasts showing continuing profitability. Accordingly, £149 million of previously unrecognised deductible temporary differences was utilised to reduce current tax expense and previously unrecognised deferred tax benefits of £233 million and £123 million were recognised in the statements of income and other comprehensive income respectively in the year ended 31 March 2012.

All deferred tax assets and deferred tax liabilities at 31 March 2012 are non-current.

19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

As at 31 March (£ millions)	2014	2013	2012
Cash and cash equivalents	2,260	2,072	2,430
	2,260	**2,072**	**2,430**

At 31 March 2014 all cash held by the group can be utilised across the group's manufacturing and sales operations. The restrictions on cash reported in prior years (2013: £524 million, 2012: £454 million) related to amounts held in China which could not be utilised by other Group companies due to the exchange controls in place. In the year ended 31 March 2014, these exchange controls were relaxed by the Chinese authorities to allow the lending of surplus cash held in China if certain criteria are met.

20 ALLOWANCES FOR TRADE AND OTHER RECEIVABLES

Changes in the allowances for trade and other receivables are as follows:

Year ended 31 March (£ millions)	2014	2013	2012
At beginning of year	10	13	10
Change in allowance during the year	(1)	(1)	5
Written off	(1)	(2)	(2)
At end of year	**8**	**10**	**13**

21 INVENTORIES

As at 31 March (£ millions)	2014	2013	2012
Raw materials and consumables	75	52	63
Work in progress	211	197	169
Finished goods	1,888	1,546	1,265
Total inventories	**2,174**	**1,795**	**1,497**

Inventories of finished goods include £174 million (2013: £171 million, 2012: £134 million), relating to vehicles sold to rental car companies, fleet customers and others with guaranteed repurchase arrangements.

Cost of inventories (including cost of purchased products) recognised as an expense during the year amounted to £13,421 million (2013: £11,151 million, 2012: £9,674 million).

During the year, the group recorded inventory write-down expense of £24 million (2013: £33 million, 2012: £11 million). The write-down is included in material and other cost of sales. No previous write-downs have been reversed in any period.

22 ACCOUNTS PAYABLE

As at 31 March (£ millions)	2014	2013	2012
Trade payables	3,154	2,628	2,272
Liabilities to employees	148	106	88
Liabilities for expenses	1,244	1,277	856
Capital creditors	241	216	69
Total accounts payable	**4,787**	**4,227**	**3,285**

23 INTEREST BEARING LOANS AND BORROWINGS

As at 31 March (£ millions)	2014	2013	2012
EURO MTF listed bond	1,843	1,839	1,484
Loans from banks	167	328	333
Redeemable preference shares classified as debt	—	—	157
Finance lease obligations	18	23	20
Total borrowings	**2,028**	**2,190**	**1,994**
Less:			
Current bank loan	(167)	(328)	(333)
Current other loans	—	—	(157)
Short term borrowings	**(167)**	**(328)**	**(490)**
Current portion of finance lease obligations	(5)	(5)	(5)
Long term debt	**1,856**	**1,857**	**1,499**
Held as long term debt	1,843	1,839	1,484
Held as long term finance leases	13	18	15

As at 31 March (£ millions)	2014	2013	2012
Short term borrowings			
Bank loan	167	328	333
Redeemable preference shares classified as debt	—	—	157
Short term borrowings	**167**	**328**	**490**
Long term debt			
EURO MTF listed debt	1,843	1,839	1,484
Long term debt	**1,843**	**1,839**	**1,484**

EURO MTF LISTED DEBT

The bonds are listed on the EURO MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

Details of the tranches of the bonds outstanding at 31 March 2014 are as follows:

- $410 million Senior Notes due 2021 at a coupon of 8.125% per annum—issued May 2011
- £500 million Senior Notes due 2020 at a coupon of 8.25% per annum—issued March 2012
- $500 million Senior Notes due 2023 at a coupon of 5.625% per annum—issued January 2013
- $700 million Senior Notes due 2018 at a coupon of 4.125% per annum—issued December 2013
- £400 million Senior Notes due 2022 at a coupon of 5.000% per annum—issued January 2014

The bond funds raised were used to repay both long-term and short-term debt and provide additional cash facilities for the group.

Details of the tranches of the bonds repaid in the year ended 31 March 2014 are as follows:

- £500 million Senior Notes due 2018 at a coupon of 8.125% per annum—issued May 2011
- $410 million Senior Notes due 2018 at a coupon of 7.75% per annum—issued May 2011

PREFERENCE SHARES CLASSIFIED AS DEBT

The holders of the preference shares are entitled to be paid out of the profits available for distribution of the company in each financial year a fixed non-cumulative preferential dividend of 7.25% per annum. The preference share dividend is payable in priority to any payment to the holders of other classes of capital stock.

On a return of capital on liquidation or otherwise, the assets of the company available for distribution shall be applied first to holders of preference shares the sum of £1 per share together with a sum equal to any arrears and accruals of preference dividend.

The company may redeem the preference shares at any time, but must do so, not later than ten years after the date of issue. The holders may demand repayment with one month's notice at any time. On redemption, the company shall pay £1 per preference share and a sum equal to any arrears or accruals of preference dividend.

Preference shares contain no right to vote upon any resolution at any general meeting of the company. In June 2012, £157 million of preference shares were repaid.

The contractual cash flows of interest bearing debt and borrowings as of 31 March 2014 are set out below, including estimated interest payments and assumes the debt will be repaid at the maturity date.

As at 31 March (£ millions)	2014	2013	2012
Due in			
1 year or less	296	483	474
2nd and 3rd years	254	296	268
4th and 5th years	666	288	268
More than 5 years	1,666	2,152	2,023
Total contractual cash flows	**2,882**	**3,219**	**3,033**

UNDRAWN FACILITIES

As at 31 March 2014 the group has a fully undrawn revolving credit facility of £1,290 million. This facility is split into 3 and 5 year tranches which are available until 2016 and 2018 respectively.

24 OTHER FINANCIAL LIABILITIES

As at 31 March (£ millions)	2014	2013	2012
Current			
Finance lease obligations	5	5	5
Interest accrued	24	39	46
Derivative financial instruments	65	206	108
Liability for vehicles sold under a repurchase arrangement	183	183	154
Total current other financial liabilities	**277**	**433**	**313**
Non-current			
Finance lease obligations	13	18	15
Derivative financial instruments	55	208	33
Other payables	1	1	25
Total non-current other financial liabilities	**69**	**227**	**73**

25 PROVISIONS

As at 31 March (£ millions)	2014	2013	2012
Current			
Product warranty	343	317	261
Legal and product liability	49	16	16
Provisions for residual risk	2	2	2

Other employee benefits obligations	1	—	—
Total current provisions	**395**	**335**	**279**
Non-current			
Other employee benefits obligations	10	7	2
Product warranty	538	426	308
Provision for residual risk	13	13	14
Provision for environmental liability	21	22	20
Total non-current provisions	**582**	**468**	**344**

Year ended 31 March (£ millions)	2014	2013	2012
Product warranty			
Opening balance	743	569	503
Provision made during the year	541	462	372
Provision used during the year	(397)	(284)	(298)
Impact of discounting	(6)	(1)	(7)
Foreign currency translation	—	(3)	(1)
Closing balance	**881**	**743**	**569**
Legal and product liability			
Opening balance	16	16	19
Provision made during the year	41	6	17
Provision used during the year	(5)	(7)	(20)
Foreign currency translation	(3)	1	—
Closing balance	**49**	**16**	**16**
Residual risk			
Opening balance	15	16	7
Provision made during the year	2	—	9
Provision used during the year	—	(1)	—
Foreign currency translation	(2)	—	—
Closing balance	**15**	**15**	**16**
Environmental liability			
Opening balance	22	20	18
Provision made during the year	—	3	3
Provision used during the year	(1)	(1)	(1)
Closing balance	**21**	**22**	**20**

PRODUCT WARRANTY PROVISION

The group offers warranty cover in respect of manufacturing defects, which become apparent within one to five years after purchase, dependent on the market in which the purchase occurred. The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures. The discount on the warranty provision is calculated using a risk-free discount rate as the risks specific to the liability, such as inflation, are included in the base calculation. The timing of outflows will vary as and when a warranty claim will arise, being typically up to five years.

LEGAL AND PRODUCT LIABILITY PROVISION

A legal and product liability provision is maintained in respect of known litigation which impacts the group, but for which the amount and timing are uncertain. The provision primarily relates to motor accident claims, consumer complaints, dealer terminations, employment cases and personal injury claims.

RESIDUAL RISK PROVISION

In certain markets, the group is responsible for the residual risk arising on vehicles sold by dealers on a leasing arrangement. The provision is based on the latest available market expectations of future residual value trends that may change over time. The timing of the outflows will be at the end of the lease arrangements—being typically up to three years.

ENVIRONMENTAL RISK PROVISION

This provision relates to various environmental remediation costs such as asbestos removal and land clean up. The timing of when these costs will be incurred is not known with certainty.

26 OTHER LIABILITIES

As at 31 March (£ millions)	2014	2013	2012
Current			
Liabilities for advances received	253	180	184
Deferred revenue	19	5	7
VAT	85	261	346
Others	38	36	22
Total current other liabilities	**395**	**482**	**559**
Non-current			
Deferred revenue	63	13	5
Others	14	11	—
Total non-current other liabilities	**77**	**24**	**5**

27 CAPITAL AND RESERVES

As at 31 March (£ millions)	2014	2013	2012
Allotted, called up and fully paid			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
Nil (2013: nil, 2012: 157,052,620) 7.25% preference shares of £1 each	—	—	157
Total capital	**1,501**	**1,501**	**1,658**
Presented as equity	1,501	1,501	1,501
Presented as debt	—	—	157

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Preference shares contain no right to vote upon any resolution at any general meeting of the company. In June 2012, all £157 million of preference shares were repaid.

The capital redemption reserve of £167 million (2013, 2012: £167 million) was created in March 2011 on the cancellation of share capital.

28 OTHER RESERVES

The movement of other reserves is as follows:

(£ millions)	Translation reserve	Hedging reserve	Retained earnings	Total reserves
Balance at 1 April 2013	(383)	(196)	2,450	1,871
Profit for the year	—	—	1,879	1,879
Remeasurement of defined benefit obligation	—	—	(135)	(135)
Gain on effective cash flow hedges	—	1,041	—	1,041
Income tax related to items recognised in other comprehensive income	—	(220)	(4)	(224)
Cash flow hedges reclassified to foreign exchange in profit or loss	—	(112)	—	(112)
Income tax related to items reclassified to profit or loss	—	26	—	26
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2014	**(383)**	**539**	**4,040**	**4,196**

(This page has been left blank intentionally.)

28 OTHER RESERVES

(£ millions)	Translation reserve	Hedging reserve	Retained earnings	Total reserves
Balance at 1 April 2012	(383)	(20)	1,659	1,256
Profit for the year (restated)	—	—	1,214	1,214
Remeasurement of defined benefit obligation	—	—	(346)	(346)
Loss on effective cash flow hedges	—	(288)	—	(288)
Income tax related to items recognised in other comprehensive income	—	66	73	139
Cash flow hedges reclassified to foreign exchange in profit or loss	—	59	—	59
Income tax related to items reclassified to profit or loss	—	(13)	—	(13)
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2013	**(383)**	**(196)**	**2,450**	**1,871**
Balance at 1 April 2011	(383)	22	169	(192)
Profit for the year (restated)	—	—	1,460	1,460
Remeasurement of defined benefit obligation	—	—	(122)	(122)
Loss on effective cash flow hedges	—	(36)	—	(36)
Income tax related to items recognised in other comprehensive income	—	9	152	161
Cash flow hedges reclassified to foreign exchange in profit or loss	—	(20)	—	(20)
Income tax related to items reclassified to profit or loss	—	5	—	5
Balance at 31 March 2012	**(383)**	**(20)**	**1,659**	**1,256**

29 DIVIDENDS

Year ended 31 March (£ millions)	2014	2013	2012
Dividend proposed for the previous year paid during the year of £0.10 (2013: £nil, 2012: £nil) per ordinary share	150	—	—
Dividend for the year paid during the year of £nil (2013: £0.10, 2012: £nil) per ordinary share	—	150	—
Amounts recognised as distributions to equity holders during the year	**150**	**150**	**—**
Proposed dividend for the year of £0.10 (2013: £0.10, 2012: £nil) per ordinary share	150	150	—

The proposed dividend for the year ended 31 March 2014 was paid in full in June 2014. Preference shares of £157 million were repaid in the year ended 31 March 2013, along with preference share dividends of £14 million (2012: accrued £11 million).

30 EMPLOYEE BENEFITS

The group operates defined benefit schemes for qualifying employees of certain of its subsidiaries. The defined benefit schemes are administered by a separate fund that is legally separated from the company. The trustees of the pension schemes are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme are responsible for the investment policy with regard to the assets of the schemes and all other governance matters. The board of trustees must be composed of representatives of the company and plan participants in accordance with the plan's regulations.

Under the schemes, the employees are entitled to post-retirement benefits based on their length of service and salary.

