

# **Jaguar Land Rover Limited**

ANNUAL REPORT AND FINANCIAL STATEMENTS

Registered number 1672070

Year ended 31 March 2015

## **Directors and Advisors**

### **Directors**

W.K. Epple  
A.P. Goss  
K.D.M. Gregor  
P. Hodgkinson  
Dr. R.D. Speth  
W. Stadler  
M.D. Wright

### **Company Secretary**

S.L. Pearson

### **Registered office**

Abbey Road  
Whitley,  
Coventry  
CV3 4LF

### **Auditor**

Deloitte LLP  
Four Brindleyplace  
Brindley Place  
Birmingham  
B1 2HZ

## CONTENTS

STRATEGIC REPORT	1
DIRECTORS' REPORT	5
DIRECTORS' RESPONSIBILITIES STATEMENT	7
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAGUAR LAND ROVER LIMITED	8
INCOME STATEMENT	10
STATEMENT OF COMPREHENSIVE INCOME	10
BALANCE SHEET	11
STATEMENT OF CHANGES IN EQUITY	12
CASH FLOW STATEMENT	13
NOTES TO THE FINANCIAL STATEMENTS	14

## STRATEGIC REPORT

The directors present their strategic report for Jaguar Land Rover Limited (“the company”) for the year ended 31 March 2015.

### Principal activity

The company's principal activity during the year was the design, development, manufacture and marketing of high performance luxury saloons, specialist sports cars, four wheel drive off-road vehicles and related components. The product range is constantly being improved and updated as part of the company's commitment to provide technically advanced and competitively priced luxury vehicles.

### Review of business and future developments

The company has seen an increase in its turnover to INR 1,637,857.7 million (2014: INR 1,563,525.4 million)

Principal products for 2015 were:

- XK Sports Car
- XJ Saloon
- XF Saloon
- XF Sportbrake
- F-Type Coupe
- F-Type Convertible
- Defender
- Freelander
- Discovery
- Discovery Sport
- Range Rover
- Range Rover Sport
- Range Rover Evoque

### New Jaguar models and model actions during the year

In September 2014, the company revealed its all-new sports saloon, the Jaguar XE. The XE is manufactured at a new purpose-built production facility at the company's Solihull plant in the UK and went on general retail sale in May 2015. The XE was the first product from the all new aluminium-intensive architecture. Aluminium accounts for over 75 per cent of the structure, delivering low carbon emissions of 99g/km and fuel economy of 75mpg.

The Jaguar F-TYPE Coupe went on general retail sale in April 2014 and received an overwhelming reception by the market. All-wheel drive and manual transmission variants of the Jaguar F-TYPE Coupe and Convertible debuted at the Los Angeles Motor Show in November 2014. The powerful Jaguar F-TYPE R Convertible was also introduced at the same event and went on general retail sale in the Spring of 2015. The Jaguar F-TYPE R is powered by Jaguar's 5.0-litre V8 Supercharged petrol engine and is capable of 0-60mph in 3.9 seconds and a top speed of 186mph.

The Jaguar XFR-S Sportbrake was made available to customers during the year and is the first high-performance R-S branded sports estate produced by Jaguar. The XFR-S Sportbrake is powered by Jaguar's 5.0-litre supercharged V8 petrol engine and is capable of accelerating from 0-60mph in 3.9 seconds and reaching a top speed of 186mph.

The all-new lightweight Jaguar XF was revealed to the public in March 2015 and goes on sale in 2016. The all-new XF utilises the same aluminium-intensive architecture as the XE and Jaguar Land Rover's new efficient 2.0-litre diesel “Ingenium” engine will be available in the new XF line up.

Jaguar's all-new performance crossover, the F-PACE, was introduced at the Detroit Motor Show in January 2015 and goes on sale in 2016.

## STRATEGIC REPORT (CONTINUED)

### **New Land Rover models and model actions during the year**

The new Land Rover Discovery Sport was revealed by the company in September 2014 and is the world's most versatile and capable premium compact SUV. The Land Rover Discovery Sport is the first model from the new Discovery family and went on general retail sale in February 2015 replacing the Land Rover Freelander which was run out of production during the year.

The long wheelbase diesel hybrid Range Rover was launched at the Beijing Motor Show in April 2014, capable of delivering CO<sub>2</sub> emissions of 164g/Km and fuel economy of 44.1mpg. The Range Rover and Range Rover Sport Diesel Hybrids are the first models of their kind to be offered by any manufacturer in China.

A refreshed 16MY Range Rover Evoque was unveiled in the final quarter of the year ended 31 March 2015. It was also announced that a convertible derivative will go on sale later in the year ending 31 March 2016, which will be available with Jaguar Land Rover's new efficient 2.0-litre diesel "Ingenium" engine.

### **Advanced technology**

The 2.0-litre four-cylinder Ingenium diesel engine is designed to deliver class-leading torque and power outputs, combined with excellent refinement, reduced CO<sub>2</sub> emissions and lower fuel consumption. The new Diesel "Ingenium" engine ensures that our vehicles are amongst the most efficient premium automobiles available in the market place, beginning with the Jaguar XE which has CO<sub>2</sub> emissions as low as 99g/km. The technological advancements embedded in our "Ingenium" engines reduce internal friction, improve refinement and enhance overall performance. The engines are manufactured at the new Engine Manufacturing Centre in Wolverhampton.

### **Collaborations**

The National Automotive Innovation Centre:

This INR 13,850.4 million state-of-the-art technology hub brings together members of the company's advanced research team, and collaborative partners from the supply chain and academia. It's the next stage in the company's strategy to develop its global R&D and engineering capability. The National Automotive Innovation Centre is due to open in Spring 2017

Research projects with major universities:

The company has research relationships with many of the world's leading universities, including Oxford, Cambridge, UCL, Imperial and MIT. The programmes are usually for long range research projects, and include two combustion "centres of excellence" at Oxford and UCL.

### **Manufacturing**

Halewood:

In June 2014, the Halewood plant, which was already home to the company's fastest-selling model of all time – the Range Rover Evoque, benefited from a INR 18,467.2 million investment to support the introduction of the first member of the all-new Land Rover Discovery family. This takes the total amount invested in Halewood over the last four years to almost INR 46,168.1 million. In addition to a INR 4,155.1 million state-of-the-art Aida servo press line, the company installed 260 new automated robots, industry leading laser welding facilitates and a number of state of-the-art equipment monitoring and reporting systems to support an unrelenting focus on quality

## STRATEGIC REPORT (CONTINUED)

### Manufacturing (continued)

#### Solihull:

During the year ended 31 March 2015, Solihull's key focus remained on the launch of the Jaguar XE, with the commissioning of its new INR 46,168.1 million body shop and final assembly facilities, likened to a "factory within a factory". The ongoing development at the West Midlands based site means that the Solihull plant now represents one of the largest manufacturing growth stories in the UK for a generation – almost trebling production and doubling its workforce in five years. In January 2015, the company confirmed its breakthrough Jaguar performance crossover, the F-PACE, would join the Jaguar XE at Solihull, capitalising on its INR 138.5 billion investment in technically-advanced aluminium vehicle architecture.

#### Engine Manufacturing Centre:

In October 2014, Her Majesty the Queen officially opened the company's INR 46,168.1 million, 100,000 m<sup>2</sup>, Engine Manufacturing Centre (EMC). With a vision to set a new global benchmark for excellence in engine manufacturing, the state-of-the art facility houses an engine-testing centre alongside manufacturing and assembly halls, and meets the highest standards of sustainable production. The company drew on the expertise of 2,000 powertrain engineers to develop the Ingenium engine family, the first derivative of which is the highly efficient, ultra-low emission four-cylinder diesel engine which will feature in the Jaguar XE, XF, Range Rover Evoque and Land Rover Discovery Sport.

#### Castle Bromwich:

In March 2015, the company announced a INR 36,934.4 million investment in new and upgraded facilities at its Castle Bromwich Plant to support the introduction of the all-new Jaguar XF. This completes an all-aluminium line-up at the Midlands plant which has pioneered lightweight technologies for decades. The plant has seen significant investment at every stage of the manufacturing process. This includes a new blanker line and Aida press line, which is currently under construction and a INR 29,547.6 million aluminium body shop – the most flexible and versatile of its kind throughout the company, capable of switching between Jaguar's entire range of models mid-production.

### Environmental innovation

The company's ambition is to achieve long-term responsible business growth by placing Environmental Innovation at the heart of business strategy. The company has been successful in reducing the overall environmental impact and making a positive contribution to society through investing in four key areas:

- Our Products
- Transforming Operations
- Global Corporate Social Responsibility
- Inspiring People

The company continues to make progress towards achieving the ambitious targets set in our Sustainability Roadmap to 2020, which consolidates our achievements and provides focus for the business to deliver: products amongst the leaders in their segments on tailpipe CO<sub>2</sub> emissions; carbon neutral manufacturing and zero waste to landfill; and opportunities for 12 million people through global corporate social responsibility ("CSR").

In recognition of this, the company received a Queen's Award for Enterprise in Sustainable Development in April 2015, our 14th Queen's Award in recent years. This builds on the 2013 accolade as the first ever automotive manufacturer to become the UK's Responsible Business of the Year, from leading Corporate Responsibility Index, Business in the Community.

Specific aspects of the company's sustainability performance are addressed through board member led forums such as: Product Sustainability Committee, Manufacturing Sustainability Committee, Global CSR Committee, Environmental Innovation Steering Group, Environmental Innovation Operating Committee and the Carbon Working Group.

## STRATEGIC REPORT (CONTINUED)

### Key performance indicators

The key performance indicators (KPIs) used are set out below:

KPI	Commentary	2015	2014 (restated – see Note 2)
Turnover	Increase due to higher sales volumes alongside a strong market and model mix in 2015.	INR 1,637,857.7 million	INR 1,563,525.4 million
Profit before tax	Unfavourable foreign exchange in 2015 compared to favourable foreign exchange in 2014.	INR 148,199.4 million	INR 166,673.7 million
Net assets	Increase in net assets due to profits in 2015 offset by unfavourable foreign exchange booked in other comprehensive income.	INR 503,139.4 million	INR 500,619.0 million
Headcount (average)	Increased manufacturing and research and development headcount to support growth of the business.	30,777 employees	26,761 employees

### Principal risks and uncertainties

Principal risks and uncertainties facing the company include, but are not limited to, the following:

#### **Credit risk**

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is specified within individual agreements.

#### **Liquidity risk**

The company maintains receivable based financing that is designed to ensure the company has sufficient available funds for operations.

Lower consumer demand for vehicles and tightening conditions in the credit markets, may adversely affect both consumer demand and the cost and availability of finance to the company.