Through its defined benefit pension plans the group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to corporate bond yields; if plan assets underperform these corporate bonds, this will create a deficit. The defined benefit plans hold a significant

proportion of equity type assets, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the group intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the group believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the group's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the UK defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The following tables set out the disclosures pertaining to the retirement benefit amounts recognised in the financial statements:

Change in present value of defined benefit obligation

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Defined benefit obligation at beginning of year	6,021	4,916	4,300
Current service cost	176	123	108
Interest expense	262	247	234
Actuarial (gains) / losses arising from:			
Changes in demographic assumptions	(39)	(115)	33
Changes in financial assumptions	(243)	951	259
Experience adjustments	8	15	75
Past service cost	6	6	15
Exchange differences on foreign schemes	(2)	1	(1)
Member contributions	1	7	7
Benefits paid	(137)	(129)	(114)
Other adjustments	—	(1)	—
Defined benefit obligation at end of year	**6,053**	**6,021**	**4,916**

Change in fair value of plan assets

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Fair value of plan assets at beginning of year	5,365	4,707	4,172
Interest income	237	238	230
Remeasurement (loss) / gain on the return of plan assets, excluding amounts included in interest income	(407)	384	190
Administrative expenses	(8)	(10)	(9)
Exchange differences on foreign schemes	(2)	1	—
Employer contributions	333	168	231
Member contributions	1	7	7
Benefits paid	(137)	(129)	(114)

Other adjustments	—	(1)	—
Fair value of plan assets at end of year	**5,382**	**5,365**	**4,707**

The actual return on plan assets for the year was £(170) million (2013: £622 million, 2012: £420 million).

Amounts recognised in the consolidated income statement consist of:

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Current service cost	176	123	108
Past service cost	6	6	15
Administrative expenses	8	10	9
Net interest cost (including onerous obligations)	25	15	13
Components of defined benefit cost recognised in the consolidated income statement	**215**	**154**	**145**

Amounts recognised in the consolidated statement of comprehensive income of:

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Actuarial (gains) / losses arising from:			
Changes in demographic assumptions	(39)	(115)	33
Changes in financial assumptions	(243)	951	259
Experience adjustments	8	15	75
Remeasurement loss / (gain) on the return of plan assets, excluding amounts included in interest income	407	(384)	(190)
Change in restriction of pension asset recognised (as per IFRIC 14)	2	(27)	(6)
Change in onerous obligation, excluding amounts included in interest expense	—	(94)	(49)
Remeasurement loss on defined benefit obligation	**135**	**346**	**122**

Amounts recognised in the consolidated balance sheet consist of:

As at 31 March (£ millions)	2014	2013	2012
Present value of unfunded defined benefit obligations	(1)	(1)	(1)
Present value of funded defined benefit obligations	(6,052)	(6,020)	(4,915)
Fair value of plan assets	5,382	5,365	4,707
Restriction of pension asset recognised (as per IFRIC 14)	(3)	(1)	(28)
Onerous obligation	—	—	(88)
Net retirement benefit obligation	**(674)**	**(657)**	**(325)**
Presented as non-current asset	—	—	2
Presented as non-current liability	(674)	(657)	(327)

The most recent actuarial valuations of scheme assets and the present value of the defined benefit liability were carried out at 31 March 2014 by a qualified independent actuary. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method.

30 EMPLOYEE BENEFITS

The principal assumptions used in accounting for the pension plans are set out below:

Year ended 31 March (%)	2014	2013	2012
Discount rate	4.6	4.4	5.1
Expected rate of increase in compensation level of covered employees	3.9	3.9	3.8
Inflation increase	3.4	3.4	3.3

For the valuation at 31 March 2014 and 2013, the mortality assumptions used are the SAPS base table, in particular S1NxA tables and the Light table for members of the Jaguar Executive Pension Plan. A scaling factor in both 2014 and 2013 of 115% has been used for the Jaguar Pension Plan, 110% for the Land Rover Pension Scheme, and 105% for males and 90% for females for Jaguar Executive Pension Plan. There is an allowance for future improvements in line with the CMI (2013) projections (2013: CMI (2012) projections) and an allowance for long term improvements of 1.25% per annum.

For the valuation at 31 March 2012, the mortality assumptions used are the SAPS base table, in particular S1PMA for males, S1PFA for females and the Light table for members of the Jaguar Executive Pension Plan, with a scaling factor of 90% for males and 115% for females for all members. There was an allowance for future improvements in line with the CMI (2011) projections and an allowance for long term improvements of 1.25% per annum.

The assumed life expectations on retirement at age 65 are:

Valuation at 31 March (years)	2014	2013	2012
Retiring today:			
Males	20.0	22.2	23.3
Females	24.5	24.6	23.7
Retiring in 20 years:			
Males	23.8	23.9	25.0
Females	26.4	26.6	25.6

The below sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous periods.

Assumption	Change in assumption	Impact on scheme liabilities	Impact on service cost
Discount rate	Increase / decrease by 0.25%	Decrease / increase by £348 million	Decrease / increase by £12 million
Inflation rate	Increase / decrease by 0.25%	Increase / decrease by £294 million	Increase / decrease by £12 million
Mortality	Increase / decrease by 1 year	Increase / decrease by £145 million	Increase / decrease by £4 million

The fair value of plan assets is represented by the following major categories:

As at 31 March (£ millions)	2014 Quoted*	2014 Unquoted	2014 Total	2014 %	2013 Quoted*	2013 Unquoted	2013 Total	2013 %	2012 Quoted*	2012 Unquoted	2012 Total	2012 %
Equity instruments												
Information technology	73	—	73	1%	119	—	119	2%	127	—	127	3%
Energy	61	—	61	1%	100	—	100	2%	106	—	106	2%
Manufacturing	67	—	67	1%	109	—	109	2%	116	—	116	2%
Financials	128	—	128	3%	203	—	203	4%	137	—	137	3%
Other	281	—	281	5%	464	—	464	9%	570	—	570	12%

	610	**—**	**610**	**11%**	**995**	**—**	**995**	**19%**	**1,056**	**—**	**1,056**	**22%**
Debt instruments												
Government	2,119	—	2,119	40%	2,106	—	2,106	39%	1,988	—	1,988	42%
Corporate Bonds (investment grade)	1,167	—	1,167	22%	1,128	—	1,128	21%	843	—	843	18%
Corporate bonds (Non investment grade)	—	280	280	5%	—	202	202	4%	—	181	181	4%
	3,286	**280**	**3,566**	**67%**	**3,234**	**202**	**3,436**	**64%**	**2,831**	**181**	**3,012**	**64%**
Property funds												
UK	—	173	173	3%	—	128	128	2%	—	46	46	1%
Other	—	63	63	1%	—	59	59	1%	—	50	50	1%
	—	**236**	**236**	**4%**	**—**	**187**	**187**	**3%**	**—**	**96**	**96**	**2%**
Cash and cash equivalents	**360**	**—**	**360**	**7%**	**204**	**—**	**204**	**4%**	**—**	**—**	**—**	**—**
Other												
Hedge Funds	—	308	308	6%	—	317	317	6%	—	144	144	3%
Private Markets	—	78	78	1%	—	50	50	1%	—	34	34	1%
Alternatives	—	220	220	4%	—	203	203	4%	—	365	365	8%
	—	**606**	**606**	**11%**	**—**	**570**	**570**	**11%**	**—**	**543**	**543**	**12%**
Derivatives												
Foreign exchange contracts	—	4	4	—	—	(27)	(27)	(1%)	—	—	—	—
	—	**4**	**4**	**—**	**—**	**(27)**	**(27)**	**(1%)**	**—**	**—**	**—**	**—**
Total	**4,256**	**1,126**	**5,382**	**100%**	**4,433**	**932**	**5,365**	**100%**	**3,887**	**820**	**4,707**	**100%**

* Quoted prices for identical assets or liabilities in active markets.

The split of level 1 assets is 79%(2013: 82%, 2012 83%), level 2 assets 20% (2013: 17%, 2012: 16%) and level 3 assets 1% (2013: 1%, 2012: 1%). Equity instruments and the majority of debt instruments have quoted prices in active markets (Level 1). Corporate bonds (Non-investment grade), derivatives, property and other assets are classified as Level 2 instruments. Private market holdings are classified as Level 3 instruments.

The group has agreed that it will aim to eliminate the pension plan funding deficit over the next 8 years. Funding levels are monitored on an annual basis and the current agreed contribution rate is 22.3% of pensionable salaries in the UK. The next triennial valuation is due to be carried out as at 5 April 2015 and completed by 5 June 2016. The group considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

The average duration of the benefit obligation at 31 March 2014 is 22.5 years (2013: 22.5 years, 2012: 19.4 years).

The expected net periodic pension cost for the year ended 31 March 2015 is £206 million. The group expects to contribute £113 million to its plans in the year ended 31 March 2015.

DEFINED CONTRIBUTION PLAN

The group's contribution to defined contribution plans aggregated £23 million (2013: £12 million, 2012: £11 million).

31 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the group faces claims and assertions by various parties. The group assesses such claims and assertions and monitors the legal environment on an on-going basis, with the assistance of external legal counsel wherever necessary. The group 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 group 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.

The following is a description of claims and assertions where a potential loss is possible, but not probable. Management believes that none of the contingencies described below, either individually or in aggregate, would have a material adverse effect on the group's financial condition, results of operations or cash flows

LITIGATION

The group is involved in legal proceedings, both as plaintiff and as defendant and there are claims as at 31 March 2014 of £27 million (2013: £16 million, 2012: £10 million) against the group which management have not recognised as they are not considered probable. The majority of these claims pertain to motor accident claims and consumer complaints. Some of the cases also relate to replacement of parts of vehicles and/or compensation for deficiency in the services by the group or its dealers.

OTHER CLAIMS

The Group had no significant tax matters in dispute as at 31 March 2014 (2013: £nil, 2012: £2 million).

COMMITMENTS

The group has entered into various contracts with vendors and contractors for the acquisition of plant and machinery, equipment and various civil contracts of capital nature aggregating to £940 million (2013: £288 million, 2012: £545 million) and £nil (2013: £nil, 2012: £nil) relating to the acquisition of intangible assets.

The group has entered into various contracts with vendors and contractors which include obligations aggregating to £717 million (2013: £887 million, 2012: £866 million) to purchase minimum or fixed quantities of material and other procurement commitments.

Commitments related to leases are set out in note 34.

Inventory of £nil (2013: £nil, 2012: £69 million) and trade receivables with a carrying amount of £167 million (2013: £242 million, 2012: £143 million) and property, plant and equipment with a carrying amount of £nil (2013: £nil, 2012: £nil) and restricted cash with a carrying amount of £nil (2013: £110 million, 2012: £131 million) are pledged as collateral/security against the borrowings and commitments.

There are guarantees provided in the ordinary course of business of £1 million.

Stipulated within the joint venture agreement for Chery Jaguar Land Rover Automotive Co. Limited is a commitment for the group to contribute a total of RMB 3,500 million of capital, of which RMB 1,625 million has been contributed as at 31 March 2014. The outstanding commitment of RMB 1,875 million translates to £181 million at year-end exchange rates.

32 CAPITAL MANAGEMENT

The group's objectives when managing capital are to ensure the going concern operation of its entities and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to meet shareholder expectations.

The group's policy is to borrow primarily through capital market issues to meet anticipated funding requirements and maintain sufficient liquidity. The group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required. Surplus cash in subsidiaries is pooled (where practicable) and invested to satisfy security, liquidity and yield requirements.

The capital structure is governed according to group policies approved by the Board and is monitored by various metrics such as debt to EBITDA and EBITDA to interest ratios, as per the debt covenants and rating agency guidance. Funding requirements are reviewed periodically with any debt issuances and capital distributions approved by the Board.

32 CAPITAL MANAGEMENT

The following table summarises the capital of the group:

As at 31 March (£ millions)	2014	2013	2012
Short term debt	172	333	495
Long term debt	1,856	1,857	1,499
Total debt*	**2,028**	**2,190**	**1,994**
Equity	5,864	3,539	2,924
Total capital	**7,892**	**5,729**	**4,918**

* Total debt includes finance lease obligations of £18 million (2013: £23 million, 2012: £20 million).

33 FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the group 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 recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(A) FINANCIAL ASSETS AND LIABILITIES

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2014:

Financial assets

(£ millions)	Cash, loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	2,260	—	—	2,260	2,260
Short term deposits	1,199	—	—	1,199	1,199
Trade receivables	831	—	—	831	831
Other financial assets—current	31	349	12	392	392
Other financial assets—non-current	37	415	21	473	473
Total financial assets	**4,358**	**764**	**33**	**5,155**	**5,155**

Financial liabilities

(£ millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Accounts payable	4,787	—	—	4,787	4,787
Short term debt	167	—	—	167	167
Long term debt	1,843	—	—	1,843	1,982
Other financial liabilities—current	212	54	11	277	277
Other financial liabilities—non-current	14	37	18	69	69
Total financial liabilities	**7,023**	**91**	**29**	**7,143**	**7,282**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2013:

Financial assets

(£ millions)	Cash, loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	2,072	—	—	2,072	2,072
Short term deposits	775	—	—	775	775
Trade receivables	927	—	—	927	927
Other financial assets—current	145	30	1	176	176
Other financial assets—non-current	73	51	71	195	195
Total financial assets	**3,992**	**81**	**72**	**4,145**	**4,145**

Financial liabilities

(£ millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Accounts payable	4,227	—	—	4,227	4,227
Short term debt	328	—	—	328	328
Long term debt	1,839	—	—	1,839	2,058
Other financial liabilities—current	227	179	27	433	433
Other financial liabilities—non-current	19	156	52	227	227
Total financial liabilities	**6,640**	**335**	**79**	**7,054**	**7,273**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2012:

Financial assets

(£ millions)	Cash, loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	2,430	—	—	2,430	2,430
Trade receivables	662	—	—	662	662
Other financial assets—current	135	47	1	183	183
Other financial assets—non-current	84	23	—	107	107
Total financial assets	**3,311**	**70**	**1**	**3,382**	**3,382**

Financial liabilities

(£ millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Accounts payable	3,285	—	—	3,285	3,285
Short term debt	490	—	—	490	490
Long term debt	1,484	—	—	1,484	1,534
Other financial liabilities—current	205	85	23	313	313
Other financial liabilities—non-current	40	11	22	73	73
Total financial liabilities	**5,504**	**96**	**45**	**5,645**	**5,695**

Offsetting

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognised amounts and the group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivative financial assets and financial liabilities are subject to master netting arrangements whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis.

33 FINANCIAL INSTRUMENTS

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2014:

£ millions	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Gross amount of derivatives which can be offset in case of insolvency	Cash collateral pledged	Net amount after offsetting
Financial assets						
Derivative financial assets	855	(58)	797	(120)	—	677
Cash and cash equivalents	2,282	(22)	2,260	—	—	2,260
	3,137	**(80)**	**3,057**	**(120)**	**—**	**2,937**
Financial liabilities						
Derivative financial liabilities	178	(58)	120	(120)	—	—
Short-term debt	189	(22)	167	—	—	167
	367	**(80)**	**287**	**(120)**	**—**	**167**

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2013:

£ millions	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Gross amount of derivatives which can be offset in case of insolvency	Cash collateral pledged	Net amount after offsetting
Financial assets						
Derivative financial assets	164	(11)	153	(105)	—	48
	164	(11)	153	(105)	—	48
Financial liabilities						
Derivative financial liabilities	425	(11)	414	(105)	—	309
	425	**(11)**	**414**	**(105)**	**—**	**309**

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2012:

£ millions	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Gross amount of derivatives which can be offset in case of insolvency	Cash collateral pledged	Net amount after offsetting
Financial assets						
Derivative financial assets	71	—	71	(69)	—	2
	71	—	71	(69)	—	2
Financial liabilities						
Derivative financial liabilities	141	—	141	(69)	—	72
	141	—	141	(69)	—	72

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels.

- Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This

category mainly includes quoted equity shares, quoted corporate debt instruments and mutual fund investments.

- Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The financial instruments that are measured subsequent to initial recognition at fair value are forward currency contracts, commodity contracts and embedded derivatives. All of these financial instruments are classified as Level 2 fair value measurements, as defined by IFRS 7, being those derived from inputs other than quoted prices that are observable. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Fair value of derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves from Reuters.

The long term unsecured listed bonds are held at amortised cost. Its fair value (disclosed above) is determined using Level 1 valuation techniques, based on the closing price at 31 March 2014 on the Euro MTF market. There has been no change in the valuation techniques adopted or any transfers between fair value levels.

Fair values of cash and cash equivalents, short term deposits, trade receivables and payables, short term debt, other financial assets and liabilities, current and non-current (excluding derivatives) are assumed to approximate to cost due to the short term maturing of the instruments and as the impact of discounting is not significant.

Fair value of prepayment options of £nil (2013: £47 million, 2012: £nil) relates to the GBP 500 million and USD 410 million senior notes due 2018 which were bifurcated but have been repaid early in the year ended 31 March 2014. The fair value represents the difference in the traded market price of the bonds and the expected price the bonds would trade at if they did not contain any prepayment features. The expected price is based on market inputs including credit spreads and interest rates.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the group could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2014, 31 March 2013 and 31 March 2012 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

(B) CASH FLOW HEDGING

The group risk management policy allows the use of currency and interest derivative instruments to manage its exposure to fluctuations in foreign exchange and interest rates. To the extent possible under IAS 39, these instruments are designated in hedging relationships if the meet the requirements outlined in the standard.

As of 31 March 2014, the group has taken out a number of cash flow hedging instruments. The group uses USD/GBP forward and option contracts, USD/Euro forward contracts and other currency options to hedge future cash flows from sales and purchases. Cash flow hedges are expected to be recognised in profit or loss during the years ending 31 March 2015 to 2018.

The group also has a number of USD/Euro options which are entered into as an economic hedge of the financial risks of the group. These contracts do not meet the hedge accounting criteria of IAS 39, so the change in fair value is recognised immediately in the income statement.

The time value of options is considered ineffective in the hedge relationship and thus the change in time value is recognised immediately in the income statement.

The group uses foreign currency contracts to hedge its risk associated with foreign currency fluctuations relating to highly probable forecast transactions. The fair value of such contracts as of 31 March 2014 was a net asset of £673 million (2013: net liability of £254 million, 2012: net liability of £26 million).

Changes in fair value of foreign currency contracts to the extent determined to be an effective hedge is recognised in the statement of other comprehensive income and the ineffective portion of the fair value change is recognised in income statement. Accordingly, the fair value change of net gain of £1,041 million (2013: loss of £288 million, 2012: loss of £36 million) was recognised in other comprehensive income. The ineffective portion that arises from cash flow hedges amounts to a gain of £5 million (2013: loss of £1 million, 2012: loss of £1 million) which has been recognised in foreign exchange gain/(loss) in the consolidated income statement. The gain on derivative contracts not eligible for hedging was £57 million (2013: loss of £11 million, 2012: loss of £59 million) which has been recognised in foreign exchange gain/(loss) in the consolidated income statement. The total loss on commodities of £18 million (2013: £10 million, 2012 £12 million) has been recognised in other income in the consolidated income statement.

A 10% depreciation/appreciation of the foreign currency underlying such contracts would have resulted in an approximate additional gain/(loss) of £734 million / (£893) million (2013: £612 million / (£831) million, 2012: £493 million / (£385) million) in equity and a gain/(loss) of £51 million / (£31) million (2013: £35 million / £28 million, 2012: £28 million / (£9) million) in the consolidated income statement.

(C) FINANCIAL RISK MANAGEMENT

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

The group has a risk management policy which covers the foreign exchange risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

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

(D) MARKET RISK

Market risk is the risk of any loss in future earnings in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in any of the risks outlined in (C) above or other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

33 FINANCIAL INSTRUMENTS

Each of the sensitivity analyses presented in the following sections (E) to (H) assumes that all other variables remain constant and are based on reasonably possible changes in each of the market risks presented.

(E) FOREIGN CURRENCY EXCHANGE RATE RISK

The fluctuation in foreign currency exchange rates may have potential impact on the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Chinese Yuan, Japanese Yen and Euro against the functional currency of the group.

The group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange exposure. Any weakening of the functional currency may impact the group's cost of imports and cost of borrowings.

The group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

The following table sets forth information relating to foreign currency exposure as of 31 March 2014:

As at 31 March 2014 (£ millions)	US Dollar	Chinese Yuan	Euro	JPY	*Others	Total
Financial assets	463	840	296	17	318	1,934
Financial liabilities	(1,594)	(715)	(1,322)	(62)	(224)	(3,915)
Net exposure asset / (liability)	**(1,130)**	**125**	**(1,026)**	**(45)**	**94**	**(1,982)**

A 10% appreciation / depreciation of the USD, Chinese Yuan, Euro and Yen would result in an increase/ decrease in the group's net profit before tax and net assets by approximately £113 million, £12 million, £103 million and £4 million respectively for the year ended 31 March 2014.

The following table sets forth information relating to foreign currency exposure as of 31 March 2013:

As at 31 March 2013 (£ millions)	US Dollar	Chinese Yuan	Euro	JPY	*Others	Total
Financial assets	332	667	259	35	358	1,651
Financial liabilities	(1,266)	(659)	(1,113)	(89)	(239)	(3,366)
Net exposure asset / (liability)	**(934)**	**8**	**(854)**	**(54)**	**119**	**(1,715)**

A 10% appreciation / depreciation of the USD, Chinese Yuan, Euro and Yen would result in an increase/ decrease in the group's net profit before tax and net assets by approximately £93 million, £1 million, £85 million and £5 million respectively for the year ended 31 March 2013.

The following table sets forth information relating to foreign currency exposure as of 31 March 2012:

As at 31 March 2012 (£ millions)	US Dollar	Chinese Yuan	Euro	JPY	*Others	Total
Financial assets	263	585	231	32	228	1,339
Financial liabilities	(862)	(370)	(923)	(106)	(198)	(2,459)
Net exposure asset / (liability)	**(599)**	**215**	**(692)**	**(74)**	**30**	**(1,120)**

* Others include Russian Rouble, Singapore Dollar, Swiss Franc, Australian Dollar, South African Rand, Thai Baht, Korean Won etc.

A 10% appreciation / depreciation of the USD, Chinese Yuan, Euro and Yen would result in an increase/ decrease in the group's net profit before tax and net assets by approximately £60 million, £22 million, £69 million and £7 million respectively for the year ended 31 March 2012.

(F) INTEREST RATE RISK

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates.

The group is presently funded with long-term fixed interest rate bonds. The group is subject to variable interest rates on certain other debt obligations.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the average debt outstanding during the year.

As of 31 March 2014 net financial liabilities of £167 million (2013: £220 million, 2012: £336 million) were subject to the variable interest rate. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £2 million (2013: £2 million, 2012: £3 million) in the consolidated income statement.

The group is also exposed to interest rate risk with regard to the reported fair value of the prepayment options. At 31 March 2014, had interest rates been 25 basis points higher / lower with all other variables constant, consolidated profit for the year would be £nil lower / £nil higher (2013: £9 million lower / £9 million higher, 2012: £nil lower / £nil higher), mainly as a result of higher / lower finance expense.

(G) LIQUIDITY RISK

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

The group's policy on liquidity risk is to maintain sufficient liquidity in the form of cash and undrawn borrowing facilities to meet the group's operating requirements with an appropriate level of headroom.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at 31 March 2014 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term debt	1,843	2,667	117	116	768	1,666
Short term borrowings	167	167	167	—	—	—
Finance lease obligations	18	20	6	6	8	—
Other financial liabilities	208	231	195	13	23	—
Accounts payable	4,787	4,787	4,787	—	—	—
Derivative financial instruments	120	130	71	48	11	—
Total contractual maturities	**7,143**	**8,002**	**5,343**	**183**	**810**	**1,666**

As at 31 March 2013 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term debt	1,839	2,868	143	143	430	2,152
Short term borrowings	328	331	331	—	—	—
Finance lease liabilities	23	28	6	6	14	2
Finance lease obligations	223	243	231	8	4	—
Accounts payable	4,227	4,227	4,227	—	—	—
Derivative financial instruments	414	414	206	119	89	—
Total contractual maturities	**7,054**	**8,111**	**5,144**	**276**	**537**	**2,154**

As at 31 March 2012 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term debt and preference shares	1,641	2,692	134	134	401	2,023
Short term borrowings	333	340	340	—	—	—
Finance lease obligations	20	23	5	6	12	—

Other financial liabilities	224	224	200	24	—	—
Accounts payable	3,285	3,285	3,285	—	—	—
Derivative financial instruments	141	141	108	24	9	—
Total contractual maturities	**5,644**	**6,705**	**4,072**	**188**	**422**	**2,023**

(H) CREDIT RISK

The majority of the group's credit risk pertains to the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

In addition to counterparty credit risk, the group is exposed to the impact of volatility with its own credit risk with regard to the fair value of prepayment options. At 31 March 2014, had credit spreads been 25 basis points lower / higher with all other variables constant, consolidated profit for the year would be £nil higher / £nil lower (2013: £9 million higher / £2 million lower, 2012: £nil higher / lower), mainly as a result of lower / higher finance expense.

Financial instruments that are subject to concentrations of credit risk principally consist of investments classified as loans and receivables and trade receivables. None of the financial instruments of the group result in material concentrations of credit risks. For trade receivables, the group considers counterparty creditworthiness by means of an internal rating process and its country risk. In this context, the historic financial performance and other relevant information on the counterparty such as payment history are used and assessed.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

33 FINANCIAL INSTRUMENTS

Financial assets

None of the group's cash equivalents, including time deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2014 (2013, 2012: no indications) that defaults in payment obligations will occur.

As at 31 March (£ millions)	2014 Gross	2014 Impairment	2013 Gross	2013 Impairment	2012 Gross	2012 Impairment
Not yet due	795	2	837	—	612	—
Overdue < 3 months	52	—	95	1	48	—
Overdue >3<6 months	4	—	19	2	5	3
Overdue >6 months	10	6	11	7	10	10
Total	**861**	**8**	**962**	**10**	**675**	**13**

Included within trade receivables is £167 million (2013: £242 million, 2012: £143 million) of receivables which are part of a debt factoring arrangement. These assets do not qualify for derecognition due to the recourse arrangements in place. The related liability of £167 million (2013: £242 million, 2012: £143 million) is in short term borrowings. Both asset and associated liability are stated at fair value.

34 LEASES

LEASES AS LESSEE

Non-cancellable finance lease rentals are payable as follows:

As at 31 March (£ millions)	2014	2013	2012
Less than one year	5	5	5
Between one and five years	13	16	15
More than five years	—	2	—
Total lease payments	**18**	**23**	**20**

The above leases relate to amounts payable under the minimum lease payments on plant and machinery. The group leased certain of its manufacturing equipment under finance lease. The average lease term is 8 years. The group has options to purchase certain equipment for a nominal amount at the end of lease term.

Non-cancellable operating lease rentals are payable as follows:

As at 31 March (£ millions)	2014	2013	2012
Less than one year	26	8	9
Between one and five years	39	16	24
More than five years	18	10	6
Total lease payments	**83**	**34**	**39**

The group leases a number of properties and plant and machinery under operating leases.

LEASES AS LESSOR

The future minimum lease receipts under non-cancellable operating leases are as follows:

As at 31 March (£ millions)	2014	2013	2012
Less than one year	4	4	3
Between one and five years	—	—	—
More than five years	—	—	—
Total lease receipts	**4**	**4**	**3**

The above leases relate to amounts receivable in respect of land and buildings and fleet car sales. The average lease life is less than one year.