#### **Interest rate cash flow risk**

The company has both interest bearing assets (including cash and bank balances) and interest bearing liabilities, a proportion of which are at variable rates. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

#### **Currency risk**

The company's operations are exposed to global market risks, including the effect of changes in foreign currency exchange rates and certain commodity prices.

#### **Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk, interest rate risk and currency risk. The company has in place a risk management programme that sets out specific guidelines to manage these risks and the circumstances where it would be appropriate to use financial instruments to manage these.

Approved by the Board of Directors and signed on behalf of the Board,

S. L. Pearson  
Secretary  
[x] July 2015

#### **Registered Address**

Abbey Road, Whitley, Coventry, CV3 4LF

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for Jaguar Land Rover Limited ("the company") for the year ended 31 March 2015.

### Results and dividends

The income statement shows a profit after tax for the financial year of INR 117,820.8 million (2014: INR 133,398.7 million (restated)).

The directors recommend that a dividend of INR 13,850.4 million representing INR 5.54 per ordinary share of INR 92.3 should be proposed in respect of the financial results for year ended 31 March 2015 (2014: INR 14,943.9 million, representing INR 9.0 per ordinary share of INR 99.6).

### Going concern and post balance sheet events

The directors have considered the financial position of the company at 31 March 2015 (net assets of INR 503,139.4 million (2014: net assets of INR 500,619.0 million)) and the projected cash flows and financial performance of the company 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 company will remain profitable.

The directors have taken action to ensure that appropriate cash resources are available to fund company operations through existing external and intercompany funding through pooling arrangements with other companies in the Jaguar Land Rover group. The company has receivable financing facilities routinely provided on an uncommitted basis which are expected to continue for the foreseeable future.

Therefore the directors consider, after making appropriate enquires that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

The company is a joint guarantor on loans by Jaguar Land Rover Automotive plc.

### Directors

The directors who held office during the year and subsequently are as follows:

W.K. Epple

A.P. Goss (appointed 7 January 2015)

K.D.M. Gregor

P. Hodgkinson

P.C. Popham (resigned 31 December 2014)

Dr. R.D. Speth

W. Stadler

M.D. Wright

### Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### Research and development

The company is committed to a continuing programme of major expenditure on research and development.

Product development cost incurred on new vehicle platforms, engines, transmission and new products are recognised as intangible assets.

### Employees

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the company magazines. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

## **DIRECTORS' REPORT (CONTINUED)**

### **Disabled employees**

The company is committed to a workplace that is inclusive and values diversity. It is the policy of the company that the training, career development and promotion opportunities for disabled people should be identical to that of other employees. The company actively encourages a diversity of applicants for all job vacancies.

In the event of members of staff becoming disabled every reasonable effort is made by the company to ensure that they can continue to contribute fully within the organisation.

### **Donations**

Charitable donations in the year amounted to INR 7,294,551.9 (2014: INR 63,860,060.9), principally to national charities. There were no contributions to political parties (2014: INR nil).

### **Independent auditors**

In accordance with Section 485 - 488 of the Companies Act 2006, the company has elected to dispense with laying financial statements before the general meeting, holding annual general meetings and the annual appointment of auditors. With such an election in force the company's auditor shall be deemed to be re-appointed for each succeeding financial year in accordance with Section 386 of the Act.

### **Statement of disclosure of information to auditor**

In the case of each of the persons who are directors at the time when the report is approved under section 418(2) the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board,

S. L. Pearson  
Secretary  
[x] July 2015

### **Registered Address**

Abbey Road  
Whitley  
Coventry  
CV3 4LF

## DIRECTORS' RESPONSIBILITIES STATEMENT

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 year. 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 IFRSs 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAGUAR LAND ROVER LIMITED**

We have audited the financial statements of Jaguar Land Rover Limited for the year ended 31 March 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 38. 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.

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 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 company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 financial statements, the company 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAGUAR LAND ROVER LIMITED (CONTINUED)**

### **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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

## INCOME STATEMENT

Year ended 31 March (INR millions)	Note	2015	2014 (restated)
<b>Revenue</b>	<b>3</b>	<b>1,637,857.7</b>	<b>1,563,525.4</b>
Material and other cost of sales		(1,013,573.3)	(1,007,913.0)
Employee cost	4	(170,544.7)	(154,519.4)
Other expenses	7	(283,933.5)	(268,690.4)
Development costs capitalised	8	106,925.2	102,614.4
Other income		2,123.7	5,479.4
Depreciation and amortisation		(95,660.1)	(85,777.7)
Foreign exchange (loss) / gain		(24,007.3)	17,633.7
Finance income	9	4,709.1	17,832.9
Finance expense (net)	9	(15,697.1)	(23,511.6)
<b>Profit before tax</b>	<b>10</b>	<b>148,199.4</b>	<b>166,673.7</b>
Income tax expense	11	(30,378.5)	(33,374.9)
<b>Profit for the year</b>		<b>117,820.8</b>	<b>133,398.7</b>

The prior year comparatives have been, see note 2 to the financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March (INR millions)	Note	2015	2014 (restated)
<b>Profit for the year</b>		<b>117,820.8</b>	<b>133,398.7</b>
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement of defined benefit obligation	29	(32,132.9)	(13,449.4)
Income tax related to items that will not be reclassified	16	6,463.5	1,594.0
		<b>(25,669.4)</b>	<b>(11,855.4)</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>			
(Loss) / gain on effective cash flow hedges		(156,417.3)	109,986.7
Cash flow hedges reclassified to foreign exchange gain / (loss) in profit or loss		(4,062.7)	(10,659.9)
Income tax related to items that may be reclassified	16	32,040.6	(21,120.6)
		<b>(128,439.5)</b>	<b>782,06.2</b>
<b>Other comprehensive (expense) / income net of tax</b>		<b>(154,108.9)</b>	<b>66,350.7</b>
<b>Total comprehensive (expense) / income attributable to shareholders</b>		<b>(36,288.0)</b>	<b>199,749.5</b>

## BALANCE SHEET

As at 31 March (INR millions)	Note	2015	2014
<b>Non-current assets</b>			
Investments	12	35,826.4	36,363.3
Other financial assets	13	2,585.4	44,333.4
Property, plant and equipment	14	408,402.5	313,820.8
Intangible assets	15	465,650.9	431,179.9
Other non-current assets	20	2,400.7	2,590.2
<b>Total non-current assets</b>		<b>914,866.0</b>	<b>828,257.9</b>
<b>Current assets</b>			
Cash and cash equivalents	17	246,168.0	171,555.4
Short-term deposits		97,414.5	119,451.1
Trade receivables		172,022.1	132,402.5
Other financial assets	13	19,944.5	38,355.8
Inventories	19	108,679.5	91,954.5
Other current assets	20	28,347.1	28,991.0
<b>Total current assets</b>		<b>672,576.1</b>	<b>582,710.6</b>
<b>Total assets</b>		<b>1,587,442.2</b>	<b>1,410,998.5</b>
<b>Current liabilities</b>			
Accounts payable	21	(371,006.4)	(345,800.7)
Short-term borrowings and current portion of long term debt	22	(131,486.6)	(162,987.6)
Other financial liabilities	23	(99,168.9)	(39,651.0)
Provisions	24	(35,641.7)	(30,684.7)
Other current liabilities	25	(3,139.4)	(3,287.6)
<b>Total current liabilities</b>		<b>(640,443.1)</b>	<b>(582,411.7)</b>
<b>Non-current liabilities</b>			
Long-term borrowings	22	(219,852.2)	(182,912.7)
Other financial liabilities	23	(82,825.4)	(9,564.0)
Provisions	24	(50,877.1)	(47,720.7)
Retirement benefit obligation	29	(79,963.1)	(65,653.3)
Deferred tax liabilities	16	(10,341.6)	(22,116.9)
<b>Total non-current liabilities</b>		<b>(443,859.6)</b>	<b>(327,967.7)</b>
<b>Total liabilities</b>		<b>(1,084,302.8)</b>	<b>(910,379.4)</b>
<b>Equity attributable to shareholders</b>			
Ordinary share capital	26	243,674.9	160,098.4
Reserves	27	259,464.4	340,520.5
<b>Equity attributable to shareholders</b>		<b>503,139.4</b>	<b>500,619.0</b>
<b>Total liabilities and equity</b>		<b>1,587,442.2</b>	<b>1,410,998.5</b>

These financial statements were approved by the board of directors and authorised for issue on [x] July 2015. They were signed on its behalf by:

*K. D. M. Gregor*  
Director

Company registered number: 01672070

## STATEMENT OF CHANGES IN EQUITY

(INR millions)	Ordinary share capital	Share premium	Reserves	Total equity
<b>Balance at 1 April 2014</b>	<b>148,384.1</b>	-	<b>315,604.7</b>	<b>463,988.9</b>
Profit for the year	-	-	117,820.8	117,820.8
Other comprehensive loss for the year	-	-	(154,108.9)	(154,108.9)
<b>Total comprehensive expense</b>	-	-	<b>(36,288.0)</b>	<b>(36,288.0)</b>
Increase in share capital	95,290.8	-	-	95,290.8
Dividend paid	-	-	(19,852.2)	(19,852.2)
<b>Balance at 31 March 2015</b>	<b>243,674.9</b>	-	<b>259,464.4</b>	<b>503,139.4</b>

(INR millions)	Ordinary share capital	Share premium	Reserves (restated)	Total equity
<b>Balance at 1 April 2013</b>	<b>149,438.5</b>	-	<b>155,714.9</b>	<b>305,153.5</b>
Profit for the year (restated)	-	-	133,398.7	133,398.7
Other comprehensive income for the year (restated)	-	-	66,350.7	66,350.7
<b>Total comprehensive income</b>	-	-	<b>199,749.5</b>	<b>199,749.5</b>
Increase in share capital	10,659.9	-	-	10,659.9
Dividend paid	-	-	14,943.9	14,943.9
<b>Balance at 31 March 2014</b>	<b>160,098.4</b>	-	<b>340,520.5</b>	<b>500,619.0</b>