35 SEGMENT REPORTING

Operating segments are defined as components of the group about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance.

The JLR group operates in the automotive segment. The automotive segment includes all activities relating to development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts and accessories from which the group derives its revenues. The group has only one operating segment, so no separate segment report is given.

The geographic spread of sales and non-current assets is as disclosed below:

(£ millions)	UK	US	China	Rest of Europe	Rest of World	Total
31 March 2014						
Revenue	2,989	2,683	6,687	2,978	4,049	19,386
Non-current assets	7,376	13	8	10	17	7,424
31 March 2013						
Revenue	2,606	2,137	5,161	2,514	3,366	15,784
Non-current assets	5,814	14	4	10	15	5,857
31 March 2012						
Revenue	2,259	1,996	3,889	2,420	2,948	13,512
Non-current assets	4,330	14	19	9	15	4,387

In the table above, non-current assets excludes financial assets, pension assets and deferred tax assets.

36 RELATED PARTY TRANSACTIONS

The group’s related parties principally consist of Tata Sons Ltd., subsidiaries, associates and joint ventures of Tata Sons Ltd which includes Tata Motors Ltd. (the ultimate parent company), subsidiaries, associates and joint ventures of Tata Motors Ltd. The group routinely enters into transactions with these related parties in the ordinary course of business including transactions for sale and purchase of products with its associates and joint ventures. Transactions and balances with the group’s own subsidiaries are eliminated on consolidation.

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements.

(£ millions)	With fellow subsidiaries, associates and joint ventures	With immediate or ultimate parent
31 March 2014		
Sale of products	—	55
Services received	157	10
Services rendered	26	—
Trade and other receivables	15	15
Accounts payable	5	1
31 March 2013		
Sale of products	—	52
Services received	90	16
Services rendered	9	—
Trade and other receivables	8	—
Accounts payable	27	2
Loans given	8	—
31 March 2012		
Sale of products	—	69
Services received	54	9
Trade and other receivables	—	3
Accounts payable	13	—
Accrued preference share dividend	—	11

Loans repaid	—	435

Compensation of key management personnel

Year ended 31 March (£ millions)	2014	2013	2012
Short term benefits	21	12	16
Post-employment benefits	1	—	2
Compensation for loss of office	—	—	2
Total compensation of key management personnel	**22**	**12**	**20**

In addition to the compensation noted above, a loan of £0.7 million has been granted to a member of key management personnel. This loan is for a term of 8 years and is interest bearing at the HMRC official rate.

Refer to note 30 for information on transactions with post-employment benefit plans.

37 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Holdings Pte Limited (Singapore) and ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai—400001, India.

38 SUBSEQUENT EVENTS

In May 2014, the company proposed an ordinary dividend of £150 million to its immediate parent TML Holdings Pte Limited (Singapore). This amount was paid in full in June 2014.

38 SUBSEQUENT EVENTS

PARENT COMPANY BALANCE SHEET

As at 31 March (£ millions)	Note	2014	2013	2012
Non-current assets				
Investments	39	1,655	1,655	1,655
Other financial assets	40	1,868	1,954	—
Other non-current assets	41	6	4	9
Deferred income taxes	42	8	—	—
Total non-current assets		**3,537**	**3,613**	**1,664**
Current assets				
Cash and cash equivalents	43	1	1	1
Other financial assets	40	61	73	1,710
Other current assets	41	2	5	4
Total current assets		**64**	**79**	**1,715**
Total assets		**3,601**	**3,692**	**3,379**
Current liabilities				
Short term borrowings and current portion of long term debt	44	—	—	157
Other financial liabilities	45	28	39	48
Deferred finance income		2	5	—
Current income tax liabilities		12	11	—
Total current liabilities		**42**	**55**	**205**
Non-current liabilities				
Long term debt	44	1,843	1,839	1,484
Other financial liabilities	45	—	47	—
Deferred finance income		31	35	—
Total non-current liabilities		**1,874**	**1,921**	**1,484**
Total liabilities		**1,916**	**1,976**	**1,689**
Equity attributable to equity holders of the parent				
Ordinary share capital	46	1,501	1,501	1,501
Capital redemption reserve		167	167	167
Retained earnings		17	48	22
Equity attributable to equity holders of the parent		**1,685**	**1,716**	**1,690**
Total liabilities and equity		**3,601**	**3,692**	**3,379**

These parent company financial statements were approved by the board of directors and authorised for issue on 28 July 2014. They were signed on its behalf by:

Dr Ralf Speth
Chief Executive Officer
Company registered number: 06477691

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(£ millions)	Ordinary share capital	Capital redemption reserve	Profit and loss reserve	Total equity
Balance at 1 April 2013	**1,501**	**167**	**48**	**1,716**
Profit for the year	—	—	119	119
Total comprehensive income	**—**	**—**	**119**	**119**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2014	**1,501**	**167**	**17**	**1,685**
Balance at 1 April 2012	**1,501**	**167**	**22**	**1,690**
Profit for the year	—	—	176	176
Total comprehensive income	**—**	**—**	**176**	**176**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2013	**1,501**	**167**	**48**	**1,716**
Balance at 1 April 2011	**1,501**	**167**	**24**	**1,692**
Loss for the year	—	—	(2)	(2)
Total comprehensive loss	**—**	**—**	**(2)**	**(2)**
Balance at 31 March 2012	**1,501**	**167**	**22**	**1,690**

PARENT COMPANY CASH FLOW STATEMENT

Year ended 31 March (£ millions)	2014	2013	2012
Cash flows from operating activities			
Profit for the year	119	26	(2)
Adjustments for:			
Foreign exchange loss / (gain) on loans	1	(8)	10
Loss / (gain) on embedded derivatives	47	(47)	—
Income tax (credit) / expense	(8)	12	—
Dividends received	(150)	—	—
Finance income	(285)	(135)	(81)
Finance expense	236	135	88
Cash flows (used in) / from operating activities before changes in assets and liabilities	**(40)**	**(17)**	**15**
Other financial assets	(19)	195	(1,078)
Other current liabilities	2	(1)	5
Net cash (used in) / from operating activities	**(57)**	**177**	**(1,058)**
Cash flows from investing activities			
Finance income received	303	121	73
Dividends received	150	150	—
Net cash from investing activities	**453**	**271**	**73**
Cash flows (used in) / from financing activities			
Finance expenses and fees paid	(329)	(141)	(85)
Proceeds from issuance of long term debt	829	—	1,500
Repayment of long term debt	(746)	—	—
Repayment of short term debt	—	(157)	(433)
Dividends paid	(150)	(150)	—
Net cash (used in) / from financing activities	**(396)**	**(448)**	**982**
Net change in cash and cash equivalents	**—**	**—**	**(3)**
Cash and cash equivalents at beginning of year	1	1	4
Cash and cash equivalents at end of year	**1**	**1**	**1**

39 INVESTMENTS

Investments consist of the following:

(£ millions)	2014	2013	2012
Cost of unquoted equity investments at beginning of year	1,655	1,655	1,875
Preference share investments converted to financial asset	—	—	(220)
Cost of unquoted equity investments at end of year	**1,655**	**1,655**	**1,655**

The company has not made any investments or disposals of investments in the year.

In March 2012, Land Rover and Jaguar Cars Limited converted preference shares owed to Jaguar Land Rover Automotive PLC into debt.

The company has the following 100% direct interest in the ordinary shares of a subsidiary undertaking:

Subsidiary undertaking	Principal place of business and country of incorporation	Principal activity
Jaguar Land Rover Holdings Limited (formerly Land Rover)	England and Wales	Holding company

The shareholding above is recorded at acquisition value in the company's accounts. Details of the indirect subsidiary undertakings are as follows, each being a 100% indirect interest in the ordinary share capital of the Jaguar Land Rover Holdings Limited:

Name of company	Principal place of business and country of incorporation	Principal activity
Jaguar Land Rover Limited	England and Wales	Manufacture and sale of motor vehicles
Jaguar e Land Rover Brazil Importacao e Comercio de Veiculos Ltda	Brazil	Distribution and sales
Jaguar Land Rover (South Africa) (Pty) Ltd	South Africa	Distribution and sales
Jaguar Land Rover Australia Pty Limited	Australia	Distribution and sales
Jaguar Land Rover Austria GmbH	Austria	Distribution and sales
Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd	China	Distribution and sales
Jaguar Land Rover Belux N.V.	Belgium	Distribution and sales
Jaguar Land Rover Canada, ULC	Canada	Distribution and sales
Jaguar Land Rover Deutschland GmbH	Germany	Distribution and sales
Jaguar Land Rover Espana SL	Spain	Distribution and sales
Jaguar Land Rover France SAS	France	Distribution and sales
Jaguar Land Rover India Limited	India	Distribution and sales
Jaguar Land Rover Italia SpA	Italy	Distribution and sales
Jaguar Land Rover Japan Limited	Japan	Distribution and sales
Jaguar Land Rover Korea Company Limited	Korea	Distribution and sales
Jaguar Land Rover Nederland BV	Holland	Distribution and sales
Jaguar Land Rover North America, LLC	USA	Distribution and sales
Jaguar Land Rover Portugal-Veiculos e Pecas, Lda	Portugal	Distribution and sales
Limited Liability Company "Jaguar Land Rover" (Russia)	Russia	Distribution and sales
Jaguar Land Rover (South Africa) Holdings Ltd	England and Wales	Holding company
JLR Nominee Company Limited	England and Wales	Non-trading
Land Rover Ireland Limited	Ireland	Non-trading
Daimler Transport Vehicles Limited	England and Wales	Dormant
Jaguar Cars (South Africa) (Pty) Ltd	South Africa	Dormant
Jaguar Cars Limited	England and Wales	Dormant
Land Rover Exports Limited	England and Wales	Dormant
Land Rover Group Limited	England and Wales	Dormant
Land Rover Parts Limited	England and Wales	Dormant
S S Cars Limited	England and Wales	Dormant
The Daimler Motor Company Limited	England and Wales	Dormant

The Jaguar Collection Limited	England and Wales	Dormant
The Lanchester Motor Company Limited	England and Wales	Dormant

Details of the indirect holdings in equity accounted investees are given in note 13 to the consolidated financial statements.

40 OTHER FINANCIAL ASSETS

As at 31 March (£ millions)	2014	2013	2012
Non-current			
Receivables from subsidiaries	1,868	1,954	—
Current			
Other financial assets	61	73	1,710

41 OTHER ASSETS

As at 31 March (£ millions)	2014	2013	2012
Non-current			
Prepaid expenses	6	4	9
Current			
Prepaid expenses	2	5	4

42 DEFERRED TAX ASSETS AND LIABILITIES

As at 31 March 2014 the company has recognised a deferred tax asset of £8 million in relation to tax losses. The company had no deferred tax assets or liabilities either recognised or unrecognised at 31 March 2013 or 2012.

43 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

As at 31 March (£ millions)	2014	2013	2012
Balances with banks	1	1	1

44 INTEREST BEARING LOANS AND BORROWINGS

As at 31 March (£ millions)	2014	2013	2012
Euro MTF listed bonds	1,843	1,839	1,484
Redeemable preference shares classed as debt	—	—	157
Total borrowings	**1,843**	**1,839**	**1,641**
Less:			
Short term preference shares	—	—	(157)
Long term debt	**1,843**	**1,839**	**1,484**

EURO MTF LISTED DEBT

The bonds are listed on the Euro MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

Details of the tranches of the bonds outstanding at 31 March 2014 are as follows:

- $410 million Senior Notes due 2021 at a coupon of 8.125% per annum—issued May 2011
- £500 million Senior Notes due 2020 at a coupon of 8.25% per annum—issued March 2012
- $500 million Senior Notes due 2023 at a coupon of 5.625% per annum—issued January 2013
- $700 million Senior Notes due 2018 at a coupon of 4.125% per annum—issued December 2013
- £400 million Senior Notes due 2022 at a coupon of 5.000% per annum—issued January 2014

The bond funds raised were used to repay both long and short term debt and provide additional cash facilities for the company.

Details of the tranches of the bonds repaid in the year ended 31 March 2014 are as follows:

- £500 million Senior Notes due 2018 at a coupon of 8.125% per annum—issued May 2011
- $410 million Senior Notes due 2018 at a coupon of 7.75% per annum—issued May 2011

The bond funds raised were used to repay both long-term and short-term debt and provide additional cash facilities for the group. Further information relating to the bond may be found in the borrowings and description of indebtedness section within the management discussion and analysis to the front of these financial statements.

PREFERENCE SHARES CLASSIFIED AS DEBT

The holders of the preference shares are entitled to be paid out of the profits available for distribution of the company in each financial year a fixed non-cumulative preferential dividend of 7.25% per annum. The preference share dividend is payable in priority to any payment to the holders of other classes of capital stock.

On a return of capital on liquidation or otherwise, the assets of the company available for distribution shall be applied first to holders of preference shares the sum of £1 per share together with a sum equal to any arrears and accruals of preference dividend.

The company may redeem the preference shares at any time, but must do so, not later than ten years after the date of issue. The holders may demand repayment at any time, subject to giving one month's notice. On redemption, the company shall pay the £1 per preference share and a sum equal to any arrears or accruals of preference dividend.

Preference shares contain no right to vote upon any resolution at any general meeting of the company.

In June 2012, £157 million of preference shares were repaid.

The contractual cash flows of interest bearing debt and borrowings as of 31 March 2014 is set out below, including estimated interest payments and assumes the debt will be repaid at the maturity date.