## CASH FLOW STATEMENT

<b>Year ended 31 March (INR millions)</b>	<b>2015</b>	<b>2014 (restated)</b>
<b>Cash flows from operating activities</b>	<b>104,118.1</b>	<b>133,398.7</b>
<b>Profit for the year</b>		
Adjustments for:		
Depreciation and amortisation	95,660.1	85,777.7
Loss on sale of assets	646.3	199.2
Income tax expense	31,209.6	33,274.9
Foreign exchange loss / (gain) on loans	16,435.8	(8,368.5)
Foreign exchange loss / (gain) on derivatives	15,697.1	(5,180.5)
Foreign exchange (gain) / loss on short term deposits	(4,709.1)	4,084.6
Gain on embedded derivative	-	797.0
Finance expense (net)	15,697.1	22,714.6
Finance income	(4,709.1)	17,832.9
<b>Cash flows from operating activities before changes in assets and liabilities</b>	<b>283,010.1</b>	<b>248,864.9</b>
Trade receivables	49,307.4	45,927.4
Other financial assets	5,817.1	11,855.4
Other current assets	4,616.8	(21,319.8)
Inventories	(23,453.3)	(12,054.7)
Other non-current assets	(1,385.0)	(2,490.6)
Accounts payable	30,563.2	45,927.4
Other current liabilities	(92.3)	(7,173.0)
Other financial liabilities	3,785.7	5,379.7
Retirement benefit obligation	(10,341.6)	(11,755.8)
Provisions	13,019.3	20,821.7
<b>Cash generated from operations</b>	<b>256,232.6</b>	<b>323,982.7</b>
Income tax paid	-	-
<b>Net cash generated from operating activities</b>	<b>256,232.6</b>	<b>323,982.7</b>
<b>Cash flows used in investing activities</b>		
Investment in subsidiaries and joint ventures	(8,125.5)	7,770.8
Disposal of investment in subsidiaries and joint ventures	5,724.8	-
Investment in short-term deposits	(263,342.5)	(271,878.4)
Redemption of short-term deposits	281,348.0	225,652.1
Movements in short-term deposits	18,005.5	(46,226.3)
Purchases of property, plant and equipment	(142,105.2)	(118,554.5)
Proceeds from sale of property, plant and equipment	277.0	398.5
Cash paid for intangible assets	(110,895.6)	(114,868.4)
Dividends received	1,939.1	8,966.3
Other finance income received	2,677.7	8,767.0
<b>Net cash used in investing activities</b>	<b>(232,225.3)</b>	<b>(269,288.2)</b>
<b>Cash flows from financing activities</b>		
Issue of share capital	95,198.5	10,659.9
Finance expenses and fees paid	(25,207.7)	(35,765.6)
Proceeds from issuance of short-term borrowings	-	18,430.7
Repayment of short-term borrowings	(21,421.9)	-
Proceeds from issuance of long-term borrowings	95,290.8	82,589.7
Repayment of long-term borrowings	(60,295.4)	(78,704.2)
Payment of lease obligations	(554.6)	(498.1)
Dividends paid	(19,852.3)	(14,943.8)
<b>Net cash generated from / (used in) financing activities</b>	<b>63,157.8</b>	<b>(18,231.4)</b>
<b>Net change in cash and cash equivalents</b>	<b>87,165.2</b>	<b>36,462.9</b>
Cash and cash equivalents at beginning of year	159,002.7	135,092.4
<b>Cash and cash equivalents at end of year</b>	<b>246,168.0</b>	<b>171,555.4</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 BACKGROUND AND OPERATIONS

Jaguar Land Rover Limited ("the company", "JLR") designs, manufactures and sells a wide range of automotive vehicles.

The company is a 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 an indirect subsidiary of Tata Motors Limited, India ("TATA Motors"). 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 financial statements have been prepared in INR and rounded to the nearest INR 0.1 million unless otherwise stated.

On 1 April 2013, the trade and net assets of JLR Nominee Company Limited (previously Jaguar Land Rover Exports Limited) were transferred to the company at their book value.

### 2 ACCOUNTING POLICIES

#### STATEMENT OF COMPLIANCE

These 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 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 company and IFRS issued by the IASB.

The company is exempt from preparing consolidated group accounts under s.400 of the Companies Act 2006 and therefore these financial statements contain information about the company and not its group. The company is included in the consolidated accounts of Jaguar Land Rover Automotive plc which are available from the company's registered office.

#### BASIS OF PREPARATION

The 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 company at 31 March 2015 (net assets of INR 503,139.4 million (2014: INR 500,619.0 million)) and the projected cash flows and financial performance of the company 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 company 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 company, that the company has adequate resources to continue in operation as a going concern for the foreseeable future and is able to meet its financial covenants linked to the borrowings in place. Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements.

#### 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 company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2 ACCOUNTING POLICIES (CONTINUED)

#### USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

- (i) Note 14 – Property, plant and equipment – the company applies judgement in determining the estimate useful life of assets.
- (ii) Note 15 – 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 16 – Deferred tax – management applies judgement in establishing the timing of the recognition of deferred tax assets relating to historic losses and assessing its recoverability.
- (iv) Note 24 – Provision for product warranty – it is necessary for the company 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 29 – 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 company engages a qualified actuary to assist with determining the assumptions to be made when evaluating these liabilities.
- (vi) Note 32 – Financial instruments – the company 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 company 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 company. 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 company retains a significant financial interest. The company'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 company.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2 ACCOUNTING POLICIES (CONTINUED)

#### GOVERNMENT GRANTS AND INCENTIVES

Government grants are recognised when there is reasonable assurance that the company will comply with the relevant conditions and the grant will be received.

Government grants are recognised in the income statement on a systematic basis when the company 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 company 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 and presentation currency of GBP.

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 income statement.

#### INCOME TAXES

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the 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. 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 the company 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 less 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2 ACCOUNTING POLICIES (CONTINUED)

#### PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 capital work-in-progress 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 details below:

Class of intangible asset	Estimated amortisation period (years)
Software	2 to 8
Goodwill	Indefinite life
Customer related – Dealer networks	20
Patents and technological know-how	2 to 12
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.

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 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 company 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.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2 ACCOUNTING POLICIES (CONTINUED)

#### IMPAIRMENT

##### Property, plant and equipment and other intangible assets

At each balance sheet date, the company 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 company 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 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 income statement.

##### Investments in subsidiaries, 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 company's investments in subsidiaries, joint ventures and associates. 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.

#### 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 company 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 company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are held for product warranties, legal and product liabilities, residual risks and environmental risks as detailed in note 24 to the financial statements. The most significant is product warranty.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2 ACCOUNTING POLICIES (CONTINUED)

#### PROVISIONS (CONTINUED)

##### Product warranty

The company 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 company 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.

#### 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 company's balance sheet. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease in Other expenses.

#### EMPLOYEE BENEFITS

##### Pension plans

The company 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 company 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 company 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2 ACCOUNTING POLICIES (CONTINUED)

#### EMPLOYEE BENEFITS (CONTINUED)

##### Pension plans (continued)

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 company presents these defined benefit costs within Employee costs in the income statement (see note 4).

##### 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 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 company 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 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2 ACCOUNTING POLICIES (CONTINUED)

#### FINANCIAL INSTRUMENTS (CONTINUED)

##### Classification, initial recognition and measurement (continued)

*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 company 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 company after deducting all of its liabilities. Equity instruments issued by the company 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 company 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 company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

##### Derecognition of financial assets and financial liabilities

The company 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 company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to 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 income statement.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2 ACCOUNTING POLICIES (CONTINUED)

#### FINANCIAL INSTRUMENTS (CONTINUED)

##### Impairment of financial assets

The company 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 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 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 income statement on equity instruments are not reversed through the income statement.

##### Hedge accounting

The company uses foreign currency forward contracts and options to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The company 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 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 income statement. Amounts accumulated in other comprehensive income are reclassified to the 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 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 income statement.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2 ACCOUNTING POLICIES (CONTINUED)

#### NEW ACCOUNTING PRONOUNCEMENTS

**In the current year, the company 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 company's 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 company 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 amendment did not have a significant impact on the company's 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 company 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 company's 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 company. The company is evaluating the impact of these pronouncements on the company's 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.

## NOTES (CONTINUED)

### 2 ACCOUNTING POLICIES (CONTINUED)

#### NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

**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 company. The company is evaluating the impact of these pronouncements on the 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 company 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2 ACCOUNTING POLICIES (CONTINUED)

#### PRIOR YEAR RESTATEMENT

The income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes (where relevant) have been restated in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for a prior year error identified subsequent to the filing of the prior year accounts.

On the 1 January 2013, the Company acquired the trade and assets of Jaguar Land Rover Holdings Limited ('JLRHL'). As part of the acquisition, derivative assets held by JLRHL were legally novated at fair value between companies leading to an adjustment to the hedge reserve of INR 17,082.2 million being recognised in the company's accounts. The derivatives transferred were subsequently realised as a gain through the income statement, however, no corresponding release of the hedge reserve loss was made.

The impact of correcting for this error on the opening reserves for the year ended 31 March 2014 was a INR 1,108.0 million increase in the hedge reserve and INR 1,108.0 million decrease in retained earnings. There was no impact on net assets reported at 31 March 2013 or 31 March 2014.

The impact of the restatement on the components of total comprehensive income for the year ended 31 March 2014 is as follows:

As at 31 March (INR millions)	2014
<b>Impact on the income statement</b>	
Increase in foreign exchange gain / (loss)	(5,909.5)
Decrease in income tax expense	1,662.0
<b>Decrease in profit for the year</b>	<b>(4,247.5)</b>
<b>Impact on the statement of comprehensive income</b>	
Decrease in cash flow hedges reclassified to foreign exchange gain / (loss) in profit or loss	5,909.5
Income tax related to items recognised in other comprehensive income	(1,292.7)
Income tax related to items reclassified to profit or loss	(369.3)
<b>Increase in other comprehensive income net of tax</b>	<b>4,247.5</b>
<b>Change in total other comprehensive income</b>	<b>-</b>

The impact of the restatement on the components of the cash flow statement for the year ended 31 March 2014 is as follows:

As at 31 March (INR millions)	2014
<b>Impact on the cash flow statement</b>	
Decrease in profit for the year	(4,247.5)
Decrease in income tax expense	(1,662.0)
<b>Decrease in cash flow from operating activities before changes in assets and liabilities</b>	<b>(5,909.5)</b>
Increase in other financial assets	5,909.5
<b>Change in cash generated from operations</b>	<b>-</b>
<b>Change in cash and cash equivalents</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3 REVENUE

Year ended 31 March ( INR millions)	2015	2014
Sale of goods	1,637,857.7	1,563,525.4
<b>Total revenues</b>	<b>1,637,857.7</b>	<b>1,563,525.4</b>

### 4 EMPLOYEE NUMBERS AND COSTS

Year ended 31 March (INR millions)	2015	2014
Wages and salaries	123,877.7	105,105.0
Social security costs and benefits	25,023.0	26,500.4
Pension costs	21,698.9	22,913.9
<b>Total employee costs</b>	<b>170,544.7</b>	<b>154,519.4</b>

Average employee numbers year ended 31 March (including agency employees)	2015	2014
Manufacturing	18,192	15,560
Research and development	7,901	6,223
Other	4,684	4,978
<b>Total employee numbers</b>	<b>30,777</b>	<b>26,761</b>

### 5 DIRECTORS' EMOLUMENTS

Year ended 31 March (INR)	2015	2014
Directors' emoluments	840,744,844.2	590,368,130.9
Amounts receivable under long term incentive schemes	178,073,585.2	192,414,946.2
	<b>1,018,818,429.4</b>	<b>782,783,077.1</b>

The aggregate of emoluments and amounts receivable under the long term incentive plan (LTIP) of the highest paid director was INR 237,276,260.8 (2014: INR 242,446,863.0). In addition, for the highest paid director, pension benefits of INR 136,263,337.5 (2014: INR 52,203,856.3) have accrued in the year. During the year, the highest paid director did not receive any LTIP awards.