As at 31 March (£ millions)	2014	2013	2012
Due in			
1 year or less	117	143	134
2nd and 3rd years	231	287	134
4th and 5th years	653	287	401
More than 5 years	1,666	2,151	2,023
Total contractual cash flows	**2,667**	**2,868**	**2,692**

45 OTHER FINANCIAL LIABILITIES

As at 31 March (£ millions)	2014	2013	2012
Current			
Interest payable	23	36	44
Other	5	3	4
Total current other financial liabilities	**28**	**39**	**48**
Non-current			
Derivative financial instruments	—	47	—
Total non-current other financial liabilities	**—**	**47**	**—**

46 CAPITAL AND RESERVES

As at 31 March (£ millions)	2014	2013	2012
Allotted, called up and fully paid			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
Nil (2013: nil, 2012: 157,052,620) 7.25% preference shares of £1 each	—	—	157
Total capital	**1,501**	**1,501**	**1,658**
Presented as equity	1,501	1,501	1,501

Presented as debt	—	—	157

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Preference shares contain no right to vote upon any resolution at any general meeting of the company. In June 2012, all £157 million of preference shares were repaid.

The capital redemption reserve of £167 million (2013, 2012: £167 million) was created in March 2011 on the cancellation of share capital.

47 DIVIDENDS

Year ended 31 March (£ millions)	2014	2013	2012
Dividend proposed for the previous year paid during the year of £0.10 (2013: £nil, 2012: £nil) per ordinary share	150	—	—
Dividend for the year paid during the year of £nil (2013: £0.10, 2012: £nil) per ordinary share	—	150	—
Amounts recognised as distributions to equity holders during the year	**150**	**150**	**—**
Proposed dividend for the year of £0.10 (2013: £0.10, 2012: £nil) per ordinary share	150	150	—

47 DIVIDENDS

The proposed dividend for the year ended 31 March 2014 was paid in full in June 2014. Preference shares of £157 million were repaid in the year ended 31 March 2013, along with preference share dividends of £14 million (2012: accrued £11 million).

48 COMMITMENTS AND CONTINGENCIES

The company does not have any commitments or contingencies at 31 March 2014, 2013 or 2012.

49 CAPITAL MANAGEMENT

The company's objectives when managing capital are to ensure the going concern operation of it and its subsidiaries and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to meet shareholder expectations.

The company's policy is to borrow primarily through capital market issues to meet anticipated funding requirements and maintain sufficient liquidity. The company also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required. Surplus cash in subsidiaries is pooled (where practicable) and invested to satisfy security, liquidity and yield requirements.

The capital structure is governed according to company policies approved by the Board and is monitored by various metrics such as debt to EBITDA and EBITDA to interest ratios, as per the debt covenants and rating agency guidance. Funding requirements are reviewed periodically with any debt issuances and capital distributions approved by the Board.

The following table summarises the capital of the company:

As at 31 March (£ millions)	2014	2013	2012
Short term debt	—	—	157
Long term debt	1,843	1,839	1,484
Total debt	**1,843**	**1,839**	**1,641**
Equity	1,685	1,716	1,690
Total capital	**3,528**	**3,555**	**3,331**

50 FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the company and provides additional information on balance sheet items that contain financial instruments.

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

(A) FINANCIAL ASSETS AND LIABILITIES

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

Financial assets

(£ millions)	Cash, loans and receivables	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	1	—	1	1
Other financial assets—current	61	—	61	61

Other financial assets—non current	1,868	—	1,868	1,868
Total financial assets	**1,930**	**—**	**1,930**	**1,930**

Financial liabilities

(£ millions)	Other financial liabilities	Fair value through profit and loss	Total carrying value	Total fair value
Other financial liabilities—current	28	—	28	28
Long term debt	1,843	—	1,843	1,982
Total financial liabilities	**1,871**	**—**	**1,871**	**2,010**

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2013:

Financial assets

(£ millions)	Cash, loans and receivables	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	1	—	1	1
Other financial assets—current	73	—	73	73
Other financial assets—non current	1,907	47	1,954	1,954
Total financial assets	**1,981**	**47**	**2,028**	**2,028**

Financial liabilities

(£ millions)	Other financial liabilities	Fair value through profit and loss	Total carrying value	Total fair value
Other financial liabilities—current	39	—	39	39
Other financial liabilities—non current	—	47	47	47
Long term debt	1,839	—	1,839	2,058
Total financial liabilities	**1,878**	**47**	**1,925**	**2,144**

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2012:

Financial assets

(£ millions)	Cash, loans and receivables	Total carrying value	Total fair value
Cash and cash equivalents	1	1	1
Other financial assets—current	1,710	1,710	1,710
Total financial assets	**1,711**	**1,711**	**1,711**

Financial liabilities

(£ millions)	Other financial liabilities	Total carrying value	Total fair value
Preference shares	157	157	157
Short term debt	48	48	48
Long term debt	1,484	1,484	1,534
Total financial liabilities	**1,689**	**1,689**	**1,739**

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels.

- Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category mainly includes quoted equity shares, quoted corporate debt instruments and mutual fund investments.

- Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The financial instruments that are measured subsequent to initial recognition at fair value are forward currency contracts, commodity contracts and embedded derivatives. All of these financial instruments are classified as Level 2 fair value measurements, as defined by IFRS 7, being those derived from inputs other than quoted prices that are observable. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Derivatives are marked to market using market observable rates and published prices together with forecast cash flow information where applicable.

The long term unsecured listed bonds are held at amortised cost. Its fair value (disclosed above) is determined using Level 1 valuation techniques, based on the closing price at 31 March 2014 on the Euro MTF market. There has been no change in the valuation techniques adopted or any transfers between fair value levels.

Fair values of cash and cash equivalents, short term deposits, trade receivables and payables, short term debt, other financial assets and liabilities, current and non-current (excluding derivatives) are assumed to approximate to cost due to the short term maturing of the instruments and as the impact of discounting is not significant.

Fair value of prepayment options of £nil (2013: £47 million, 2012: £nil) relates to the GBP 500 million and USD 410 million senior notes due 2018 which were bifurcated but have been repaid early in the year ended 31 March 2014. The fair value represents the difference in the traded market price of the bonds and the expected price the bonds would trade at if they did not contain any prepayment features. The expected price is based on market inputs including credit spreads and interest rates.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the group could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2014, 31 March 2013 and 31 March 2012 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

(B) CASH FLOW HEDGING

As at 31 March 2014, 31 March 2013 and 31 March 2012, there are no designated cash flow hedges.

(C) FINANCIAL RISK MANAGEMENT

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

The company has a risk management policy which not only covers the foreign exchange risks but also the risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

- Create a stable business planning environment—by reducing the impact of currency and interest rate fluctuations to the company's business plan.

- Achieve greater predictability to earnings—by determining the financial value of the expected earnings in advance.

(D) MARKET RISK

Market risk is the risk of any loss in future earnings in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in any of the risks outlined in (C) above or other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

Each of the sensitivity analyses presented in the following sections (E) to (H) assumes that all other variables remain constant and are based on reasonably possible changes in each of the market risks presented.

(E) FOREIGN CURRENCY EXCHANGE RATE RISK

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

The company's operations are subject to risks arising from fluctuations in exchange rates. The risks primarily relate to fluctuations in the GBP:US Dollar rate as the company has USD assets and liabilities and a GBP functional currency.The following analysis has been worked out based on the gross exposure as of the Balance Sheet date which could affect the income statement.

The following table sets forth information relating to foreign currency exposure as at 31 March 2014:

(£ millions)	US Dollar
Financial assets	1,078
Financial liabilities	(1,066)
Net exposure asset	**12**

A 10% appreciation / depreciation of the USD would result in an increase / decrease in the company's net profit before tax and net assets by approximately £1 million.

The following table sets forth information relating to foreign currency exposure as at 31 March 2013:

(£ millions)	US Dollar
Financial assets	891
Financial liabilities	(888)
Net exposure asset	**3**

A 10% appreciation / depreciation of the USD would result in an increase / decrease in the company's net profit before tax and net assets by approximately £nil.

The following table sets forth information relating to foreign currency exposure as at 31 March 2012:

(£ millions)	US Dollar
Financial assets	533
Financial liabilities	(528)
Net exposure asset	**5**

A 10% appreciation / depreciation of the USD would result in an increase / decrease in the company's net profit before tax and net assets by approximately £nil.

(F) INTEREST RATE RISK

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates.

The company is presently funded with long-term fixed interest rate bonds. The company is subject to variable interest rates on certain other debt obligations.

As of 31 March 2014 net financial assets of £25 million (2013: £18 million, 2012: £18 million) were subject to the variable interest rate. Increase / decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £nil (2013: £nil, 2012: £nil).

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the average debt outstanding during the year.

(G) LIQUIDITY RISK

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

The company's policy on liquidity risk is to ensure that sufficient borrowing facilities are available to fund on-going operations without the need to carry significant net debt over the medium term. The quantum of committed borrowing facilities available to the company is reviewed regularly and is designed to exceed forecast peak gross debt levels.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at 31 March 2014 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term debt	1,843	2,667	117	116	768	1,666
Other financial liabilities	28	5	5	—	—	—
Total contractual maturities	1,871	2,672	122	116	768	1,666

As at 31 March 2013 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term debt	1,839	2,868	143	143	430	2,152
Other financial liabilities	39	39	39	—	—	—
Derivative financial instruments	47	47	—	—	47	—
Total contractual maturities	**1,925**	**2,954**	**182**	**143**	**477**	**2,152**

As at 31 March 2012 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term debt and preference shares	1,641	2,692	134	134	401	2,023
Other financial liabilities	48	48	48	—	—	—
Total contractual maturities	**1,689**	**2,740**	**182**	**134**	**401**	**2,023**

(H) CREDIT RISK

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of 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 consist of loans to subsidiaries, based in a variety of geographies and markets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

Financial assets

None of the company's cash equivalents or other financial receivables, including time deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2014 (2013, 2012: no indications) that defaults in payment obligations will occur.

51 RELATED PARTY TRANSACTIONS

The company's related parties principally consist of Tata Sons Ltd., subsidiaries, associates and joint ventures of Tata Sons Ltd which includes Tata Motors Ltd. (the ultimate parent company), subsidiaries, associates and joint ventures

of Tata Motors Ltd. The company routinely enters into transactions with these related parties in the ordinary course of business.

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements:

(£ millions)	With subsidiaries	With immediate parent
31 March 2014		
Loans to subsidiaries	1,929	—
31 March 2013		
Loans to subsidiaries	2,027	—
31 March 2012		
Loans from parent	—	157
Loans to subsidiaries	1,710	—

There was no compensation paid by the company to the directors or to key management personnel.

Apart from the directors, the company did not have any employees and had no employee costs in the years ended 31 March 2014, 2013 and 2012.

52 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Holdings Pte Limited (Singapore) and ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai—400001, India.

53 SUBSEQUENT EVENTS

In May 2014, the company proposed an ordinary dividend of £150 million to its immediate parent TML Holdings Pte Limited (Singapore). This amount was paid in full in June 2014.

Jaguar Land Rover Automotive plc
Interim Report

For the three month and six month period ended 30 September 2016
Company registered number: 06477691

Contents

Management's discussion and analysis of financial condition and results of operations
- **Market environment** F-269
- **Jaguar Land Rover volume performance** F-269
- **Revenue and profits** F-270
- **Cash flow, liquidity and capital resources** F-272
- **Debt** F-272
- **Acquisitions and disposals** F-273
- **Off-balance sheet financial arrangements** F-273
- **Other balance sheet items** F-273
- **Business risks and mitigating factors** F-273
- **Employees** F-273
- **Board of directors** F-273

Condensed consolidated financial statements
- **Income statement** F-274
- **Statement of comprehensive income and expense** F-275
- **Balance sheet** F-276
- **Statement of changes in equity** F-277
- **Cash flow statement** F-278
- **Notes** F-279

This report uses:

Group, Company, Jaguar Land Rover and JLR refers to Jaguar Land Rover Automotive plc and its subsidiaries.

EBITDA	defined as profit for the period before income tax expense, finance expense (net of capitalised interest), finance income, depreciation and amortisation, foreign exchange gains/losses on financing and unrealised derivatives, gains/losses on unrealised commodity derivatives, share of profits/losses from equity accounted investments and exceptional items.
EBITDA margin	measured as EBITDA as a percentage of revenue.
PBT	profit before tax.
PAT	profit after tax.
Net cash	measured as cash and cash equivalents plus short-term deposits less total balance sheet borrowings (including secured and unsecured borrowings, short-term invoice discounting facilities and finance leases).
Free cash flow	reflects net cash generated from operating activities less net cash used in investing activities (excluding investments in short-term deposits) and includes foreign exchange gains/losses on short term deposits.
Total investment	reflects net cash used in investing activities and expensed R&D (not included in net cash used in investing activities) but excluding movements in other restricted deposits, movements in short-term deposits, finance income received and proceeds from the sale of property, plant and equipment.
FY17	12 months ending 31 March 2017.
FY16	12 months ended 31 March 2016.
Q2	3 months ended 30 September.
China JV	Chery Jaguar Land Rover Automotive Co., Ltd.

Management's discussion and analysis of financial condition and results of operations

Jaguar Land Rover achieved record second quarter sales primarily driven by the new Jaguar F-PACE, XE (now on sale in the US), the Land Rover Discovery Sport and the Range Rover Evoque. Retail volumes were higher across all regions in Q2 FY17 compared to the same period a year ago. Profits were higher in the quarter compared to Q2 FY16, however, margins were lower due to unfavourable FX revaluation of current assets and liabilities and a one-time provision for new customer quality programmes.

Key metrics for Q2 FY17 results, compared to Q2 FY16, are as follows:

- Total retail sales of 142.5k units (including the China JV), up 29.3%.
- Revenue of £6.0 billion, up from £4.8 billion.
- EBITDA of £615 million (10.3% margin), up from £589 million (12.2% margin).
- PBT of £280 million, compared to a loss of £157 million (Q2 FY16 included an exceptional charge of £245 million for the Tianjin port explosion).
- PAT of £244 million, compared to a loss of £92 million.
- Free cash flow before financing was £70 million after total investment spending of £784 million.
- China JV declared a first dividend of RMB 1.2 billion (JLR share RMB 0.6 billion).
- Moody's upgrade from Ba2 to Ba1 (positive) in September 2016 following the upgrade by S&P from BB to BB+ (stable) in August 2016.

Market environment

The macroeconomic environment continued to be mixed in Q2 FY17. Despite ongoing uncertainty over Brexit and a further depreciation of the British Pound, UK economic data was generally positive in Q2 FY17. US economic conditions were generally favourable supported by consumer spending and stable labour market conditions. European GDP growth gradually improved although inflation and employment remain at lower levels. China's economic growth remains on target (6.5%-7.0%) as the government continues to support the economy with policy actions. Economic conditions in emerging markets remained challenging, however the increase in the oil price is more supportive of economies such as Russia and Brazil.

Total automotive industry car volumes (units)

	Q2 FY17	Q2 FY16	Change (%)
China	5,668,300	4,438,300	27.7%
Europe (excluding UK)	2,173,306	2,071,819	4.9%
UK	729,859	719,997	1.4%
US	4,451,400	4,502,900	(1.1)%
Other markets (Including Russia and Brazil)	3,202,004	3,303,047	(3.1)%

The total industry car volume data above has been compiled using relevant data available at the time of publishing this interim report, compiled from national automotive associations such as the Society of Motor Manufacturers and Traders in the UK and the ACEA in Europe, according to their segment definitions, which may differ from those used by JLR.

Jaguar Land Rover volume performance

Q2 FY17 total retail sales were a record for the second quarter at 142,459 units (including the China JV), up 29.3% compared to Q2 FY16, primarily driven by new F-PACE as well as strong sales of the XE (now on sale in the US), Discovery Sport and Evoque with strong year-on-year growth across key regions. By brand, Land Rover retailed 100,753 units in Q2 FY17, up 15.1% compared to Q2 FY16, and Jaguar retailed 41,706 units, up 84.2%.

Wholesales totalled 124,192 units (excluding China JV) in Q2 FY17, up 11.7% compared to the same quarter a year ago. By brand, Jaguar wholesales in Q2 FY17 were 41,938 units, up 93.4% compared to Q2 FY16 and Land Rover wholesales were 82,254 units, down 8.1%. By region, wholesales were up in the UK (5.2%), North America (22.3%), Europe (46.0%), and China (1.2%) but volumes in other Overseas markets, which include Russia and Brazil, fell by 14.3%.

Jaguar Land Rover's Q2 FY17 retail sales by key region and model compared to Q2 FY16 is detailed in the following table and includes retail sales from the China JV.

	Q2 FY17	Q2 FY16	Change (%)
UK	30,981	24,180	28.1%
North America	30,228	21,743	39.0%
Europe	30,169	23,113	30.5%
China[2]	29,484	19,786	49.0%
Overseas	21,597	21,378	1.0%
Total JLR	**142,459**	**110,200**	**29.3%**
F-PACE	17,157	—	n/a
F-TYPE	2,638	2,946	(10.5)%
XE	11,176	9,310	20.0%
XF	7,963	7,598	4.8%
XJ	2,772	2,715	2.1%
XK[1]	—	77	n/a
Jaguar	**41,706**	**22,646**	**84.2%**
Discovery Sport[2]	28,283	18,021	56.9%
Discovery	13,263	10,344	28.2%
Range Rover Evoque[2]	26,067	21,744	19.9%
Range Rover Sport	20,212	19,234	5.1%
Range Rover	12,532	12,551	(0.2)%
Defender[1]	393	5,619	(93.0)%
Freelander[1]	3	41	(92.7)%
Land Rover[2]	**100,753**	**87,554**	**15.1%**
Total JLR	**142,459**	**110,200**	**29.3%**

(1) Production of the Jaguar XK, Land Rover Freelander and the Land Rover Defender models have now been discontinued.

(2) China JV retail volume in Q2 FY17 was 13,492 units (4,161 units of Evoque, 8,737 units of Discovery Sport and 594 units of XF).

Revenue and profits

Q2 FY17 revenue was £6.0 billion, up from the £4.8 billion in Q2 FY16 primarily driven by the 11.7% increase in wholesale volumes and favourable foreign exchange. Revenue for the 6 months to 30 September 2016 was £11.4 billion, up £1.6 billion compared to the same period a year ago.

EBITDA was £615 million (10.3% margin) in Q2 FY17, up slightly from the £589 million (12.2% margin) in Q2 FY16, primarily reflecting:

- Favourable volume and mix
- Favourable operating exchange offset by realised hedges
- Unfavourable FX revaluation of current assets and liabilities (£58m, up £11m) and a one-time provision for new customer quality programmes

EBITDA for the 6 months to 30 September 2016 was £1.3 billion (11.3% margin), down £123 million compared to the same 6 month period last year.

PBT was £280 million in Q2 FY17, up from a loss of £157 million a year ago predominantly reflecting:

- The higher EBITDA (up £26 million)
- Favourable unrealised FX (up £95 million) and commodity (up £69 million) hedge revaluation
- Primarily China JV profits of £33 million (up £34 million) and net finance expense (down £14 million), offset by higher depreciation and amortisation (up £45 million)
- Non-recurrence of £245 million exceptional Tianjin charge in Q2 FY16

PBT for the 6 months to 30 September 2016 was £679 million, up £198 million compared to the 6 months to 30 September 2015.

PAT for Q2 FY17 was £244 million, compared to a loss of £92 million in the same period a year ago. The Q2 FY17 effective tax rate was 12.9%, reflecting a one-off credit as a result of the reduction in the UK's headline rate of corporation tax to 17% that comes into effect from 1 April 2020. PAT for the 6 months to 30 September 2016 was £548 million, up £148 million compared to the same 6 month period a year ago.

EBITDA reconciliation

Quarter ended 30 September (£ millions)	2016	2015
EBITDA Margin	**10.3%**	**12.2%**
EBITDA	**615**	**589**
Adjustments:		
Depreciation and amortisation	(410)	(365)
Foreign exchange losses—financing	(37)	(59)
Foreign exchange losses—unrealised derivatives	53	(20)
Commodity losses—unrealised derivatives	34	(35)
Finance income	8	8
Finance expense (net)	(15)	(29)
Share of profit / (loss) from equity accounted investments	33	(1)
Profit before tax and exceptional item	**281**	**88**
Exceptional item	(1)	(245)
Profit before tax	**280**	**(157)**
Income tax expense	(36)	65
Profit after tax	**244**	**(92)**

Cash flow, liquidity and capital resources

Free cash flow before financing in Q2 FY17 was £70 million after £784 million of total investment spending, primarily reflecting EBITDA of £615 million and £182 million favourable working capital, non-cash accrual and other movements. In the quarter, £696 million of investment spending was capitalised and £88 million was expensed in EBITDA.

After the free cash flow of £70 million, finance expenses of £42 million and a £60 million increase in the utilisation of a short-term debt facility, cash and financial deposits at 30 September 2016 stood at £3.8 billion (comprising £2.4 billion of cash and cash equivalents and £1.4 billion of financial deposits). This includes an amount of £424 million held in subsidiaries of Jaguar Land Rover outside of the United Kingdom. The cash in some of these jurisdictions is subject to impediments to remitting cash to the UK other than through annual dividends. As at 30 September 2016, the Company also had an undrawn revolving credit facility totalling £1.9 billion, all maturing in July 2020, and £116 million of undrawn short-term committed credit facilities.

The China JV declared its first dividend of RMB 1.2 billion (JLR share RMB 0.6 billion) in Q2 FY17, which was paid in November 2016. Most of this dividend will be reinvested into the China JV as part of a future equity injection.

Debt

The following table shows details of the Company's financing arrangements as at 30 September 2016:

(£ millions)	Facility amount	Outstanding	Undrawn
Committed			
£400m 5.000% Senior Notes due Feb 2022**	400	400	—
£400m 3.875% Senior Notes due Mar 2023**	400	400	—
$500m 5.625% Senior Notes due Feb 2023*	386	386	—
$700m 4.125% Senior Notes due Dec 2018**	541	541	—
$500m 4.250% Senior Notes due Nov 2019**	386	386	—
$500m 3.500% Senior Notes due Mar 2020**	386	386	—
Revolving 5 year credit facility	1,870	—	1,870
Receivable factoring facilities***	270	154	116
Finance lease obligations	9	9	—

Subtotal	**4,648**	**2,662**	**1,986**
Prepaid costs	—	(17)	—
Total	**4,648**	**2,645**	**1,986**

* Issued by Jaguar Land Rover Automotive plc and guaranteed on a senior unsecured basis by Jaguar Land Rover Limited, Jaguar Land Rover Holdings Limited, Land Rover Exports Limited, JLR Nominee Company Limited and Jaguar Land Rover North America LLC.

** Issued by Jaguar Land Rover Automotive plc and guaranteed on a senior unsecured basis by Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited.

*** $350 million committed receivables factoring facility issued by Jaguar Land Rover Limited and guaranteed by Jaguar Land Rover Holdings Limited. A bilateral $200 million uncommitted receivables factoring facility, also issued by Jaguar Land Rover Limited and guaranteed by Jaguar Land Rover Holdings Limited, is also available which remained undrawn as at 30 September 2016.

Acquisitions and disposals

There were no material acquisitions or disposals in the period.

Off-balance sheet financial arrangements

The Company has no off-balance sheet financial arrangements other than to the extent disclosed in the condensed consolidated financial statements.

Other balance sheet items

As at 30 September 2016 JLR's UK defined benefit pension accounted deficit had increased to £1.86 billion from £810 million at 30 June 2016 primarily driven by a fall in UK AA rated corporate bond yields.

Business risks and mitigating factors

As discussed on pages 46-53 of the Annual Report 2015-16 of the Company, Jaguar Land Rover's principal risks and mitigating factors are documented.

Employees

At the end of Q2 FY17, Jaguar Land Rover employed 39,851 people worldwide including agency personnel. This compared to 36,960 at the end of Q2 FY16.

Board of directors

The following table provides information with respect to members of the Board of Directors of Jaguar Land Rover Automotive PLC:

Name	Position	Year appointed as Director, Chief Executive Officer
Cyrus P. Mistry	Chairman and Director	2012
Andrew M. Robb	Director	2009
Dr. Ralf D. Speth	Chief Executive Officer and Director	2010
Nasser Mukhtar Munjee	Director	2012
Chandrasekaran Ramakrishnan	Director	2013

Condensed Consolidated Income Statement
For the three and six months ended 30 September 2016 (unaudited)

(£ millions)	Note	Three months ended 30 September 2016 (unaudited)	Three months ended 30 September 2015 (unaudited)	Six months ended 30 September 2016 (unaudited)	Six months ended 30 September 2015 (unaudited)
Revenue		**5,953**	**4,831**	**11,414**	**9,833**
Material cost of sales excluding exceptional item		(3,527)	(2,916)	(6,754)	(5,822)
Exceptional item	2	(1)	(245)	50	(245)
Material and other cost of sales		(3,528)	(3,161)	(6,704)	(6,067)
Employee cost		(585)	(539)	(1,190)	(1,091)
Other expenses		(1,316)	(1,052)	(2,453)	(2,088)
Net impact of commodity derivatives		21	(46)	39	(73)
Development costs capitalised	3	371	306	693	621
Other income		64	33	120	129
Depreciation and amortisation		(410)	(365)	(798)	(683)
Foreign exchange loss		(316)	(142)	(501)	(64)
Finance income	4	8	8	17	18
Finance expense (net)	4	(15)	(29)	(36)	(47)
Share of profit/(loss) from equity accounted investments		33	(1)	78	(7)
Profit/(loss) before tax		**280**	**(157)**	**679**	**481**
Income tax (expense)/credit excluding tax on exceptional item		(36)	4	(121)	(142)
Tax on exceptional item		—	61	(10)	61
Income tax (expense)/credit	9	(36)	65	(131)	(81)
Profit/(loss) for the period		**244**	**(92)**	**548**	**400**

Condensed Consolidated Statement of Comprehensive Income and Expense
For the three and six months ended 30 September 2016 (unaudited)

(£ millions)	Three months ended 30 September 2016 (unaudited)	Three months ended 30 September 2015 (unaudited)	Six months ended 30 September 2016 (unaudited)	Six months ended 30 September 2015 (unaudited)
Profit/(loss) for the period	**244**	**(92)**	**548**	**400**
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	(1,066)	261	(1,293)	435
Income tax related to items that will not be reclassified	176	(52)	217	(87)
	(890)	**209**	**(1,076)**	**348**
Items that may be reclassified subsequently to profit or loss:				
(Loss)/gain on effective cash flow hedges	(562)	(136)	(2,094)	669
Cash flow hedges reclassified to 'Foreign exchange loss' in profit or loss	258	15	379	118
Currency translation differences	15	2	30	(14)
Income tax related to items that may be reclassified	56	25	327	(157)
	(233)	**(94)**	**(1,358)**	**616**
Other comprehensive (expense)/income net of tax	**(1,123)**	**115**	**(2,434)**	**964**
Total comprehensive (expense)/income attributable to shareholders	**(879)**	**23**	**(1,886)**	**1,364**

Condensed Consolidated Balance Sheet

As at (£ millions)	Note	30 September 2016 (unaudited)	31 March 2016 (audited)
Non-current assets			
Investments		375	339
Other financial assets		385	185
Property, plant and equipment		5,364	5,175
Intangible assets		5,801	5,497
Other non-current assets		99	45
Deferred tax assets		564	354
Total non-current assets		**12,588**	**11,595**
Current assets			
Cash and cash equivalents		2,382	3,399
Short-term deposits and investments		1,455	1,252
Trade receivables		1,040	1,078
Other financial assets	6	320	137
Inventories	7	3,394	2,685
Other current assets	8	411	411
Current tax assets		13	10
Total current assets		**9,015**	**8,972**
Total assets		**21,603**	**20,567**
Current liabilities			
Accounts payable		5,701	5,758
Short-term borrowings	14	154	116
Other financial liabilities	11	1,916	962
Provisions	12	603	555
Other current liabilities	13	358	427
Current tax liabilities		55	57
Total current liabilities		**8,787**	**7,875**
Non-current liabilities			
Long-term borrowings	14	2,482	2,373
Other financial liabilities	11	1,713	817
Provisions	12	850	733
Retirement benefit obligation	18	1,859	567
Other non-current liabilities		287	204
Deferred tax liabilities		47	384
Total non-current liabilities		**7,238**	**5,078**
Total liabilities		**16,025**	**12,953**
Equity attributable to shareholders			
Ordinary shares		1,501	1,501
Capital redemption reserve		167	167
Reserves	16	3,910	5,946
Equity attributable to shareholders		**5,578**	**7,614**
Total liabilities and equity		**21,603**	**20,567**

These condensed consolidated interim financial statements were approved by the Board of Directors.