Year ended 31 March (number)	2015	2014
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	3	4

### 6 LONG TERM INCENTIVE PLAN (LTIP)

The company 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 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 INR nil.

Year ended 31 March (number)	2015	2014
Outstanding at the beginning of the year	4,964,474	3,913,815
Granted during the year	2,153,072	1,799,437
Vested in the year	(1,540,212)	(739,469)
Forfeited in the year	(367,961)	(9,309)
<b>Outstanding at the end of the year</b>	<b>5,209,373</b>	<b>4,964,474</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 6 LONG TERM INCENTIVE PLAN (LTIP) (CONTINUED)

The weighted average share price of the 1,540,212 phantom stock awards vesting in the year was INR 543.0 (2014: INR 443.3).

The weighted average remaining contractual life of the outstanding awards is 1.3 years (2014: 1.3 years).

The amount charged in the year in relation to the long term incentive plan was INR 1,292.7 million (2014: INR 1,095.9 million).

The fair value of the balance sheet liability in respect of phantom stock awards outstanding at the year end was INR 1,939.1 million (2014: INR 1,594.0 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	2015	2014
Risk-Free rate (%)	0.49	0.91
Dividend yield (%)	0.39	0.49
Weighted average fair value per phantom share	INR 566.9	INR 493.1

### 7 OTHER EXPENSES

Year ended 31 March (INR millions)	2015	2014
Stores, spare parts and tools	11,357.3	11,257.7
Freight cost	48,938.1	49,912.5
Works, operations and other costs	146,168.0	132,502.2
Repairs	2,585.4	1,594.0
Power and fuel	5,170.8	6,077.2
Rent, rates and other taxes	1,846.7	1,494.4
Insurance	1,754.3	1,594.0
Warranty	38,042.4	40,248.8
Publicity	28,070.1	24,009.8
<b>Total other expenses</b>	<b>283,933.5</b>	<b>26,869.0</b>

### 8 RESEARCH AND DEVELOPMENT

Year ended 31 March (INR millions)	2015	2014
Total research and development costs incurred	130,286.2	126,126.1
Research and development expensed	(23,361.0)	(23,511.7)
<b>Development costs capitalised</b>	<b>106,925.2</b>	<b>102,614.4</b>
Interest capitalised	10,526.3	10,161.8
Research and development expenditure credit	(6,371.1)	(4,483.1)
<b>Total internally developed intangible additions</b>	<b>111,080.3</b>	<b>108,293.1</b>

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, INR 6,094.2 million (2014: INR 4,483.1 million) of the RDEC, the proportion relating to capitalised product development expenditure, has been offset against the cost of the respective assets. The remaining INR 2,770.1 million (2014: INR 1,793.2 million) of the RDEC has been recognised as other income.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 9 FINANCE INCOME AND EXPENSE

Year ended 31 March (INR millions)	2015	2014
Finance income	2,770.0	8,866.7
Dividends received	1,939.0	8,966.3
<b>Total finance income</b>	<b>4,709.1</b>	<b>17,832.9</b>
Total interest expense on financial liabilities measured at amortised cost	(25,577.0)	(34,470.4)
Unwind of discount on provisions	(831.0)	498.1
Interest capitalised	10,710.9	11,257.7
<b>Total interest expense</b>	<b>(15,697.1)</b>	<b>(22,714.7)</b>
Embedded derivative value	-	(797.0)
<b>Total finance expense (net)</b>	<b>(10,987.8)</b>	<b>(5,678.7)</b>

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 5.8% (2014: 7.2%)

### 10 PROFIT BEFORE TAX

Expense / (income) included in profit before tax for the year are the following:

Year ended 31 March (INR millions)	2015	2014
Foreign exchange loss / (gain) on loans	16,435.8	(8,368.6)
Foreign exchange loss / (gain) on derivatives	15,697.1	(5,180.5)
Unrealised loss on commodities	2,770.0	597.8
Depreciation of property, plant and equipment	42,105.2	38,057.0
Amortisation of intangible assets (excluding internally generated development costs)	4,155.1	2,490.6
Amortisation of internally generated development costs	49,399.8	45,230.0
Operating lease rentals in respect of plant, property and equipment	3,508.7	697.4
Loss on disposal of property, plant, equipment and software	646.3	398.5
Auditor remuneration (see below)	268.9	239.1

The following table sets out the auditor remuneration for the year:

Year ended 31 March (INR millions)	2015	2014
Fees payable to the company's auditor for the audit of the company's annual accounts	230.8	189.3
Fees payable to the company's auditor for amounts incurred on behalf of other group companies	18.5	49.8
<b>Total audit fees</b>	<b>268.9</b>	<b>239.1</b>

The company incurred no non-audit fees in either the current year or prior financial year.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 11 TAXATION

#### Recognised in the income statement

Year ended 31 March (INR millions)	2015	2014 (restated)
<b>Current tax expense</b>		
Current year	2,031.3	1,992.5
<b>Current tax expense</b>	<b>2,031.3</b>	<b>1,992.5</b>
<b>Deferred tax expense / (credit)</b>		
Origination and reversal of temporary differences	28,624.1	35,665.9
Adjustments for prior years	(277.0)	(1,394.8)
Rate change	-	(2,988.8)
<b>Deferred tax expense</b>	<b>28,347.1</b>	<b>31,282.5</b>
<b>Total income tax expense</b>	<b>30,378.5</b>	<b>33,274.9</b>

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 (INR millions)	2015	2014 (restated)
Deferred tax credit on actuarial gains on retirement benefits	(6,463.5)	(3,088.4)
Deferred tax (credit) / expense on change in fair value of cash flow hedges	(32,040.6)	23,113.2
Deferred tax expense on rate change	-	(498.1)
	<b>38,504.1</b>	<b>19,526.6</b>
<b>Total tax expense</b>	<b>8,125.5</b>	<b>52,801.6</b>

#### Reconciliation of effective tax rate

Year ended 31 March (INR millions)	2015	2014 (restated)
Profit for the year	117,820.8	133,398.8
Total income tax expense	30,378.5	33,274.9
<b>Profit before tax</b>	<b>148,199.4</b>	<b>166,673.8</b>
Income tax expense using the tax rates applicable to individual entities of 2014: 21.0% (2014: 23.0%)	31,117.2	38,355.9
Differences between current and deferred tax rates applicable	(1,477.3)	-
Non-deductible expenses	1,108.0	797.0
Non-taxable income	(369.3)	(2,092.1)
Changes in tax rate	-	(2,988.7)
Withholding taxes suffered	277.0	597.8
Group relief surrendered but not paid for	-	-
Over provided in prior years	(277.0)	(1,394.8)
<b>Total income tax expense</b>	<b>30,378.5</b>	<b>33,274.9</b>

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% 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% (2014: 20%, 2013: 23%), as the majority of the temporary differences are expected to reverse at that rate.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12 INVESTMENTS

Investments consist of the following:

As at 31 March (INR millions)	2015	2014
Unquoted equity investments, at cost	35,826.4	36,363.4

Details of the direct and indirect subsidiary undertakings are as follows, each being a 100% interest in the ordinary share capital of the company:

Name of company	Principal place of business and country of incorporation	Principal activity
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 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
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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12 INVESTMENTS (CONTINUED)

During the year ended 31 March 2015, the company increased its investment in Jaguar Land Rover India Limited by a further INR 2,123.8 million and transferred its shareholding in Limited Liability Company "Jaguar Land Rover" (Russia) to Jaguar Land Rover Holdings Limited at cost of INR 6,001.8 million.

The company has the following investments in joint ventures and trade investments at 31 March 2015:

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	25.0%	China	Manufacture and assembly of vehicles

The company has increased its investment in Chery Jaguar Land Rover Automotive Co. Limited by a further INR 5,724.8 million (2014: INR 4,682.4 million) during the year ended 31 March 2015.

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 company 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 company 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.

### 13 OTHER FINANCIAL ASSETS

As at 31 March (INR millions)	2015	2014
<b>Non-current</b>		
Derivative financial instruments	2,031.3	43,436.8
Others	2,585.4	896.6
<b>Total non-current other financial assets</b>	<b>2,585.4</b>	<b>44,333.4</b>
<b>Current</b>		
Advances and other receivables recoverable in cash	2,862.4	2,092.1
Derivative financial instruments	16,251.1	35,964.9
Interest accrued on investments	369.3	298.9
Accrued income	461.6	-
<b>Total current other financial assets</b>	<b>19,944.5</b>	<b>38,355.9</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 14 PROPERTY, PLANT AND EQUIPMENT

(INR millions)	Land and buildings	Plant and equipment	Vehicles	Computers	Fixtures & fittings	Heritage vehicles	Under construction	Total
<b>Cost</b>								
<b>Balance at 31 March 2013</b>	<b>32,963.9</b>	<b>233,887.3</b>	<b>184.6</b>	<b>831.0</b>	<b>1,385.0</b>	-	<b>29,085.8</b>	<b>298,337.9</b>
Additions	184.6	36,103.4	92.3	184.6	1,385.0	-	75,069.2	113,019.3
Transfers	14,035.0	25,300.0	-	-	-	-	39,335.1	-
Disposals	(92.3)	(1,385.0)	-	-	-	-	-	(1,477.3)
Reclassification from intangible assets	-	-	-	-	-	-	-	738.6
<b>Balance at 31 March 2014</b>	<b>47,091.4</b>	<b>293,905.8</b>	<b>277.0</b>	<b>1,754.3</b>	<b>2,770.0</b>	-	<b>64,819.9</b>	<b>410,618.6</b>
Additions	-	53,462.6	92.3	1,846.7	1,108.0	4,801.4	98,707.2	160,018.4
Transfers	25,577.0	67,682.3	-	-	-	-	93,259.4	-
Disposals	-	(4,616.8)	-	(92.3)	-	-	-	(4,709.1)
<b>Balance at 31 March 2015</b>	<b>72,668.5</b>	<b>410,433.9</b>	<b>369.3</b>	<b>3,508.7</b>	<b>3,878.1</b>	<b>4,801.4</b>	<b>70,267.7</b>	<b>565,927.9</b>
<b>Depreciation</b>								
<b>Balance at 31 March 2013</b>	<b>3,785.7</b>	<b>81,255.7</b>	-	<b>277.0</b>	<b>184.6</b>	-	-	<b>85,503.2</b>
Depreciation charge for the year	1,385.0	33,425.6	92.3	184.6	92.3	-	-	35,180.0
Disposals	-	(1,015.6)	-	-	-	-	-	(1,015.6)
Reclassification from intangible assets	-	-	-	92.3	-	-	-	192.3
<b>Balance at 31 March 2014</b>	<b>5,170.8</b>	<b>113,665.7</b>	<b>92.3</b>	<b>554.0</b>	<b>277.0</b>	-	-	<b>119,759.9</b>
Depreciation charge for the year	1,662.0	39,612.1	-	369.3	461.6	-	-	42,105.2
Disposals	-	(4,247.4)	-	(92.3)	-	-	-	(4,339.8)
<b>Balance at 31 March 2015</b>	<b>6,832.8</b>	<b>149,030.4</b>	<b>92.3</b>	<b>831.0</b>	<b>736.6</b>	-	-	<b>157,525.3</b>
<b>Net book value</b>								
At 31 March 2014	41,920.5	180,240.0	184.6	1,200.3	92.3	-	64,819.9	290,858.7
<b>At 31 March 2015</b>	<b>65,835.6</b>	<b>261,403.4</b>	<b>277.0</b>	<b>2,677.7</b>	<b>3,139.4</b>	<b>4,801.4</b>	<b>70,267.7</b>	<b>408,402.5</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15 INTANGIBLE ASSETS

(INR millions)	Goodwill	Software	Intellectual property rights and other intangibles	Capitalised product development	Total
<b>Cost</b>					
<b>Balance at 31 March 2013</b>	<b>35,272.3</b>	<b>22,068.3</b>	<b>36,565.0</b>	<b>306,832.8</b>	<b>400,738.6</b>
Acquisitions	-	11,542.0	-	100,369.3	111,911.3
Transfers	-	-	-	-	-
Disposals	-	(277.0)	-	(13,481.0)	(13,758.0)
Reclassification to tangible assets	-	(738.6)	-	-	(738.6)
<b>Balance at 31 March 2014</b>	<b>35,272.3</b>	<b>32,564.6</b>	<b>36,565.0</b>	<b>393,721.1</b>	<b>498,153.2</b>
Acquisitions	-	886,795.9	-	111,080.3	120,129.2
Transfers	-	-	-	-	-
Disposals	-	(738.6)	-	(14,589.1)	(15,327.7)
<b>Balance at 31 March 2015</b>	<b>35,272.3</b>	<b>40,904.8</b>	<b>36,565.0</b>	<b>490,212.3</b>	<b>602,954.7</b>
<b>Amortisation and impairment</b>					
Balance at 31 March 2013	-	5,540.1	-	62,511.5	68,051.7
Amortisation for the year	-	5,540.1	-	41,920.5	44,228.9
Disposals	-	(184.6)	-	(13,481.0)	(13,665.7)
Reclassification to tangible assets	-	92.3	-	-	92.3
<b>Balance at 31 March 2014</b>	<b>-</b>	<b>7,571.5</b>	<b>-</b>	<b>90,851.0</b>	<b>98,522.6</b>
Amortisation for the year	-	4,155.1	-	149,399.8	53,554.4
Disposals	-	(184.6)	-	(14,589.1)	(14,773.7)
<b>Balance at 31 March 2015</b>	<b>-</b>	<b>23,084.0</b>	<b>-</b>	<b>125,761.9</b>	<b>137,303.7</b>
<b>Net book value</b>					
At 31 March 2014	35,272.3	24,930.7	36,565.0	302,770.0	399,630.6
<b>At 31 March 2015</b>	<b>35,272.3</b>	<b>29,362.8</b>	<b>36,565.0</b>	<b>364,450.5</b>	<b>465,650.9</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15 INTANGIBLE ASSETS (CONTINUED)

#### IMPAIRMENT TESTING

The directors are of the view that the operations of the company 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	2015	2014
Period on which management approved forecasts are based	5 years	5 years
Growth rate applied beyond approved forecast period	2.2%	0%
Pre-tax discount rate	11.2%	10.9%

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 company'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% (2014: nil%, 2013: nil%).

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16 DEFERRED TAX ASSETS AND LIABILITIES

(INR millions)	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax assets - At 31 March 2015</b>				
Property, plant & equipment	6,832.8	(6,186.5)	-	646.3
Provisions, allowances for doubtful receivables	369.3	184.6	-	554.0
Derivative financial instruments	-	-	24,099.7	24,099.7
Compensated absences and retirement benefits	12,188.3	(1,846.7)	6,463.5	16,805.1
Tax loss	33,795.0	(13,758.0)	-	19,944.5
R&D expenditure credit	1,292.7	1,846.7	-	3,139.4
<b>Total deferred tax asset</b>	<b>54,385.9</b>	<b>(19,759.8)</b>	<b>30,563.2</b>	<b>65,189.2</b>
<b>Deferred tax liabilities</b>				
Intangible assets	(62,603.8)	(12,927.0)	-	(75,530.9)
Derivative financial instruments	(12,280.7)	4,339.7	7,940.9	-
<b>Total deferred tax liability</b>	<b>(74,884.5)</b>	<b>(8,586.7)</b>	<b>7,940.9</b>	<b>(75,530.9)</b>
<b>Net deferred tax asset / (liability)</b>	<b>(20,498.6)</b>	<b>(28,347.1)</b>	<b>(38,504.1)</b>	<b>(10,341.6)</b>
(INR millions)	Opening balance	Recognised in profit or loss (restated)	Recognised in other comprehensive income (restated)	Closing balance
<b>Deferred tax assets – At 31 March 2014</b>				
Property, plant & equipment	13,847.9	(6,475.7)	-	7,372.3
Provisions, allowances for doubtful receivables	597.8	(199.3)	-	398.5
Derivative financial instruments	5,977.5	(5,977.5)	-	-
Compensated absences and retirement benefits	15,441.9	3,885.4	1,594.0	13,150.6
Tax loss	55,890.0	(19,526.6)	-	36,363.3
R&D expenditure credit	-	1,394.8	-	1,394.8
<b>Total deferred tax asset</b>	<b>91,755.3</b>	<b>(34,669.7)</b>	<b>1,594.0</b>	<b>58,679.5</b>
<b>Deferred tax liabilities</b>				
Intangible assets	(63,063.1)	(4,483.2)	-	(67,546.2)
Derivative financial instruments	-	7,870.4	(21,120.6)	(13,250.2)
<b>Total deferred tax liability</b>	<b>(63,063.1)</b>	<b>3,387.3</b>	<b>(21,120.6)</b>	<b>(80,796.4)</b>
<b>Net deferred tax asset / (liability)</b>	<b>28,692.2</b>	<b>(31,282.5)</b>	<b>(19,526.6)</b>	<b>(22,116.9)</b>

The company recognises all deferred tax assets at 31 March 2015 and 31 March 2014 in view of the continued profitability of the company.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

As at 31 March (INR millions)	2015	2014
Cash and cash equivalents	2246,168.0	171,555.4

### 18 ALLOWANCES FOR TRADE AND OTHER RECEIVABLES

Changes in the allowances for trade and other receivables are as follows:

Year ended 31 March (INR millions)	2015	2014
At beginning of year	554.0	498.1
Change in allowance during the year	184.6	99.6
<b>At end of year</b>	<b>738.6</b>	<b>597.8</b>

### 19 INVENTORIES

As at 31 March (INR millions)	2015	2014
Raw materials and consumables	5,724.8	5,579.0
Work in progress	27,422.3	21,917.6
Finished goods	75,530.9	64,457.8
<b>Total inventories</b>	<b>108,679.5</b>	<b>91,954.5</b>

Inventories of finished goods include INR 16,251.1 million (2014: INR 16,238.9 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 INR 92,289.9 million (2014: INR 92,289.9 million).

During the year, the company recorded inventory write-down expense of INR 2,216.1 million (2014: INR 1,195.5 million). The write-down is included in cost of sales. No previous write-downs have been reversed in any period.

### 20 OTHER ASSETS

As at 31 March (INR millions)	2015	2014
<b>Non-current assets</b>		
Prepaid expenses	1,662.0	2,590.3
Others	277.0	-
<b>Total other non-current assets</b>	<b>1,939.0</b>	<b>22,590.3</b>
<b>Current assets</b>		
Prepaid expenses	8,033.2	5,579.0
Income tax	1,108.0	1,195.5
Others	19,205.9	22,216.5
<b>Total other current assets</b>	<b>28,347.1</b>	<b>28,991.1</b>

### 21 ACCOUNTS PAYABLE

As at 31 March (INR millions)	2015	2014
Trade payables	338,411.8	315,713.8
Liabilities for expenses	3,416.4	3,387.2
Others	29,178.2	26,699.7
<b>Total accounts payable</b>	<b>371,006.4</b>	<b>345,800.7</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 22 INTEREST BEARING LOANS AND BORROWINGS

As at 31 March (INR millions)	2015	2014
<b>Short term borrowings</b>		
Other loans	131,209.5	162,987.6
<b>Short term borrowings</b>	<b>131,209.5</b>	<b>162,987.6</b>
<b>Long term borrowings</b>		
Other loans	219,482.9	182,912.7
<b>Long term borrowings</b>	<b>219,482.9</b>	<b>182,912.7</b>
Finance lease obligations (see note 33)	1,200.3	1,793.3
<b>Total debt</b>	<b>351,842.8</b>	<b>347,693.6</b>

The contractual cash flows of interest bearing debt and borrowings as of 31 March 2015 and 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 (INR millions)	2015	2014
<b>Due in</b>		
1 year or less	142,566.9	175,839.3
2nd and 3rd years	22,160.6	25,304.9
4th and 5th years	129,547.5	66,251.1
More than 5 years	123,361.0	165,976.4
<b>Total contractual cash flows</b>	<b>417,636.1</b>	<b>433,371.7</b>

### 23 OTHER FINANCIAL LIABILITIES

As at 31 March (INR millions)	2015	2014
<b>Current</b>		
Interest accrued	2,216.0	2291.3
Derivative financial instruments	64,265.9	6,475.7
Liability for vehicles sold under a repurchase arrangement	17,266.8	17,334.9
Other payables	15,050.7	13,150.6
Finance lease obligations	269.3	498.1
<b>Total current other financial liabilities</b>	<b>99,168.9</b>	<b>39,651.0</b>
<b>Non-current</b>		
Derivative financial instruments	76,823.6	5,479.4
Other payables	5,170.8	2,789.5
Finance lease obligations	831.0	1,295.1
<b>Total non-current other financial liabilities</b>	<b>82,825.4</b>	<b>9,564.1</b>