Company registered number: 06477691

Condensed Consolidated Statement of Changes in Equity

(£ millions)	Ordinary share capital	Capital redemption reserve	Other reserves	Total equity
Balance at 1 April 2016 (audited)	**1,501**	**167**	**5,946**	**7,614**
Profit for the period	—	—	548	548
Other comprehensive expense for the period	—	—	(2,434)	(2,434)
Total comprehensive expense	**—**	**—**	**(1,886)**	**(1,886)**
Dividend paid	—	—	(150)	(150)
Balance at 30 September 2016 (unaudited)	**1,501**	**167**	**3,910**	**5,578**

(£ millions)	Ordinary share capital	Capital redemption reserve	Other reserves	Total equity
Balance at 1 April 2015 (audited)	**1,501**	**167**	**4,372**	**6,040**
Profit for the period	—	—	400	400
Other comprehensive income for the period	—	—	964	964
Total comprehensive income	**—**	**—**	**1,364**	**1,364**
Dividend paid	—	—	(150)	(150)
Balance at 30 September 2015 (unaudited)	**1,501**	**167**	**5,586**	**7,254**

Condensed Consolidated Cash Flow Statement
For the three and six months ended 30 September 2016 (unaudited)

(£ millions)	Note	Three months ended 30 September 2016 (unaudited)	Three months ended 30 September 2015 (unaudited)	Six months ended 30 September 2016 (unaudited)	Six months ended 30 September 2015 (unaudited)
Cash flows from/(used in) operating activities					
Cash generated from operations	21	797	514	802	450
Income tax paid		(41)	(48)	(100)	(105)
Net cash generated from operating activities		**756**	**466**	**702**	**345**
Cash flows (used in)/from investing activities					
Investment in other restricted deposits		(6)	(4)	(18)	(8)
Redemption of other restricted deposits		11	4	15	12
Movements in other restricted deposits		5	—	(3)	4
Investment in short-term deposits and investments		(1,041)	(680)	(1,772)	(1,488)
Redemption of short-term deposits and investments		884	1,065	1,592	1,674
Movements in short-term deposits and investments		(157)	385	(180)	186
Purchases of property, plant and equipment		(346)	(378)	(610)	(727)
Proceeds from sale of property, plant and equipment		1	—	1	—
Cash paid for intangible assets		(350)	(322)	(693)	(685)
Finance income received		8	9	17	20
Net cash used in investing activities		**(839)**	**(306)**	**(1,468)**	**(1,202)**
Cash flows (used in)/from financing activities					
Finance expenses and fees paid		(42)	(50)	(69)	(75)
Proceeds from issuance of short-term borrowings		146	117	218	272
Repayment of short-term borrowings		(85)	(142)	(191)	(291)
Repayments of long-term borrowings		—	—	(57)	—
Payments of finance lease obligations		(1)	(2)	(2)	(3)
Dividends paid		—	—	(150)	(150)
Net cash generated from/(used in) financing activities		**18**	**(77)**	**(251)**	**(247)**
Net (decrease)/increase in cash and cash equivalents*		**(65)**	**83**	**(1,017)**	**(1,104)**
Cash and cash equivalents at beginning of period		2,447	2,021	3,399	3,208
Cash and cash equivalents at end of period		**2,382**	**2,104**	**2,382**	**2,104**

* Included in 'Net (decrease)/increase in cash and cash equivalents' in the three month period is an increase of £30 million (three months ended 30 September 2015: decrease of £7 million) and in the six month period is an increase of £74 million (six months ended 30 September 2015: decrease of £42 million) arising from the impact of foreign exchange rate changes on cash and cash equivalents.

Notes

(forming part of the condensed consolidated interim financial statements)

1 Accounting policies

Basis of preparation

The information for the three and six month periods ended 30 September 2016 is unaudited and does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The condensed consolidated interim financial statements of Jaguar Land Rover Automotive plc have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' under International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU').

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments held at fair value as highlighted in note 15.

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2016, which were prepared in accordance with IFRS as adopted by the EU.

The condensed consolidated interim financial statements have been prepared on the going concern basis as set out within the directors' statement of responsibilities section of the Group's annual report for the year ended 31 March 2016.

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2016, as described in those financial statements.

2 Exceptional item

The exceptional item of £1 million for the quarter ended 30 September 2016 relates to the continuing impact of the explosion at the port of Tianjin (China) in August 2015. The exceptional cost to the income statement for the quarter is the result of sales of vehicles being at a lower net realisable value than that estimated at 30 June 2016.

The process for finalising ongoing insurance claims may take some months to conclude, so further insurance and other potential recoveries will only be recognised in future periods when received or confirmed as receivable. Due to the size of the provision recorded, the charge together with the associated tax impact was disclosed as an exceptional item in fiscal 2016, as such any future recoveries will similarly be recognised as a reversal of that charge through exceptional items.

3 Research and development

	Three months ended		**Six months ended**	
(£ millions)	**30 September 2016 (unaudited)**	**30 September 2015 (unaudited)**	**30 September 2016 (unaudited)**	**30 September 2015 (unaudited)**
Total research and development costs incurred	459	381	866	760
Research and development expensed	(88)	(75)	(173)	(139)
Development costs capitalised	**371**	**306**	**693**	**621**
Interest capitalised	22	16	42	36
Research and development expenditure credit	(20)	(18)	(40)	(36)
Total internally developed intangible additions	**373**	**304**	**695**	**621**

4 Finance income and expense

Recognised in net income

(£ millions)	Three months ended 30 September 2016 (unaudited)	Three months ended 30 September 2015 (unaudited)	Six months ended 30 September 2016 (unaudited)	Six months ended 30 September 2015 (unaudited)
Finance income	8	8	17	18
Total finance income	**8**	**8**	**17**	**18**
Total interest expense on financial liabilities measured at amortised cost	(35)	(40)	(73)	(74)
Unwind of discount on provisions	(4)	(5)	(8)	(10)
Interest capitalised	24	16	45	37
Total finance expense (net)	**(15)**	**(29)**	**(36)**	**(47)**

The capitalisation rate used to calculate borrowing costs eligible for capitalisation during the six month period was 4.4% (six months ended 30 September 2015: 4.6%).

5 Allowances for trade and other receivables

Changes in the allowances for trade and other receivables are as follows:

(£ millions)	Six months ended 30 September 2016 (unaudited)	Year ended 31 March 2016 (audited)
At beginning of period/year	60	11
Charged during the period/year	—	49
Utilised during the period/year	(4)	—
Unused amounts reversed	(9)	—
Foreign currency translation	10	—
At end of period/year	**57**	**60**

6 Other financial assets—current

As at (£ millions)	30 September 2016 (unaudited)	31 March 2016 (audited)
Advances and other receivables recoverable in cash	6	8
Derivative financial instruments	210	73
Accrued income	19	12
Other	85	44
Total current other financial assets	**320**	**137**

7 Inventories

As at (£ millions)	30 September 2016 (unaudited)	31 March 2016 (audited)
Raw materials and consumables	113	92
Work-in-progress	396	379
Finished goods	2,885	2,214
Total inventories	**3,394**	**2,685**

8 Other current assets

As at (£ millions)	30 September 2016 (unaudited)	31 March 2016 (audited)
Recoverable VAT	148	218
Prepaid expenses	182	111
Other	81	82

Total current other assets	**411**	**411**

9 Taxation

Recognised in the income statement

The income tax for the three and six month periods ended 30 September 2016 is charged at the estimated effective tax rate expected to apply for the applicable financial year end.

10 Capital expenditure

Capital expenditure in the six month period was £554 million (six month period to 30 September 2015: £704 million) on property, plant and equipment and £739 million (six month period to 30 September 2015: £705 million) was capitalised as intangible assets (excluding research and development tax credits). There were no impairments, material disposals or changes in use of assets.

11 Other financial liabilities

As at (£ millions)	30 September 2016 (unaudited)	31 March 2016 (audited)
Current		
Finance lease obligations	3	5
Interest accrued	23	25
Derivative financial instruments	1,556	666
Liability for vehicles sold under a repurchase arrangement	334	266
	1,916	**962**
Non-current		
Finance lease obligations	6	6
Derivative financial instruments	1,705	809
Other payables	2	2
	1,713	**817**

12 Provisions

As at (£ millions)	30 September 2016 (unaudited)	31 March 2016 (audited)
Current		
Product warranty	475	441
Legal and product liability	111	99
Provisions for residual risk	7	6
Provision for environmental liability	9	8
Other employee benefits obligations	1	1
Total current provisions	**603**	**555**
Non-current		
Product warranty	763	688
Legal and product liability	38	—
Provision for residual risk	17	13
Provision for environmental liability	24	23
Other employee benefits obligations	8	9
Total non-current provisions	**850**	**733**

Six months ended 30 September 2016 (unaudited) (£ millions)	Product warranty	Legal and product liability	Residual risk	Environmental liability	Total
Opening balance	1,129	99	19	31	1,278
Provision made during the period	322	64	6	2	394
Reclassification from accounts payable	—	19	—	—	19
Provision used during the period	(251)	(3)	(3)	—	(257)
Unused amounts reversed in the period	(23)	(31)	—	—	(54)
Impact of discounting	8	—	—	—	8
Foreign currency translation	53	1	2	—	56

Closing balance	**1,238**	**149**	**24**	**33**	**1,444**

Product warranty provision

The Group offers warranty cover in respect of manufacturing defects, which become apparent one to five years after purchase, dependent on the market in which the purchase occurred.

Legal and product liability provision

A legal and product liability provision is maintained in respect of compliance with regulations, contractual obligations and known litigations which impact the Group.

Residual risk provision

In certain markets, the Group is responsible for the residual risk arising on vehicles sold by dealers on leasing arrangements. The provision is based on the latest available market expectations of future residual value trends. The timing of the outflows will be at the end of the lease arrangements—being typically up to three years.

Notes

(forming part of the condensed consolidated interim financial statements)

12 Provisions

Environmental liability provision

This provision relates to various environmental remediation costs such as asbestos removal and land clean up. The timing of when these costs will be incurred is not known with certainty.

13 Other current liabilities

As at (£ millions)	30 September 2016 (unaudited)	31 March 2016 (audited)
Liabilities for advances received	44	139
Deferred revenue	128	93
VAT	130	131
Other	56	64
Total current other liabilities	**358**	**427**

14 Interest bearing loans and borrowings

As at (£ millions)	30 September 2016 (unaudited)	31 March 2016 (audited)
Short-term borrowings		
Bank loans	154	116
Short-term borrowings	**154**	**116**
Long-term borrowings		
EURO MTF listed debt	2,482	2,373
Long-term borrowings	**2,482**	**2,373**
Finance lease obligations	9	11
Total debt	**2,645**	**2,500**

15 Financial Instruments

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments held at fair value. These financial instruments are classified as level 2 fair value measurements, as defined by IFRS 13, being those derived from inputs other than quoted prices which are observable. There have been no changes in the valuation techniques used or transfers between fair value levels from those set out in note 34 to the annual consolidated financial statements for the year ended 31 March 2016.

The following tables show the carrying amounts and fair value of each category of financial assets and liabilities.

	30 September 2016		31 March 2016	
As at (£ millions)	Carrying value (unaudited)	Fair value (unaudited)	Carrying value (audited)	Fair value (audited)
Cash and cash equivalents	2,382	2,382	3,399	3,399
Short-term deposits	1,455	1,455	1,252	1,252
Trade receivables	1,040	1,040	1,078	1,078
Other financial assets—current	320	320	137	137
Other financial assets—non-current	385	385	185	185
Total financial assets	**5,582**	**5,582**	**6,051**	**6,051**

	30 September 2016		31 March 2016	
As at (£ millions)	Carrying value (unaudited)	Fair value (unaudited)	Carrying value (audited)	Fair value (audited)
Accounts payable	5,701	5,701	5,758	5,758
Short-term borrowings	154	154	116	116
Long-term borrowings	2,482	2,609	2,373	2,398
Other financial liabilities—current	1,916	1,916	962	962

Other financial liabilities—non-current	1,713	1,713	817	817
Total financial liabilities	**11,966**	**12,093**	**10,026**	**10,051**

16 Other reserves

The movement of reserves is as follows:

(£ millions)	Translation reserve	Hedging reserve	Retained earnings	Total reserves
Balance at 1 April 2016 (audited)	**(363)**	**(873)**	**7,182**	**5,946**
Profit for the period	—	—	548	548
Remeasurement of defined benefit obligation	—	—	(1,293)	(1,293)
Loss on effective cash flow hedges	—	(2,094)	—	(2,094)
Currency translation differences	30	—	—	30
Income tax related to items recognised in other comprehensive income	—	403	217	620
Cash flow hedges reclassified to 'Foreign exchange loss' in profit or loss	—	379	—	379
Income tax related to items reclassified to profit or loss	—	(76)	—	(76)
Dividend paid	—	—	(150)	(150)
Balance at 30 September 2016 (unaudited)	**(333)**	**(2,261)**	**6,504**	**3,910**

(£ millions)	Translation reserve	Hedging reserve	Retained earnings	Total reserves
Balance at 1 April 2015 (audited)	**(362)**	**(910)**	**5,644**	**4,372**
Profit for the period	—	—	400	400
Remeasurement of defined benefit obligation	—	—	435	435
Gain on effective cash flow hedges	—	669	—	669
Currency translation differences	(14)	—	—	(14)
Income tax related to items recognised in other comprehensive income	—	(133)	(87)	(220)
Cash flow hedges reclassified to 'Foreign exchange loss' in profit or loss	—	118	—	118
Income tax related to items reclassified to profit or loss	—	(24)	—	(24)
Dividend paid	—	—	(150)	(150)
Balance at 30 September 2015 (unaudited)	**(376)**	**(280)**	**6,242**	**5,586**

17 Dividends

During the three months ended 30 September 2016, no ordinary share dividend was proposed and paid (three months to 30 September 2015: £nil).

During the six months ended 30 September 2016, an ordinary share dividend of £150 million was proposed and paid (six months to 30 September 2015: £150 million).

18 Employee benefits

The Group has pension arrangements providing employees with defined benefits related to pay and service as set out in the rules of each fund. The following table sets out the disclosure pertaining to employee benefits of Jaguar Land Rover Limited and overseas subsidiaries which operate defined benefit pension plans.

(£ millions)	Six months ended 30 September 2016 (unaudited)	Year ended 31 March 2016 (audited)
Change in defined benefit obligation		
Defined benefit obligation at beginning of the period	7,668	7,883
Current service cost	99	224
Interest expense	138	263
Actuarial losses/(gains) arising from:		
—Changes in demographic assumptions	—	(36)
—Changes in financial assumptions	2,640	(569)
—Experience adjustments	(63)	63
Exchange differences on foreign schemes	5	3

Member contributions	1	2
Benefits paid	(104)	(165)
Defined benefit obligation at end of period	**10,384**	**7,668**
Change in plan assets		
Fair value of plan assets at beginning of the period	7,103	6,997
Interest income	129	233
Remeasurement gain/(loss) on the return of plan assets, excluding amounts included in interest income	1,282	(52)
Administrative expenses	(5)	(8)
Exchange differences on foreign schemes	3	1
Employer contributions	116	95
Member contributions	1	2
Benefits paid	(104)	(165)
Fair value of scheme assets at end of period	**8,525**	**7,103**
Amount recognised in the consolidated balance sheet consist of		
Present value of defined benefit obligations	(10,384)	(7,668)
Fair value of scheme assets	8,525	7,103
Restriction on asset and onerous obligation	—	(2)
Net liability	**(1,859)**	**(567)**
Non-current liabilities	(1,859)	(567)

The range of assumptions used in accounting for the pension plans in both periods is set out below:

	Six months ended 30 September 2016 (unaudited)	**Year ended 31 March 2016 (audited)**
Discount rate	2.4%	3.6%
Expected rate of increase in compensation level of covered employees	3.6%	3.5%
Inflation rate	3.1%	3.0%

For the valuations at 30 September 2016 and 31 March 2016, the mortality assumptions used are the SAPS base table, in particular S2NxA tables and the Light table for members of the Jaguar Executive Pension Plan. A scaling factor of 120% for males and 110% for females has been used for the Jaguar Pension Plan, 115% for males and 105% for females for the Land Rover Pension Scheme, and 95% for males and 85% for females for the Jaguar Executive Pension Plan. There is an allowance for future improvements in line with the CMI (2014) projections with an allowance for long-term improvements of 1.25 percent per annum.

19 Commitments and contingencies

In the normal course of business, the Group faces claims and assertions by various parties. The Group assesses such claims and assertions and monitors the legal environment on an on-going basis, with the assistance of external legal counsel wherever necessary. The Group 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 Group provides a disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. Management believe that none of the contingencies described below, either individually or in aggregate, would have a material adverse effect on the Group's financial condition, results of operations, or cash flows.

Litigation and product related matters

The Group is involved in legal proceedings, both as plaintiff and as defendant. There are claims and potential claims of £6 million (31 March 2016: £6 million) against the Group which management have not recognised as they are not considered probable, along with other claims which at this stage cannot be reliably estimated. These claims and potential claims pertain to motor accident claims, consumer complaints, employment and dealership arrangements, replacement of parts of vehicles, personal injury claims and/or compensation for deficiency in the services by the Group or its dealers.

The Group has provided for the estimated costs of repair following the passenger safety airbag issue in the United States, Japan and Korea. The Group recognises that there is a potential risk of further recalls in other countries in

the future, however, the Group are unable at this point in time to reliably estimate the amount and timings of any potential future costs associated with this warranty issue.

Other taxes and dues

During the year ended 31 March 2015, the Group's Brazilian subsidiary received a demand for 167 million Brazilian Real (£40 million at 30 September 2016 exchange rates) in relation to additional indirect taxes (PIS and COFINS) claimed as being due on local vehicle and parts sales made in 2010. The matter is currently being contested before the Brazilian appellate authorities. Professional legal opinions obtained in Brazil fully support that the basis of the tax authority's assertion is incorrect and, as a result, the likelihood of any settlement ultimately having to be made is considered remote. Accordingly, no provision has been recognised in the financial statements and the matter is disclosed here purely for the purposes of completeness.

Notes

(forming part of the condensed consolidated interim financial statements)

19 Commitments and contingencies

The Group had no other significant tax matters in dispute as at 30 September 2016 or 31 March 2016 where a potential loss was considered possible.

Commitments and contingencies

The Group has entered into various contracts with vendors and contractors for the acquisition of plant and machinery, equipment and various civil contracts of capital nature aggregating £1,234 million (31 March 2016: £797 million) and £18 million (31 March 2016: £12 million) relating to the acquisition of intangible assets.

Commitments and contingencies also includes other contingent liabilities of £66 million (31 March 2016: £28 million).

The remaining financial commitments, in particular the purchase commitments and guarantees, are of a magnitude typical for the industry.

Inventory of £nil (31 March 2016: £nil) and trade receivables with a carrying amount of £154 million (31 March 2016: £116 million) and property, plant and equipment with a carrying amount of £nil (31 March 2016: £nil) and restricted cash with a carrying amount of £nil (31 March 2016: £nil) are pledged as collateral/security against the borrowings and commitments.

The Group's share of capital commitments of its joint ventures at 30 September 2016 is £116 million (31 March 2016: £102 million) and other contingent liabilities of its joint ventures at 30 September 2016 is £1 million (31 March 2016: £nil).

20 Capital Management

The Group's objectives when managing capital are to ensure the going concern operation of its entities and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to meet shareholder expectations.

The Group's policy is to borrow primarily through capital market debt issues to meet anticipated funding requirements and maintain sufficient liquidity. The Group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required. Surplus cash in subsidiaries is pooled (where practicable) and invested to satisfy security, liquidity and yield requirements.

The capital structure is governed according to Group policies approved by the Board and is monitored by various metrics such as interest cover, as per the debt covenants. Funding requirements are reviewed periodically with any debt issuances and capital distributions approved by the Board.

The following table summarises the capital of the Group:

As at (£ millions)	30 September 2016 (unaudited)	31 March 2016 (audited)
Short-term debt	157	121
Long-term debt	2,488	2,379
Total debt*	**2,645**	**2,500**
Equity	5,578	7,614
Total capital (debt and equity)	**8,223**	**10,114**

* Total debt includes finance lease obligations of £9 million (31 March 2016: £11 million).

21 Notes to the consolidated cash flow statement

Reconciliation of profit before tax to cash generated from operations

(£ millions)	Three months ended 30 September 2016 (unaudited)	Three months ended 30 September 2015 (unaudited)	Six months ended 30 September 2016 (unaudited)	Six months ended 30 September 2015 (unaudited)
Cash flows from/(used in) operating activities				
Profit for the period	**244**	**(92)**	**548**	**400**
Adjustments for:				
Depreciation and amortisation	410	365	798	683
Loss on sale of assets	—	—	3	3
Foreign exchange loss/(gain) on loans	37	59	60	(40)
Income tax expense/(credit)	36	(65)	131	81
Finance expense (net)	15	29	36	47
Finance income	(8)	(8)	(17)	(18)
Foreign exchange (gain)/loss on derivatives	(53)	20	(74)	(51)
Foreign exchange loss/(gain) on short-term deposits and investments	4	(5)	(23)	13
Foreign exchange gain on other restricted deposits	(1)	—	(6)	—
Unrealised (gain)/loss on commodities	(34)	35	(67)	56
Share of (profit)/loss from equity accounted investments	(33)	1	(78)	7
Exceptional item	1	245	(50)	245
Other non-cash adjustments	3	(1)	5	—
Cash flows from operating activities before changes in assets and liabilities	**621**	**583**	**1,266**	**1,426**
Trade receivables	92	(68)	38	138
Other financial assets	4	9	21	7
Other current assets	32	14	—	(2)
Inventories	(12)	(50)	(659)	(628)
Other non-current assets	(11)	(12)	(23)	(14)
Accounts payable	(56)	(61)	(77)	(613)
Other current liabilities	(58)	18	(69)	(18)
Other financial liabilities*	18	24	67	62
Other non-current liabilities and retirement benefit obligations	23	78	81	141
Provisions	144	(21)	157	(49)
Cash generated from operations	**797**	**514**	**802**	**450**

* Comparatives have been revised for the amendment made in the current year to separately disclose 'Unrealised (gain)/loss on commodities', which has resulted in a reclassification of amounts from 'Other financial liabilities'. There is no impact on 'Cash generated from operations' as previously reported for the three and six months ended 30 September 2015.

22 Related party transactions

The Group's related parties principally consist of Tata Sons Limited, subsidiaries, associates and joint ventures of Tata Sons Limited which includes Tata Motors Limited (the ultimate parent company), subsidiaries, associates and joint ventures of Tata Motors Limited. The Group routinely enters into transactions with these related parties in the ordinary course of business including transactions for sale and purchase of products with its associates and joint ventures. Transactions and balances with the Group's own subsidiaries are eliminated on consolidation.

The following table summarises related party transactions and balances not eliminated in the consolidated condensed interim financial statements.

	2016 (unaudited)	2015* (unaudited)

Six months ended 30 September (£ millions)	With joint ventures of the Group	With Tata Sons Limited and its subsidiaries and joint ventures	With immediate or ultimate parent and its subsidiaries and joint ventures	With joint ventures of the Group	With Tata Sons Limited and its subsidiaries and joint ventures	With immediate or ultimate parent and its subsidiaries and joint ventures
Sale of products	288	36	15	153	5	22
Purchase of goods	—	39	37	—	41	47
Services received	66	97	50	37	82	51
Services rendered	41	—	2	20	—	—
Trade and other receivables	73	10	16	56	1	32
Accounts payable	1	46	21	—	17	23
Dividends received/receivable	68	—	—	—	—	—
Dividend paid	—	—	150	—	—	150

* The 2015 comparative balances have been restated, in order to fully reflect the transactions between all of the Group's related party entities.

Compensation of key management personnel

Six months ended 30 September (£ millions)	2016 (unaudited)	2015 (unaudited)
Key management personnel remuneration	12	7

ISSUER

Jaguar Land Rover Automotive plc
Abbey Road
Whitley
Coventry
CV3 4LF
United Kingdom

LEGAL ADVISERS TO THE ISSUER

as to United States law
Shearman & Sterling (London) LLP
9 Appold Street
London EC2A 2AP
United Kingdom

as to English law
Hogan Lovells International LLP
Atlantic House
Holborn Viaduct
London EC1A 2FG
United Kingdom

LEGAL ADVISERS TO THE INITIAL PURCHASERS

as to United States and English law

Sullivan & Cromwell LLP
1 New Fetter Lane
London EC4A 1AN
United Kingdom

TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR
Citibank, N.A., London Branch
13th Floor, Citigroup Centre
Canada Square
London E14 5LB
United Kingdom

LEGAL ADVISERS TO THE TRUSTEE

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

LISTING AGENT

Banque Internationale à Luxembourg
69 route d'Esch
L-1470 Luxembourg

Jaguar Land Rover Automotive plc

€650,000,000

2.200% Senior Notes due 2024

Guaranteed on a senior unsecured basis by Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited

---

OFFERING MEMORANDUM

Joint Bookrunners

12 January 2017