### 24 PROVISIONS

As at 31 March (INR millions)	2015	2014
<b>Current</b>		
Product warranty	31,578.9	26,101.9
Legal and product liability	3,601.1	4,582.8
Provisions for environmental liability	461.6	-
<b>Total current provisions</b>	<b>35,641.07</b>	<b>30,684.7</b>
<b>Non-current</b>		
Product warranty	47,368.4	44,632.3
Provision for environmental liability	2,493.0	2,092.1
Other employee benefits obligations	1,105.6	996.3
<b>Total non-current provisions</b>	<b>50,877.1</b>	<b>47,720.7</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 24 PROVISIONS (CONTINUED)

Year ended 31 March (INR millions)	2015	2014
<b>Product warranty</b>		
Opening balance	65,558.6	53,698.2
Provision made during the year	38,042.4	40,248.8
Provision used during the year	(25,484.7)	(22,714.7)
Impact of discounting	831.0	(498.1)
<b>Closing balance</b>	<b>78,947.3</b>	<b>70,734.2</b>
<b>Legal and product liability</b>		
Opening balance	4,247.4	1,594.0
Provision made during the year	831.0	3,985.0
Provision used during the year	(1,569.7)	(797.0)
Foreign exchange	82.3	(199.3)
<b>Closing balance</b>	<b>3,601.1</b>	<b>4,582.8</b>
<b>Environmental liability</b>		
Opening balance	1,939.0	2,291.4
Provision made during the year	1,015.6	-
Provision used during the year	-	(199.3)
<b>Closing balance</b>	<b>2,954.7</b>	<b>2,092.1</b>

#### PRODUCT WARRANTY PROVISION

The company 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 company, 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.

#### 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.

### 25 OTHER CURRENT LIABILITIES

As at 31 March (INR millions)	2015	2014
Others	3,139.4	3,287.6
<b>Total other current liabilities</b>	<b>3,139.4</b>	<b>3,287.6</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 26 CAPITAL AND RESERVES

As at 31 March (INR millions)	2015	2014
Allotted, called up and fully paid 2,638,689,010 (2014: 1,607,427,520) ordinary shares of INR 92.3 / 99.6 each	243,674.9	160,098.4
<b>Total capital presented as equity</b>	<b>243,674.9</b>	<b>160,098.4</b>

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.

In the year ended 31 March 2015, the company issued 1,031,261,490 (2014: 107,427,520) shares at their nominal value of INR 92.3 / 99.6 each.

### 27 OTHER RESERVES

The movement of other reserves is as follows:

(INR millions)	Hedging reserve	Retained earnings	Total reserves
Balance at 1 April 2014	32,566.9	273,037.8	315,604.7
Profit for the year	-	117,820.8	117,820.8
Remeasurement of defined benefit obligation	-	32,132.9	32,132.9
Loss on effective cash flow hedges	(156,417.3)	-	(156,417.3)
Cash flow hedges reclassified to foreign exchange in profit or loss	4,062.7	-	4,062.7
Income tax related to items recognised in other comprehensive income	31,301.9	6,403.5	37,765.4
Income tax related to items reclassified to profit or loss	738.6	-	738.6
Dividend paid	-	(19,852.3)	(19,852.3)
<b>Balance at 31 March 2015</b>	<b>85,872.5</b>	<b>345,337.0</b>	<b>259,464.4</b>

(INR millions)	Hedging reserve (restated)	Retained earnings (restated)	Total reserves (restated)
Balance at 1 April 2013	(32,278.7)	187,993.7	155,714.9
Profit for the year (restated)	-	133,398.8	133,398.8
Remeasurement of defined benefit obligation	-	(13,449.5)	(13,449.5)
Gain on effective cash flow hedges (restated)	109,986.8	-	109,986.8
Cash flow hedges reclassified to foreign exchange in profit or loss	(10,659.9)	-	(10,659.9)
Income tax related to items recognised in other comprehensive income (restated)	(23,212.8)	1,594.0	(21,618.8)
Income tax related to items reclassified to profit or loss (restated)	2,092.1	-	2,092.1
Dividend paid	-	(14,943.9)	(14,943.9)
<b>Balance at 31 March 2014</b>	<b>45,927.4</b>	<b>294,593.1</b>	<b>340,520.6</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 28 DIVIDENDS

Year ended 31 March (INR millions)	2015	2014
Dividend proposed for the previous year paid during the year of INR 8.31 (2014: INR 8.97) per share	13,850.4	14,943.9
Dividend for the year paid during the year of nil (2014: INR nil) per share	-	-
<b>Amounts recognised as distributions to equity holders during the year</b>	<b>13,850.4</b>	<b>14,943.9</b>
Proposed dividend for the year of INR 5.54 (2014: INR 8.97) per share	13,850.4	14,943.9

The proposed dividend of INR 13,850.4 million for the year ended 31 March 2015 was paid in full in June 2015.

### 29 EMPLOYEE BENEFITS

The company 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 company 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 underperform 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 company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the company believes that due to the long-term nature of the scheme liabilities and the strength of the supporting company, a level of continuing equity type investments is an appropriate element of the company'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 company's 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.

## NOTES (CONTINUED)

### 29 EMPLOYEE BENEFITS (CONTINUED)

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 (INR millions)	2015	2014
Defined benefit obligation at beginning of year	555,216.9	595,661.9
Current service cost	15,420.1	17,434.5
Interest expense	25,207.7	25,902.7
Actuarial (gains) / losses arising from:		
Changes in demographic assumptions	(91,846.7)	(3,885.4)
Changes in financial assumptions	133,056.3	(24,109.4)
Experience adjustments	9,325.9	697.4
Past service cost	92.3	597.8
Member contributions	184.6	199.3
Benefits paid	(13,573.4)	(13,449.5)
<b>Defined benefit obligation at end of year</b>	<b>723,083.9</b>	<b>599,049.2</b>

#### Change in fair value of plan assets

Year ended 31 March (INR millions)	2015	2014
Fair value of plan assets at beginning of year	494,367.4	531,602.6
Interest income	22,622.3	23,511.7
Remeasurement (loss) / gain on the return of plan assets, excluding amounts included in interest income	108,402.5	(40,746.9)
Administrative expenses	(738.6)	(797.0)
Employer contributions	31,855.9	33,075.7
Member contributions	184.6	199.3
Benefits paid	(13,573.4)	(13,449.5)
<b>Fair value of plan assets at end of year</b>	<b>643,120.9</b>	<b>533,395.9</b>

The actual return on plan assets for the year was INR 131,024.9 million (2014: INR (17,235.2) million).

## NOTES (CONTINUED)

### 29 EMPLOYEE BENEFITS (CONTINUED)

Amounts recognised in the income statement consist of:

Year ended 31 March (INR millions)	2015	2014
Current service cost	15,420.1	17,434.5
Past service cost	92.3	597.8
Administrative expenses	738.6	797.0
Net interest cost (including onerous obligations)	2,585.4	2,391.0
<b>Components of defined benefit cost recognised in the income statement</b>	<b>18,836.5</b>	<b>21,220.3</b>

Amounts recognised in the statement of comprehensive income of:

Year ended 31 March (INR millions)	2015	2014
Actuarial gains / (losses) arising from:		
Changes in demographic assumptions	1,846.7	3,885.4
Changes in financial assumptions	(133,056.3)	24,109.4
Experience adjustments	(9,325.9)	(697.4)
Remeasurement gain / (loss) on the return of plan assets, excluding amounts included in interest income	108,402.5	(40,746.9)
<b>Remeasurement of defined benefit obligation</b>	<b>32,132.9</b>	<b>(13,449.5)</b>

Amounts recognised in the balance sheet consist of:

As at 31 March (INR millions)	2015	2014
Present value of funded defined benefit obligations	(723,083.9)	(599,049.2)
Fair value of plan assets	643,120.9	533,395.9
<b>Net retirement benefit obligation</b>	<b>79,963.0</b>	<b>(65,633.3)</b>
Presented as non-current liability	79,963.0	(65,633.3)

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 plans are set out below:

Year ended 31 March (%)	2015	2014
Discount rate	3.4	4.6
Expected rate of increase in compensation level of covered employees	3.6	3.9
Inflation increase	3.1	3.4

## NOTES (CONTINUED)

### 29 EMPLOYEE BENEFITS (CONTINUED)

For the valuation at 31 March 2015 and 31 March 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 (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:

Valuation at 31 March (years)	2015	2014
Retiring today:		
Males	21.4	20.0
Females	23.9	24.5
Retiring in 20 years:		
Males	23.1	23.8
Females	25.8	26.4

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 INR 44,506.0 million	Decrease/increase by INR 1,569.7 million
Inflation rate	Increase/decrease by 0.25%	Increase/decrease by INR 39,889.2 million	Increase/decrease by INR 1,477.4 million
Mortality	Increase/decrease by 1 year	Increase/decrease by INR 19,575.3 million	Increase/decrease by INR 554.0 million

## NOTES (CONTINUED)

### 29 EMPLOYEE BENEFITS (CONTINUED)

The fair value of plan assets is represented by the following major categories:

As at 31 March (INR millions)	2015				2014			
	Quoted*	Unquoted	Total	%	Quoted*	Unquoted	Total	%
<b>Equity instruments</b>								
Information technology	10,803.3	-	10,803.3	1%	7,272.7	-	7,272.7	1%
Energy	6,463.5	-	6,463.5	1%	6,077.2	-	6,077.2	1%
Manufacturing	8,771.9	-	8,771.9	1%	6,674.9	-	6,674.9	1%
Financials	16,897.5	-	16,897.5	3%	12,752.1	-	12,752.1	3%
Other	38,411.8	-	38,411.8	6%	27,994.8	-	27,994.8	5%
	<b>81,348.1</b>	<b>-</b>	<b>81,348.1</b>	<b>12%</b>	<b>60,771.7</b>	<b>-</b>	<b>60,771.7</b>	<b>11%</b>
<b>Debt instruments</b>								
Government	248,107.1	923.3	249,046.1	39%	211,106.8	-	211,106.8	40%
Corporate Bonds (investment grade)	3,508.7	110,156.9	113,665.7	18%	116,263.2	-	116,263.2	22%
Corporate bonds (Non investment grade)	4,893.8	43,767.3	48,661.7	7%	-	27,895.2	27,895.2	5%
				<b>64%</b>	<b>327,269.9</b>	<b>27,895.2</b>	<b>355,265.2</b>	<b>67%</b>
<b>Property funds</b>								
UK	12,003.6	10,433.9	22,437.6	3%	-	17,235.2	17,235.2	3%
Other	4,801.4	1,569.7	6,371.1	1%	-	6,276.4	6,276.4	1%
	<b>16,805.1</b>	<b>12,003.6</b>	<b>28,808.8</b>	<b>4%</b>	<b>-</b>	<b>23,511.7</b>	<b>22,511.7</b>	<b>4%</b>
<b>Cash and cash equivalents</b>	<b>11,911.3</b>	<b>-</b>	<b>11,911.3</b>	<b>2%</b>	<b>35,865.2</b>	<b>-</b>	<b>35,865.2</b>	<b>7%</b>
<b>Other</b>								
Hedge Funds	25,669.4	10,341.6	36,011.1	6%	-	30,684.7	30,684.7	6%
Private Markets	8,494.9	8,956.6	17,451.5	3%	-	7,770.8	7,770.8	1%
Alternatives	7,109.8	9,602.9	16,712.8	3%	-	21,917.6	21,917.6	4%
	<b>41,274.2</b>	<b>28,901.1</b>	<b>70,175.4</b>	<b>12%</b>	<b>-</b>	<b>60,373.2</b>	<b>60,373.2</b>	<b>11%</b>
<b>Derivatives</b>								
Foreign exchange contracts	(1,200.3)	-	(1,200.3)	-	-	398.5	398.5	-
Interest rate and inflations	-	40,720.2	40,720.2	6%	-	-	-	-
	<b>406,648.2</b>	<b>236,472.8</b>	<b>643,120.8</b>	<b>6%</b>	<b>-</b>	<b>398.5</b>	<b>398.5</b>	<b>-</b>
<b>Total</b>				<b>100%</b>	<b>424,006.9</b>	<b>112,178.5</b>	<b>536,185.4</b>	<b>100%</b>

\*Quoted prices for identical or liabilities in active markets.

The split of level 1 assets is 63% (2014: 79%), level 2 assets 33% (2014: 20%) and level 3 assets 4% (2014: 1%).

## NOTES (CONTINUED)

### 29 EMPLOYEE BENEFITS (CONTINUED)

The company has agreed that it will aim to eliminate the pension scheme funding deficits over the next 7 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 was carried out as at 5 April 2015 and is due to be completed by 5 June 2016. The company 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).

The expected net periodic pension cost for the year ended 31 March 2016 is INR 24,007.4 million. The company expects to contribute INR 831.0 million to its schemes in the year ended 31 March 2016.

#### DEFINED CONTRIBUTION FUND

The company's contribution to defined contribution plans for the year ended 31 March 2015 was INR 3,047.1 million (2014: INR 2,291.4 million).

### 30 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the company faces claims and assertions by various parties. The company assesses such claims and assertions and monitors the legal environment on an on-going basis, with the assistance of external legal counsel wherever necessary. The company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable. Such potential losses may be of an uncertain timing and/or amount.

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 company's financial condition, results of operations or cash flows.

#### LITIGATION

The company is involved in legal proceedings, both as plaintiff and as defendant and there are claims as at 31 March 2015 of INR 1,015.7 million (2014: INR 2,789.5 million) against the company 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 company or its dealers.

#### COMMITMENTS

The company 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 INR 74,792.2 million (2014: INR 93,648.1 million).

The company has entered into various contracts with vendors and contractors which include obligations aggregating INR 58,079.4 million (2014: INR 71,431.6 million) to purchase minimum or fixed quantities of material.

Commitments related to leases are set out in note 33.

Trade receivables with a carrying amount of INR 14,404.4 million (2014: INR 16,637.5 million) are pledged as collateral/security against the borrowings and commitments.

There are guarantees provided in the ordinary course of business of INR nil (2014: INR 99.6 million).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 31 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 policy of the group headed by Jaguar Land Rover Automotive plc is to borrow primarily through capital market issues to meet anticipated funding requirements and maintain sufficient liquidity. The group also maintains certain undrawn committed facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned to the company or contributed as equity to the company as required.

The capital structure of the company 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.

The following table summarises the capital of the company:

As at 31 March (INR millions)	2015	2014
Short term debt	131,578.9	163,485.7
Long term debt	220,313.9	184,207.9
<b>Total debt*</b>	<b>351,892.8</b>	<b>347,693.6</b>
Equity	503,139.4	500,619.0
<b>Total capital</b>	<b>855,032.2</b>	<b>848,312.7</b>

\* Total debt includes finance lease obligations of INR 1,200.3 million (2014: INR 1,793.3 million)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 32 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 shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2015:

##### Financial assets

(INR 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	246,168.0	-	-	246,168.0	246,168.0
Short-term deposits	97,414.5	-	-	97,414.5	97,414.5
Trade receivables	173,022.1	-	-	173,022.1	173,022.1
Other financial assets - current	3,693.4	16,158.8	92.3	19,944.5	19,944.5
Other financial assets - non-current	554.0	1,846.7	184.6	2,585.4	2,585.4
<b>Total financial assets</b>	<b>519,852.2</b>	<b>18,005.5</b>	<b>277.0</b>	<b>538,134.7</b>	<b>538,134.7</b>

##### Financial liabilities

(INR millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Accounts payable	371,006.4	-	-	371,006.4	371,006.4
Short-term borrowings	131,486.6	-	-	131,486.6	131,486.6
Long-term borrowings	219,852.2	-	-	219,852.2	219,852.2
Other financial liabilities - current	34,903.0	61,126.4	3,319.4	99,168.9	99,168.9
Other financial liabilities - non-current	6,001.8	72,668.5	4,155.1	82,825.4	82,825.4
<b>Total financial liabilities</b>	<b>762,603.8</b>	<b>133,795.0</b>	<b>7,294.5</b>	<b>904,339.7</b>	<b>904,339.7</b>

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

(INR 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	171,555.4	-	-	171,555.4	171,555.4
Short-term deposits	119,451.2	-	-	119,451.1	119,451.1
Trade receivables	132,402.5	-	-	132,402.5	132,402.5
Other financial assets - current	2,391.0	35,267.5	597.8	38,355.9	38,355.9
Other financial assets - non-current	896.6	41,344.7	2,092.1	44,333.4	44,333.4
<b>Total financial assets</b>	<b>426,696.8</b>	<b>76,612.1</b>	<b>2,689.9</b>	<b>506,098.5</b>	<b>506,098.5</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 32 FINANCIAL INSTRUMENTS (CONTINUED)

#### Financial liabilities

(INR millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Accounts payable	345,800.7	-	-	345,800.7	345,800.7
Short-term borrowings	162,987.6	-	-	162,987.6	162,987.6
Long-term borrowings	182,912.7	-	-	182,912.7	182,912.7
Other financial liabilities - current	33,175.4	5,379.8	1,095.9	39,651.0	39,651.0
Other financial liabilities - non-current	4,084.7	3,686.2	1,793.3	9,564.1	9,564.1
<b>Total financial liabilities</b>	<b>72,896.1</b>	<b>9,065.9</b>	<b>2,889.1</b>	<b>740,916.2</b>	<b>740,916.2</b>

#### 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 company 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.

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:

INR 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
<b>Financial assets</b>						
Derivative financial assets	75,438.5	(57,156.0)	18,282.5	(18,282.5)	-	-
Cash and cash equivalents	254,755.2	(8,587.2)	246,168.0	-	-	246,168.0
	<b>330,193.8</b>	<b>(65,743.3)</b>	<b>264,450.5</b>	<b>(18,282.5)</b>	-	<b>246,168.0</b>
<b>Financial liabilities</b>						
Derivative financial liabilities	198,245.6	(57,156.0)	141,089.6	(18,282.5)	-	122,807.0
Short-term borrowings	140,073.9	(8,587.3)	131,486.6	-	-	131,486.6
	<b>338,319.5</b>	<b>(65,743.3)</b>	<b>272,576.2</b>	<b>(18,282.5)</b>	-	<b>25,429.6</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 32 FINANCIAL INSTRUMENTS (CONTINUED)

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:

INR 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
<b>Financial assets</b>						
Derivative financial assets	85,080.3	(5,778.3)	79,302.0	(11,955.1)	-	67,346.9
Cash and cash equivalents	173,747.2	(2,191.8)	171,555.4	-	-	171,555.4
	<b>258,827.5</b>	<b>(7,970.1)</b>	<b>250,857.5</b>	<b>(11,955.1)</b>	-	<b>238,902.4</b>
<b>Financial liabilities</b>						
Derivative financial liabilities	17,733.4	(5,778.3)	11,955.1	(11,955.1)	-	-
Short-term debt	165,179.4	(2,191.8)	162,987.6	-	-	162,987.6
	<b>182,912.7</b>	<b>(7,970.1)</b>	<b>174,942.7</b>	<b>(11,955.1)</b>	-	<b>162,987.6</b>

#### 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 JLR 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 32 FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of cash and cash equivalents, short term deposits, trade receivables and payables, short term borrowings, 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 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

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, the statement of comprehensive income, the balance sheet, the cash flow statement and the statement of changes in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than GBP.

Considering the countries and economic environment in which the company 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.

The company 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 INR 115,789.5 million (2014: net asset of INR 67,546.2 million).

Cash flow hedges are expected to be recognised in profit or loss during the years ending 31 March 2016 to 2020. The company also has a number of foreign currency options which are entered into as an economic hedge of the financial risks of the company. 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 INR 156,417.4 million (2014: gain of INR 110,086.4 million) was recognised in other comprehensive income. The loss due to hedge ineffectiveness of INR 10,803.3 million (2014: gain of INR 99.6 million) has been recognised in foreign exchange gain/(loss) in the income statement. Included within these amounts is a loss of INR 461.7 million (2014: gain of INR 99.6 million) where forecast transactions are no longer expected to occur. The loss on derivative contracts not eligible for hedging was INR 4,893.8 million (2014: gain of INR 5,678.7 million) which has been recognised in foreign exchange (loss)/gain in the income statement.

A 10% depreciation/appreciation of the foreign currency underlying such contracts would have resulted in an approximate additional gain/(loss) of INR 115,512.5 million / (INR 127,608.5) million (2014: INR 73,125.2 million / (INR 88,965.7) million) in equity and a gain/(loss) of INR 15,235.5 million / (INR 8,402.6) million (2014: INR 5,080.9 million / INR 3,088.4 million) in the income statement.

In addition to using derivative contracts to economically hedge future purchases in US dollars, the company's parent company issues bonds denominated in US dollars and loans these to the company to give a degree of natural hedging of future sales revenues.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 32 FINANCIAL INSTRUMENTS (CONTINUED)

The following table sets forth information relating to foreign currency exposure as of 31 March 2015:

As at 31 March 2015 (INR millions)	US Dollar	Euro	Chinese Yuan	*Others	Total
Financial assets	104,524.5	59,649.1	26,777.5	34,349.0	225,300.0
Financial liabilities	(201,385.0)	(16,528.2)	(42,289.9)	(25,761.8)	(385,964.9)
<b>Net exposure asset / (liability)</b>	<b>(96,860.6)</b>	<b>(56,879.0)</b>	<b>(15,512.5)</b>	<b>8,587.3</b>	<b>(160,664.8)</b>

A 10% appreciation / depreciation of the USD, Euro and Chinese Yuan would result in an increase/decrease in the company's net profit before tax and net assets by approximately INR 9,695.3 million, INR 5,724.8 million and INR 1,569.7 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 (INR millions)	US Dollar	Euro	Chinese Yuan	*Others	Total
Financial assets	62,266.1	40,846.5	39,551.4	29,489.2	172,153.2
Financial liabilities	(143,959.1)	(139,774.8)	(90,858.6)	(23,810.5)	(398,403.1)
<b>Net exposure asset / (liability)</b>	<b>(81,693.1)</b>	<b>(98,928.3)</b>	<b>(51,307.2)</b>	<b>5,678.7</b>	<b>(226,249.0)</b>

A 10% appreciation / depreciation of the USD, Euro and Chinese Yuan would result in an increase/decrease in the company's net profit before tax and net assets by approximately INR 8,169.3 million, INR 9,862.9 million and INR 5,180.5 million respectively for the year ended 31 March 2014.

\* Others include Russian Rouble, Singapore Dollar, Swiss Franc, Australian Dollar, South African Rand, Thai Baht, Korean Won etc.

#### (D) COMMODITY PRICE RISK

The company 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 INR 3,508.8 million (2014: loss of INR 1,793.3 million) has been recognised in other income in the income statement.

A 10% depreciation/appreciation of all commodity prices underlying such contracts would have resulted in a gain/(loss) of INR 4,801.5 million (2014: INR 3,586.5 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 company.

In addition to issuing long term fixed-rate loans, the company 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 company, 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 INR 131,486.6 million (2014: INR 162,987.6 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 INR 1,292.7 million (2014: INR 1,594.0 million) in the income statement.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 32 FINANCIAL INSTRUMENTS (CONTINUED)

#### (F) 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 maintain sufficient liquidity in the form of cash and undrawn borrowing facilities to meet the company's operating requirements with an appropriate level of headroom.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

As at 31 March 2015 (INR millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
<b>Financial liabilities</b>						
Long term debt	219,852.3	283,102.5	10,249.3	10,156.9	139,427.5	123,268.7
Short term borrowings	131,209.6	131,209.6	131,209.6	-	-	-
Finance lease liabilities	1,200.4	1,385.0	554.0	461.7	369.3	-
Other financial liabilities	3,970.5	40,904.9	33,518.0	6,186.5	1,200.4	-
Accounts payable	371,006.4	371,006.4	371,006.4	-	-	-
Derivative financial liabilities	141,181.9	175,715.6	69,529.1	56,879.0	49,307.5	-
<b>Total contractual maturities</b>	<b>904,155.1</b>	<b>10,033,240.6</b>	<b>616,066.5</b>	<b>73,684.2</b>	<b>190,304.7</b>	<b>123,268.7</b>

As at 31 March 2014 (INR millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
<b>Financial liabilities</b>						
Long term debt	182,912.7	265,602.1	11,656.2	11,556.5	76,512.5	165,976.4
Short term borrowings	162,987.6	162,987.6	162,987.6	-	-	-
Finance lease liabilities	1,793.3	1,992.5	597.8	597.8	597.8	-
Other financial liabilities	35,466.7	37,957.4	31,581.3	3,985.0	2,291.4	-
Accounts payable	345,800.7	345,800.7	345,800.7	-	-	-
Derivative financial liabilities	11,955.1	12,951.3	7,073.4	4,782.0	1,095.9	-
<b>Total contractual maturities</b>	<b>740,916.2</b>	<b>827,291.6</b>	<b>559,697.1</b>	<b>20,921.4</b>	<b>80,696.8</b>	<b>165,976.4</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 32 FINANCIAL INSTRUMENTS (CONTINUED)

#### (G) CREDIT RISK

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

Financial instruments that are subject to concentrations of credit risk principally consist of investments classified as loans and receivables and trade receivables. None of the financial instruments of the company result in material concentrations of credit risks. For trade receivables, the company 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.

#### Financial assets

None of the company'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 2015 or 31 March 2014 that defaults in payment obligations will occur.

As at 31 March (INR millions)	2015 Gross	2015 Impairment	2014 Gross	2014 Impairment
Not yet due	171,283.5	-	133,199.5	99.6
Overdue < 3 months	3,601.1	-	1,295.1	-
Overdue >3<6 months	92.3	92.3	99.6	-
Overdue >6 months	646.4	646.4	597.8	498.1
<b>Total</b>	<b>175,623.3</b>	<b>738.7</b>	<b>135,192.0</b>	<b>597.8</b>

Included within trade receivables is INR 14,404.4 million (2014: INR 16,637.5 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 INR 14,404.4 million (2014: INR 16,637.5 million) is in short term borrowings. Both the asset and associated liability are stated at fair value.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 33 LEASES

#### LEASES AS LESSEE

Non-cancellable finance lease rentals are payable as follows:

As at 31 March (INR millions)	2015	2014
Less than one year	369.3	498.1
Between one and five years	831.0	1,295.1
More than five years	-	-
<b>Total lease receipts</b>	<b>1,200.4</b>	<b>17,932.3</b>

The above leases relate to amounts payable on plant and machinery in line with IFRIC 4. The company leased certain of its manufacturing equipment under finance lease. The average lease term is 8 years. The company 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 (INR millions)	2015	2014
Less than one year	2,954.8	1,793.3
Between one and five years	3,693.4	2,590.3
More than five years	2,123.7	1,394.8
<b>Total lease payments</b>	<b>8,771.9</b>	<b>5,778.3</b>

The company 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 (INR millions)	2015	2014
Less than one year	184.7	398.5
Between one and five years	-	-
More than five years	-	-
<b>Total lease payments</b>	<b>184.7</b>	<b>398.5</b>

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.

### 34 SEGMENT REPORTING

Operating segments are defined as components of the company 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 company 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 company derives its revenues. The company 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:

(INR millions)	UK	US	China	Rest of Europe	Rest of World	Total
<b>31 March 2015</b>						
Revenue	329,085.9	254,570.6	453,370.3	276,546.6	324,284.4	1,637,857.7
Non-current assets	874,053.5	-	-	-	-	874,053.5
<b>31 March 2014</b>						
Revenue	1,368,358.7	5,977.5	8,268.9	66,251.1	114,669.2	1,563,525.4
Non-current assets	745,000.8	-	-	-	-	745,000.8

In the table above, non-current assets excludes financial assets, pension assets and deferred tax assets.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 35 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 including transactions for sale and purchase of products with its associates and joint ventures.

The following table summarises related party transactions and balances not eliminated in the company financial statements.

(INR millions)	With subsidiaries of the company	With joint ventures of the company	With fellow subsidiaries, associates and joint ventures of Tata Sons	With immediate or ultimate parent
<b>31 March 2015</b>				
Sale of products	1,289,381.3	13,758.1	-	6,001.8
Services received	-	-	22,253.0	1,015.7
Services rendered	-	1,292.7	-	-
Interest income	24,838.4	-	-	-
Interest expense	184.7	-	-	-
Trade and other receivables	86,057.2	4,155.1	1,662.0	2,493.0
Accounts payable	2,493.1	-	2,493.1	554.0
Loans given	1,015.7	-	-	-
Loans received	341,274.2	-	-	-
<b>31 March 2014</b>				
Sale of products	1,031,922.8	-	-	5,479.4
Services received	-	-	14,445.7	996.3
Services rendered	-	797.0	-	-
Interest income	6,575.3	-	-	-
Interest expense	30,585.1	-	-	-
Trade and other receivables	63,561.1	-	-	1,394.8
Accounts payable	5,778.2	-	498.1	-
Loans given	1,195.5	-	-	-
Loans received	334,941.5	-	-	-

#### Compensation of key management personnel

Year ended 31 March (INR millions)	2015	2014
Short term benefits	2,216.1	1,793.7
Post-employment benefits	184.7	298.9
Compensation for loss of office	92.3	-
<b>Total compensation of key management personnel</b>	<b>27</b>	<b>21</b>

In addition to the compensation noted above, a loan of INR 69.7 million was granted to a member of key management personnel in the year ended 31 March 2014. This loan is for a term of 8 years and is interest bearing at the HMRC official rate.

Refer to note 29 for information on transactions with post-employment benefit plans.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 36 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is Jaguar Land Rover Holdings Limited and ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the largest group to consolidate these financial statements. The smallest group which consolidates these financial statements is Jaguar Land Rover Automotive plc.

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. Copies of the Jaguar Land Rover Automotive plc consolidated financial statements can be obtained from the company's registered office.

### 37 SUBSEQUENT EVENTS

In May 2015, the company proposed an ordinary dividend of INR 13,850.4 million to its immediate parent Jaguar Land Rover Holdings Limited. This amount was paid in full in June 2015.

### 38 TRANSFER OF TRADE AND ASSETS

On 1 April 2013, the trade and assets of JLR Nominee Company Limited (formerly Jaguar Land Rover Exports Limited), other than certain of its nominee shareholdings, were transferred to Jaguar Land Rover Limited at their book value. The net assets transferred were as follows:

<b>As at 1 April (INR millions)</b>	<b>2013</b>
<b>Non-current assets</b>	
Other financial asses	99.6
	<b>99.6</b>
<b>Current assets</b>	
Cash and cash equivalents	1,992.5
Finance receivables	71,331.9
Trade receivables	140,571.8
Inventories	29,887.7
Other current assets	35,068.2
	<b>278,852.3</b>
<b>Current liabilities</b>	
Accounts payable	246,274.7
Short term borrowings	21,917.6
Other financial liabilities	7,671.2
	<b>(275,664.3)</b>
<b>Net assets</b>	<b>3,088.4</b>

### 39 Conversion into Indian Rupees

The financial information is expressed in the local currency of the relevant company (sterling) only in the Audited Accounts based on which the attached financial statements have been reformatted. . Solely for the convenience of the reader and to meet the requirements of Section 129(3) read together with Section 136 of the Indian Companies Act, 2013, the amounts appearing in Indian Rupees have been translated at a fixed exchange rate of GBP Pound Sterling 1 = 92.33610 INR for current year balance and GBP Pound Sterling 1 = Rs 99.62568 for all previous years balances . These transactions should not be constructed as a representative that any or all of the amounts could be converted to Indian Rupees at this or any other rate.